

**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, 2020 and 2019**

## TABLE OF CONTENTS

	<u>Page</u>
<b>REPORT OF INDEPENDENT AUDITORS</b>	1-2
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	3-6
<b>BASIC FINANCIAL STATEMENTS:</b>	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes In Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10-15
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Net Position	16
Schedule of Revenues, Expenses, and Changes in Net Position	17
Other Information	18
Note to Supplementary Information	23
<b>ADDITIONAL INFORMATION:</b>	
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 <i>Government Auditing Standards</i>	24-25

## 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 and for the years ended June 30, 2020 and 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, 2020 and 2019, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion 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 10, 2020 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.

*Mass Adams LLP*

Medford, Oregon  
September 10, 2020

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

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

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

Years ended June 30, 2020 and 2019

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, 2020 and 2019. 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, 2020 and 2019

#### Analytical Overview

A summary of key financial statement information is presented below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>FY19 to FY20</u>	<u>FY18 to FY19</u>
<b>Assets:</b>					
Current Assets	\$ 428,115	\$ 464,924	\$ 454,870	\$ (36,809)	\$ 10,054
<b>Total assets</b>	<u>428,115</u>	<u>464,924</u>	<u>454,870</u>	<u>\$ (36,809)</u>	<u>10,054</u>
<b>Liabilities:</b>					
Current Liabilities	40,033	53,046	50,950	( 13,013)	2,096
<b>Total liabilities</b>	<u>40,033</u>	<u>53,046</u>	<u>50,950</u>	<u>( 13,013)</u>	<u>2,096</u>
<b>Net Position:</b>					
Unrestricted	388,082	411,878	403,920	( 23,796)	7,958
<b>Total Net Position</b>	<u>\$ 388,082</u>	<u>\$ 411,878</u>	<u>\$ 403,920</u>	<u>\$ (23,796)</u>	<u>7,958</u>

#### Statement of Net Position Variance Analysis between 2020 and 2019

Current assets decreased by \$36,809. Current assets can 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 decrease in current assets was attributable to a decrease in student enrollment.

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

The Associated Students has a cash balance of \$196,810 in the checking account and \$231,305 held in LAIF, Local Agency Investment Fund. This combined total of unrestricted cash is \$428,115. The cash balance is 50.51% of the operating revenue of the 2019-20 fiscal year.

Current liabilities decreased by \$13,013. 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 decreased by \$23,796, 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, 2020 and 2019

#### 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

	2020	2019	2018	\$ Change from FY20 to FY19	\$ Change from FY19 to FY18
<b>Operating revenues:</b>					
Instructional related activities	\$ 32,389	\$ 1,497	\$ 34,785	\$ 30,892	\$ (33,288)
Associated student body fee	760,600	866,000	950,000	(105,400)	(84,000)
Other revenues	54,545	92,864	29,474	(38,319)	63,390
<b>Total operating revenues</b>	<u>847,534</u>	<u>960,361</u>	<u>1,014,259</u>	<u>\$ (112,827)</u>	<u>(53,898)</u>
<b>Operating expenses:</b>					
Operating expenses	923,172	978,788	1,146,915	( 55,616)	( 168,127)
<b>Total operating expenses</b>	<u>923,172</u>	<u>978,788</u>	<u>1,146,915</u>	<u>( 55,616)</u>	<u>(168,127)</u>
<b>Operating (loss) income</b>	(75,638)	(18,427)	(132,656)	( 57,211)	114,229
<b>Non-operating revenues (expenses):</b>					
Non-Operating Revenue	46,525	-	-	46,525	-
Investment income	5,317	26,385	12,450	( 21,068)	13,935
<b>Net non-operating revenues (expenses)</b>	<u>51,842</u>	<u>26,385</u>	<u>12,450</u>	<u>25,457</u>	<u>13,935</u>
<b>Increase (decrease) in net position</b>	(23,796)	7,958	(120,206)	( 31,754)	128,164
<b>Net position at beginning of year</b>	411,878	403,920	524,126	7,958	( 120,206)
<b>Net position at end of year</b>	<u>\$ 388,082</u>	<u>\$ 411,878</u>	<u>\$ 403,920</u>	<u>\$ (23,796)</u>	<u>7,958</u>

#### **Revenue and Expense Variance Analysis between 2020 and 2019**

Operating revenues is composed of Associated Students student body organization fees, Instructional Related Activities (IRA), and other. Operating revenues decreased by \$112,827 due to a decrease in enrollment from about 14,813 students in 18-19 to about 13,328 students in 19-20.

Operating expenses decreased by \$55,616 which was due to less programming available because of lower student enrollment and the closure of campus to students in March 2020. The total wages and benefits decreased by \$7,162, reflecting the reduction of staff midyear. Student Assistants are paid through the state and then reimbursed. Student wage reimbursement decreased by \$46,910.

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

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

Years ended June 30, 2020 and 2019

Investment income was \$5,317, which was a decrease of \$21,068 over the prior year. Investment income is comprised of interest from LAIF, monies held with Local Agency Investment Fund.

Net position decreased by \$23,796, 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 2020-21 include an enrollment target that is about 10% lower than what was targeted for 2019-20. 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, 2020 and 2019**

	<u>June 2020</u>	<u>June 2019</u>
Assets		
Current Assets		
Cash on Hand (US Bank Checking)	\$ 196,810	\$ 238,936
Cash Invested in LAIF	<u>231,305</u>	<u>225,988</u>
Total Cash	428,115	464,924
Total Current Assets	<u>428,115</u>	<u>464,924</u>
Capital Assets, net	<u>-</u>	<u>-</u>
Total Assets	<u><b>\$ 428,115</b></u>	<u><b>\$ 464,924</b></u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 20,483	\$ 31,045
Accrued Liabilities	17,750	19,575
Other Liabilities	<u>1,800</u>	<u>2,426</u>
Total Current Liabilities	40,033	53,046
Total Liabilities	<u><b>\$ 40,033</b></u>	<u><b>\$ 53,046</b></u>
Net Position		
Unrestricted	<u>388,082</u>	<u>411,878</u>
Total Net Position	<u><b>\$ 388,082</b></u>	<u><b>\$ 411,878</b></u>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**  
**Statements Revenue, Expenses, and Change in Net Position**  
**Years ended June 30, 2020 and 2019**

	June 2020	June 2019
Revenues:		
Operating Revenues		
ASB Student Activity Fee	\$ 760,600	\$ 866,000
AS Programs	54,545	92,864
Instructional Related Activities (IRA)	32,389	1,497
Total Operating Revenues	847,534	960,361
Expenses:		
Operating Expenses:		
Salaries and Wages	429,738	442,503
Employee Benefits	50,674	45,071
Payment(s) per Agreement(s)/Contract(s)	120,550	81,850
Communications	2,638	3,345
Travel	39,643	77,145
Insurance	9,254	7,195
Program Expenditures	270,675	321,679
Total Operating Expenses	923,172	978,788
Operating Loss	(75,638)	(18,427)
Non-Operating Revenue:	46,525	-
Investment Income	5,317	26,385
Non-Operating Revenue	51,842	26,385
Increase (Decrease) in Net Position	(23,796)	7,958
Net Position:		
Net Position at Beginning of Year	411,878	403,920
Net Position at the End of the Year	\$ 388,082	\$ 411,878

See accompanying notes

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**  
**Statements of Cash Flows**  
**Years ended June 30, 2020 & 2019**

	<u>June 2020</u>	<u>June 2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from students	\$ 760,600	\$ 866,343
Cash payments to suppliers for operations	(453,747)	(496,552)
Cash payments to employees for services	(482,239)	(478,067)
Cash payments for general and administrative expenses	86,735	106,267
<b>Net cash provided by (used in) operating activities</b>	<b>(88,651)</b>	<b>(2,009)</b>
<b>Cash flows from investing activities:</b>		
Other income	46,525	18,713
Investment income (loss) proceeds (payments)	5,317	7,672
<b>Net cash provided by (used in) investing activities</b>	<b>51,842</b>	<b>26,385</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(36,809)</b>	<b>24,378</b>
Cash and cash equivalents at beginning of year	464,924	440,546
<b>Cash and cash equivalents at end of year</b>	<b>\$ 428,115</b>	<b>\$ 464,924</b>
<b>Reconciliation to cash per statement of net position</b>		
Cash on hand and commercial accts	\$ 196,810	\$ 238,936
Cash invested in LAIF	231,305	225,988
<b>Total cash and cash equivalents at end of year</b>	<b>\$ 428,115</b>	<b>\$ 464,924</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (75,638)	\$ (18,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Accounts receivable	-	11,765
Prepaid expenses	-	2,562
Accounts payable	(10,987)	(7,901)
Accrued salaries and benefits	(329)	2,492
Accrued compensated absences	(1,497)	7,014
Other liabilities	(200)	486
Total adjustments	(13,013)	16,418
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (88,651)</b>	<b>\$ (2,009)</b>

## ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

### **(1) Operations and 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, 2020 and 2019

**(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, 2020 and 2019

### (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 and Cash invested in LAIF**

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, 2020, the uninsured and uncollateralized cash balance was \$231,305.

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, 2020 and 2019

## (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, 2020 and 2019.

## (4) Capital Assets

The change in capital assets for the year ended June 30, 2020, is as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
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, 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>

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Notes to Financial Statements  
Years Ended June 30, 2020 and 2019

**(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>2020</u>	<u>2019</u>
AS Programs Expenses		
Cultural affairs	\$ 41,668	\$ 100,548
Student services	367,756	480,235
Community services	5,045	3,646
Intramural recreation	51,406	68,261
Student government	<u>76,419</u>	<u>72,742</u>
Total AS Program Expenses	542,294	725,432
General and administrative expenses	<u>380,878</u>	<u>253,356</u>
Total operating expenses	<u>\$ 923,172</u>	<u>\$ 978,788</u>

**(6) Unrestricted Net Position**

Unrestricted net position consists of the following board designated classifications as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General Operating Reserve	\$ 310,317	\$ 319,502
Discretionary	149	10,000
Facilities/Special Projects Reserve	38,808	41,188
Capital Purchase Reserve	<u>38,808</u>	<u>41,188</u>
Subtotal	<u>\$ 388,082</u>	<u>\$ 411,878</u>

Of the \$10,000 that had been approved by the AS Board for discretionary funding in the 18-19 fiscal year, \$9,851 was spent in fiscal year 19/20.

**(7) Accounts and Other Receivables**

As of June 30, 2020 and 2019, accounts receivable totaled \$0 for both years. 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, 2020 and 2019

### **(8) Related Party Transactions**

#### ***(a) Management Services with Humboldt State University***

The current Business Services agreement between Humboldt State University and AS commenced July 1, 2019 and ended June 30, 2020. In the agreement, Associated Students agreed to pay HSU for the Business Services in the amount of \$86,000 for July 1, 2019 through June 30, 2020 and \$49,670 for fiscal year 2018-19. 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, 2020 and 2019, AS paid HSU \$469,197 and \$484,592, respectively, for a wide range of services, including business management, business services and reimbursement of student wages. Specifically, \$275,710 was for salaries of University personnel and \$193,487 was for expenses other than salaries which includes the business services agreement. The largest reimbursement of \$94,500 to HSU was for Contractual Services which includes the business services agreement. AS received a total of \$21,325 from HSU for services, space and programs. At June 30, 2020, AS had \$20,483 payable to HSU and \$0 receivable from HSU, and \$25,700, and \$0, respectively, at June 30, 2019.

### **(9) Other Factors**

In January 2020, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the COVID-19 outbreak and characterized it as a pandemic. Although this is expected to be temporary, given the dynamic nature of these circumstances, the duration and intensity of the impact of COVID-19 and resulting impact to the market value changes, losses, and related financial impacts cannot be reasonably estimated at this time. Management is not currently able to reasonably estimate the potential financial impacts, and the financial statements have not been adjusted related to this matter.

## **SUPPLEMENTARY INFORMATION**

Associated Students of Humboldt State University  
Schedule of Net Position  
June 30, 2020  
(for inclusion in the California State University)

**Assets:**

**Current assets:**

Cash and cash equivalents	196,810
Short-term investments	231,305
Accounts receivable, net	-
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
<b>Total current assets</b>	<b>428,115</b>

**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	-
<b>Total noncurrent assets</b>	<b>-</b>
<b>Total assets</b>	<b>428,115</b>

**Deferred outflows of resources:**

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

**Liabilities:**

**Current liabilities:**

Accounts payable	20,483
Accrued salaries and benefits	4,982
Accrued compensated absences, current portion	12,768
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	1,800
<b>Total current liabilities</b>	<b>40,033</b>

**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	-
<b>Total noncurrent liabilities</b>	<b>-</b>
<b>Total liabilities</b>	<b>40,033</b>

**Deferred inflows of resources:**

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

**Net position:**

Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	388,082
<b>Total net position</b>	<b>388,082</b>

See accompanying notes to supplementary information

**Associated Students of Humboldt State University**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2020  
(for inclusion in the California State University)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	760,600
Scholarship allowances (enter as negative)	-

**Grants and contracts, noncapital:**

Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	54,545
Sales and services of auxiliary enterprises, gross	32,389
Scholarship allowances (enter as negative)	-
Other operating revenues	-

<b>Total operating revenues</b>	<b>847,534</b>
---------------------------------	----------------

**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	923,172
Depreciation and amortization	-

<b>Total operating expenses</b>	<b>923,172</b>
---------------------------------	----------------

<b>Operating income (loss)</b>	<b>(75,638)</b>
--------------------------------	-----------------

**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	5,317
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	46,525

<b>Net nonoperating revenues (expenses)</b>	<b>51,842</b>
---	---------------

<b>Income (loss) before other revenues (expenses)</b>	<b>(23,796)</b>
---	-----------------

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-

<b>Increase (decrease) in net position</b>	<b>(23,796)</b>
--	-----------------

**Net position:**

Net position at beginning of year, as previously reported	411,878
Restatements	-

<b>Net position at beginning of year, as restated</b>	<b>411,878</b>
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<b>Net position at end of year</b>	<b>388,082</b>
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See accompanying notes to supplementary information

Associated Students of Humboldt State University  
Other Information  
June 30, 2020  
(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 equivalent:

**Noncurrent restricted cash and cash equivalent:**

Current cash and cash equivalent:

**Total**

	196,810
\$	<b>196,810</b>

**2.1 Composition of investments**

Investment Type	Current	Noncurrent	Fair Value
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			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)	231,305		<b>231,305</b>
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments			-
			-
			-
			-
			-
Total Other investment:	-	-	-
<b>Total investments</b>	<b>231,305</b>	-	<b>231,305</b>
Less endowment investments (enter as negative number)			-
<b>Total investments, net of endowments</b>	<b>\$ 231,305</b>	-	<b>231,305</b>

**2.2 Fair value hierarchy in investments**

Investment Type	Fair Value	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	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	231,305				231,305
State of California Local Agency Investment Fund (LAIF)	-				
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments	-				
	-				
	-				
	-				
	-				
	-				
Total Other investments:	\$ -	-	-	-	-
<b>Total investments</b>	<b>231,305</b>	-	-	-	<b>231,305</b>

See accompanying notes to supplementary information

### 2.3 Investments held by the University under contractual agreements:

Investments held by the University under contractual agreements  
e.g - CSU Consolidated Investment Pool (formerly SWIFT):

Current	Noncurrent	Total
		\$ -

### 3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
<b>Non-depreciable/Non-amortizable capital assets</b>									
Land and land improvement					\$ -			\$ -	-
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 Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital asset</b>	\$ -	-	-	-	\$ -	-	-	-	\$ -
<b>Depreciable/Amortizable capital assets</b>									
Buildings and building improvement	35,418				35,418				35,418
Improvements, other than building					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	9,568				9,568				9,568
Library books and material:					-				-
Intangible assets									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademark:					-				-
Licenses and permits:					-				-
Other intangible assets					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	44,986	-	-	-	44,986	-	-	-	44,986
<b>Total capital assets</b>	\$ 44,986	-	-	-	\$ 44,986	-	-	-	\$ 44,986
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvement	(35,418)				(35,418)				(35,418)
Improvements, other than building					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(9,568)				(9,568)				(9,568)
Library books and material:					-				-
Intangible assets									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademark:					-				-
Licenses and permits:					-				-
Other intangible assets					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	(44,986)	-	-	-	(44,986)	-	-	-	(44,986)
<b>Total capital assets, net</b>	\$ -	-	-	-	\$ -	-	-	-	\$ -

See accompanying notes to supplementary information

### 3.2 Detail of depreciation and amortization expense

Depreciation and amortization expense related to capital asset  
 Amortization expense related to other assets  
**Total depreciation and amortization**

\$ -  
 -  
**\$ -**

### 4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	<b>\$ 14,265</b>		<b>14,265</b>	-	(1,497)	<b>\$ 12,768</b>	<b>\$ 12,768</b>	<b>\$ -</b>
<b>2. Claims liability for losses and loss adjustment expense</b>	<b>-</b>		<b>-</b>			<b>-</b>		<b>-</b>
<b>3. Capital lease obligations:</b>								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
<b>Total capital lease obligation:</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-		\$ -	-	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	-		-			-	-	-
4.4 Others:								
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
<b>Total long-term debt obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total long-term liabilities</b>	<b>\$ 14,265</b>	<b>-</b>	<b>14,265</b>	<b>-</b>	<b>(1,497)</b>	<b>\$ 12,768</b>	<b>\$ 12,768</b>	<b>\$ -</b>

See accompanying notes to supplementary information

### 5 Capital lease obligations schedule

**Year ending June 30:**

2021  
2022  
2023  
2024  
2025  
2026 - 2030  
2031 - 2035  
2036 - 2040  
2041 - 2045  
2046 - 2050  
Thereafter

Total minimum lease payment  
Less: amounts representing interest

Present value of future minimum lease payment

Unamortized net premium/(discount

**Total capital lease obligations:**

Less: current portion  
Capital lease obligation

Capital lease obligations, net of current portion

[illegible]

## 6 Long-term debt obligations schedule

[illegible]

## 7 Transactions with related entities

Payments to University for salaries of University personnel working on contracts, grants, and other programs	275,710
Payments to University for other than salaries of University personnel	193,487
Payments received from University for services, space, and programs	21,325
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 <sup>(enter as negative number)</sup>	(20,483)
Other amounts (payable to) University <sup>(enter as negative number)</sup>	
Accounts receivable from University <sup>(enter as positive number)</sup>	
Other amounts receivable from University <sup>(enter as positive number)</sup>	

8 Restatements

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

	Debit/(Credit)
Restatement #1	Enter transaction description

Restatement #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
Instructor	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expense	429,738	50,674	-	-	-	442,760	-	923,172
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ 429,738	50,674	-	-	-	442,760	-	923,172

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:  
Sales/intra-entity transfers of future revenue  
Gain/loss on sale leaseback  
Loan origination fees and cost  
Change in fair value of hedging derivative instrument  
Irrevocable split-interest agreement

Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangement  
Deferred inflows - net pension liability  
Deferred inflows - net OPEB liability  
Deferred inflows - unamortized gain on debt refunding(s)  
Deferred inflows - nonexchange transaction  
Deferred inflows - others:  
Sales/intra-entity transfers of future revenue  
Gain/loss on sale leaseback  
Loan origination fees and cost  
Change in fair value of hedging derivative instrument  
Irrevocable split-interest agreement

Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

**ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY**

Note to Supplementary Information  
Year Ended June 30, 2020

**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, 2020, and the related notes to the financial statements, which collectively comprise Associated Students' basic financial statements, and have issued our report thereon dated September 10, 2020.

### **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.

*Mass Adams LLP*

Medford, Oregon  
September 10, 2020