



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

Financial Statements and Supplemental Information

Years Ended June 30, 2012 and 2011



ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
Financial Statements and Supplementary Information
Years Ended June 30, 2012 and 2011

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**INDEPENDENT AUDITORS' REPORT**

To the Audit Committee
Associated Students, Inc. of California State University, East Bay
Hayward, California

We have audited the accompanying Statements of Net Assets of Associated Students, Inc. of California State University, East Bay (Associated Students), a component unit of California State University, East Bay, as of June 30, 2012 and 2011, and the related Statements of Revenues, Expenses, and Changes in Net Assets, and cash flows for the years then ended. These financial statements are the responsibility of Associated Students' management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Associated Students, Inc. of California State University, East Bay as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.



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**INDEPENDENT AUDITORS' REPORT,
CONTINUED**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information for the California State University Chancellor's Office on pages 26 through 28 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

AKT LLP

San Diego, California
September 26, 2012

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108
PHONE: 619.810.4940 FAX: 619.810.4941

PORTLAND, OR ; SALEM, OR ; CARLSBAD, CA ; ESCONDIDO, CA ; SAN DIEGO, CA ; ANCHORAGE, AK
AKT LLP

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

Management's Discussion and Analysis

Year Ended June 30, 2012

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 year ended June 30, 2012. 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 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 Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets 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 a complete understanding of the financial picture of Associated Students.

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

Statements of Revenues, Expenses, and Changes in Net Assets: The Statements of Revenues, Expenses, and Changes in Net Assets present the revenues earned and expenses incurred during the year on an accrual basis.

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
Management's Discussion and Analysis
Year Ended June 30, 2012

Analytical Overview

A summary of key financial statement information is presented below:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 2,517,092	\$ 662,190	\$ 1,854,902	280%
Capital assets, net of accumulated depreciation	<u>16,402</u>	<u>1,035,190</u>	<u>(1,018,788)</u>	(98%)
Total Assets	<u>\$ 2,533,494</u>	<u>\$ 1,697,380</u>	<u>\$ 836,114</u>	49%
Liabilities:				
Current liabilities	\$ 464,523	\$ 448,390	\$ 16,133	4%
Non-current liabilities	<u>627,424</u>	<u>545,145</u>	<u>82,279</u>	15%
Total Liabilities	1,091,947	993,535	98,412	10%
Net Assets:				
Invested in capital assets, net of related debt	16,402	1,035,190	(1,018,788)	(98%)
Unrestricted	<u>1,425,145</u>	<u>(331,345)</u>	<u>1,756,490</u>	530%
Total Net Assets	<u>1,441,547</u>	<u>703,845</u>	<u>737,702</u>	105%
Total Liabilities and Net Assets	<u>\$ 2,533,494</u>	<u>\$ 1,697,380</u>	<u>\$ 836,114</u>	49%

Net assets increase \$738K, or 105%, primary due to the following major business process changes:

Current assets increased \$1.9M, or 280%, primarily as the result of the transfer of ASI fees that were sitting in trust with the university. This is a one-time transfer based on a change in business processes. This increase was offset by a \$1.0M, or -98%, decrease in capital assets that were either written off (-\$365K) or transferred to the university (-\$661K). The transfer assets had originally been purchased using University Union funding and were moved back to the university's asset inventory.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
Management's Discussion and Analysis
Year Ended June 30, 2012

Operating Results
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 4,008,354	\$ 4,488,836	\$ (480,482)	(11%)
Non-operating revenues	<u>561,810</u>	<u>1,658</u>	<u>560,152</u>	33785%
Total Revenues	4,570,164	4,490,494	79,670	2%
Expenses:				
Operating expenses	<u>3,832,462</u>	<u>4,976,519</u>	<u>(1,144,057)</u>	(23%)
Change in Net Assets	737,702	(486,025)	1,223,727	252%
Net Assets, beginning	<u>703,845</u>	<u>1,189,870</u>	<u>(486,025)</u>	(41%)
Net Assets, ending	<u>\$ 1,441,547</u>	<u>\$ 703,845</u>	<u>\$ 737,702</u>	105%

Operating revenues decreased by \$480K, or -11%, primarily due to a slight decrease in ASI fee revenue and a change in the fee for service agreement with the university to operate the University Union.

Non-operating revenue increased by \$560K, primarily due to a number of one-time accounting changes associated with moving the ASI fees sitting in trust off-set by capital asset write-offs and adjustments.

Operating expenses decreased \$1.1M due to the closure of the childcare center (-\$337K), Insurance, Postage and Utilities (-\$227K) and repairs and maintenance (-\$126K) and other cost reduction efforts.

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

Management's Discussion and Analysis

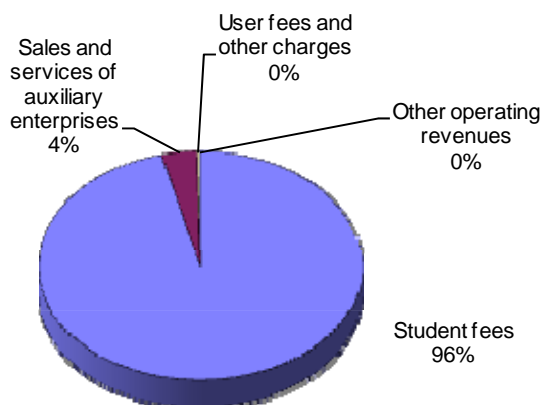
Year Ended June 30, 2012

Operating Revenues Years Ended June 30, 2012 and 2011

The following is detail of operating revenues by source:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Student fees	\$ 3,854,079	\$ 4,100,000	\$ (245,921)	(6%)
Sales and services of auxiliary enterprises	143,050	233,621	(90,571)	(39%)
User fees and other charges	10,748	137,106	(126,358)	(92%)
Other operating revenues	<u>477</u>	<u>18,109</u>	<u>(17,632)</u>	(97%)
Total Operating Revenues	<u>\$ 4,008,354</u>	<u>\$ 4,488,836</u>	<u>\$ (480,482)</u>	(11%)

The following is a graphic illustration of 2012 operating revenues by source:



Total operating revenues decreased by \$480K, or -11%, primarily as the result of a \$246K, or -6%, drop in student fees associate with lower enrollment, a \$126K, or -92% drop in revenues associated with the child care center, and a \$91K drop in sales and services user fees reflecting few room rentals, membership fees and other programs.

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

Management's Discussion and Analysis

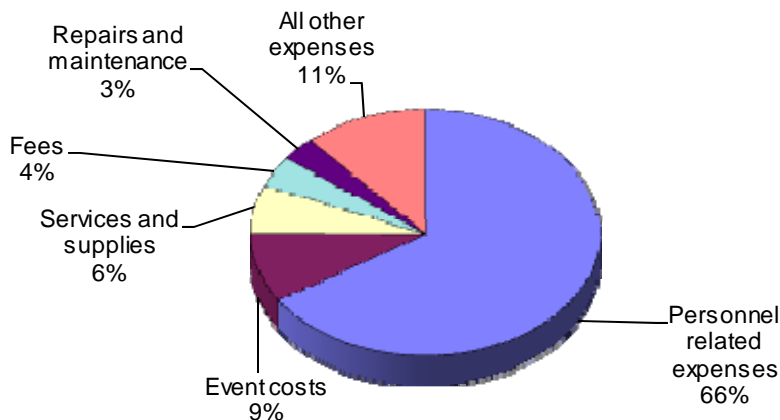
Year Ended June 30, 2012

Operating Expenses

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Personnel related expenses	\$ 2,526,457	\$ 2,800,347	\$ (273,890)	(10%)
Event costs	351,267	380,175	(28,908)	(8%)
Services and supplies	235,691	94,689	141,002	149%
Fees	156,701	99,484	57,217	58%
Repairs and maintenance	122,449	248,585	(126,136)	(51%)
Student grants and scholarships	116,390	107,797	8,593	8%
Insurance, postage and utilities	115,856	343,199	(227,343)	(66%)
Childcare center	99,084	436,236	(337,152)	(77%)
Miscellaneous expenses	56,236	221,127	(164,891)	(75%)
Travel, membership and dues	45,961	62,349	(16,388)	(26%)
Depreciation and amortization	6,370	182,531	(176,161)	(97%)
Total Operating Expenses	\$ <u>3,832,462</u>	\$ <u>4,976,519</u>	\$ <u>(1,144,057)</u>	(23%)

The following is a graphic illustration of 2012 operating expenses:



Total net operating expenses decreased \$1.1M, or -23%. The closure of the child care center generated \$337K of savings. Reductions of insurance, postage and utilities contributed another \$227K of the expense reduction. Repairs and miscellaneous expenses contributed another \$126K and \$165K of savings, respectively. Other savings areas which included personnel and depreciation expenses were partially offset by increases in supplies and services.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY**Management's Discussion and Analysis**Year Ended June 30, 2012

Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash provided (used) by:				
Operating activities	\$ 202,588	\$ 21,185	\$ 181,403	856%
Non operating revenue from the University	1,582,622	-	1,582,622	100%
Capital and related financing activities	(13,341)	-	(13,341)	(100%)
Investing activities	<u>345,835</u>	<u>-</u>	<u>345,835</u>	100%
 Net Change in Cash	 2,117,704	 21,185	 2,096,519	 9896%
 Cash, beginning	 <u>302,230</u>	 <u>281,045</u>	 <u>21,185</u>	 8%
 Cash, ending	 <u>\$ 2,419,934</u>	 <u>\$ 302,230</u>	 <u>\$ 2,117,704</u>	 701%

Net cash increased by \$2.1M, or 701% was primarily driven by the one-time change of moving the \$1.7M of trust money to the Associated Students and the movement of \$340K from LAIF investments into cash investments.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY**Management's Discussion and Analysis**

Year Ended June 30, 2012

Capital Assets, Net
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Capital Assets:				
Childcare center building	\$ -	\$ 893,453	\$ (893,453)	(100%)
Furniture and fixtures	14,696	151,326	(136,630)	(90%)
Equipment	68,462	218,907	(150,445)	(69%)
Leasehold improvements	-	909,031	(909,031)	(100%)
Total	83,158	2,172,717	(2,089,559)	(96%)
Less accumulated depreciation	<u>(66,756)</u>	<u>(1,137,527)</u>	<u>(1,070,771)</u>	(94%)
Net Capital Assets	<u>\$ 16,402</u>	<u>\$ 1,035,190</u>	<u>\$ (1,018,788)</u>	(98%)

Net capital assets decreased by \$1.0M, or -98%, due to transfer of \$661K in University Union assets to the university and the write-off of \$365K primarily associated with the child care center.

Net Assets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 16,402	\$ 1,035,190	\$ (1,018,788)	(98%)
Unrestricted	<u>1,425,145</u>	<u>(331,345)</u>	<u>1,756,490</u>	530%
Total Net Assets:	<u>\$ 1,441,547</u>	<u>\$ 703,845</u>	<u>\$ 737,702</u>	105%

Net assets increased \$738K, or 105%, due to the transfer of the Associated Students trust (\$1.7M) from the university offset by the write-off and transfer of capital assets (-\$1.0M).

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY**Statements of Net Assets**

June 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and Cash Equivalents	\$ 2,419,934	\$ 302,230
Investments	-	340,484
Accounts receivable, net of allowance for doubtful accounts of \$2,880 (2012) and \$33,191 (2011)	97,158	14,640
Prepaid expenses and other current assets	<u>-</u>	<u>4,836</u>
Total Current Assets	2,517,092	662,190
Capital Assets, net of accumulated depreciation	<u>16,402</u>	<u>1,035,190</u>
Total Assets	<u>\$ 2,533,494</u>	<u>\$ 1,697,380</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 91,959	\$ 164,737
Accrued salaries and benefits payable	63,835	69,137
Deferred revenue	213,328	1,000
Accrued compensated absences	95,401	76,249
Funds held for others	<u>-</u>	<u>137,267</u>
Total Current Liabilities	464,523	448,390
Non-Current Liabilities:		
Post-retirement healthcare	<u>627,424</u>	<u>545,145</u>
Total Liabilities	1,091,947	993,535
Net Assets:		
Invested in capital assets, net of related debt	16,402	1,035,190
Unrestricted	<u>1,425,145</u>	<u>(331,345)</u>
Total Net Assets	<u>1,441,547</u>	<u>703,845</u>
Total Liabilities and Net Assets	<u>\$ 2,533,494</u>	<u>\$ 1,697,380</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY**Statements of Revenues, Expenses, and Changes in Net Assets**

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Student fees	\$ 3,854,079	\$ 4,100,000
Sales and services of auxiliary enterprises	143,050	233,621
User fees and other charges	10,748	137,106
Other operating revenues	<u>477</u>	<u>18,109</u>
Total Operating Revenues	4,008,354	4,488,836
Operating Expenses:		
Auxiliary enterprise expenses	3,610,618	4,249,955
Childcare center operating expenses	99,084	436,236
Student grants and scholarships	116,390	107,797
Depreciation and amortization	<u>6,370</u>	<u>182,531</u>
Total Operating Expenses	<u>3,832,462</u>	<u>4,976,519</u>
Operating Income (Loss)	175,892	(487,683)
Non-operating Revenue:		
Other non-operating revenues	556,862	-
Investment income, net	<u>4,948</u>	<u>1,658</u>
Total Non-Operating Revenue	<u>561,810</u>	<u>1,658</u>
Change in Net Assets	737,702	(486,025)
Net Assets, beginning	<u>703,845</u>	<u>1,189,870</u>
Net Assets, ending	<u>\$ 1,441,547</u>	<u>\$ 703,845</u>

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

Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Student fees	\$ 3,854,079	\$ 4,100,000
Sales and services of auxiliary enterprises	282,204	428,684
Payments to suppliers	(1,388,454)	(1,960,381)
Payments to employees	(2,430,328)	(2,456,429)
Payments to students	(116,390)	(107,797)
Other income	1,477	17,108
	<u>202,588</u>	<u>21,185</u>
Net Cash Provided by Operating Activities	202,588	21,185
Cash Flows from Non Operating Activities:		
Prior year student fees received from University	<u>1,582,622</u>	<u>-</u>
Cash Flows used by Capital and Related Financing Activities:		
Acquisitions of capital assets	<u>(13,341)</u>	<u>-</u>
Cash Flows from by Investing Activities:		
Sales of investments	340,484	-
Investment income	<u>5,351</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>345,835</u>	<u>-</u>
Net Change in Cash	2,117,704	21,185
Cash and Cash Equivalents, beginning	<u>302,230</u>	<u>281,045</u>
Cash and Cash Equivalents, ending	<u>\$ 2,419,934</u>	<u>\$ 302,230</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 175,892	\$ (487,683)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,370	182,531
Bad debt	12,059	
Loss on retirement of capital assets	-	3,217
Changes in operating assets and liabilities:		
Accounts receivable, net	(94,981)	56,332
Prepaid expenses and other current assets	4,836	4,987
Accounts payable	(72,778)	(87,956)
Accrued salaries and benefits payable	(5,302)	53,677
Deferred revenue	212,328	625
Accrued compensated absences	19,152	8,332
Funds held for others	(137,267)	5,214
Post-retirement healthcare	<u>82,279</u>	<u>281,909</u>
Net Cash Provided by Operating Activities	<u>\$ 202,588</u>	<u>\$ 21,185</u>
Supplemental disclosure of noncash activities		
Property and equipment written off and transferred to the University at net book value	<u>\$ 1,025,760</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies

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, Inc. 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) Childcare Center operations

The Early Childhood Education Center (Center) is a childcare facility operated by Associated Students on the campus of the University under a lease and operating agreement with the System. During the fiscal years ended June 30, 2012 and 2011, the Center operated the following programs:

- a) Associated Students component for fee paying parents (students, staff, and faculty) who do not qualify for program b) described below.
- b) Head Start Program - under an interagency agreement between Child, Family and Community Services, Inc. (CFCS) and California State University, East Bay, School of Education.
- c) Child and Adult Care Food Program - provides free and subsidized meals.

CFCS manages the day to day operations of the Center. Under this agreement all staff are employed by and report directly to CFCS. All expenses incurred by the Center are borne by CFCS with certain exceptions as outlined in the contract.

Effective August 19, 2011, the Early Childhood Education Center (Center) was closed and Associated Students' agreement with Child, Family and Community Services, Inc. was terminated. The net book value of capital assets associated with the Center in the amount of \$223,363 have been written off from the capital assets of Associated Students.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Nature of Activities, continued

3) 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.

4) 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 University Union 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.

Financial Reporting Entity

The basic financial statements include the accounts of Associated Students. Associated Students is a government organization under 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.

Basis of Presentation

The basic 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.

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.

Investments

Investments are reflected at fair value using quoted market prices. Gains and losses are included in the Statements of Revenues, Expenses, and Changes in Net Assets as investment income.

Accounts Receivable

The 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.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies, continued

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 market value at the date of donation. Expenditures 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 Statements of Revenues, Expenses, and Changes in Net Assets, rather than being allocated among other categories of operating expenses.

Funds Held for Others

During the year ended June 30, 2011, Associated Students administered club funds on behalf of student organizations. It was management's belief that Associated Students was acting as an agent for the transactions of these funds. Accordingly, the activity of such student organizations is not recorded in the Statements of Revenues, Expenses, and Changes in Net Assets as of June 30, 2011. As of July 1, 2011 the University has taken over the fund management for student organizations.

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.

Net Assets

Associated Students' net assets are classified into the following categories:

- Invested in capital assets, net of related debt: 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 assets, including those net assets designated by the Board or management.

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. These non-operating activities include Associated Students' net investment income.

Student Fees

Each matriculated student of the University is required to pay quarterly student body fees. During 2011 these payments support Associated Students' operations and were collected by the University Business Office, who made disbursements to Associated Students on a regular basis to cover its operating budget. Undisbursed funds were withheld by the University in a reserve account and could have been requested by Associated Students on an as needed basis. During 2011, Associated Students recorded revenues from student fees based on cash requests made to the University during the year. As of July 1, 2011; the arrangement discussed above is no longer being used. During 2012 student body fees were received by Associated Students directly and used for daily operations.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies, continued

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 23701(d) 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 the United States and various state and local jurisdictions. 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.

Deferred Revenue

Associated Students bills annual student dues in advance. The unearned income is recorded as deferred revenue within the statement of Net Assets.

Subsequent Events

Associated Students evaluated subsequent events through September 26, 2012, which is the date the financial statements were available to be issued.

Note 2 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 3 - Concentration of Credit Risk

Associated Students maintains its cash in bank deposit accounts that are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. At June 30, 2012, Associated Students' uninsured balance was \$2,245,416.

Note 4 - Cash and Cash Equivalents

Associated Students includes all cash accounts that are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with an original maturity of 90 days or less, as cash and cash equivalents. Each account is managed by the University and is held by the Office of the Chancellor.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 5 - 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)
- All other investments managed by California State University, East Bay

As of June 30, 2011, investments were held in LAIF, which is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. Investments are neither insured by the federal government nor the State of California. During the year ended June 30, 2012, investments were moved out of LAIF and placed into other short-term investments managed by California State University, East Bay and is included in cash and cash equivalents.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Statements of Net Assets.

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	<u>2012</u>	<u>2011</u>
Student fees	\$ 96,490	\$ 1,566
Rentals	3,410	3,410
Interest	138	404
Fees for childcare and campus services	-	42,451
	<u>100,038</u>	<u>47,831</u>
Less allowance for doubtful accounts	<u>(2,880)</u>	<u>(33,191)</u>
	<u>\$ 97,158</u>	<u>\$ 14,640</u>

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 7 - Capital Assets

Capital assets consist of the following:

	<u>2012</u>	<u>2011</u>
Childcare Center building	\$ -	\$ 893,453
Furniture and fixtures	14,696	151,326
Equipment	68,462	218,907
Leasehold improvements	-	909,031
	<u>83,158</u>	<u>2,172,717</u>
Less accumulated depreciation	<u>(66,756)</u>	<u>(1,137,527)</u>
	<u>\$ 16,402</u>	<u>\$ 1,035,190</u>

Capital assets' activity for the year ended June 30, 2012 consisted of the following:

Description	Balance June 30, 2011	Additions	Retirements / Transfers	Balance June 30, 2012
Cost:				
Childcare Center building	\$ 893,453	\$ -	\$ (893,453)	\$ -
Furniture and fixtures	151,326	13,341	(149,971)	14,696
Equipment	218,907	-	(150,445)	68,462
Leasehold improvements	<u>909,031</u>	<u>-</u>	<u>(909,031)</u>	<u>-</u>
Total cost	2,172,717	13,341	(2,102,900)	83,158
Less accumulated depreciation:				
Childcare Center building	(670,091)	-	670,091	-
Furniture and fixtures	(154,635)	(6,370)	153,879	(7,126)
Equipment	(119,981)	-	60,351	(59,630)
Leasehold improvements	<u>(192,820)</u>	<u>-</u>	<u>192,820</u>	<u>-</u>
Total accumulated depreciation	<u>(1,137,527)</u>	<u>(6,370)</u>	<u>1,077,141</u>	<u>(66,756)</u>
Capital assets, net	<u>\$ 1,035,190</u>	<u>\$ 6,971</u>	<u>\$ (1,025,759)</u>	<u>\$ 16,402</u>

Retirements/Transfers include assets with a cost basis of \$1,403,164 and accumulated depreciation of \$377,404 which were transferred to the University.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY**Notes to Financial Statements**

Years Ended June 30, 2012 and 2011

Note 7 - Capital Assets, continued

Capital assets' activity for the year ended June 30, 2011 consisted of the following:

Description	Balance June 30, 2010	Additions	Retirements / Transfers	Balance June 30, 2011
Cost:				
Childcare Center building	\$ 893,453	\$ -	\$ -	\$ 893,453
Furniture and fixtures	152,523	-	(1,197)	151,326
Equipment	227,969	-	(9,062)	218,907
Leasehold improvements	836,031	73,000	-	909,031
Construction in progress	73,000	(73,000)	-	-
Total cost	2,182,976	-	(10,259)	2,172,717
Less accumulated depreciation:				
Childcare Center building	(625,568)	(44,523)	-	(670,091)
Furniture and fixtures	(111,074)	(44,777)	1,216	(154,635)
Equipment	(115,643)	(10,164)	5,826	(119,981)
Leasehold improvements	(109,753)	(83,067)	-	(192,820)
Total accumulated depreciation	(962,038)	(182,531)	7,042	(1,137,527)
Capital assets, net	\$ 1,220,938	\$ (182,531)	\$ (3,217)	\$ 1,035,190

Note 8 - PensionPlan 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.

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. Contributions for the years ended June 30, 2012 and 2011 were \$145,259 and \$126,616, respectively.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 9 - Other Post-Employment Benefits Other Than Pensions (OPEB)

Plan description

In addition to providing pension benefits, Associated Students sponsors a single-employer post-retirement healthcare plan, which covers substantially all full-time, central staff employees. This benefit is provided through the Foundation. 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 Foundation has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report.

Funding policy

For the year ended June 30, 2012, Associated Students' share of the monthly medical premiums was limited to \$566 (single), \$1,074 (two parties), and \$1,382 (three or more parties). For the year ended June 30, 2011, Associated Students' share of the monthly medical premiums was limited to \$542 (single), \$1,030 (two parties), and \$1,326 (three or more parties). For the year ended June 30, 2012, Associated Students' share of the monthly dental premiums was limited to \$52 (single), \$108 (two parties), and \$133 (three or more parties). For the year ended June 30, 2011, Associated Students' share of the monthly dental premiums was limited to \$52 (single), \$109 (two parties), and \$184 (three or more parties). Retirees are responsible for premiums in excess of Associated Students' share.

Associated Students contributes annually based on a pay-as-you-go basis.

Annual postemployment benefit cost and net OPEB obligation

Associated Students' annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years. Associated Students has selected a level percentage of payroll amortization method over a fixed 20-year period.

The following table shows the components of Associated Students' annual OPEB cost, the amount contributed to the plan, and changes in Associated Students' net OPEB obligation for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Determination of annual required contribution :		
Normal cost at end of year	\$ 52,406	\$ 251,722
Amortization of unfunded actuarial liability	<u>115,971</u>	<u>111,294</u>
Annual required contribution	168,377	363,016
Determination of net OPEB obligation:		
Annual required contribution	168,377	363,016
Interest on prior year net OPEB obligation	38,160	9,213
Adjustment to ARC	<u>(47,616)</u>	<u>(11,706)</u>
Annual OPEB cost	158,921	360,523
Contributions made	<u>(76,642)</u>	<u>(78,614)</u>
Increase in net OPEB obligation	<u>\$ 82,279</u>	<u>\$ 281,909</u>

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 9 - Other Post-Employment Benefits Other Than Pensions (OPEB), continued

Annual postemployment benefit cost and net OPEB obligation, continued

Associated Students' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011 and 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Age Adjusted Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ <u>158,921</u>	\$ <u>76,642</u>	<u>48.23%</u>	\$ <u>627,424</u>
June 30, 2011	\$ <u>360,523</u>	\$ <u>78,614</u>	<u>21.81%</u>	\$ <u>545,145</u>
June 30, 2010	\$ <u>116,479</u>	\$ <u>74,030</u>	<u>63.56%</u>	\$ <u>263,236</u>

Funded status and funding progress

As of June 30, 2012, the funded status of the plan was as follows:

Actuarial accrued liability	\$ 1,240,858
Fair value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	\$ <u>1,240,858</u>
Funded percentage	0.0%

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. 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.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 actuarial 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 perspective of the calculations.

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 9 - Other Post-Employment Benefits Other Than Pensions (OPEB), continued

In the June 30, 2012 actuarial valuation, the alternative measurement method in accordance with GASB methodology was used. Costs are allocated from hire age to expected retirement age. At June 30, 2012 the actuarial assumptions included a 7% discount rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5%. At June 30, 2011 the actuarial assumptions included a 2.5% investment rate (net of administrative expenses) and an annual healthcare cost trend rate of 5%. The change in rate of return is attributable to the planned movement of fund management to an investment third party instead of with the University. The plan did not have any assets at June 30, 2012 and 2011.

Note 10 - Board Designated Net Assets

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

	<u>2012</u>	<u>2011</u>
Current operations and working capital	\$ 428,000	\$ 79,000
Public Employees Retirement System reserve	285,000	50,000
Capital replacement reserve	428,000	65,000
Planned future operations	-	35,000
Student organization modular units	-	15,000
Contingency operations reserve	-	4,000
Undesignated	<u>284,000</u>	<u>-</u>
	<u>\$ 1,425,000</u>	<u>\$ 248,000</u>

As of June 30, 2011, unrestricted net assets were not sufficient to fund these designated purposes.

Note 11 - Transactions with Affiliates

Associated Students enters into transactions with the University and other auxiliaries: The 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. Associated Students reimbursed the Foundation for benefits administration and coordination. During the year ended June 30, 2012, Associated Students received a lump sum payment of \$1,695,522 from the University, held on behalf of the Associated Students, related to student fees which were collected but not spent in previous years.

Payments made during the years ended June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
California State University, East Bay	\$ -	\$ 296,974
Cal State East Bay Educational Foundation, Inc.	156	-
California State University, East Bay Foundation, Inc.	<u>-</u>	<u>498,469</u>
	<u>\$ 156</u>	<u>\$ 795,443</u>

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

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Note 11 - Transactions with Affiliates, continued

Payments received during the years ended June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
California State University, East Bay	\$ -	\$ 4,114,205
California State University, East Bay Foundation, Inc.	-	146,230
Cal State East Bay Educational Foundation, Inc.	<u>190</u>	<u>1,250</u>
	<u>\$ 190</u>	<u>\$ 4,261,685</u>

Amounts receivable (payable) at June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
California State University, East Bay - payable	\$ -	\$ (10,112)
Cal State East Bay Educational Foundation, Inc. - receivable	190	-
California State University, East Bay Foundation, Inc. - payable	<u>(45,372)</u>	<u>(46,080)</u>
	<u>\$ (45,182)</u>	<u>\$ (56,192)</u>

Note 12 – Other Non-Operating Revenues

During the year ended June 30, 2012, Associated Students recorded several transactions which are comprised in the financial statement line item titled Other Non-Operating Revenues as follows:

As of July 1, 2011, Associated Students changed their method of recognizing student body fees. In prior years, the fees were collected by the University and reimbursed to Associated Students. Associated Students recorded revenues upon reimbursement from the University. For the year ended June 30, 2012, the fees are collected by Associated Students and recorded as revenues when billed. The University transferred their Fund held for student body fees for \$1,695,522 to Associated Students on July 1, 2011.

Assets with useful lives funded by the University Union were written off or transferred to the University at net book value of \$661,222. In addition, Associated students also retired \$364,538 of its fixed assets to more accurately portray the capital asset balance as of June 30, 2012.

For the year ended June 30, 2011, Associated Students held \$137,267 in funds related to clubs held on campus. On July 1, 2011, Associated Students transferred these funds to the University. For the year ended June 30, 2012, no liabilities were held with Associated Students and the funds were held under the University's control.

SUPPLEMENTARY INFORMATION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Audit Committee
Associated Students, Inc. of California State University, East Bay
Hayward, California

We have audited the financial statements of Associated Students, Inc. of California State University, East Bay (Associated Students), a component unit of California State University, East Bay, as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated September 26, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audits, we considered Associated Students' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Associated Students' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students' financial statements are free of 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 audits, 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*.

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108
PHONE: 619.810.4940 FAX: 619.810.4941

PORTLAND, OR ; SALEM, OR ; CARLSBAD, CA ; ESCONDIDO, CA ; SAN DIEGO, CA ; ANCHORAGE, AK
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
CONTINUED**

We noted certain matters that we reported to management of Associated Students in a separate letter dated September 26, 2012.

This report is intended solely for the information and use of management, the audit committee, and others within Associated Students and is not intended to be and should not be used by anyone other than these specified parties.

AKT LLP

San Diego, California
September 26, 2012

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108
PHONE: 619.810.4940 FAX: 619.810.4941

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OTHER SUPPLEMENTARY INFORMATION

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
Schedule of Funding Progress
Year Ended June 30, 2012

Actuarial Valuation Date	Fair Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
June 30, 2012	\$ -	\$ 1,240,858	\$ 1,240,858	0.0%
June 30, 2011	\$ -	\$ 2,835,911	\$ 2,835,911	0.0%

**INFORMATION FOR THE CALIFORNIA STATE
UNIVERSITY CHANCELLOR'S OFFICE**

Associated Students, Inc. of California State University, East Bay

Schedule of Net Assets

June 30, 2012

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 2,419,934
Short-term investments	-
Accounts receivable, net	97,158
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	-
Total current assets	2,517,092

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	16,402
Other assets	-
Total noncurrent assets	16,402
Total assets	2,533,494

Liabilities:

Current liabilities:

Accounts payable	91,959
Accrued salaries and benefits payable	63,835
Accrued compensated absences – current portion	95,401
Deferred revenue	213,328
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	464,523

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Deferred 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	627,424
Other liabilities	-
Total noncurrent liabilities	627,424
Total liabilities	1,091,947

Net assets:

Invested in capital assets, net of related debt	16,402
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	1,425,145
Total net assets	\$ 1,441,547

Associated Students, Inc. of California State University, East Bay

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2012

(for inclusion in the California State University)

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	3,854,079
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 \$_____)		153,798
Other operating revenues		477
		<hr/>
Total operating revenues		4,008,354

Expenses:

Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		-
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		116,390
Auxiliary enterprise expenses		3,709,702
Depreciation and amortization		6,370
		<hr/>
Total operating expenses		3,832,462
		<hr/>
Operating income (loss)		175,892

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		4,948
Endowment income (loss), net		-
Interest Expenses		-
Other nonoperating revenues (expenses)		556,862
		<hr/>

Net nonoperating revenues (expenses)		561,810
--------------------------------------	--	---------

Income (loss) before other additions		737,702
--------------------------------------	--	---------

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
		<hr/>
Increase (decrease) in net assets		737,702

Net assets:

Net assets at beginning of year, as previously reported		703,845
Restatements		-
Net assets at beginning of year, as restated		<hr/> 703,845
Net assets at end of year	\$	<hr/> <hr/> 1,441,547

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1 Restricted cash and cash equivalents at June 30, 2012:								
Portion of restricted cash and cash equivalents related to endowments	\$	-						
All other restricted cash and cash equivalents		-						
Total restricted cash and cash equivalents	\$	-						
2.1 Composition of investments at June 30, 2012:								
		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 (LAIIF)		-	-	-	-	-	-	-
Wachovia Short Term Fund		-	-	-	-	-	-	-
Wachovia Medium Term Fund		-	-	-	-	-	-	-
Wachovia Equity Fund		-	-	-	-	-	-	-
US Bank SWIFT pool		-	-	-	-	-	-	-
Common Fund - Short Term Fund		-	-	-	-	-	-	-
Common Fund - Others		-	-	-	-	-	-	-
Debt securities		-	-	-	-	-	-	-
Equity securities		-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMAs)		-	-	-	-	-	-	-
Land and other real estate		-	-	-	-	-	-	-
Certificates of deposit		-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Mutual funds		-	-	-	-	-	-	-
Money Market funds		-	-	-	-	-	-	-
Collateralized mortgage obligations:		-	-	-	-	-	-	-
Interest floaters		-	-	-	-	-	-	-
Interest-only strips		-	-	-	-	-	-	-
Agency pass-through		-	-	-	-	-	-	-
Private pass-through		-	-	-	-	-	-	-
Other major investments:		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Total investments		-	-	-	-	-	-	-
Less endowment investments (enter as negative number)		-	-	-	-	-	-	-
Total investments, net of endowments		-	-	-	-	-	-	-
2.2 Investments held by the University under contractual agreements at June 30, 2012:								
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012 :		-	-	-	-	-	-	-
2.3 Restricted current investments at June 30, 2012 related to:		Amount						
	\$	-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
Total restricted current investments at June 30, 2012	\$	-						
2.4 Restricted noncurrent investments at June 30, 2012 related to:		Amount						
Endowment investment	\$	-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
		-						
Total restricted noncurrent investments at June 30, 2012	\$	-						

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2-Capital Assets

3.1 Composition of capital assets as June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
Nondepreciable/nonamortizable capital assets								
Land and land improvements	•	•	•	•	•	•	•	•
Works of art and historical treasures	•	•	•	•	•	•	•	•
Construction work in progress (CWIP)	•	•	•	•	•	•	•	•
Intangible assets:								
Rights and easements	•	•	•	•	•	•	•	•
Patents, copyrights and trademarks	•	•	•	•	•	•	•	•
Internally generated intangible assets in progress	•	•	•	•	•	•	•	•
License and permits	•	•	•	•	•	•	•	•
Other intangible assets:	•	•	•	•	•	•	•	•
Total intangible assets	•	•	•	•	•	•	•	•
Total nondepreciable/nonamortizable capital assets	•	•	•	•	•	•	•	•
Depreciable/amortizable capital assets								
Buildings and building improvements	893,453	•	•	893,453	(893,453)	•	•	•
Improvements, other than buildings	•	•	•	•	•	•	•	•
Infrastructure	909,031	•	•	909,031	(909,031)	•	•	•
Leasehold improvements	370,233	•	•	370,233	(300,416)	•	•	83,158
Personal property:								
Equipment	•	•	•	•	•	•	•	•
Library books and materials	•	•	•	•	13,341	•	•	•
Intangible assets	•	•	•	•	•	•	•	•
Software and webcasts	•	•	•	•	•	•	•	•
Rights and easements	•	•	•	•	•	•	•	•
Patents, copyrights and trademarks	•	•	•	•	•	•	•	•
License and permits	•	•	•	•	•	•	•	•
Other intangible assets:	•	•	•	•	•	•	•	•
Total depreciable/amortizable capital assets	•	•	•	•	•	•	•	•
Total capital assets	2,172,717	•	•	2,172,717	13,341	(2,102,900)	•	83,158
Less accumulated depreciation/amortization	(670,091)	•	•	(670,091)	•	670,091	•	•
Buildings and building improvements	•	•	•	•	•	•	•	•
Improvements, other than buildings	•	•	•	•	•	•	•	•
Infrastructure	(192,820)	•	•	(192,820)	•	192,820	•	•
Leasehold improvements	(774,616)	•	•	(774,616)	(6,370)	214,220	•	(66,756)
Personal property:								
Equipment	•	•	•	•	•	•	•	•
Library books and materials	•	•	•	•	•	•	•	•
Intangible assets	•	•	•	•	•	•	•	•
Software and webcasts	•	•	•	•	•	•	•	•
Rights and easements	•	•	•	•	•	•	•	•
Patents, copyright and trademarks	•	•	•	•	•	•	•	•
License and permits	•	•	•	•	•	•	•	•
Other intangible assets:	•	•	•	•	•	•	•	•
Total intangible assets	•	•	•	•	•	•	•	•
Total accumulated depreciation/amortization	(1,137,527)	•	•	(1,137,527)	(6,370)	1,077,141	•	(66,756)
Total capital assets, net	\$ 1,035,190	•	•	\$ 1,035,190	6,971	(1,035,759)	•	\$ 16,402

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 6,370
Amortization expense related to other assets	•
Total depreciation and amortization	\$ 6,370

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4 Long-term liabilities activity schedule:

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	Current portion	Long-term portion
Accrued compensated absences	\$ 76,249	—	—	76,249	19,152	-	95,401	95,401	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 76,249	—	—	76,249	19,152	—	95,401	95,401	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2013	·	·	—
2014	·	·	—
2015	·	·	—
2016	·	·	—
2017	·	·	—
2018 - 2022	·	·	—
2023 - 2027	·	·	—
2028 - 2032	·	·	—
2033 - 2037	·	·	—
2038 - 2042	·	·	—
2043 - 2047	·	·	—
2048 - 2052	·	·	—
2053 - 2057	·	·	—
2058 - 2062	·	·	—
Total minimum lease payments	—	—	—
Less amounts representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
Capitalized lease obligation, net of current portion	—	—	\$ —

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6 Long-term debt obligation schedule

Year ending June 30	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018 - 2022	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-
Total	-	-	-	-	-	-

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ 16,402	-	16,402
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unapport at year-end	-	-	-
Other adjustments (please list)	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - invested in capital assets, net of related debt	\$ 16,402	-	16,402
7.2 Calculation of net assets - Restricted for unexpended - 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	-	-	-
Net assets - Restricted for unexpended - endowments per SNA	\$ -	-	-

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8	Transactions with Related Entities			\$	Amount
	Payments to University for salaries of University personnel working on contracts, grants, and other programs				—
	Payments to University for other than salaries of University personnel				—
	Payments received from University for services, space, and programs				—
	Gifts-in-kind to the University from Auxiliary Organizations				—
	Gifts (cash or assets) to the University from recognized Auxiliary Organizations				—
	Accounts (payable to) University (enter as negative number)				—
	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)	\$	158,921		
	Contributions during the year		(28,642)		
	Increase (decrease) in net OPEB obligation (NDO)		\$2,279		
	NDO - beginning of year		545,145		
	NDO - end of year	\$	627,424		

10	Pollution remediation liabilities under GASB Statement No. 49:				
	Description				None
	Add description	\$			Amount
	Add description				—
	Add description				—
	Add description				—
	Add description				—
	Add description				—
	Add description				—
	Add description				—
	Total pollution remediation liabilities				\$
	Less: current portion				—
	Pollution remediation liabilities, net of current portion				—

11	The asterisk and amount of the prior period adjustment(s) recorded to beginning net assets				
	Net Asset Class			Amount	Dir. (Cr.)
					\$
					703,845

	Net assets as of June 30, 2011, as previously reported				
	Transaction 1				—
	Transaction 2				—
	Transaction 3				—
	Transaction 4				—
	Transaction 5				—
	Transaction 6				—
	Transaction 7				—
	Transaction 8				—
	Transaction 9				—
	Transaction 10				—
	Net assets as of June 30, 2011, as restated				\$
					703,845

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Provide a detailed breakdown of the journal entries in the financial statement line item box below to record each prior period adjustment:

Net asset class:	Debit	Credit
1 (breakdown of adjusting journal entry)	5	
Net asset class:		
2 (breakdown of adjusting journal entry)		
Net asset class:		
3 (breakdown of adjusting journal entry)		
Net asset class:		
4 (breakdown of adjusting journal entry)		
Net asset class:		
5 (breakdown of adjusting journal entry)		
Net asset class:		
6 (breakdown of adjusting journal entry)		
Net asset class:		
7 (breakdown of adjusting journal entry)		
Net asset class:		
8 (breakdown of adjusting journal entry)		
Net asset class:		
9 (breakdown of adjusting journal entry)		
Net asset class:		
10 (breakdown of adjusting journal entry)		