

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY,
EAST BAY**

**(a Component Unit of California
State University, East Bay)**

Financial Statements and
Supplementary Information

June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

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Independent Auditor's Report

The Board of Directors
Associated Students, Inc. of
California State University, East Bay:

Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students, Inc. of California State University, East Bay (Associated Students), a component unit of the California State University, East Bay, as of and for the years ended June 30, 2014 and 2013, 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 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 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 respective financial position of Associated Students, Inc. of California State University, East Bay as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows 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 three to seven and the schedule of funding progress on page twenty-four be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise Associated Students financial statements. The supplementary information on pages twenty-three to thirty-two is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, which is presented in accordance with California State University reporting requirements, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 18, 2014, 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, 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 results 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 Associated Students internal control over financial reporting and compliance.

Macias Gini & C'Connell LLP

Sacramento, California
September 18, 2014

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

This section of Associated Students, Inc. of California State University, East Bay (Associated Students) annual financial report includes some of management's insights and analyses of Associated Students' financial performance for the years ended June 30, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Financial Highlights

2014

- Operating revenues increased by 2% to \$3.9 million, primarily due to an increase in Associated Students fee revenue related to a 6% increase in student headcount.
- Operating expenses increased by 39% to \$3.2 million because the prior year experienced a temporary decrease related to the establishment of a post-retirement asset.

2013

- Total operating revenues decreased as the fee for service received in fiscal year 2013 decreased 15% to \$1.8 million. This decrease was partially offset by a 5% increase in student body fees collected.
- Operating expenses decreased 40% in fiscal year 2013 to \$2.3 million as supplies and services expenses were trimmed by 29%. However, the decrease is primarily related to the establishment of a post-retirement asset that was the result of a large contribution in fiscal year 2013.
- A \$1.1 million investment was established by Associated Students related to future post-retirement medical obligations.

Overview of the Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards 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 California State University, East Bay (University). Consistent with the University, Associated Students has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include: the statement of net position, the statement of revenues, expenses, and changes in net position and the statement 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 a complete understanding of the financial picture of Associated Students.

Statement of net position: The statement of net position includes all assets and liabilities of Associated Students. It is prepared using the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged. It also identifies major categories of restrictions on the net position of the Associated Students.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

Statement of revenues, expenses, and changes in net position: The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of cash flows: The statement of cash flows 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, presents gross rather than net amounts for the year's operating activities.

Notes to financial statements: The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Associated Students' financial statements. The notes are included immediately following the financial statements within this report.

A summary of key financial statement information is presented below:

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Asset:			
Current assets	\$ 4,330,329	3,632,411	2,517,092
Noncurrent assets	278,999	378,895	16,402
Total assets	<u>4,609,328</u>	<u>4,011,306</u>	<u>2,533,494</u>
Liabilities			
Current liabilities	149,202	488,983	464,523
Noncurrent liabilities	-	-	627,424
Total liabilities	<u>149,202</u>	<u>488,983</u>	<u>1,091,947</u>
Net position:			
Net investment in capital assets	6,115	10,326	16,402
Unrestricted	4,454,011	3,511,997	1,425,145
Total net position	<u>\$ 4,460,126</u>	<u>3,522,323</u>	<u>1,441,547</u>

2014

Current assets increased 19% to \$4.3 million primarily as the result of gains on investments related to the improvement of the financial environment. It is also due to an increase in Associated Students fee revenue related to a 6% increase in student headcount.

Total non-current assets decreased 26% to \$0.2 million primarily due to the reduction in the post-retirement asset established in the prior year. The actual contributions were less than the annual required contributions to the post-retirement obligation.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

Total current liabilities decreased by 69% to \$0.1 million. Deferred revenue decreased 96% in connection of the campus implementation of a self-supported summer session where Associated Student fees are not mandatory for self-support students. Accrued compensated absences and accrued salaries and benefits decreased 82% or \$0.06 million and 77% or \$0.1 million, respectively, in connection to the decrease of employee roles preceding the transition of the management of the university union buildings and programs in the upcoming fiscal year.

Net position increased \$1.0 million or 27% to \$4.4 million, primarily due to increases in fee revenue and gains on investment income. Student fees increased as a result of a 6% increase in headcount.

2013

Current assets increased \$1.1 million, or 44%, primarily as the result of the establishment of an investment related to post-retirement healthcare obligations. The investment was funded in part by Associated Students funds and University Union funds however all future obligations will be funded solely by Associated Students as the Union fully funded its obligation in the 2013 fiscal year.

Total noncurrent assets increased by \$0.4 million primarily in connection to the larger than scheduled contribution to the post-retirement obligation made by Associated Students and University Union a post-retirement asset was created to reflect that the current obligation is a net prepayment which will be reduced over the next several years if only routine contributions are paid.

Total current liabilities increased by 5% or \$0.02 million. Accounts payable as well as accrued salaries and benefits payable increased by 49% and 178%, respectively, as Associated Students transitioned to a direct relationship with its payroll processor and retirement provider in the 2013 fiscal year that resulted in several new accruals. These increases were partially offset by decreases in accrued compensated absences of 22% that is primarily related to the overall decrease in employee headcount in the 2013 fiscal year and in deferred revenue of 53% that is primarily related to the recognition of revenue for the amount earned as of the statement for summer quarter 2013.

Total non-current liabilities decreased by 100% to zero as noted in the discussion of the post-retirement obligation asset.

Net position increased \$2.0 million or 145%, primarily due to the reduction of operating expenses of 40% in the 2013 fiscal year. The decrease in expenses resulted from the establishment of a post-retirement asset due to a large contribution in fiscal year 2013 along with a 29% reduction of supplies and services expenses.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

Condensed Statement of Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:			
Operating revenues	\$ 3,907,153	3,828,174	4,008,354
Expenses:			
Operating expenses	3,197,134	2,307,887	3,832,462
Operating income	710,019	1,520,287	175,892
Non-operating revenues	227,784	560,489	561,810
Change in net position	937,803	2,080,776	737,702
Net position, beginning of year	3,522,323	1,441,547	703,845
Net position, end of year	\$ <u>4,460,126</u>	<u>3,522,323</u>	<u>1,441,547</u>

2014

Operating revenues increased by 2% to \$3.9 million, primarily due to an increase in Associated Students fee revenue related to a 6% increase in student headcount. The fee for service agreement with the University to operate the University Union for \$1.8 million stayed the same in fiscal year 2014.

Operating expenses increased 39% to \$3.2 million because the prior year experienced a decrease related to the establishment of a post-retirement asset which resulted in an offset to payroll expense.

Non-operating revenues decreased 59% to \$0.2 million because the prior year experienced a one-time contribution from the University to help with the establishment of a post-retirement asset.

2013

Operating revenues decreased by \$0.2 million, or 5%, primarily due to a 15% reduction in the fee for service agreement with the university to operate the University Union to \$1.8 million that was partially offset by a 5% increase in Associated Students fee revenue related to an increase in student headcount. The fee for service amount of \$1.8 million is unlikely to change over the next several years as it is directly tied to the University Union budget that contains costs for debt service as well as maintenance and repair that are unlikely to be adjusted.

Operating expenses decreased 40% in fiscal year 2013 to \$2.3 million as supplies and services were trimmed by 29%. However, the decrease is primarily related to the establishment of a post-retirement asset that was the result of a large contribution in fiscal year 2013.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

Capital Assets

Capital Assets, net of accumulated depreciation, totaled \$0.006 million and \$0.01 million as of June 30, 2014 and 2013, respectively. The following table summarizes the changes in capital assets for the fiscal years ended June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Furniture and fixtures	\$ 14,696	14,696	14,696
Equipment	<u>56,450</u>	<u>68,462</u>	<u>68,462</u>
Total	71,146	83,158	83,158
Less accumulated depreciation	<u>(65,031)</u>	<u>(72,832)</u>	<u>(66,756)</u>
Net capital assets	<u>\$ 6,115</u>	<u>10,326</u>	<u>16,402</u>

The decrease of equipment during the year ended June 30, 2014 is related to the routine review of equipment inventory and subsequent disposal of equipment that is fully depreciated and no longer in use. Additional information on capital assets can be found in Note 5 to the financial statements included in this report.

Request for Information

The financial report is designed to provide a general overview of the Associated Students' finances. For questions concerning any information in this report or for additional financial information, contact Sherry Pickering, Director Fiscal Services, California State University East Bay Inc. 25800 Carlos Bee Boulevard, Hayward California 94542 or call (510) 885-7363.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Statements of Net Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ -	-
Investments	4,311,567	3,617,179
Accounts receivable, net	7,902	5,900
Prepaid expenses	<u>10,860</u>	<u>9,332</u>
Total current assets	<u>4,330,329</u>	<u>3,632,411</u>
Noncurrent Assets:		
Capital assets, net	6,115	10,326
Other post-employment benefits	<u>272,884</u>	<u>368,569</u>
Total noncurrent assets	<u>278,999</u>	<u>378,895</u>
Total assets	<u>4,609,328</u>	<u>4,011,306</u>
Liabilities		
Current liabilities:		
Accounts payable	90,044	137,471
Accrued salaries and benefits payable	40,452	177,349
Deferred revenue	4,413	99,973
Accrued compensated absences	13,414	74,190
Other liabilities	<u>879</u>	<u>-</u>
Total current liabilities	<u>149,202</u>	<u>488,983</u>
Total liabilities	<u>149,202</u>	<u>488,983</u>
Net Position		
Net position:		
Net investment in capital assets	6,115	10,326
Unrestricted	<u>4,454,011</u>	<u>3,511,997</u>
Total net position	\$ <u>4,460,126</u>	\$ <u>3,522,323</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Operating revenues:		
Student fees	\$ 3,733,061	3,696,927
Sales and services of auxiliary enterprises	174,092	131,247
Total operating revenues	<u>3,907,153</u>	<u>3,828,174</u>
Expenses:		
Operating expenses:		
Auxiliary enterprise expenses	3,091,261	2,142,131
Student grants and scholarships	101,662	159,680
Depreciation	4,211	6,076
Total operating expenses	<u>3,197,134</u>	<u>2,307,887</u>
Operating income	<u>710,019</u>	<u>1,520,287</u>
Nonoperating revenues:		
Contributions from California State University, East Bay	-	525,336
Investment income, net	202,742	8,749
Other non operating revenues	25,042	26,404
Total nonoperating revenues	<u>227,784</u>	<u>560,489</u>
Increase in net position	937,803	2,080,776
Net position, beginning of year	<u>3,522,323</u>	<u>1,441,547</u>
Net position, end of year	<u>\$ 4,460,126</u>	<u>3,522,323</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Student fees	\$ 3,635,499	3,674,830
Sales and services of auxiliary enterprises	174,092	131,247
Payments to suppliers	(1,068,649)	(892,177)
Payments to employees	(2,172,676)	(2,117,464)
Payments to students	(101,662)	(159,680)
Net cash provided by operating activities	<u>466,604</u>	<u>636,756</u>
Cash flows from noncapital financing activities:		
Contributions from California State University, East Bay	-	525,336
Other non operating revenues	25,042	26,404
Net cash provided by noncapital financing activities	<u>25,042</u>	<u>551,740</u>
Cash flows from by investing activities:		
Purchase of investments	(737,052)	(3,110,553)
Sale of investments	207,423	1,913,308
Investment income	37,983	8,749
Net cash used in investing activities:	<u>(491,646)</u>	<u>(1,188,496)</u>
Net change in cash	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ <u>-</u>	<u>-</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 710,019	1,520,287
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,211	6,076
Changes in assets and liabilities:		
Accounts receivable, net	(2,002)	91,258
Prepaid expenses	(1,528)	(9,332)
Post-retirement healthcare	95,685	(995,993)
Accounts payable	(47,427)	(38,063)
Accrued compensated absences	(60,776)	(21,211)
Deferred revenue	(95,560)	(113,355)
Accrued salaries and benefits payable	(136,897)	197,089
Other liabilities	879	-
Net cash provided by operating activities	\$ <u>466,604</u>	<u>636,756</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(1) Organization and Summary of Significant Accounting Policies

(a) Nature of Activities

Associated Students, Inc. of California State University, East Bay (Associated Students) is a nonprofit, tax exempt, California State University auxiliary organization located on the campus of California State University, East Bay (University). The University is one of 23 campuses in the California State University System (System). Associated Students was established to advance and promote the common interest of its students. Associated Students has four significant operations:

1) Associated Students operations

Associated Students is the student government component of the campus and provides a means for responsible and effective participation in the governance of the campus; provides an official voice through which student opinion may be expressed; fosters awareness of this opinion in the campus, local, state, national and international communities; assists in the protection of the rights and interests of the individual student and the student body; and stimulates the educational, social, physical and cultural well-being of the University community.

Associated Students makes funds and resources available for events that broaden educational, social, political, and cultural awareness on campus while enhancing the experiences of students at the University. Associated Students arranges for public speakers, music, bands, and other cultural and recreational events for the students' enjoyment. Associated Students also provides miscellaneous services to students such as fax transmittals, copy services, sales of movie tickets, program tickets and scantrons.

2) Maintenance of buildings

Associated Students staff manages two buildings on behalf of the System and University campus. The buildings contain a food court operated under contract with an outside vendor, a game room for student use, administrative offices used by Associated Students, an art gallery which displays student artwork and a room to be used by student organizations as well as the Associated Students' Board Room. A variety of conference rooms are available in each of the buildings for use by the campus and community organizations for a fee.

3) Recreation and Wellness Center

Associated Students operates the facilities, programs, and services provided by the Recreation and Wellness Center (RAWC), a 54,000 square-foot building that houses a fitness center, multi-court gymnasium, studio/activity rooms, juice/coffee bar, wellness center, and locker rooms. The RAWC offers programs and services such as intramural sports, fitness classes, tournaments, workshops, special events, nutrition and fitness assessments, sleep and stress management education, and other non-clinical health and wellness services. Current University students paying the recreation student fee have free membership for each relevant quarter. University faculty, staff, alumni, emeritus, and retirees are eligible for membership with payment of a quarterly fee.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

The financial statements include the accounts of Associated Students. Associated Students is a governmental organization following accounting principles generally accepted in the United States of America (GAAP) and is also a component unit of the University, a public university under the California State University system. Associated Students has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

(b) Basis of Presentation

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

(c) Use of Estimates

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

(d) Investments

Investments are recorded at fair value using quoted market prices. Gains and losses are included in the accompanying statements of revenues, expenses, and changes in net position as investment income.

(e) Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

(f) Capital Assets

Acquisitions of capital assets of \$5,000 or more are capitalized. Capital assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenses for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 to 20 years. In accordance with instructions from the System, depreciation expense is shown separately in the accompanying statements of revenues, expenses, and changes in net position, rather than being allocated among other categories of operating expenses.

(g) Other Post-Employment Benefits Other than Pensions (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes the standards for the actuarial measurement, recognition, presentation, disclosure, and required supplemental information of postemployment benefits and related liabilities.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(h) Net Position

Associated Students' net position is classified into the following categories:

- *Net investment in capital assets:* Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted:* All other categories of net position, including those amounts designated by the Board or management.

(i) Classification of Revenues and Expenses

Associated Students considers operating revenues and expenses in the statements of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly with Associated Students' primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These non-operating activities include Associated Students' net investment income and other non-operating revenues related to rental income. For the year ended June 30, 2013, the other non-operating revenue included a one-time contribution from the University to help with the establishment of a post-retirement asset.

(j) Student Fees

Each matriculated student of the University is required to pay quarterly student body fees. Student body fees are received by Associated Students directly and used for daily operations.

(k) Income Taxes

Associated Students is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, Associated Students qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, Associated Students remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

Associated Students recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

Associated Students files informational and income tax returns in various state and local jurisdictions in the United States. The Associated Students' Federal income tax and informational returns are subject to examination by the Internal Revenue Service generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(l) Deferred Revenue

Associated Students bills annual student dues in advance. The unearned income is recorded as deferred revenue within the accompanying statements of net position.

(m) Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(n) Reclassifications

Certain reclassifications have been made to the 2013 financial data to confirm to the 2014 presentation.

(2) Cash and Cash Equivalents

Associated Students includes all cash accounts that are not subject to withdrawal restrictions or penalties, and considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents. Each account is managed by the University and is held by the Office of the Chancellor.

(3) Investments

Investments are made on a short-term basis (less than one year). Associated Students' investment policy is to earn a rate of return consistent with a safety objective of 100% preservation of capital. Associated Students can invest in the following: Repurchase agreements using U.S. Government or any of its agencies, U.S. Treasury and Federal agency securities with maturities of one year or less, banker's acceptances eligible for purchase by the Federal Reserve, certificates of deposit (not to exceed \$100,000 per institution), notes and bonds due in one year or less (not rated less than D-1 or A-1 by Moody's or Standard & Poor's) money market accounts, mutual funds, Local Agency Investment Fund (LAIF), and all other investments managed by the University.

Associated Students participates in an internal investment pool (the Pool) managed in a 50/50 split by U.S. Bank Corp and Wells Capital Management, asset management and investment advisory firms that serve the University. Securities within the investment pool that are not insured are held in the name of the University. Such short-term investments are reported at fair market value. Associated Students investment in the pool was \$3,069,373 and \$2,554,402 and represents approximately 0.11% and .10% of the Pool as of June 30, 2014 and June 30, 2013, respectively. The Pool is not rated as of June 30, 2014, however, Associated Students' share of the pool is included in the rating and risk disclosures below.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

Investments consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Money market	\$ 30,588	761,016
Equity securities	872,816	242,342
U.S. government securities	1,836,708	1,464,561
Mutual funds	101,595	98,043
Corporate bonds	1,232,230	955,872
Mortgage securities	2,565	39,611
Municipal securities	24,423	3,554
Commercial paper	4,074	25,008
Repurchase agreements	2,541	22,508
Commodities	2,679	4,664
Certificates of deposit	201,348	-
Total investments	<u>\$ 4,311,567</u>	<u>3,617,179</u>

Investment income, net, consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 38,472	19,198
Unrealized gains (losses)	164,270	(10,449)
Total investment income, net	<u>\$ 202,742</u>	<u>8,749</u>

(a) Credit Risk

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. Associated Student's investment policy generally prohibits investments in the following vehicles: private placements, venture capital investments, real estate properties, futures contracts, options, short sales, or margin sales. Investments in cash equivalents, fixed income securities, equity securities and mutual funds are done in a diversified manner that is risk averse with an objective to minimize risk while obtaining a reasonable return.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

The following table presents the fair value, weighted average maturity, and actual rating by investment at June 30 2014:

	Moody's Credit Rating	Maturity			Total
		Less than 3 months (90 days)	3 to 12 months (90-360 days)	Over 1 year (360+ days)	
Corporate bonds	Baa2-AAA	\$ 1,130,146	\$ 14,202	\$ 87,882	\$ 1,232,230
U.S. Agency securities	Aaa-AAA	830,133	-	22,158	852,291
Certificates of deposit	A-AA	201,348	-	-	201,348
Municipal securities	AA	-	24,423	-	24,423
Commercial paper	A	4,074	-	-	4,074
Mortgage securities	AA	1,544	1,021	-	2,565
Repurchase agreements	A	2,541	-	-	2,541

The following table presents the fair value, weighted average maturity, and actual rating by investment at June 30 2013:

	Moody's Credit Rating	Maturity			Total
		Less than 3 months (90 days)	3 to 12 months (90-360 days)	Over 1 year (360+ days)	
Corporate bonds	Baa1-A3	\$ -	\$ -	\$ 94,717	\$ 94,717
Commercial paper	A	25,008	-	-	25,008
Repurchase agreements	A	22,508	-	-	22,508

(b) Custodial Credit Risk

Custodial credit risk for deposits is the risk that the Associated Students will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The risk is mitigated in that the Associated Students' deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(c) Interest Rate Risk

This is the risk of loss due to the fair value of an investment falling due to rising interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, short-term investments are limited to relatively liquid instruments such as certificates of deposit, savings accounts, Federally guaranteed notes and bills, money market mutual funds. Interest rate risk is mitigated by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. There is no interest rate risk for money market mutual funds as they are available on demand.

(d) Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In order to maximize the rate of return in Associated Student's long-term investment portfolio while preserving capital and limiting concentration of credit risk, Associated Students investment policy dictates a diverse asset allocation as follows: domestic equities (core) (25-50%), domestic equities (satellite-high alpha) (15-30%), international equities (20- 40%), and fixed income (15-60%). U.S. Treasury and Agency securities are not subject to this limitation. More than 5% of Associated Student's investments are in Federal National Mortgage Association (\$292,269 or 7%) and in Federal Home Loan Mortgage Corporation (\$268,427 or 6%).

(4) Accounts Receivable

Accounts receivable consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Student Fees	\$ 7,482	8,243
Interest	1,701	2,067
Rentals	2,027	1,055
Other	40	420
	<u>11,250</u>	<u>11,785</u>
Less: allowance for doubtful accounts	(3,348)	(5,885)
Accounts receivable, net	<u>\$ 7,902</u>	<u>5,900</u>

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(5) Capital Assets

Capital assets' activity for the year ended June 30, 2014 consisted of the following:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	Retirements/ <u>Transfers</u>	Balance <u>June 30, 2014</u>
Furniture and fixtures	\$ 14,696	-	-	14,696
Equipment	68,462	-	(12,012)	56,450
Total	<u>83,158</u>	<u>-</u>	<u>(12,012)</u>	<u>71,146</u>
Less accumulated depreciation:				
Furniture and fixtures	(8,175)	(2,725)	-	(10,900)
Equipment	(64,657)	(1,486)	12,012	(54,131)
Total accumulated depreciation	<u>(72,832)</u>	<u>(4,211)</u>	<u>12,012</u>	<u>(65,031)</u>
Capital assets, net	\$ <u>10,326</u>	<u>(4,211)</u>	<u>-</u>	<u>6,115</u>

Capital assets' activity for the year ended June 30, 2013 consisted of the following:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	Retirements/ <u>Transfers</u>	Balance <u>June 30, 2013</u>
Furniture and fixtures	\$ 14,696	-	-	14,696
Equipment	68,462	-	-	68,462
Total	<u>83,158</u>	<u>-</u>	<u>-</u>	<u>83,158</u>
Less accumulated depreciation:				
Furniture and fixtures	(7,126)	(1,049)	-	(8,175)
Equipment	(59,630)	(5,027)	-	(64,657)
Total accumulated depreciation	<u>(66,756)</u>	<u>(6,076)</u>	<u>-</u>	<u>(72,832)</u>
Capital assets, net	\$ <u>16,402</u>	<u>(6,076)</u>	<u>-</u>	<u>10,326</u>

(6) Pension

Plan description

All full-time employees of Associated Students are members of the California Public Employees' Retirement System (CalPERS) which is an agent multiple-employer defined benefit pension plan. The actuarial information and information needed to comply with the GASB Statement No. 27 relating to pensions is not available for Associated Students, since no separate information is available for Associated Students' employees. Associated Students recognizes annual pension expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information. Copies of the CalPERS annual financial report may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Funding policy

Covered employees are required to contribute 5% of their monthly earnings in excess of \$513 per month. The employer (Associated Students through California State University, East Bay Foundation, Inc. (Foundation)) is required to contribute at an actuarially determined rate. The Associated Students contribution for the years ended June 30, 2014 and 2013, was \$170,797 and \$131,455, respectively.

(7) Other Post-Employment Benefits Other Than Pensions (OPEB)

Plan Description

The Associated Students sponsors a single-employer post-retirement healthcare plan, which covers substantially all full-time, central staff employees of the Associated Students. This plan provides lifetime medical benefits to retirees who have attained age 50 with five years of service. Spouses and dependents of eligible retirees are also eligible for life. During the year ended June 30, 2009, the plan was amended to provide lifetime medical benefits to retirees who have attained the age of 50 with ten years of service. The Governing Board of the Associated Students has the authority to establish and amend benefit provisions of the Plan.

Funding Policy

For the year ended June 30, 2014, the Associated Students' share of the monthly medical premiums was limited to \$622 (single), \$1,183 (two parties) and \$1,515 (three or more parties). Retirees are responsible for premiums in excess of the Associated Students' share. In addition, the Associated Students' share of dental premiums was limited to \$52 (single), \$108 (two parties) and \$133 (three or more parties). The Associated Students contributes annually based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The Associated Students contributed \$0 and \$1,075,338 toward the actuarially accrued liability and \$59,465 and \$69,973 for retirees for the years ended June 30, 2014 and 2013 respectively.

Annual OPEB Cost and Net OPEB Obligation

The Associated Students' annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Associated Students has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of eighteen years.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

The following table shows the components of the Associated Students' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation (asset) to the Retiree Health Plan at June 30:

	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 152,991	152,991
Interest on prior year net OBEP obligation	(25,800)	43,919
Adjustments to annual required contribution	<u>27,959</u>	<u>(47,595)</u>
Annual OBEP cost (expense)	155,150	149,315
Contributions made	<u>(59,465)</u>	<u>(1,145,311)</u>
Decrease (Increase) in net OBEP asset	95,685	(995,996)
Net OBEP asset - beginning of year	(368,569)	627,427
Net OBEP asset - end of year	<u>\$ (272,884)</u>	<u>(368,569)</u>

The Associated Students and University Union's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the most recent three fiscal years is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability/ (Asset)</u>
06/30/2014	\$ 155,150	\$ 59,645	38%	\$ (272,884)
06/30/2013	149,315	1,145,309	767%	(368,569)
06/30/2012	158,927	76,642	48%	627,424

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. As of July 1, 2012 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,267,535 and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,267,535, or a funded status of 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$991,961 and the ratio of the UAAL to the covered payroll was 127.8%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 5.0%.

Health insurance premiums – The 2013 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

Discount rate – The calculation uses an annual discount rate of 7.0%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was eighteen years.

Plan for Funding

On an ongoing basis, the Associated Students will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

(Continued)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

June 30, 2014 and 2013

(8) Board Designated Net Position

Unrestricted net position were designated by the Board for the following purposes:

	<u>2014</u>	<u>2013</u>
Current operations and working capital	\$ 1,000,000	1,053,300
Other post-employment benefits reserve	2,840,000	702,200
Capital replacement reserve	-	1,053,300
Undesignated	<u>614,011</u>	<u>703,197</u>
Total Board designated net position	<u>\$ 4,454,011</u>	<u>3,511,997</u>

(9) Transactions with Affiliates

Associated Students enters into transactions with the University and other auxiliaries: The California State University, East Bay Foundation, Inc. (Foundation) and Cal State East Bay Educational Foundation, Inc. (Educational Foundation). Associated Students pays the University for accounting services, indirect cost allocations, and reimbursements for professional fees, utilities, special events and students' activities through an internal cost recovery process. For the years ended June 30, 2014 and June 30 2013, Associated Students paid the University \$237,790 and \$125,272, respectively. Associated Students reimburses the Foundation for benefits administration and coordination. For the years ended June 30, 2014 and June 30 2013, Associated Students paid the Foundation \$87,476 and \$537,404, respectively. The Associated Students contributes funds to University student clubs for events and functions throughout the academic year. These contributions for the years ended June 30, 2014 and June 30, 2013 were \$77,361 and \$59,762, respectively.

For the years ended June 30, 2014 and June 30, 2013 the amount the Associated Students received as fees for University Union operations was \$1,783,220 and \$1,783,220, respectively. The University also made a contribution in relation to the establishment of an OPEB asset in the fiscal year ended June 30, 2013 of \$525,336. The Association received fees from the Foundation for equipment rental fees in the amount of \$2,130 and \$75,294 for the years ended June 30, 2014 and June 30 2013, respectively. The Association received fees from the Educational Foundation for equipment rental fees in the amount of \$0 and \$90 for the years ended June 30, 2014 and June 30 2013, respectively.

Amounts receivable (payable) at June 30:

	<u>2014</u>	<u>2013</u>
California State University, East Bay	\$ (8,819)	-
California State University, East Bay Foundation, Inc.	-	117
California State University, East Bay Educational Foundation	<u>-</u>	<u>(16,986)</u>
	<u>\$ (8,819)</u>	<u>(16,869)</u>

(10) Subsequent Events

Associated Students has evaluated subsequent events and transactions for potential recognition or disclosure through September 18, 2014, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY, EAST BAY ASSOCIATED STUDENTS, INC.

Required Supplementary Information

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Status (b/a)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((a-b) / c)
July 1, 2012	\$ 1,267,535	\$ -	\$ 1,267,535	0%	\$ 991,961	127.8%
July 1, 2011	\$ 1,240,858	\$ -	\$ 1,240,858	0%	\$ 1,864,392	66.6%

SUPPLEMENTARY INFORMATION

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

	<u>2014</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ -
Short-term investments	4,311,567
Accounts receivable, net	7,902
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	10,860
Total current assets	<u>4,330,329</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	6,115
Other assets	272,884
Total noncurrent assets	<u>278,999</u>
Total assets	<u>4,609,328</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	90,044
Accrued salaries and benefits payable	40,452
Accrued compensated absences- current portion	13,414
Unearned revenue	4,413
Capitalized lease obligations - current portion	-
Long-term debt obligations - current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	879
Total current liabilities	<u>149,202</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	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>149,202</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	6,115
Restricted for:	
Nonexpendable - endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	4,454,011
Total net position	<u>\$ 4,460,126</u>

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Schedule of Revenues, Expenses, and Changes

in Net Position

June 30, 2014

(for inclusion in the California State University)

	<u>2014</u>
Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 3,733,061
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 \$ _____)	174,092
Other operating revenues	-
Total operating revenues	<u>3,907,153</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	101,662
Auxiliary enterprise expenses	3,091,261
Depreciation and amortization	4,211
Total operating expenses	<u>3,197,134</u>
Operating income (loss)	<u>710,019</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	202,742
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	25,042
Net nonoperating revenues (expenses)	<u>227,784</u>
Income (loss) before other additions	937,803
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>937,803</u>
Net position:	
Net position at beginning of year, as previously reported	3,522,323
Restatements	-
Net position at beginning of year, as restated	<u>3,522,323</u>
Net position at end of year	<u>\$ 4,460,126</u>

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Other Information

June 30, 2014

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalent	-
Total restricted cash and cash equivalents	\$ -

2 Composition of investments at June 30, 2014:

	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)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	3,069,373	-	3,069,373	-	-	-	3,069,373
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Other:	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	872,816	-	872,816	-	-	-	872,816
Fixed income securities (Treasury notes, GNMA's)	242,950	-	242,950	-	-	-	242,950
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	93,160	-	93,160	-	-	-	93,160
Money Market funds	30,589	-	30,589	-	-	-	30,589
Collateralized mortgage obligations	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investment:	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments	-	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-	-
Commodities	2,679	-	2,679	-	-	-	2,679
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	4,311,567	-	4,311,567	-	-	-	4,311,567
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	4,311,567	-	4,311,567	-	-	-	4,311,567

2 Investments held by the University under contractual agreements at June 30, 2014

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014 :	3,069,373	-	3,069,373	-	-	-	3,069,373
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2 Restricted current investments at June 30, 2014 related to:

	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2014	\$ -

2 Restricted noncurrent investments at June 30, 2014 related to:

	<u>Amount</u>
Endowment investment	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2014	\$ -

Total restricted noncurrent investments at June 30, 2014

\$ -

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Other Information

June 30, 2014

(for inclusion in the California State University)

3 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$	4,211
Amortization expense related to other asset		-
		<u> </u>
Total depreciation and amortization	\$	<u>4,211</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 74,190	-	-	74,190	13,414	(74,190)	13,414	13,414	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligation	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total long-term liabilities	\$ 74,190	-	-	74,190	13,414	(74,190)	13,414	13,414	-

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020 - 2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
2050 - 2054	-	-	-
2055 - 2059	-	-	-
2060 - 2064	-	-	-
Total minimum lease payments	<u> </u>	<u> </u>	<u> </u>
Less amounts representing interest			<u> </u>
Present value of future minimum lease payments			<u> </u>
Less: current portion			<u> </u>
Capitalized lease obligation, net of current portion			\$ <u> </u>

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Other Information

June 30, 2014

(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 6,115	-	6,115
Capitalized lease obligations - current portior	-	-	-
Capitalized lease obligations, net of current portior	-	-	-
Long-term debt obligations - current portior	-	-	-
Long-term debt obligations, net of current portior	-	-	-
Portion of outstanding debt that is unspent at year-en	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ 6,115	-	6,115

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	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	-	-

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Other Information

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8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other program	\$ -
Payments to University for other than salaries of University personnel	237,790
Payments received from University for services, space, and program	1,835,368
Gifts-in-kind to the University from Auxiliary Organization	-
Gifts (cash or assets) to the University from recognized Auxiliary Organization	77,361
Accounts (payable to) University (enter as negative number)	(8,819)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	-
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 155,150
Contributions during the year	<u>(59,465)</u>
Increase (decrease) in net OPEB obligation (NOO)	95,685
NOO - beginning of year	(368,569)
NOO - end of year	<u><u>\$ (272,884)</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	-
Add description	-
Add description	-
Total pollution remediation liabilities	\$ -
Less: current portion	<u>-</u>
Pollution remediation liabilities, net of current portion	<u><u>-</u></u>

See accompanying independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Other Information

June 30, 2014

(for inclusion in the California State University)

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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2013, as previously reported		\$ 3,522,323
Prior period adjustments		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2013, as restated		<u>\$ 3,522,323</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)	-	-

See accompanying independent auditor's report.