

**Associated Students,  
California State University, Northridge, Inc.**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2019 and 2018**

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**Associated Students, California State University, Northridge, Inc.**

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## Independent Auditor's Report

The Board of Directors  
Associated Students, California State University, Northridge, Inc.  
(A California State University Auxiliary Organization)

We have audited the accompanying financial statements of Associated Students, California State University, Northridge, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, California State University, Northridge, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2019 supplementary information is presented for purposes of additional analysis and is not a required part of the 2019 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 financial statements or to the 2019 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 2019 financial statements as a whole.

*CohnReznick LLP*

Los Angeles, California  
September 18, 2019

**Associated Students, California State University, Northridge, Inc.**

**Statements of Financial Position  
June 30, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 3,379,833	\$ 2,717,907
Short-term investments	2,020,071	1,996,945
Accounts receivable	77,090	153,351
Accounts receivable from the University	115,467	126,676
Accounts receivable from other University auxiliary organizations	40,145	56,857
Prepaid expenses and other	10,472	26,754
Inventory	51,182	39,511
	<hr/>	<hr/>
Total current assets	5,694,260	5,118,001
Property and equipment, net	7,054,368	7,289,414
Construction in progress	39,593	-
	<hr/>	<hr/>
Total	<u>\$ 12,788,221</u>	<u>\$ 12,407,415</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 585,007	\$ 248,717
Accounts payable to the University	78,404	19,356
Accounts payable to other University auxiliary organizations	33,292	41,131
Current portion of accrued salaries and employee benefits	191,294	162,410
Deferred revenue	143,203	163,040
	<hr/>	<hr/>
Total current liabilities	1,031,200	634,654
Accrued salaries and employee benefits, net of current portion	77,406	59,833
Accrued postretirement benefits	527,852	564,224
	<hr/>	<hr/>
Total liabilities	1,636,458	1,258,711
Commitments and contingencies		
Net assets		
Without donor restrictions	11,151,763	11,148,704
	<hr/>	<hr/>
Total	<u>\$ 12,788,221</u>	<u>\$ 12,407,415</u>

See Notes to Financial Statements.

**Associated Students, California State University, Northridge, Inc.**

**Statements of Activities  
Years Ended June 30, 2019 and 2018**

	2019	2018
Operating revenues		
Student activity fees	\$ 7,323,556	\$ 7,372,814
Programs		
Cultural affairs	621,691	698,665
Student services	1,702,531	1,705,109
Communication and media	1,000	-
Recreation programs	417,015	340,443
Student government	300	320
Administrative	126,975	51,206
Investment income	23,126	26,743
Other income	(6,133)	87,112
	<u>10,210,061</u>	<u>10,282,412</u>
 Operating expenses		
Program services		
Academic programs	161,810	157,580
Cultural affairs	1,392,965	1,333,374
Student affairs	4,049,947	3,692,250
Communication and media	462,908	442,620
Recreation programs	1,426,631	1,305,644
Student government	436,868	403,907
Financial aid	170,800	170,800
	<u>8,101,929</u>	<u>7,506,175</u>
Supporting services administrative	2,152,231	1,917,414
	<u>10,254,160</u>	<u>9,423,589</u>
 Change in net assets from operating activities	<u>(44,099)</u>	<u>858,823</u>
 Nonoperating (expense) revenue		
Pension related changes other than pension cost	47,158	(291,094)
	<u>47,158</u>	<u>(291,094)</u>
 Change in net assets	<u>3,059</u>	<u>567,729</u>
Net assets, beginning	11,148,704	10,580,975
Net assets, end	<u>\$ 11,151,763</u>	<u>\$ 11,148,704</u>

See Notes to Financial Statements.

**Associated Students, California State University, Northridge, Inc.**

**Statements of Functional Expenses  
Years Ended June 30, 2019 and 2018**

	Program services							Total	Supporting services	Total	2018
	Academic Programs	Cultural Affairs	Student Affairs	Communication and media	Recreation programs	Student government	Financial aid				
Salaries	\$ -	\$ 117,463	\$ 1,879,979	\$ 191,151	\$ 713,833	\$ 199,197	\$ -	\$ 3,101,623	\$ 872,898	\$ 3,974,521	\$ 3,670,247
Employee benefits	-	16,559	487,627	25,550	127,435	47,832	-	705,003	346,867	1,051,870	1,030,678
Payroll taxes	-	5,250	100,362	10,751	31,685	10,235	-	158,283	63,812	222,095	200,404
Professional fees	4,362	545,641	74,326	2,215	86,893	11,337	-	724,774	271,993	996,767	956,641
Supplies	19,119	245,240	165,434	17,139	123,843	17,454	-	588,229	4,066	592,295	623,568
Rent expense	-	-	-	-	-	-	-	-	135,122	135,122	119,152
Insurance, license, and fees	-	1,567	41,645	-	725	-	-	43,937	61,330	105,267	161,335
Depreciation	-	-	-	-	-	-	-	-	249,692	249,692	162,469
Allocations	10,000	-	856,630	27,184	-	-	-	893,814	-	893,814	612,497
Other expenses	128,329	461,245	443,944	188,918	342,217	150,813	170,800	1,886,266	146,451	2,032,717	1,886,598
	<u>\$ 161,810</u>	<u>\$ 1,392,965</u>	<u>\$ 4,049,947</u>	<u>\$ 462,908</u>	<u>\$ 1,426,631</u>	<u>\$ 436,868</u>	<u>\$ 170,800</u>	<u>\$ 8,101,929</u>	<u>\$ 2,152,231</u>	<u>\$ 10,254,160</u>	<u>\$ 9,423,589</u>

See Notes to Financial Statements.

**Associated Students, California State University, Northridge, Inc.**

**Statements of Cash Flow  
Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 3,059	\$ 567,729
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	249,692	162,468
Postretirement benefits	(47,158)	291,094
Changes in operating assets and liabilities		
Accounts receivable	76,261	(56,376)
Accounts receivable from the University	11,209	1,086,715
Accounts receivable from other University auxiliary organizations	16,712	(1,002)
Prepaid expenses and other	16,282	(10,931)
Inventory	(11,671)	24,656
Accounts payable and accrued expenses	296,697	9,286
Accounts payable to the University	59,048	(33,743)
Accounts payable to other University auxiliary organizations	(7,839)	32,468
Accrued salaries and employee benefits	46,457	(22,358)
Deferred revenue	(19,837)	14,194
Accrued postretirement benefits	10,786	(38,235)
	<u>699,698</u>	<u>2,025,965</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(14,646)	(1,384,789)
Purchases of investments	(23,126)	(26,744)
	<u>(37,772)</u>	<u>(1,411,533)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	661,926	614,432
Cash and cash equivalents, beginning	<u>2,717,907</u>	<u>2,103,475</u>
Cash and cash equivalents, end	<u>\$ 3,379,833</u>	<u>\$ 2,717,907</u>
Supplemental disclosure of noncash financing activities		
Capital expenditures incurred but not paid	<u>\$ 39,593</u>	<u>\$ -</u>

See Notes to Financial Statements.



**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Note 1 - Business activity and summary of significant accounting policies**

**Business activity**

Associated Students, California State University, Northridge, Inc. (a California State University Auxiliary Organization) (the "Associated Students") is a nonprofit organization related to California State University, Northridge (the "University"). Associated Students administers various student programs and activities. Student activity fees and other revenues are collected to support student-related programs and to acquire assets for the benefit of the student body. Associated Students provides service primarily to students of the University.

**Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Financial statement presentation**

Associated Students is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction, which are described as follows:

- *Net assets without donor restrictions* – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets may be designated for specific purposes by action of the Board.
- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2019 and 2018, Associated Students does not have any net assets with donor restrictions.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and all highly liquid investments with initial maturity at date of purchase of three months or less.

**Accounts receivable**

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. Associated Students provides for losses on receivables using the allowance method which is based on experience and other circumstances. Associated Students considers all accounts receivable to be fully collectible and, as such, an allowance for doubtful accounts is not considered necessary.

**Investments**

Investments are reported at their fair values in the statements of financial position. Realized and unrealized gains or losses are included in the statements of activities as investment income (loss).

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Fair value measurements**

Associated Students values certain of its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Repairs and maintenance are charged to expense as incurred.

**Inventory**

Inventory consists of tickets purchased and tickets received on consignment from theme parks and movie theaters.

**Revenue recognition**

Student activity fees are collected from student tuition and recognized as revenue in accordance with the academic year. Program revenues are recorded when earned. Deferred revenue consists of amounts received which have not been earned. These amounts are transferred to revenue when earned.

**Income taxes**

Associated Students is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Associated Students has no unrecognized tax benefits at June 30, 2019 and 2018. Associated Students' federal and state income tax returns prior to the 2016 and 2015, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, Associated Students recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accounts payable and accrued expenses in the statements of financial position.

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Functional allocation expenses**

The costs of providing programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel time.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Adoption of new accounting pronouncement**

For the year ended June 30, 2019, Associated Students has adopted Accounting Standards Update ("ASU") ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and amounts previously reported as temporarily restricted net assets and permanently restricted net assets as applicable, are now reported as net assets with donor restrictions.

**Subsequent events**

Associated Students has evaluated subsequent events through September 18, 2019, which is the date these financial statements were available to be issued.

**Note 2 - Liquidity and availability**

Associated Students regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Associated Students has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Associated Students considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, 2019, Associated Students had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 3,379,833
Short-term investments	2,020,071
Accounts receivable	232,702
	<hr/>
	\$ 5,632,606
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**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Note 3 - Concentrations**

Financial instruments that potentially subject Associated Students to concentrations of credit risk consist primarily of cash and cash equivalents. Associated Students maintains its cash and cash equivalents with high credit quality financial institutions. Potential exposure to credit loss for amounts exceeding federally insured limits is offset by an agreement with the financial institution to cover all such deposits. Associated Students has not experienced any losses and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Associated Students' investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Associated Students' financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**Note 4 - Investments**

Investments consist of funds pooled with the University invested in the System Wide Investment Fund Trust ("SWIFT"). This investment consists of fixed income securities, asset backed securities, and structured notes. The investment fund contains a sufficient number and diversity of marketable securities so that a reasonable portion of the portfolio can be readily converted to meet ordinary and extraordinary cash needs, without causing a material change in the portfolios' values, while maintaining a consistent rate of return representative of the current market yield. Limitation and eligibility as to the specific portfolio investments are determined by the Board of Directors and management. At June 30, 2019 and 2018, Associated Students' investments were \$2,020,071 and \$1,996,945, respectively.

**Note 5 - Fair value measurements**

At June 30, 2019 and 2018, investments are carried at fair value and are classified in one of the three categories as described in Note 1. The pooled investment fund is classified as Level 2 and is valued based on the underlying investments in the pooled fund. For the year ended June 30, 2019, there have been no changes in the valuation methodologies.

**Note 6 - Property and equipment**

At June 30, 2019 and 2018, property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 8,396,355	\$ 8,396,355
Equipment, furniture, and fixtures	475,098	477,228
	<u>8,871,453</u>	<u>8,873,583</u>
Less accumulated depreciation	<u>(1,817,085)</u>	<u>(1,584,169)</u>
	<u><u>\$ 7,054,368</u></u>	<u><u>\$ 7,289,414</u></u>

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

Depreciation expense for the years ended June 30, 2019 and 2018 was \$249,692 and \$162,468, respectively.

At June 30, 2019, Associated Students had \$39,593 of construction in progress, relating to the Children's Center work in process contracted with the campus for installation of fire panels.

**Note 7 - Postretirement benefits**

**Benefits**

Associated Students sponsors a postretirement benefit plan which provides eligible employees postretirement medical benefits. Such benefits are provided by Associated Students' health plan. Associated Students currently pays 100% of the cost up to a maximum level. The current maximum is \$400 per month for retiree coverage and up to an additional \$450 per month for dependent coverage. Employees are eligible if they are either age 60 with 20 years of service, age 62 with 15 years of service or age 65 with 10 years of service.

The following tables provide further information about Associated Students' postretirement benefit plan:

	<u>2019</u>	<u>2018</u>
Accumulated postretirement benefit obligation	\$ (2,835,527)	\$ (2,775,156)
Plan assets at June 30	<u>2,307,675</u>	<u>2,210,932</u>
 Net unfunded status of the plan	 <u>\$ (527,852)</u>	 <u>\$ (564,224)</u>

	<u>2019</u>	<u>2018</u>
Fair value of plan assets, beginning	\$ 2,210,932	\$ 2,075,314
Return of plan assets	96,743	135,618
Benefits paid	(57,828)	(51,789)
Employer contributions	<u>57,828</u>	<u>51,789</u>
 Fair value of plan assets, end	 <u>\$ 2,307,675</u>	 <u>\$ 2,210,932</u>

Amounts recognized in the statements of financial position consist of the following:

	<u>2019</u>	<u>2018</u>
Noncurrent liabilities recognized in statements of financial position	<u>\$ 527,852</u>	<u>\$ 564,224</u>

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

Amounts recognized in the statements of activities consist of the following:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 139,135	\$ 124,393
Interest cost	109,861	88,538
Expected return on assets	(154,765)	(145,272)
Amortization of unrecognized prior service cost	-	-
Amortization of unrecognized loss	<u>(25,617)</u>	<u>(54,105)</u>
 Net postretirement benefit cost ("NPBC")	 <u>\$ 68,614</u>	 <u>\$ 13,554</u>

Other changes recognized in changes in net assets without donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Net (gain) loss for period	\$ (72,775)	\$ 236,989
Amortization of prior service cost	-	-
Amortization of net gain	<u>25,617</u>	<u>54,105</u>
 Total changes in net assets without donor restrictions	 <u>\$ (47,158)</u>	 <u>\$ 291,094</u>
 Total changes recognized in NPBC and changes in net assets without donor restrictions	 <u>\$ 21,456</u>	 <u>\$ 304,648</u>

**Assumptions**

Weighted average assumptions used in accounting for Associated Students' postretirement benefit plan were as follows:

	<u>2019</u>	<u>2018</u>
Benefit obligations at June 30,		
Discount rate	4.00%	3.75%
Rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A
Medical trend		
Initial	6.50%	7.00%
Ultimate	5.00%	5.00%
Number of years to ultimate	3 years	4 years

Associated Students' overall investment strategy is to diversify investments among equities, fixed income and possibly other securities, such as real estate, and to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

The fair values of Associated Students' postretirement benefit plan assets at June 30, 2019 and 2018 by asset class are as follows:

	<u>2019</u>	<u>2018</u>
Equities	\$ 1,273,369	\$ 1,348,233
Fixed income	<u>1,034,306</u>	<u>862,699</u>
	<u>\$ 2,307,675</u>	<u>\$ 2,210,932</u>

The plan assets are classified as Level 1 in the fair value hierarchy and are valued using real-time quotes for transactions in active exchange markets involving identical assets.

Changes in unrecognized prior service cost ("UPSC") for the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
UPSC, beginning	\$ -	\$ -
Amounts recognized	<u>-</u>	<u>-</u>
UPSC, end	<u>\$ -</u>	<u>\$ -</u>

Changes in unrecognized net (gain) loss for the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Unrecognized gain, beginning	\$ (502,692)	\$ (793,786)
Amounts recognized	25,617	54,105
Actuarial (gains) losses deferred	<u>(72,775)</u>	<u>236,989</u>
Unrecognized gain, end	<u>\$ (549,850)</u>	<u>\$ (502,692)</u>

**Cash flows**

The following benefit payments subsequent to June 30, 2019 are expected to be paid as follows:

Years beginning July 1,	
2019	\$ 66,174
2020	76,413
2021	77,015
2022	82,651
2023	96,795
2024-2028	651,336

During the years ended June 30, 2019 and 2018, Associated Students contributed \$68,312 and \$51,789, respectively, to the plan.

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2019-20 fiscal year:

Net actuarial gain	\$	(183,311)
Net prior service cost	\$	264,532

**Note 8 - Pension plan**

Associated Students utilizes and pays for the services of personnel from the State of California. These employees are covered under the California Public Employees Retirement System multiemployer defined benefit plan. During the years ended June 30, 2019 and 2018, Associated Students contributed \$34,697 and \$32,569, respectively, to the pension plan.

**Note 9 - Employee retirement plan**

The employee retirement plan is a defined contribution plan where Associated Students makes contributions, based on the participant's salary, which are deposited with a trustee. For the years ended June 30, 2019 and 2018, employer contributions to the employee retirement plan were \$228,884 and \$203,453, respectively.

**Note 10 - Leases and contingencies**

**Leases**

Associated Students leases office space from the Student Union under year-to-year operating leases. Total rental payments under these arrangements amounted to \$135,122 and \$119,152, respectively, for the years ended June 30, 2019 and 2018.

**Contingencies**

Certain claims have been filed against Associated Students in the ordinary course of business. In the opinion of management, these matters would not have a material effect on the financial statements.



**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Note 11 - Designated net assets**

Designated net assets consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Multipurpose/Cultural Center: These net assets were established in accordance with Section 2 of Associated Students' Fee Referendum of \$0.50/student per semester (\$1/student/fiscal year) to be allocated to this fund for future (long-term) project (i.e., building of a multipurpose/cultural center).	\$ -	\$ 15,632
Children's Center: These net assets were established in accordance with an Associated Students' Fee Referendum of \$5.00/student per semester for the planning, construction, furnishing, and operation of a new Children's Center.	2,620,508	2,619,904
Multipurpose Renovation: Based on approval by Associated Students' Senate, these net assets were transferred from the Multipurpose/Cultural Center Fund for renovations to four buildings: Black House, Asian House, Chicano House, and the Women's Center.	47	12,111
Blue Lights: These net assets were established in accordance with an Associated Students' Fee Referendum of a one-time charge of \$5.00 per student for the establishment of emergency network phones throughout the campus. These net assets represent the remaining net balance as of June 30, 2015.	504	504
Sustainability Center: Based on approval by the Associated Students' Senate, these net assets were transferred from the future operations reserve to fund the Sustainability Center and future long-term maintenance costs.	<u>5,495,459</u>	<u>5,561,971</u>
Total	<u>\$ 8,116,518</u>	<u>\$ 8,210,122</u>

**Associated Students, California State University, Northridge, Inc.**

**Notes to Financial Statements  
June 30, 2019 and 2018**

**Note 12 - Related party transactions**

Associated Students provides and receives services from the University, California State University, Northridge Foundation ("CSUN Foundation"), University Student Union California State University, Northridge ("USU") and The University Corporation ("TUC"). At June 30, 2019 and 2018, accounts receivable and accounts payable relating to these organizations are as follows:

	<u>2019</u>	<u>2018</u>
Receivables		
University	\$ 115,467	\$ 62,471
University - construction related	-	21,920
CSUN Foundation	600	600
TUC	24,673	22,198
USU	<u>14,872</u>	<u>34,059</u>
Total	<u>\$ 155,612</u>	<u>\$ 141,248</u>
Payables		
University	\$ 78,404	\$ 20,789
CSUN Foundation	15	-
TUC	21,857	36,365
USU	<u>11,420</u>	<u>4,434</u>
	<u>\$ 111,696</u>	<u>\$ 61,588</u>

During the years ended June 30, 2019 and 2018, amounts received from the University for reimbursable expenses were \$6,940,362 and \$7,058,884, respectively. During the years ended June 30, 2019 and 2018, amounts paid to the University for salaries and services such as utilities and other expenses were \$537,108 and \$468,373, respectively.

## **Supplementary Information**

**Associated Students, California State University, Northridge, Inc.**  
**Schedule of Net Position**  
**June 30, 2019**  
**(for Inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,379,833
Short-term investments	2,020,071
Accounts receivable, net	232,702
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	61,654
Total current assets	<u>5,694,260</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	7,093,961
Other assets	-
Total noncurrent assets	<u>7,093,961</u>
Total assets	<u>12,788,221</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	696,703
Accrued salaries and benefits	41,732
Accrued compensated absences, current portion	149,562
Unearned revenues	143,203
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>1,031,200</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	77,406
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	527,852
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>605,258</u>
Total liabilities	<u>1,636,458</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	7,093,961
Restricted for:	-
Nonexpendable – endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	4,057,802
Total net position	<u>\$ 11,151,763</u>

See Independent Auditor's Report.

**Associated Students, California State University, Northridge, Inc.**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2019**  
**(for Inclusion in the California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 7,323,556
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	175,188
State	234,523
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	2,459,801
Total operating revenues	<u>10,193,068</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	9,833,668
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	170,800
Auxiliary enterprise expenses	-
Depreciation and amortization	249,692
Total operating expenses	<u>10,254,160</u>
Operating income (loss)	<u>(61,092)</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	23,126
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	41,025
Other nonoperating revenues (expenses) - interagency transfers	-
Net nonoperating revenues (expenses)	<u>64,151</u>
Income (loss) before other revenues (expenses)	3,059
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	3,059
Net position:	
Net position at beginning of year, as previously reported	11,148,704
Restatements	-
Net position at beginning of year, as restated	11,148,704
Net position at end of year	<u>\$ 11,151,763</u>

**Associated Students, California State University, Northridge, Inc.**  
**Other Information**  
**Year Ended June 30, 2019**  
**(for Inclusion in the California State University)**

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
<b>Noncurrent restricted cash and cash equivalents</b>		-
Current cash and cash equivalents		3,379,833
<b>Total</b>		<b>3,379,833</b>

**2.1 Composition of investments:**

	Current	Noncurrent	Total
Money market funds	\$ 14,266	\$ -	\$ 14,266
Repurchase agreements	5,730	-	5,730
Certificates of deposit	83,667	-	83,667
U.S. agency securities	582,876	-	582,876
U.S. treasury securities	663,011	-	663,011
Municipal bonds	27,625	-	27,625
Corporate bonds	558,449	-	558,449
Asset backed securities	84,335	-	84,335
Mortgage backed securities	112	-	112
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
<b>Total investments</b>	<b>2,020,071</b>	<b>-</b>	<b>2,020,071</b>
Less endowment investments (enter as negative number)	-	-	-
<b>Total investments, net of endowments</b>	<b>\$ 2,020,071</b>	<b>\$ -</b>	<b>\$ 2,020,071</b>

See Independent Auditor's Report.

**Associated Students, California State University, Northridge, Inc.  
Other Information  
Year Ended June 30, 2019  
(for Inclusion in the California State University)**

**2.2 Fair value hierarchy in investments:**

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 14,266	\$ -	\$ -	\$ -	\$ 14,266
Repurchase agreements	5,730	5,730	-	-	-
Certificates of deposit	83,667	83,667	-	-	-
U.S. agency securities	582,876	582,876	-	-	-
U.S. treasury securities	663,011	663,011	-	-	-
Municipal bonds	27,625	27,625	-	-	-
Corporate bonds	558,449	558,449	-	-	-
Asset backed securities	84,335	84,335	-	-	-
Mortgage backed securities	112	112	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
<b>Total investments</b>	<b>\$ 2,020,071</b>	<b>\$ 2,005,805</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,266</b>

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

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	2,020,071	-	\$ 2,020,071

**Associated Students, California State University, Northridge, Inc.**  
**Other Information**  
**Year Ended June 30, 2019**  
**(for Inclusion in the California State University)**

**3.1 Composition of capital assets:**

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	39,593	-	-	39,593
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,593</b>	<b>-</b>	<b>-</b>	<b>39,593</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	8,396,354	-	-	-	8,396,354	-	-	-	8,396,354
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	477,228	-	-	-	477,228	14,646	(16,776)	-	475,098
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<b>8,873,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,873,582</b>	<b>14,646</b>	<b>(16,776)</b>	<b>-</b>	<b>8,871,452</b>
<b>Total capital assets</b>	<b>8,873,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,873,582</b>	<b>54,239</b>	<b>(16,776)</b>	<b>-</b>	<b>8,911,045</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	(1,226,694)	-	-	-	(1,226,694)	(209,910)	-	-	(1,436,604)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(357,474)	-	-	-	(357,474)	(39,782)	16,776	-	(380,480)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(1,584,168)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,584,168)</b>	<b>(249,692)</b>	<b>16,776</b>	<b>-</b>	<b>(1,817,084)</b>
<b>Total capital assets, net</b>	<b>\$ 7,289,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,289,414</b>	<b>\$ (195,453)</b>	<b>\$ 16,776</b>	<b>\$ -</b>	<b>\$ 7,093,961</b>



**Associated Students, California State University, Northridge, Inc.**  
**Other Information**  
**Year Ended June 30, 2019**  
**(for Inclusion in the California State University)**

**3.2 Detail of depreciation and amortization expense:**

Depreciation and amortization expense related to capital assets	\$ 249,691
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 249,691</b>

**4 Long-term liabilities:**

	Balance June 30, 2018	Prior Period Adjustments/ Reclassifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	\$ 195,988	\$ -	\$ 195,988	\$ 142,027	\$ (111,047)	\$ 226,968	\$ 149,562	\$ 77,406
<b>2. Claims liability for losses and loss adjustment expenses</b>	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations:</b>								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	-	-	-	-	-	-	-	-
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>\$ 195,988</b>	<b>\$ -</b>	<b>\$ 195,988</b>	<b>\$ 142,027</b>	<b>\$ (111,047)</b>	<b>\$ 226,968</b>	<b>\$ 149,562</b>	<b>\$ 77,406</b>

**5 Capital lease obligations schedule:**

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	-	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
Unamortized net premium/(discount)									-
<b>Total capital lease obligations</b>									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									<b>\$ -</b>

**Associated Students, California State University, Northridge, Inc.  
Other Information  
Year Ended June 30, 2019  
(for Inclusion in the California State University)**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	-	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	299,958
Payments to University for other than salaries of University personnel	237,150
Payments received from University for services, space, and programs	6,940,362
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(78,404)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	54,789
Other amounts receivable from University (enter as positive number)	50,803

8 Restatements/Prior period adjustments:

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

Transaction #1	Enter transaction description	Debit/(Credit)
Transaction #2	Enter transaction description	

**Associated Students, California State University, Northridge, Inc.**  
**Other Information**  
**Year Ended June 30, 2019**  
**(for Inclusion in the California State University)**

**9 Natural classifications of operating expenses:**

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	3,974,520	942,348	263,581	20,879	-	4,632,340	-	9,833,668
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	170,800	-	-	170,800
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	249,692	249,692
<b>Total operating expenses</b>	<b>\$ 3,974,520</b>	<b>\$ 942,348</b>	<b>\$ 263,581</b>	<b>\$ 20,879</b>	<b>\$ 170,800</b>	<b>\$ 4,632,340</b>	<b>\$ 249,692</b>	<b>\$ 10,254,160</b>

**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

**2. Deferred Inflows of Resources**

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

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