

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

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

Financial Statements and  
Supplementary Information

June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

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

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## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of Associated Students, Inc. of California State University, East Bay (Associated Students), a component unit of the California State University, East Bay, as of and for the years ended June 30, 2014 and 2013, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Associated Students, Inc. of California State University, East Bay as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages three to seven and the schedule of funding progress on page twenty-four be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Associated Students financial statements. The supplementary information on pages twenty-three to thirty-two is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, which is presented in accordance with California State University reporting requirements, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014, on our consideration of Associated Students internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students internal control over financial reporting and compliance.



Sacramento, California  
September 18, 2014

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

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

June 30, 2014 and 2013

(Unaudited)

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

### **Financial Highlights**

#### **2014**

Operating revenues increased by 2% to \$3.9 million, primarily due to an increase in Associated Students fee revenue related to a 6% increase in student headcount.

Operating expenses increased by 39% to \$3.2 million because the prior year experienced a temporary decrease related to the establishment of a post-retirement asset.

#### **2013**

Total operating revenues decreased as the fee for service received in fiscal year 2013 decreased 15% to \$1.8 million. This decrease was partially offset by a 5% increase in student body fees collected.

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

A \$1.1 million investment was established by Associated Students related to future post-retirement medical obligations.

### **Overview of the Financial Statements**

The annual report consists of a series of financial statements, prepared in accordance with the Governmental

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

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

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

**Statement of cash flows** The statement of cash flows presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

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

A summary of key financial statement information is presented below:

**Condensed Statement of Net Position**

**2014**

**2013**

**2012**

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

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

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

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

**2013**

Current assets increased \$1.1 million, or 44%, primarily as the result of the establishment of an investment related to post-retirement healthcare obligations. The investment was funde

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

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

**Condensed Statement of Changes in Net Position**

|                    |    | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--------------------|----|-------------|-------------|-------------|
| Revenues:          |    |             |             |             |
| Operating revenues | \$ | 3,907,153   |             |             |



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

Management's Discussion and Analysis

June 30, 2014 and 2013

(Unaudited)

**Capital Assets**

Capital Assets, net of accumulated depreciation, to

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

## Notes to Financial Statements

June 30, 2014 and 2013

### (1) Organization and Summary of Significant Accounting Policies

#### (a) Nature of Activities

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

##### 1) Associated Students operations

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

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

##### 2) Maintenance of buildings

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

##### 3) Recreation and Wellness Center

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

(Continued)



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

## Notes to Financial Statements

June 30, 2014 and 2013

### (h) Net Position

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

Net investment in capital assets Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Unrestricted All other categories of net position, including those amounts designated by the Board or management.

### (i) Classification of Revenues and Expenses

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

### (j) Student Fees

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

### (k) Income Taxes

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

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

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

(Continued)

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

## Notes to Financial Statements

June 30, 2014 and 2013

### **(l) Deferred Revenue**

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

### **(m) Functional Allocation of Expenses**

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

### **(n) Reclassifications**

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

## **(2) Cash and Cash Equivalents**

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

## **(3) Investments**

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

Associated Students participates in an internal investment pool (the Pool) managed in a 50/50 split by U.S. Bank Corp and Wells Capital Management, asset management and investment advisory firms that serve the

(Continued)



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

Notes to Financial Statements

June 30, 2014 and 2013

Investments consist of the following at June 30:

|                            | <b>2014</b> | <b>2013</b> |
|----------------------------|-------------|-------------|
| Money market               | \$ 30,588   | 761,016     |
| Equity securities          | 872,816     | 242,342     |
| U.S. government securities | 1,836,708   | 1,464,561   |
| Mutual funds               | 101,595     | 98,043      |
| Corporate bonds            | 1,232,230   | 955,872     |
| Mortgage securities        | 2,565       | 39,611      |
| Municipal securities       | 24,423      | 3,554       |
| Commercial paper           | 4,074       | 25,008      |
| Repurchase agreements      | 2,541       | 22,508      |

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

Notes to Financial Statements

June 30, 2014 and 2013

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

|                        | Moody's<br>Credit Rating | Less than 3<br>months<br>(90 days) | 3 to 12<br>months<br>(90-360 days) | Over 1 year<br>(360+ days) | Total        |
|------------------------|--------------------------|------------------------------------|------------------------------------|----------------------------|--------------|
| Corporate bonds        | Baa2-AAA                 | \$ 1,130,146                       | \$ 14,202                          | \$ 87,882                  | \$ 1,232,230 |
| U.S. Agency securities | Aaa-AAA                  | 830,133                            |                                    |                            |              |

(Continued)

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

## Notes to Financial Statements

June 30, 2014 and 2013

### (c) Interest Rate Risk

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

### (d) Concentration of Credit Risk

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

## (4) Accounts Receivable

Accounts receivable consist of the following at June 30:

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

(Continued)

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

Notes to Financial Statements

June 30, 2014 and 2013

**(5) Capital Assets**

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

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

(Continued)

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

Notes to Financial Statements

June 30, 2014 and 2013

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

**Funding policy**

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

Notes to Financial Statements

June 30, 2014 and 2013

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

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

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

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

**Funded Status and Funding Progress**

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

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

(Continued)

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

## Notes to Financial Statements

June 30, 2014 and 2013

### Methods and Assumptions

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

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

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

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

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

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

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

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

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

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

### Plan for Funding

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

Required Supplementary Information

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2014

|              |              |    |   |              |    |         |
|--------------|--------------|----|---|--------------|----|---------|
| July 1, 2012 | \$ 1,267,535 | \$ | - | \$ 1,267,535 | 0% | 991,961 |
|--------------|--------------|----|---|--------------|----|---------|

**SUPPLEMENTARY INFORMATION**





ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY  
Other Information  
June 30, 2014  
(for inclusion in the California State University)

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

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

2 Composition of investments at June 30, 2014:

|                                                                | Current<br>Unrestricted | Current Restricted | Total Current | Noncurrent<br>Unrestricted | Noncurrent<br>Restricted | Total Noncurrent | Total     |
|----------------------------------------------------------------|-------------------------|--------------------|---------------|----------------------------|--------------------------|------------------|-----------|
| State of California Surplus Money Investment Fund (SMIF)       | \$ -                    | -                  | -             | -                          | -                        | -                | -         |
| State of California Local Agency Investment Fund (LA)          | -                       | -                  | -             | -                          | -                        | -                | -         |
| Wachovia Short Term Fun                                        | -                       | -                  | -             | -                          | -                        | -                | -         |
| Wachovia Medium Term Fun                                       | -                       | -                  | -             | -                          | -                        | -                | -         |
| Wachovia Equity Fun                                            | -                       | -                  | -             | -                          | -                        | -                | -         |
| CSU Consolidated Investment Pool (includes SWIFT and 0948 SMI) | 3,069,373               | -                  | 3,069,373     | -                          | -                        | -                | 3,069,373 |
| Common Fund - Short Term Fun                                   | -                       | -                  | -             | -                          | -                        | -                | -         |
| Common Fund - Other                                            | -                       | -                  | -             | -                          | -                        | -                | -         |
| Debt securitie                                                 | -                       | -                  | -             | -                          | -                        | -                | -         |
| Equity securitie                                               | 872,816                 | -                  | 872,816       | -                          | -                        | -                | -         |



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

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

4 Long-term liabilities activity schedule:

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

5 Future minimum lease payments - capital lease obligations:

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

See accompanying independent auditor's report.



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|             | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest |
|-------------|-----------|----------|------------------------|-----------|----------|------------------------|-----------|----------|------------------------|
| 2015        | \$ -      | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2016        | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2017        | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2018        | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2019        | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2020 - 2024 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2025 - 2029 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2030 - 2034 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2035 - 2039 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2040 - 2044 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2045 - 2049 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2050 - 2054 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2055 - 2059 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| 2060 - 2064 | -         | -        | -                      | -         | -        | -                      | -         | -        | -                      |
| Total       | \$ -      | -        | -                      | -         | -        | -                      | -         | -        | -                      |

7 Calculation of net position

Total

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| 8 Transactions with Related Entities                                                                       | Amount    |
|------------------------------------------------------------------------------------------------------------|-----------|
| Payments to University for salaries of University personnel working on contracts, grants, and other progra | \$ -      |
| Payments to University for other than salaries of University personn                                       | 237,790   |
| Payments received from University for services, space, and progra                                          | 1,835,368 |
| Gifts-in-kind to the University from Auxiliary Organizatio                                                 | -         |
| Gifts (cash or assets) to the University from recognized Auxiliary Organizatio                             | 77,361    |
| Accounts (payable to) University (enter as negative numbe                                                  | (8,819)   |
| Other amounts (payable to) University (enter as negative numbe                                             | -         |
| Accounts receivable from Universit                                                                         | -         |
| Other amounts receivable from Universit                                                                    | -         |
| <br>9 Other Postemployment Benefits Obligation (OPEB                                                       |           |
| Annual required contribution (ARC                                                                          |           |

