

**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, 2016 and 2015**

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## **INDEPENDENT AUDITORS' REPORT**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Associated Students of Humboldt State University, a component unit of Humboldt State University (HSU), as of and for the years ended June 30, 2016 and 2015, 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 auditors' 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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Associated Students of Humboldt State University as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Associated Students of Humboldt State University's basic financial statements. The schedule of net position, the schedule of revenues, expenses and changes in net position, and other information (supplementary information on pages 17 through 26) are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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. Such 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 schedules of the Associated Students of Humboldt State University, referred to above, are 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 14, 2016, on our consideration of the Associated Students of Humboldt State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 the Associated Students of Humboldt State University's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 14, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

### Management's Discussion and Analysis

Years ended June 30, 2016 and 2015

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, 2016 and 2015. 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, the Statements of Cash Flows, and the Statements of Fiduciary Net Position. 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 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 operating activities.

**Statements of Fiduciary Net Position** - The Statements of Fiduciary Net Position 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 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.

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Management's Discussion and Analysis

Years ended June 30, 2016 and 2015

**Analytical Overview**

A summary of key financial statement information is presented below:

	<b>Condensed Summary of Net Position</b>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>\$ Change from FY15 to FY16</u>	<u>\$ Change from FY14 to FY15</u>
<b>Assets:</b>					
Current assets	\$ 618,769	\$ 501,861	\$ 490,970	\$ 116,908	\$ 10,891
Capital assets, net of accumulated depreciation	-	-	453	-	(453)
Total assets	<u>618,769</u>	<u>501,861</u>	<u>491,423</u>	<u>116,908</u>	<u>10,438</u>
<b>Liabilities:</b>					
Current liabilities	<u>95,084</u>	<u>42,811</u>	<u>35,765</u>	<u>52,273</u>	<u>7,046</u>
Total liabilities	<u>95,084</u>	<u>42,811</u>	<u>35,765</u>	<u>52,273</u>	<u>7,046</u>
<b>Net position:</b>					
Net investment in capital assets	-	-	453	-	(453)
Unrestricted	<u>523,685</u>	<u>459,050</u>	<u>455,205</u>	<u>64,635</u>	<u>3,845</u>
Total net position	<u>\$ 523,685</u>	<u>\$ 459,050</u>	<u>\$ 455,658</u>	<u>\$ 64,635</u>	<u>3,392</u>

**Statement of Net Position Variance Analysis between 2016 and 2015**

Current assets increased by \$116,908. Current assets include: cash and cash equivalents, unreserved cash in LAIF, accounts receivable, prepaid expenses, and other current assets. The increase in current assets was attributable to increases in cash and cash equivalents.

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

The Associated Students has a cash balance of \$130,718 in the checking account and \$450,492 held in LAIF, Local Agency Investment Fund. This combined total of unrestricted cash is \$581,210. The remaining cash balance is 35.82% of the operating revenue of the 2015-16 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 increased by \$52,273. Current liabilities include: accounts payable, unearned revenue, liability to campus programs, and other accrued liabilities.

Net position increased by \$64,635, 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, 2016 and 2015

**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**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>\$ Change from FY15 to FY16</u>	<u>\$ Change from FY14 to FY15</u>
<b>Operating revenues:</b>					
Instructionally related activities	\$ 512,668	\$ 504,812	\$ 455,579	\$ 7,856	\$ 49,233
Associated student body fee	972,329	903,093	812,451	69,236	90,642
Other revenues	<u>137,643</u>	<u>96,057</u>	<u>62,894</u>	<u>41,586</u>	<u>33,163</u>
<b>Total operating revenues</b>	<u>1,622,640</u>	<u>1,503,962</u>	<u>1,330,924</u>	<u>118,678</u>	<u>173,038</u>
<b>Operating expenses:</b>					
Operating expenses	1,561,930	1,503,120	1,328,265	58,810	174,855
Depreciation expense	<u>-</u>	<u>453</u>	<u>337</u>	<u>(453)</u>	<u>116</u>
<b>Total operating expenses</b>	<u>1,561,930</u>	<u>1,503,573</u>	<u>1,328,602</u>	<u>58,357</u>	<u>174,971</u>
<b>Operating (loss) income</b>	60,710	389	2,322	60,321	(1,933)
<b>Non-operating revenues (expenses):</b>					
Investment income	<u>3,925</u>	<u>3,003</u>	<u>2,294</u>	<u>922</u>	<u>709</u>
<b>Net non-operating revenues (expenses)</b>	<u>3,925</u>	<u>3,003</u>	<u>2,294</u>	<u>922</u>	<u>709</u>
<b>Increase in net position</b>	64,635	3,392	4,616	61,243	(1,224)
<b>Net position at beginning of year</b>	<u>459,050</u>	<u>455,658</u>	<u>451,042</u>	<u>3,392</u>	<u>4,616</u>
<b>Net position at end of year</b>	<u>\$ 523,685</u>	<u>\$ 459,050</u>	<u>\$ 455,658</u>	<u>\$ 64,635</u>	<u>3,392</u>

**Revenue and Expense Variance Analysis between 2016 and 2015**

Operating revenues is composed of Instructionally Related Activities (IRA), Associated Students student body organization fees, and other. Other revenues are from student programming entry fees and festival attendance. Operating revenues increased by \$118,678. The student enrollment and AS Fee increase contributed to the revenue increase. Also, HSU returned \$28,147 to the AS from prior contribution for a student loan fund no longer used for the intended purposes.

Operating expenses increased by \$58,357. Program expenditure in the area of Artist Honorarium in concerts increased by \$9,251. The total wages and benefits increased by \$38,006, reflecting the minimum wage increase and California's recent passage of the "sick leave law."

## **ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

### **Management's Discussion and Analysis**

Years ended June 30, 2016 and 2015

Investment income was \$3,925 which was an increase of \$922 over the prior year. Investment income is comprised of interest from LAIF, monies held with Local Agency Investment Fund.

Net position increased by \$64,635, 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 2016-17 include an enrollment target that is 3% higher than HSU's target for 2015-16. 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 and review its operations and make adjustments accordingly.

With the retirement of the Associated Students General Manager in April 2016, the Associated Students Council voted to change its organizational structure whereby the AS General Manager is to be hired and employed by the Associated Students organization, as opposed to being an employee of HSU. There are many unknowns that accompany this change. The hiring process is on-going at this time. Replacement of management means a loss of experience and institutional knowledge for the organization.

#### **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, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets		
Cash on hand and commercial accts	\$ 130,718	\$ 80,162
Cash invested in LAIF	450,492	378,124
Total cash	<u>581,210</u>	<u>458,286</u>
Accounts and other receivables, net	37,328	42,915
Prepaid expenses	<u>231</u>	<u>660</u>
Total current assets	<u>618,769</u>	<u>501,861</u>
Capital assets, net	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 618,769</u></b>	<b><u>\$ 501,861</u></b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 61,663	\$ 8,485
Accrued liabilities	10,691	16,621
Unearned revenue	<u>22,730</u>	<u>17,705</u>
Total current liabilities	<u>95,084</u>	<u>42,811</u>
<b>Total liabilities</b>	<b><u>\$ 95,084</u></b>	<b><u>\$ 42,811</u></b>
<b>Net position</b>		
Net investment in capital assets	\$ -	\$ -
Unrestricted	<u>523,685</u>	<u>459,050</u>
<b>Total net position</b>	<b><u>\$ 523,685</u></b>	<b><u>\$ 459,050</u></b>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

**Statements of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
Revenues:		
Operating revenues:		
Student activity fees	\$ 972,329	\$ 903,093
Programs revenue	137,643	96,057
Instructional related activities	512,668	504,812
Total operating revenues	<u>1,622,640</u>	<u>1,503,962</u>
Expenses:		
Operating expenses:		
Salaries and wages	131,862	96,489
Employee benefits	8,275	5,642
Payment per agreement/contract	443,949	436,238
Reimbursement to other agencies	111,055	113,849
Repairs and maintenance	4,631	5,739
Communications	3,104	3,101
Travel	59,850	64,295
Insurance	8,024	10,387
Audit	6,903	5,777
Program expenditures	270,612	256,791
Instructional related activities	513,665	504,812
Depreciation	-	453
Total operating expenses	<u>1,561,930</u>	<u>1,503,573</u>
Operating income (loss)	<u>60,710</u>	<u>389</u>
Non-operating revenues (expenses):		
Investment income	3,925	3,003
Non-operating revenues (expenses), net	<u>3,925</u>	<u>3,003</u>
Increase in net position	<u>64,635</u>	<u>3,392</u>
Net position:		
Net position at beginning of year	459,050	455,658
Net position at end of year	<u>\$ 523,685</u>	<u>\$ 459,050</u>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

**Statements of Cash Flows**

**Years ended June 30, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,633,243	\$ 1,545,521
Cash payments to suppliers for operations	(1,097,850)	(1,102,959)
Cash payments to employees for services	(140,135)	(102,132)
Cash payments for general and administrative expenses	(276,259)	(291,914)
<b>Net cash provided by (used in) operating activities</b>	<b><u>118,999</u></b>	<b><u>48,516</u></b>
<b>Cash flows from investing activities:</b>		
Investment income	3,925	3,003
<b>Net cash provided by (used in) investing activities</b>	<b><u>3,925</u></b>	<b><u>3,003</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>122,924</b>	<b>51,519</b>
Cash and cash equivalents at beginning of year	458,286	406,767
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 581,210</u></b>	<b><u>\$ 458,286</u></b>
<b>Reconciliation to cash per statement of net position</b>		
Cash on hand and commercial accts	\$ 130,718	\$ 80,162
Cash invested in LAIF	450,492	378,124
<b>Total cash and cash equivalents at end of year</b>	<b><u>\$ 581,210</u></b>	<b><u>\$ 458,286</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 60,710	\$ 389
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	453
Change in assets and liabilities:		
Accounts receivable	5,587	40,730
Prepaid expenses	429	(102)
Accounts payable	53,178	2,797
Unearned revenue	5,025	829
Other liabilities	(5,930)	3,420
Total adjustments	<u>58,289</u>	<u>48,127</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 118,999</u></b>	<b><u>\$ 48,516</u></b>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

**Statements of Fiduciary Net Position  
Agency Funds  
June 30, 2016 & 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets		
Cash invested in LAIF	\$ 338,846	\$ 328,794
Total cash	<u>338,846</u>	<u>328,794</u>
Accounts and other receivables	6,610	2,905
Less allowance for doubtful accounts	<u>( 2,058)</u>	<u>( 681)</u>
Total current assets	<u>343,398</u>	<u>331,018</u>
<b>Total assets</b>	<b><u>\$ 343,398</u></b>	<b><u>\$ 331,018</u></b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,219	\$ 1,268
Accrued liabilities	1,629	988
Campus programs	<u>340,550</u>	<u>328,762</u>
Total current liabilities	<u>343,398</u>	<u>331,018</u>
<b>Total liabilities</b>	<b><u>\$ 343,398</u></b>	<b><u>\$ 331,018</u></b>

## ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements

Year Ended June 30, 2016

### (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*

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.

#### (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. 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

Year Ended June 30, 2016

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

**(d) Revenue Recognition**

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

**(e) 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.

**(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.

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.

**(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 and cash equivalents.

**(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

Year Ended June 30, 2016

**(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.

**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, 2016, the uninsured and uncollateralized cash balance was \$789,338.

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*.

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Notes to Financial Statements

Year Ended June 30, 2016

**(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 years ended June 30, 2016 and 2015.

**(4) Capital Assets**

The change in capital assets for the year ended June 30, 2016, is as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Improvements	\$ 35,418	\$ -	\$ -	\$ 35,418
Equipment	11,716		(2,148)	9,568
Accumulated Depreciation	(47,134)		2,148	(44,986)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The change in capital assets for the year ended June 30, 2015, is as follows:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Improvements	\$ 35,418	\$ -	\$ -	\$ 35,418
Equipment	19,372		(7,656)	11,716
Accumulated Depreciation	(54,337)	(453)	7,656	(47,134)
Capital Assets, net	<u>\$ 453</u>	<u>\$ (453)</u>	<u>\$ -</u>	<u>\$ -</u>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Notes to Financial Statements

Year Ended June 30, 2016

**(5) Functional Allocation of Expenses**

Expenses by functional classification are as follows:

	<u>2016</u>	<u>2015</u>
AS Program Expenses		
Cultural affairs	\$ 41,129	\$ 36,557
Student services	470,154	445,736
Community services	66,020	57,811
Intramural recreation	50,337	50,803
Student government	<u>103,552</u>	<u>105,129</u>
Total AS Program Expenses	731,192	696,036
Instructional related activities (IRA) expenses	<u>513,665</u>	<u>504,812</u>
Total program expenses	1,244,857	1,200,848
General and administrative expenses	<u>317,073</u>	<u>302,725</u>
Total operating expenses	<u><u>\$ 1,561,930</u></u>	<u><u>\$ 1,503,573</u></u>

**(6) Unrestricted Net Position**

Unrestricted net position consists of the following board designated classifications as of June 30, 2016:

	<u>2016</u>	<u>2015</u>
General Operating Reserve	\$ 394,064	\$ 344,864
Facilities/Special Projects Reserve	67,857	58,390
Capital Purchase Reserve	<u>61,764</u>	<u>55,796</u>
Subtotal	<u><u>\$ 523,685</u></u>	<u><u>\$ 459,050</u></u>

The AS Council approved an expenditure of up to \$11,540 from the Facilities/Special Projects Reserve fund in April 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, 2016. The AS Council also approved an expenditure of up to \$50,000 from the Facilities/Special Projects Reserve fund in April 2015 for the costs associated with the remodel of the Associated Students Office space. The funds were not expended as of June 30, 2016.

**(7) Accounts and Other Receivables**

Accounts and Other Receivables includes unspent student body organization's funds of \$446 and \$12,476 at June 30, 2016 and 2015, respectively. 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 and other accounts receivable.

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Notes to Financial Statements

Year Ended June 30, 2016

**(8) Related Party Transactions**

***(a) Management Service with Humboldt State University Center (UC)***

AS has an agreement with the Humboldt State University Center (UC) for the UC to provide accounting and administrative services. Payment per the agreement/contract includes \$151,845 and \$165,910 under this agreement for the years ended June 30, 2016 and 2015. AS also had an agreement with the UC for the years ended June 30, 2016 and 2015 for UC to provide advising services for AS Presents, an AS program, for \$20,000 each year.

***(b) Reimbursement and other services with Humboldt State University***

For the year ending June 30, 2016 and 2015, AS paid HSU \$491,904 and \$497,547, respectively, for a wide range of services and gifts in kind, including business management, reimbursement, reimbursement of salary and benefits of HSU personnel working for AS. At June 30, 2016, AS had \$21,599 payable to HSU and \$28,260 receivable from HSU, and \$11,462 and \$25,907, respectively, at June 30, 2015.

## **SUPPLEMENTARY INFORMATION**

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Schedule of Net Position

Year ended June 30, 2016

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 130,718
Short-term investments	450,492
Accounts receivable, net	37,328
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	231
Total current assets	<u>618,769</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	—
Other assets	—
Total noncurrent assets	<u>—</u>
Total assets	<u>618,769</u>

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

Liabilities:

Current liabilities:	
Accounts payable	61,663
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenue	22,730
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	10,691
Total current liabilities	<u>95,084</u>

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>95,084</u>

Deferred inflows of resources:	
Service concession arrangements	—
Net pension 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	523,685
Total net position	<u>\$ 523,685</u>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2016

(for inclusion in the California State University)

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$ _____)	\$	972,329
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		650,311
Other operating revenues		—
Total operating revenues		<u>1,622,640</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		1,561,930
Depreciation and amortization		—
Total operating expenses		<u>1,561,930</u>
Operating income (loss)		<u>60,710</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		3,925
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		<u>3,925</u>
Income (loss) before other revenues (expenses)		64,635

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		<u>64,635</u>

Net position:

Net position at beginning of year, as previously reported		459,050
Restatements		—
Net position at beginning of year, as restated		<u>459,050</u>
Net position at end of year	\$	<u><u>523,685</u></u>



**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**  
 Other Information  
 Year ended June 30, 2016  
 (for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2016:**

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents	—	—
Total restricted cash and cash equivalents	<u>\$</u>	<u>—</u>

**2.1 Composition of investments at June 30, 2016:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	450,492	—	450,492	—	—	—	450,492
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
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)							
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Other major investments:							
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**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Other Information

Year ended June 30, 2016

(for inclusion in the California State University)

**2.4 Restricted noncurrent investments at June 30, 2016 related to:**

	<b>Amount</b>
Endowment investment	\$ —
Cash reserved for postretirement health benefits and pension obligations	—
Add description	—
Add description	—
Add description	—
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Add description	—
Add description	—
<b>Total restricted noncurrent investments at June 30, 2016</b>	<b>\$ —</b>

**2.5 Fair value hierarchy in investments at June 30, 2016:**

	<b>Total</b>	<b>Fair Value Measurements Using</b>			<b>Net Asset Value (NAV)</b>
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (L.A.I.F)	450,492	—	—	—	450,492
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
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)	—	—	—	—	—
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Other major investments:	—	—	—	—	—
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<b>Total investments</b>	<b>450,492</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>450,492</b>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**  
 Other Information  
 Year ended June 30, 2016  
 (for inclusion in the California State University)

**3.1 Composition of capital assets at June 30, 2016:**

	Balance June 30, 2015	Prior period Adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2016
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	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
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	—	—	—	—				

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY  
 Other Information  
 Year ended June 30, 2016  
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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

Depreciation and amortization expense related to capital assets	\$	—
Amortization expense related to other assets		—
Total depreciation and amortization	\$	<u>—</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	\$	—	—	—	—	—	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$	—	—	—	—	—	—	—	—

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
Capitalized lease obligation, net of current portion									\$ <u>—</u>

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY  
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6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2017	\$ —	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
<b>Long-term debt obligations, net of current portion</b>									<b>\$ —</b>

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ —
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - net investment in capital asset	<b>\$ —</b>

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	<b>\$ —</b>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Other Information

Year ended June 30, 2016

(for inclusion in the California State University)

**8 Transactions with related entities**

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 417,773
Payments to University for other than salaries of University personnel	74,131
Payments received from University for services, space, and programs	41,322
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	—
Other amounts (payable to) University (enter as negative number)	(21,599)
Accounts receivable from University	28,260
Other amounts receivable from University	—

**9 Other postemployment benefits obligation (OPEB)**

Annual required contribution (ARC)	\$ —
Contributions during the year	<u>—</u>
Increase (decrease) in net OPEB obligation (NOO)	—
Other adjustments	—
NOO - beginning of year	<u>—</u>
NOO - end of year	\$ <u>—</u>

**10 Pollution remediation liabilities under GASB Statement No. 49:**

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	<u>—</u>
Total pollution remediation liabilities	\$ —
Less: current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u>—</u>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Other Information

Year ended June 30, 2016

(for inclusion in the California State University)

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

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2015, as previously reported	\$	459,050
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, 2015, as restated	\$	<u>459,050</u>

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

	<u>Debit</u>	<u>Credit</u>
Net position class: 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: 2 (breakdown of adjusting journal entry)	—	—
Net position class: 3 (breakdown of adjusting journal entry)	—	—
Net position class: 4 (breakdown of adjusting journal entry)	—	—
Net position class: 5 (breakdown of adjusting journal entry)	—	—
Net position class: 6 (breakdown of adjusting journal entry)	—	—
Net position class: 7 (breakdown of adjusting journal entry)	—	—
Net position class: 8 (breakdown of adjusting journal entry)	—	—
Net position class: 9 (breakdown of adjusting journal entry)	—	—
Net position class: 10 (breakdown of adjusting journal entry)	—	—

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Note to Supplementary Information  
Year Ended June 30, 2016

**NOTE 1 – SUPPLEMENTARY INFORMATION**

As an auxiliary organization of the California State University (CSU), Associate 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**



**INDEPENDENT AUDITORS' REPORT 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**

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

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 and the aggregate remaining fund information of the Associated Students of Humboldt State University, a component unit of Humboldt State University (HSU), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Associated Students of Humboldt State University's basic financial statements, and have issued our report thereon dated September 14, 2016.

**Internal Control Over Financial Reporting**

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

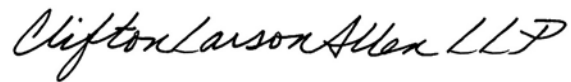
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Associated Students of Humboldt State University's 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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 14, 2016