

**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**

Years Ended June 30, 2019 and 2018

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REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

To the Board of Directors
Associated Students of Humboldt State University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Associated Students of Humboldt State University (Associated Students), a component unit of Humboldt State University as of June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Associated Students of Humboldt State University as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements

The financial statements of Associated Students of Humboldt State University as of June 30, 2018, were audited by other auditors whose report, dated September 14, 2018, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Associated Students' basic financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, other information, and note to supplementary information (collectively supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019 on our consideration of Associated Students' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students' internal control over financial reporting and compliance.

Moss Adams LLP

Medford, Oregon
September 3, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Management's Discussion and Analysis

Years ended June 30, 2019 and 2018

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 Associated Students for the years ended June 30, 2019 and 2018. 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 Statements 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.

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

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

Statements of Cash Flows - The Statements 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 activities.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Management's Discussion and Analysis

Years ended June 30, 2019 and 2018

Analytical Overview

A summary of key financial statement information is presented below:

Condensed Summary of Net Position					
	2019	2018	2017	\$ Change from FY18 to FY19	\$ Change from FY17 to FY18
Assets:					
Current Assets	\$ 464,924	\$ 454,870	\$ 549,645	\$ 10,054	\$ (94,775)
Total assets	<u>464,924</u>	<u>454,870</u>	<u>549,645</u>	<u>\$ 10,054</u>	<u>(94,775)</u>
Liabilities:					
Current Liabilities	53,046	50,950	25,519	2,096	25,431
Total liabilities	<u>53,046</u>	<u>50,950</u>	<u>25,519</u>	<u>2,096</u>	<u>25,431</u>
Net Position:					
Unrestricted	411,878	403,920	524,126	7,958	(120,206)
Total Net Position	<u>\$ 411,878</u>	<u>\$ 403,920</u>	<u>\$ 524,126</u>	<u>\$ 7,958</u>	<u>(120,206)</u>

Statement of Net Position Variance Analysis between 2019 and 2018

Current assets increased by \$10,054. Current assets include: cash and cash equivalents, unreserved cash in LAIF, accounts receivable, prepaid expenses, and other current assets. Associated Students (AS) is funded by student fees. The increase in current assets was attributable to moving programs from HSU to Associated Students which increased the fund balance.

Capital assets, *net* remains unchanged. There were no new capital equipment additions.

The Associated Students has a cash balance of \$238,936 in the checking account and \$225,988 held in LAIF, Local Agency Investment Fund. This combined total of unrestricted cash is \$464,924. The cash balance is 48.41% of the operating revenue of the 2018-19 fiscal year.

Current liabilities increased by \$2,096. Current liabilities include: accounts payable, accrued liabilities, and other liabilities such as sales tax, use tax, state income tax withheld and escheated checks.

Net position increased by \$7,958, reflecting the cumulative net change in assets and liabilities for the year.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Management's Discussion and Analysis

Years ended June 30, 2019 and 2018

Operating Results

Associated Students' condensed summary of revenues, expenses, and changes in net position is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017	\$ Change from FY19 to FY18	\$ Change from FY18 to FY17
Operating revenues:					
Instructional related activities	\$ 1,497	\$ 34,785	\$ 37,960	\$ (33,288)	\$ (3,175)
Associated student body fee	866,000	950,000	938,825	(84,000)	11,175
Other revenues	92,864	29,474	-	63,390	29,474
Total operating revenues	<u>960,361</u>	<u>1,014,259</u>	<u>976,785</u>	<u>\$ (53,898)</u>	<u>37,474</u>
Operating expenses:					
Operating expenses	978,788	1,146,915	980,478	(168,127)	166,437
Total operating expenses	<u>978,788</u>	<u>1,146,915</u>	<u>980,478</u>	<u>(168,127)</u>	<u>166,437</u>
Operating (loss) income	(18,427)	(132,656)	(3,693)	114,229	(128,963)
Non-operating revenues (expenses):					
Investment income	26,385	12,450	4,134	13,935	8,316
Net non-operating revenues (expenses)	<u>26,385</u>	<u>12,450</u>	<u>4,134</u>	<u>13,935</u>	<u>8,316</u>
Increase (decrease) in net position	7,958	(120,206)	441	128,164	(120,647)
Net position at beginning of year	403,920	524,126	588,320	(120,206)	(64,194)
Net position at end of year	<u>\$ 411,878</u>	<u>\$ 403,920</u>	<u>\$ 588,761</u>	<u>\$ 7,958</u>	<u>(184,841)</u>

Revenue and Expense Variance Analysis between 2019 and 2018

Operating revenues is composed of Associated Students student body organization fees, Instructional Related Activities (IRA), and other. Operating revenues decreased by \$53,898 due to a decrease in enrollment from about 16,022 students in 17-18 to about 14,813 students in 18-19.

Operating expenses decreased by \$168,127. The total wages and benefits decreased by \$85,767, reflecting the reduction of staff midyear. Student Assistants are now being paid through the state and then reimbursed. Student wage reimbursement decreased by \$58,288. Associated Students employed 2 fewer student assistants during the 18-19 year.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Management's Discussion and Analysis

Years ended June 30, 2019 and 2018

Investment income was \$26,385, which was an increase of \$13,935 over the prior year. Investment income is comprised of interest from LAIF, monies held with Local Agency Investment Fund.

Net position increased by \$7,958, reflecting the cumulative net change in assets and liabilities for the year.

Factors Impacting Future Periods

As an auxiliary, any state budget cuts to CSU funding affects enrollment and could have a negative impact on AS revenue and funding for its operational needs. Also, freezes or cuts to HSU enrollment or CSU funding could put strain on the AS budget by increasing demand for current AS services or propagate the need to expand AS programs. Highlights of Humboldt State University's budget for 2019-20 include an enrollment target that is about 13% lower than what was targeted for 2018-19. Lower enrollment numbers than projected would likely have a negative impact on the revenue of the Associated Students of HSU. Management continues to monitor operating costs in Associated Students, review its operations, and make adjustments accordingly.

Contact Information

This financial report is designed to provide a general overview of the auxiliary's finances. If you have questions about this report or need additional financial information, contact the Associated Students of Humboldt State University, 1 Harpst Street, Arcata, CA 95521.

BASIC FINANCIAL STATEMENTS

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
Statements of Net Position
June 30, 2019 and June 30, 2018

	<u>June 2019</u>	<u>June 2018</u>
Assets		
Current Assets		
Cash on Hand (US Bank Checking)	\$ 238,936	\$ 22,231
Cash Invested in LAIF	<u>225,988</u>	<u>418,315</u>
Total Cash	464,924	440,546
Accounts Receivable	-	11,764
Prepaid Expenses	-	2,560
Total Current Assets	<u>464,924</u>	<u>454,870</u>
Total Assets	<u>\$ 464,924</u>	<u>\$ 454,870</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 31,045	\$ 39,369
Accrued Liabilities	19,575	10,068
Other Liabilities	<u>2,426</u>	<u>1,513</u>
Total Current Liabilities	53,046	50,950
Total Liabilities	<u>\$ 53,046</u>	<u>\$ 50,950</u>
Net Position		
Unrestricted	<u>411,878</u>	<u>403,920</u>
Total Net Position	<u>\$ 411,878</u>	<u>\$ 403,920</u>

See accompanying notes

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
Statements Revenue, Expenses, and Changes in Net Position
Years ended June 30, 2019 and 2018

	<u>June 2019</u>	<u>June 2018</u>
Revenues:		
Operating Revenues		
ASB Student Activity Fee	\$ 866,000	\$ 950,000
AS Programs	92,864	29,474
Instructional Related Activities (IRA)	<u>1,497</u>	<u>34,785</u>
Total Operating Revenues	<u>960,361</u>	<u>1,014,259</u>
Expenses:		
Operating Expenses:		
Salaries and Wages	442,503	507,657
Employee Benefits	45,071	65,684
Payment(s) per Agreement(s)/Contract(s)	81,850	141,555
Communications	3,345	4,216
Travel	77,145	62,474
Insurance	7,195	10,135
Audit	-	2,000
Program Expenditures	<u>321,679</u>	<u>353,194</u>
Total Operating Expenses	<u>978,788</u>	<u>1,146,915</u>
Operating Income (Loss)	<u>(18,427)</u>	<u>(132,656)</u>
Non-Operating Revenue (Expenses):		
Investment Income/Other	<u>26,385</u>	<u>12,450</u>
Non-Operating Revenue (Expenses), net	<u>26,385</u>	<u>12,450</u>
Increase (Decrease) in Net Position	<u>7,958</u>	<u>(120,206)</u>
Net Position:		
Net Position at Beginning of Year	<u>403,920</u>	<u>524,126</u>
Net Position at the End of the Period	<u>\$ 411,878</u>	<u>\$ 403,920</u>

See accompanying notes

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2019 & 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers	\$ 866,343	\$ 949,655
Cash payments to suppliers for operations	(496,552)	(553,782)
Cash payments to employees for services	(478,067)	(570,637)
Cash payments for general and administrative expenses	106,267	58,670
Net cash provided by (used in) operating activities	(2,009)	(116,094)
Cash flows from investing activities:		
Trust Income from HSU	18,713	8,516
Investment income (loss) proceeds (payments)	7,672	4,886
Net cash provided by (used in) investing activities	26,385	13,402
Net increase (decrease) in cash and cash equivalents	24,378	(102,686)
Cash and cash equivalents at beginning of year	440,546	543,232
Cash and cash equivalents at end of year	\$ 464,924	\$ 440,546
Reconciliation to cash per statement of net position		
Cash on hand and commercial accts	\$ 238,936	\$ 22,231
Cash invested in LAIF	225,988	418,315
Total cash and cash equivalents at end of year	\$ 464,924	\$ 440,546
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (18,427)	\$ (132,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accounts receivable	11,765	(6,309)
Prepaid expenses	2,562	(2,560)
Accounts payable	(7,901)	22,351
Accrued salaries and benefits	2,492	(2,445)
Accrued compensated absences	7,014	5,149
Other liabilities	486	377
Total adjustments	16,418	16,563
Net cash provided by (used in) operating activities	\$ (2,009)	\$ (116,094)

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(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.

(a) 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.

(b) Related Organizations

AS 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 Foundation. These auxiliaries and Humboldt State University periodically provide various services for one another.

(c) 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. 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
Years Ended June 30, 2019 and 2018

(d) Revenue Recognition

Student fees, investment income and revenues (which includes AS programs and IRA) are recorded when earned.

(e) Allowance for Doubtful Accounts

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

(f) 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.

(g) 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.

(h) 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.

(i) 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.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(j) 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:

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. The assets currently owned by AS are fully depreciated.

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.

(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, 2019, the uninsured and uncollateralized cash balance was \$225,988.

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 custodial 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*.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(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. AS does not believe it has any uncertain tax positions requiring accrual.

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 years ended June 30, 2019 and 2018.

(4) Capital Assets

The change in capital assets for the year ended June 30, 2019, is as follows:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Improvements	\$ 35,418	\$ -	\$ -	\$ 35,418
Equipment	9,568	-	-	9,568
Accumulated Depreciation	(44,986)	-	-	(44,986)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The change in capital assets for the year ended June 30, 2018, is as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Improvements	\$ 35,418	\$ -	\$ -	\$ 35,418
Equipment	9,568	-	-	9,568
Accumulated Depreciation	(44,986)	-	-	(44,986)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(5) Functional Allocation of Expenses

The functional allocation of expenses is allocated based on the functional group as defined by the department and program code that was used with the expense. Expenses by functional classification are as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
AS Programs Expenses		
Cultural affairs	\$ 100,548	\$ 114,934
Student services	480,235	498,188
Community services	3,646	62,862
Intramural rec	68,261	74,004
Student government	<u>72,742</u>	<u>61,215</u>
Total AS Program Expenses	725,432	811,203
General and administrative expenses	<u>253,356</u>	<u>335,712</u>
Total operating expenses	<u><u>\$ 978,788</u></u>	<u><u>\$ 1,146,915</u></u>

(6) Unrestricted Net Position

Unrestricted net position consists of the following board designated classifications as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
General Operating Reserve	\$ 319,502	\$ 313,136
Discretionary	10,000	10,000
Facilities/Special Projects Reserve	41,188	40,392
Capital Purchase Reserve	<u>41,188</u>	<u>40,392</u>
Subtotal	<u><u>\$ 411,878</u></u>	<u><u>\$ 403,920</u></u>

In 2017-18 the AS Board approved \$10,000 of the unrestricted net position to be classified as discretionary funding. Of the \$10,000, \$9,851 was spent in fiscal year 18/19. Of the \$9,851, \$5,488 was spent by the Bicycle Learning Center, \$2,150 was spent by Earth Week Every Week (EWEW), \$311 was spent by Waste-Reduction & Resource Awareness, \$430 was spent by Mobile Energy on Wheels (MEOW) and \$1,472 was spent by the Geology club.

(7) Accounts and Other Receivables

As of June 30, 2019 and 2018, accounts receivable totaled \$0 and \$11,764 respectively. No accruals were needed since invoices were billed out before the end of the fiscal year.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

(8) Related Party Transactions

(a) Management Services with Humboldt State University Center (UC) switching to Humboldt State University

The current Business Services agreement between Humboldt State University and AS commenced July 1, 2018 and ended June 30, 2019. In the agreement, Associated Students agreed to pay HSU for the Business Services in the amount of \$49,670 for July 1, 2018 through June 30, 2019 and \$115,220 for fiscal year 2017-18. HSU invoices Associated Students at the end of each quarter.

(b) Reimbursement and other services with Humboldt State University

For the year ending June 30, 2019 and 2018, AS paid HSU \$484,592 and \$595,941, respectively, for a wide range of services, including business management, business services and reimbursement of student wages. The largest reimbursement of \$58,150 to HSU was for Contractual Services. At June 30, 2019, AS had \$25,700 payable to HSU and \$0 receivable from HSU, and \$30,265, and \$11,421, respectively, at June 30, 2018.

SUPPLEMENTARY INFORMATION

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
Schedule of Net Position
June 30, 2019
(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 238,936
Short-term investments	225,988
Accounts receivable, net	—
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	—
Total current assets	<u>464,924</u>

Noncurrent assets:

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease 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	—
Other assets	—
Total noncurrent assets	<u>—</u>
Total assets	<u>464,924</u>

Deferred outflows of resources:

Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>

Liabilities:

Current liabilities:

Accounts payable	31,045
Accrued salaries and benefits	5,310
Accrued compensated absences, current portion	14,265
Unearned revenues	—
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	2,426
Total current liabilities	<u>53,046</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>53,046</u>

Deferred inflows of resources:

Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>

Net Position:

Net investment in capital assets	—
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	<u>411,878</u>
Total net position	<u>\$ 411,878</u>

See accompanying notes to supplementary information

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2019

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$ 866,000
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	53,638
Sales and services of auxiliary enterprises, gross	40,723
Scholarship allowances (enter as negative)	—
Other operating revenues	—
Total operating revenues	<u>960,361</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	978,788
Depreciation and amortization	—
Total operating expenses	<u>978,788</u>
Operating income (loss)	<u>(18,427)</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	7,672
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	18,713
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>26,385</u>
Income (loss) before other revenues (expenses)	7,958

State appropriations, capital

—

Grants and gifts, capital

—

Additions (reductions) to permanent endowments

—

 Increase (decrease) in net position

7,958

Net position:

Net position at beginning of year, as previously reported	403,920
Restatements	
Net position at beginning of year, as restated	<u>403,920</u>
Net position at end of year	<u><u>\$ 411,878</u></u>

See accompanying notes to supplementary information

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
Other Information
June 30, 2019
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments
All other restricted cash and cash equivalents
Noncurrent restricted cash and cash equivalents
Current cash and cash equivalents
Total

225,988
225,988
238,936
\$ 464,924

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds			-
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment types			-
Other external investment pools (excluding SWIFT)			-
Other investments			-
State of California Local Agency Investment Fund (LAIF)	225,988		225,988
State of California Surplus Money Investment Fund (SMIF)			-
Total investments	225,988	-	225,988
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 225,988	-	225,988

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	-				
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				
Other external investment pools (excluding SWIFT)	-				
Other investments	-				
State of California Local Agency Investment Fund (LAIF)	225,988	-	-	-	225,988
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
Total investments	\$ 225,988	-	-	-	225,988

See accompanying notes to supplementary information

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):

Current	Noncurrent	Total
		\$ -

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable 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 (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable 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	9,568				9,568				9,568
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	44,986	-	-	-	44,986	-	-	-	44,986
Total capital assets	44,986	-	-	-	44,986	-	-	-	44,986
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(35,418)				(35,418)				(35,418)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	-				-				-
Personal property:									
Equipment	(9,568)				(9,568)				(9,568)
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(44,986)	-	-	-	(44,986)	-	-	-	(44,986)
Total capital assets, net	\$ -	-	-	-	-	-	-	-	-

See accompanying notes to supplementary information

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets
Amortization expense related to other assets

Total depreciation and amortization

\$ -
\$

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclass ifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
	7,250		7,250	7015		14,265	14265	
1. Accrued compensated absences	\$							-
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	-		-			-	-	-
4.4 Others:								
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
Total others	-		-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 7,250	-	7,250	7,015	-	14,265	14,265	-

See accompanying notes to supplementary information

Year ending June 30:

6 Long-term debt obligations schedule:

7 Transactions with related entities:

See accompanying notes to supplementary information

8 Restatements/Prior period adjustments:

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement/PPA:

Debit/(Credit)

Transaction #1

Enter transaction description

Transaction #2

Enter transaction description

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction						-	-	-
Research						-	-	-
Public service						-	-	-
Academic support						-	-	-
Student services	442503	45071				491214	-	978,788
Institutional support						-	-	-
Operation and maintenance of plant						-	-	-
Student grants and scholarships	-	-	-	-		-	-	-
Auxiliary enterprise expenses							-	-
Depreciation and amortization	-	-	-	-		-	-	-
Total operating expenses	\$ 442,503	45,071	-	-	-	491,214	-	978,788

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)
Deferred outflows - net pension liability
Deferred outflows - net OPEB liability
Deferred outflows - others:

Total deferred outflows - others
Total deferred outflows of resources

-
\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements
Deferred inflows - net pension liability
Deferred inflows - net OPEB liability
Deferred inflows - unamortized gain on debt refunding(s)
Deferred inflows - nonexchange transactions
Deferred inflows - others:

Total deferred inflows - others
Total deferred inflows of resources

-
\$ -

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Note to Supplementary Information

Year Ended June 30, 2019

NOTE 1 – SUPPLEMENTARY INFORMATION

As an auxiliary organization of the California State University (CSU), Associated Students of Humboldt State University (Associated Students) 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 Associated Students' financial statements and the supplementary schedules for CSU.

ADDITIONAL INFORMATION

**Report of Independent Auditors on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Associated Students of Humboldt State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Associated Students of Humboldt State University (Associated Students), a component unit of Humboldt State University as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Associated Students' basic financial statements, and have issued our report thereon dated September 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students' internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Students' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Medford, Oregon
September 3, 2019