



Financial Statements and Report of Independent  
Certified Public Accountants

**Associated Students of San Diego State University**  
(a Component Unit of San Diego State University)

June 30, 2017 and 2016

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Associated Students of San Diego State University

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### Report on the financial statements

We have audited the accompanying financial statements of Associated Students of San Diego State University, (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the “Organization”), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 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 Organization’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 Organization’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 of San Diego State University as of June 30, 2017 and 2016, 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.

#### Other matters

##### *Supplementary information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as required by the California State University on pages 27-42, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary 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, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the Organization's internal control over financial reporting and compliance.

*Grant Thornton LLP*

San Diego, California

September 18, 2017



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

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We have audited, 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, the financial statements of Associated Students of San Diego State University (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the “Organization”), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2017.

**Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Organization’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

San Diego, California

September 18, 2017

Associated Students of San Diego State University

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2017 and 2016

|   | 2017          | 2016          |
|---|---------------|---------------|
|   |               |               |
| ASSETS  |               |               |
| Current assets  |               |               |
| Cash and cash equivalents                             | \$ 1,502,366  | \$ 2,335,947  |
| Cash held for others, student organizations (Note 3)  | 500,786       | 320,738       |
| Certificates of deposit (Note 2)                      | 2,731,000     | 2,190,000     |
| Short-term investments (Note 2)                       | 16,016,526    | 14,853,518    |
| Receivables, net (Note 3)                             | 787,288       | 774,127       |
| Prepaid expenses and other                            | 291,281       | 281,577       |
| Deposits  | 274,593       | 259,593       |
| Notes receivable                                      | -             | 6,675         |
|   |               |               |
| Total current assets                                  | 22,103,840    | 21,022,175    |
| Certificates of deposit (Note 2)                      | 249,000       | 498,000       |
| Building improvements and equipment, net (Note 4)     | 4,653,614     | 4,582,859     |
|   |               |               |
|   | 4,902,614     | 5,080,859     |
|   |               |               |
|   | \$ 27,006,454 | \$ 26,103,034 |
|   |               |               |
| LIABILITIES AND NET ASSETS                            |               |               |
| Current liabilities                                   |               |               |
| Funds held for others, student organizations (Note 3) | \$ -          | \$ 320,738    |
| Accounts payable (Note 3)                             | 627,977       | 560,504       |
| Accrued liabilities (Note 3)                          | 1,626,864     | 1,997,854     |
| Deferred revenue                                      | 377,335       | 481,356       |
|   |               |               |
| Total current liabilities                             | 2,632,176     | 3,360,452     |
| Accrued employee benefit costs (Note 5)               | 3,007,842     | 2,710,251     |
| Accrued pension costs (Note 5)                        | 108,046       | 154,078       |
|   |               |               |
| Total liabilities                                     | 5,748,064     | 6,224,781     |
| Commitments and contingencies (Notes 5 and 6)         |               |               |
| Net assets, unrestricted (Note 7)                     | 20,757,604    | 19,878,253    |
| Net assets, temporarily restricted (Note 1)           | 500,786       | -             |
|   |               |               |
| Total net assets                                      | 21,258,390    | 19,878,253    |
|   |               |               |
|   | \$ 27,006,454 | \$ 26,103,034 |
|   |               |               |

The accompanying notes are an integral part of these financial statements.

Associated Students of San Diego State University

STATEMENTS OF ACTIVITIES

Years ended June 30, 2017 and 2016

|   | Unrestricted  | Temporarily<br>Restricted | Total 2017    | Total 2016    |
|---|---------------|---------------------------|---------------|---------------|
| Changes in unrestricted net assets:               |               |                           |               |               |
| Revenue and other support (Note 3):               |               |                           |               |               |
| Activity fees                                     | \$ 2,538,976  | \$ -                      | \$ 2,538,976  | \$ 2,511,593  |
| Student Union fees                                | 6,392,713     | -                         | 6,392,713     | 6,077,933     |
| Investment income (Note 2)                        | 144,665       | -                         | 144,665       | 79,507        |
| Administrative                                    | 67,175        | -                         | 67,175        | 63,019        |
| Program revenue and user fees:                    |               |                           |               |               |
| Aztec Recreation                                  | 6,024,896     | -                         | 6,024,896     | 5,920,149     |
| Children's Center                                 | 2,168,927     | -                         | 2,168,927     | 2,093,947     |
| College Councils                                  | -             | -                         | -             | 977           |
| Cultural Arts                                     | 334,701       | -                         | 334,701       | 301,927       |
| Daily Aztec                                       | 123,623       | -                         | 123,623       | 170,938       |
| Imperial Valley Campus                            | -             | -                         | -             | -             |
| Mission Bay Aquatic Center                        | 2,529,340     | -                         | 2,529,340     | 2,483,035     |
| Student government                                | 67,650        | -                         | 67,650        | 65,950        |
| Student organization                              | -             | -                         | -             | 211           |
| KCR Radio   | 11,566        | -                         | 11,566        | 6,531         |
| Facility revenue and user fees (Note 6):          |               |                           |               |               |
| Aztec Center/Scripps Cottage                      | 1,662,002     | -                         | 1,662,002     | 1,405,578     |
| Viejas Arena                                      | 5,414,390     | -                         | 5,414,390     | 5,302,887     |
| Temporarily restricted revenue collected (Note 1) | -             | 1,804,883                 | 1,804,883     | -             |
| Release of restrictions (Note 1)                  | -             | (1,304,097)               | (1,304,097)   | -             |
| Total revenue and other support                   | 27,480,624    | 500,786                   | 27,981,410    | 26,484,182    |
| Expenses and deductions (Note 1, 3, 5, and 6):    |               |                           |               |               |
| General and administrative                        | 2,433,323     | -                         | 2,433,323     | 2,180,568     |
| Program expenses:                                 |               |                           |               |               |
| Aztec Recreation                                  | 5,902,925     | -                         | 5,902,925     | 5,690,945     |
| Children's Center                                 | 2,486,195     | -                         | 2,486,195     | 2,458,307     |
| College Councils                                  | 42,839        | -                         | 42,839        | 44,499        |
| Cultural Arts                                     | 789,460       | -                         | 789,460       | 826,067       |
| Daily Aztec                                       | 246,252       | -                         | 246,252       | 246,420       |
| Imperial Valley Campus                            | 112,937       | -                         | 112,937       | 109,250       |
| Mission Bay Aquatic Center                        | 2,649,450     | -                         | 2,649,450     | 2,371,627     |
| Student Government                                | 1,120,222     | -                         | 1,120,222     | 1,087,173     |
| Student Organizations                             | 57,660        | -                         | 57,660        | 43,933        |
| KCR Radio   | 9,671         | -                         | 9,671         | 8,193         |
| Facility expenses:                                |               |                           |               |               |
| Aztec Center/Scripps Cottage                      | 5,388,751     | -                         | 5,388,751     | 5,328,656     |
| Viejas Arena                                      | 5,328,664     | -                         | 5,328,664     | 5,125,203     |
| Imperial Valley Campus facilities                 | 32,924        | -                         | 32,924        | 45,837        |
| Total expenses and deductions                     | 26,601,273    | -                         | 26,601,273    | 25,566,678    |
| Net increase in net assets                        | 879,351       | 500,786                   | 1,380,137     | 917,504       |
| Net assets, beginning of year                     | 19,878,253    | -                         | 19,878,253    | 18,960,749    |
| Net assets, end of year                           | \$ 20,757,604 | \$ 500,786                | \$ 21,258,390 | \$ 19,878,253 |

The accompanying notes are an integral part of these financial statements.



Associated Students of San Diego State University

STATEMENTS OF CASH FLOWS

Years ended June 30, 2017 and 2016

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Increase in net assets  | \$ 1,380,137        | \$ 917,504          |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |                     |                     |
| Net periodic postretirement benefit (income) costs  | 251,559             | 425,313             |
| Depreciation and amortization   | 1,347,214           | 1,308,242           |
| Net realized/unrealized gain on investments   | (113,050)           |                     |
| Net loss on disposal of equipment   | 8,491               | 13,096              |
| Bad debt expense  | 20,962              | 49,302              |
| Changes in operating assets and liabilities:  |                     |                     |
| Receivables   | (34,123)            | 420,297             |
| Prepaid expenses and other  | (24,704)            | 4,890               |
| Accounts payable  | 66,252              | 117,480             |
| Funds held for others, student organizations  | (320,738)           | 108,959             |
| Accrued liabilities   | (344,958)           | 398,221             |
| Deferred revenue  | (104,021)           | 37,983              |
| Net cash provided by operating activities   | <u>2,133,021</u>    | <u>3,801,287</u>    |
| Cash flows from investing activities:   |                     |                     |
| Proceeds from matured certificates of deposit   | 2,688,000           | 597,000             |
| Purchases of certificates of deposit  | (2,980,000)         | (2,241,000)         |
| Purchase of investments   | (3,750,000)         | (1,063,785)         |
| Redemption of investments   | 2,700,042           | 2,000,000           |
| Purchases of equipment  | (1,461,201)         | (1,033,933)         |
| Proceeds from sale of equipment   | 9,930               | 9,814               |
| Collections of long-term notes receivable   | 6,675               | 2,000               |
| Net cash used in investing activities   | <u>(2,786,554)</u>  | <u>(1,729,904)</u>  |
| Net (decrease) increase in cash   | (653,533)           | 2,071,383           |
| Cash  |                     |                     |
| Beginning of year   | 2,656,685           | 585,302             |
| End of year   | <u>\$ 2,003,152</u> | <u>\$ 2,656,685</u> |
| Cash and cash equivalents and cash held for others, student organizations, beginning          | \$ 2,656,685        | \$ 585,302          |
| Net increase (decrease) in operating cash   | <u>(653,533)</u>    | <u>2,071,383</u>    |
| Cash and cash equivalents and cash held for others, student organizations, ending             | <u>\$ 2,003,152</u> | <u>\$ 2,656,685</u> |
| Cash and cash equivalents   | \$ 1,502,366        | \$ 2,335,947        |
| Cash held for others, student organizations   | <u>500,786</u>      | <u>320,738</u>      |
| Cash and cash held for others, student organizations  | <u>\$ 2,003,152</u> | <u>\$ 2,656,685</u> |
| Supplemental disclosures of cash flow information   |                     |                     |
| Cash payment for interest   | <u>\$ -</u>         | <u>\$ -</u>         |
| Supplemental disclosures of non-cash information  |                     |                     |
| Building improvements and equipment purchased on accounts payable                             | <u>\$ 27,319</u>    | <u>\$ 52,130</u>    |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

Nature of Operations

Associated Students of San Diego State University (the Organization or Associated Students) is a California not-for-profit auxiliary organization of The California State University (CSU), organized and operated in accordance with the Education code of the State of California and the California Code of Regulations, and is a component unit of San Diego State University (the University). The function of the Organization is to provide essential activities that are an integral part of the University's campus programs. Such activities include student government, cultural programs and various other services.

The operations of the Organization combine the activities of two unrestricted funds: General Activities and Student Union. The General Activities fund accounts for activities provided by the student government and its boards and committees, and student organizations. The Student Union fund accounts for the facilities, programs and services provided by the Associated Students, which include Cultural Arts, Aztec Center, Viejas Arena, Aztec Recreation, Mission Bay Aquatic Center, Children's Center, KCR Radio, etc. The Organization extends credit to the University and its auxiliary organizations in the form of unsecured receivables. The Organization also receives contributions from the University and its auxiliary organizations to support the Organization's operations.

Affiliated Organizations

The Organization is related to other auxiliaries of the University, including Aztec Shops, Ltd. (Shops), The Campanile Foundation and San Diego State University Research Foundation. These auxiliaries and the University periodically provide various services for one another and collaborate on projects.

Reclassification of Net Assets

During the current fiscal year, in accordance with CSU directives, the Organization has assumed additional responsibilities with regard to overseeing and reporting the financial activities of the campus registered student organizations (RSO's). As such, the activity of the RSO's is now reported within the temporarily restricted net asset category, with temporarily restricted net assets representing the amount of cash held by the Organization on behalf of the RSO's. Previously, any RSO financial activity was reported on a net basis within unrestricted net assets. Opening temporarily restricted net assets have been reclassified so that funds held for RSO's as of June 30, 2016 are now reflected as temporarily restricted net assets.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Basis of Accounting and Reporting

The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, and are recorded on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Unrestricted net assets represent funds that are fully available, at the discretion of management and the Associated Students Council, for the Organization to utilize in any of its programs or services. In order to ensure observance of limitations and possible restrictions placed on the use of available resources, for internal purposes the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar objectives and characteristics have been combined into fund groups. Amounts due to or from other funds are eliminated in total in the financial statements.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made, as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted contributions. Temporarily restricted net assets are reclassified as unrestricted net assets at such time as the Organization has fulfilled the donor-imposed restriction. Contributions where donor-imposed restrictions both arose and expired in the same fiscal year are reported as unrestricted contributions.

Permanently restricted net assets are those net assets which include gifts in which donors have stipulated that the principle be invested in perpetuity. At June 30, 2017 and 2016, the Organization had no such net assets.

Noncash contributions are recorded at their fair value at the date of donation as established by either appraisal or the value anticipated in the subsequent resale of an item. There were no noncash contributions for the years ended June 30, 2017 and 2016.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

## NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allocation of Expenses

The statements of activities summarize expenses according to program costs and other activities. Included in the program costs and other activities are the allocable depreciation, amortization and gains or losses from the disposal of equipment. All other expenses are allocated based upon direct costs related to each program. Indirect costs are included in general and administrative expense. In the statements of activities, the expenses related to depreciation, amortization and gain or loss from the disposal of equipment have been allocated among the programs and activities presented for the years ended June 30, as follows:

|                              | 2017                             |  | 2016                             |  |
|------------------------------|----------------------------------|--|----------------------------------|--|
|                              | Depreciation and<br>Amortization | Loss (Gain) from<br>Disposal of<br>Equipment | Depreciation and<br>Amortization | Loss (Gain) from<br>Disposal of<br>Equipment |
| General and administrative   | \$ 265,414                       | \$ 8,609                                     | \$ 259,618                       | \$ -   |
| Program expenses:            |                                  |  |                                  |  |
| Aztec Recreation             | 228,510                          | 857  | 229,670                          | 11,392                                       |
| Children's Center            | 31,627                           | 104  | 31,890                           | 121  |
| Cultural Arts                | 1,342                            | -  | 281                              | -  |
| Daily Aztec                  | 4,647                            | -  | 6,816                            | 202  |
| Imperial Valley Campus       | 16,820                           | -  | 14,360                           | 80   |
| Mission Bay Aquatic Center   | 108,865                          | (3,800)                                      | 84,537                           | 718  |
| Student Government           | 3,221                            | -  | 3,221                            | -  |
| KCR Radio                    | 1,052                            | -  | 1,025                            | -  |
| Facility expenses:           |                                  |  |                                  |  |
| Aztec Center/Scripps Cottage | 573,262                          | 1,327  | 539,558                          | 292  |
| Viejas Arena                 | 112,454                          | 1,394  | 106,291                          | 291  |
|                              | <u>\$ 1,347,214</u>              | <u>\$ 8,491</u>                              | <u>\$ 1,277,267</u>              | <u>\$ 13,096</u>                             |

Cash, Certificates of Deposit, and Cash Held for Others, Student Organizations

The Organization maintains accounts with a financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Organization had a cash balance at June 30, 2017 and 2016 that exceeded the balance insured by the FDIC by \$2,260,000 and \$3,200,000, respectively. The Organization has not experienced any losses in such accounts.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Trade Accounts Receivable

Trade and other accounts receivable primarily consist of amounts due from customers in the normal course of the Organization's operations. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Total bad debt expense for the years ended June 30, 2017 and 2016 amounted to approximately \$21,000 and \$49,000, respectively. Recoveries of trade receivables previously written off are recorded when received. The Organization does not charge interest on past due accounts.

Short-term Investments and Certificates of Deposit

Investments, including the Local Agency Investment Fund (LAIF), are recorded at their fair value in the statements of financial position, with the exception of certificates of deposit (CD), which are recorded at cost plus accrued interest. Investment income or losses (including realized gains and losses on investments, interest and dividends) are included in the statements of activities as increases or decreases in investment income, net.

Building Improvements and Equipment

Building improvements and equipment are recorded at cost, if purchased, or at the fair value of the contribution, if donated. Building improvements and equipment are depreciated using the straight-line method over the estimated useful lives of the underlying assets, generally three to 20 years. Improvements on leased facilities and facilities under operating agreements are amortized over the lesser of the related lease or operating agreement, or the estimated assets' lives.

Repairs and maintenance to buildings leased from the trustees of CSU are considered expenditures on behalf of the University and, accordingly, are expensed in the year incurred.

Long-lived Assets

The Organization evaluates the carrying value of the long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected future undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. Management has determined that no impairment of long-lived assets currently exists.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Vacation Policy

The Organization accrues earned vacation based on whether the employee is salaried or hourly and the employee's length of service. Salaried and hourly employees can accrue a maximum of between 272 and 385 hours based on the length of service. Accrued vacation is calculated at the employee's current wage rate. Vacation liabilities of approximately \$451,000 and \$390,000 are included in accrued liabilities at June 30, 2017 and 2016, respectively.

Retirement and Postretirement Healthcare Benefits

The Organization is a member of the California Public Employees' Retirement System (PERS), a multiemployer pension system that provides a contributory defined benefit pension and postretirement benefit program for its salaried employees. PERS functions as an investment and administrative agent for participating entities within California.

The PERS plan provides retirement, survivor, and death and disability benefits based upon employees' years of service, age and final compensation, and also provides contributions toward medical insurance. Vesting occurs after five years of credited service. Employees who retire at or after age 50 with five or more years of service are entitled to a retirement benefit, payable monthly for the remainder of their lives, and may elect to continue payment of participants premiums for medical benefit coverage. Several survivor benefit options are available that reduce a retiree's unmodified benefit.

PERS issued a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the California Public Employee's Retirement System website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

While actuarial information is not available for the Organization on a standalone basis, the Organization's pension plan information is included in the University's financial statements on an aggregate basis. The University's financial statements can be obtained from CSU.

The Organization also provides certain postretirement healthcare benefits for all retired employees that meet eligibility requirements through contracts with PERS. The Organization's share of the estimated healthcare costs that will be paid after retirement is generally being accrued by charges to expense over the employees' active service periods to the dates they are fully eligible for benefits.

The Organization obtains an actuarial valuation of the accumulated postretirement health care obligations on a periodic basis (see Note 5).

Tax Deferred Annuity Plan

The Organization sponsors a defined contribution retirement plan for eligible hourly employees. For the years ended June 30, 2017 and 2016, the Organization contributed 7 percent of the eligible compensation of the qualified employees, amounting to approximately \$194,000 and \$192,000, respectively.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Revenue Recognition

Activity fees and student union fees are assessed upon student registration. Aztec Recreation fees are primarily assessed as monthly membership fees, which provide students access to recreational facilities operated by the Organization. Aztec Recreation members who choose the option to pay monthly by electronic funds transfer must make a four-month membership commitment. Revenue from the Children's Center is assessed monthly and recognized as services are provided. Daily Aztec revenues are generated from advertising and are recognized as the advertisements are published. Mission Bay Aquatic Center revenues are generated from program participants' fees and recognized in the period that the services are provided. Aztec Center/Scripps Cottage fees are earned from subleased space and on a per-event basis. Viejas Arena revenues are earned at the time events are held.

Included in facility revenues and user fees, the Organization has an exclusive license agreement with Shops that expired on June 30, 2016. The agreement was subsequently amended and extended through June 30, 2021. The agreement grants Shops an exclusive license to conduct concessions for food, beverages and novelty items bearing the imprint or emblem of the University in the Organization's venues on the campus. The license requires monthly license fees based on various percentages of adjusted gross receipts, as defined, and amounted to approximately \$621,000 and \$588,000 during the years ended June 30, 2017 and 2016, respectively.

Deferred Revenue

The Organization recognizes revenue related to student activity fees, student program fees and sponsorships during the semester or as the programs and sponsorships are provided. Accordingly, certain student activity fees, student program fees and sponsorship received in advance of the semester or prior to the program are included in deferred revenue.

Use of Estimates

The preparation of the 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. These estimates include assessing the collectability of accounts receivable, the lives and methods for recording depreciation and amortization on property, improvements and equipment, and assumptions used to calculate accrued employee benefits and accrued pension costs. Actual results could differ from the estimates used by management.

Subsequent Events

The Organization has evaluated subsequent events through September 18, 2017, the date the financial statements were available to be issued, and has determined that there were no subsequent events to recognize or disclose in these financials statements.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Income Taxes

The Organization applied the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to the Organization include such matters at the tax-exempt status of each entity and various positions relative to potential sources of unrelated business taxable income and the associated Unrelated Business Income Tax (UBIT). UBIT is reported on Form 990-T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation process, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the application taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2017, the Organization has addressed uncertainty in its income tax position and has determined there are no unrecognized/derecognized tax benefits requiring an accrual.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the organization as a tax-exempt entity under Internal Revenue Code Section 501(c)(3) and applicable state statutes.

As of June 30, 2017, the federal statute of limitations remains open for the 2013 through 2016 tax years. The statute of limitations for the California state income tax remains open for 2012 through 2016 tax years. The 2016 filings will be completed on or before the statutory due dates including any applicable extensions.

Tax-Exempt Status

The Organization is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. In order to maintain that status, the Organization is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made.

Unrelated Business Income Tax

The Tax Reform Act of 1969 imposes a corporation income tax on the UBIT of an otherwise tax-exempt organization. A provision, if necessary, for applicable federal and state income taxes is made in accordance with these statutes. There was no income tax expense related to UBIT for the years ended June 30, 2017 and 2016.



NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, which impacts the way in which some entities recognized revenue for certain types of transactions. The new standards will become effective for annual reporting periods beginning after December 15, 2018 for private companies. The Organization is currently assessing the potential impact of this accounting standard and the effect the standard might have on its revenue recognition policy upon adoption.

In February 2016, the FASB issued Accounting Standard Update 2016-02, *Leases* (“ASU 2016-02”), which amends the guidance for the accounting and disclosure of leases. This new standard requires that lessees recognize the assets and liabilities that arise from leases on the balance sheet and disclose qualitative and quantitative information about their leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact that this new standard will have on our financial statements.

In August 2016, the FASB issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The guidance is intended to simplify and improve how a not-for-profit organization (NFP) classifies its net assets, as well as the information it presents in the financial statements about its liquidity, financial performance and cash flows. The main provisions of this update require an NFP to do the following:

- Present net assets in two classes instead of three – net assets with donor restrictions and net assets without donor restrictions.
- Continue to present the statement of cash flows using either direct or indirect methods but no longer require the presentation of the indirect method (reconciliation) if using the direct method.
- Provide enhanced disclosure about:
  - Amounts and purposes of governing board designations;
  - Composition of net assets with donor restrictions and how the restrictions affect the use of resources;
  - Qualitative information about how NFP manages its liquid resources;
  - Qualitative information about the availability of financial assets;
  - Expenses in both their natural and functional classes;
  - Description of cost allocation methods; and
  - Information about underwater endowments disclosing the NFP’s policy, aggressive fair value of the funds, aggregate value of the original gift amount and aggregate amount by which the funds are underwater
- Report investment return net of external and direct internal investment expenses without disclosure of the netted expenses.
- Use of the “placed-in-service” approach for reporting restriction releases for gifts used to acquire or construct long-lived assets.

The new guidance is effective for annual reporting periods beginning after December 15, 2017. The Organization is in the process of evaluating the impact of this standard on its operations.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

## NOTE 2 – SHORT-TERM INVESTMENTS, CDs AND FAIR VALUE MEASUREMENTS

Short-term investments and CDs consisted of the following at June 30:

|                       | 2017          | 2016          |
|-----------------------|---------------|---------------|
|                       | <hr/>         | <hr/>         |
| CDs:                  |               |               |
| Current               | \$ 2,731,000  | \$ 2,190,000  |
| Noncurrent            | 249,000       | 498,000       |
|                       | <hr/>         | <hr/>         |
|                       | 2,980,000     | 2,688,000     |
|                       | <hr/>         | <hr/>         |
| Investments, current: |               |               |
| LAIF                  | 16,016,526    | 14,853,476    |
| GNMA                  | -             | 42            |
|                       | <hr/>         | <hr/>         |
|                       | 16,016,526    | 14,853,518    |
|                       | <hr/>         | <hr/>         |
|                       | \$ 18,996,526 | \$ 17,541,518 |
|                       | <hr/>         | <hr/>         |

Investment income, including income from CDs, consisted of approximately \$145,000 and \$80,000 for the years ended June 30, 2017 and 2016, respectively.

Fair Value Measurements

LAIF is an investment pool managed by the California State Treasurer (the State). LAIF's investments are short term and follow the investment requirements of the State. LAIF is allowed by the state statutes, bond resolutions and investment policy resolutions to invest in United States government securities, federal agency securities, negotiable CDs, bankers' acceptances, commercial paper, corporate bonds, bank notes, other debt securities, repurchase agreements, reverse repurchase agreements and other investments.

Investments are presented in the financial statements at fair value in accordance with U.S. General Accepted Accounting Principles (GAAP). The fair value of securities in the State's pooled investment program generally is based on quoted market prices. The State's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State's office performs a monthly fair market valuation of all securities held against carrying cost. As of June 30, 2017 and 2016, the weighted-average maturity of the securities in the pooled investment program administered by the State's Office was approximately 194 days and 167 days, respectively. Weighted-average maturity is the average number of days, given a dollar-weighted value of individual investments, that the securities in the portfolio have remaining from evaluation date to stated maturity. The default credit risk of LAIF is considered minimal.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 2 – SHORT-TERM INVESTMENTS, CDs AND FAIR VALUE MEASUREMENTS – Continued

Fair Value Measurements (continued)

The Pooled Money Investment Board (the Board) provides oversight of the State's pooled investment program. The purpose of the Board is to design an effective cash management and investment program, using all monies flowing through the State's Office bank accounts and keeping all available funds invested in a manner consistent with the goals of safety, liquidity and yield. The Board comprises the State Treasurer as chair, the State Controller and Director of Finance. The Board designates the amounts of money available for investment. The State is charged with making the actual investment transactions for this program. This investment program is not registered with the Securities and Exchange Commission as an investment company.

FASB ASC 820 establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices in active markets.
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Level 3 classifications currently include pooled funds that include multiple investments in which the Organization does not have individual ownership of the specific assets and the Organization has an interest in the pooled investment. For these pooled investments, there is no daily pricing on an active exchange but where a substantial portion of a fund's fair value could be determined based on quoted market prices of underlying investments held by the fund and the estimated fair values of certain investments of the underlying investment pool, which may include private placements and other securities for which prices are not readily available, and are determined by the State or sponsor of the respective other investment pool and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

As of June 30, 2017 and 2016, the Organization's investments in LAIF of \$16,016,526 and \$14,853,476, respectively, are categorized as Level 3 investments whereas the Government National Mortgage Association (GNMA) investments of \$0 and \$42, respectively, and the CDs of \$2,980,000 and \$2,688,000, respectively, are categorized as Level 2. Our Level 2 CDs that are held to maturity and carried at cost, have their fair value determined each reporting period through quoted market prices of similar instruments in active markets. There were no transfers between the different levels for the years ended June 30, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 2 – SHORT-TERM INVESTMENTS, CDs AND FAIR VALUE MEASUREMENTS – Continued

Fair Value Measurements (continued)

The following table reflects a reconciliation of beginning and ending balances for the Organization's total investments in LAIF at June 30:

|   | <u>2017</u>                 | <u>2016</u>                 |
|---|-----------------------------|-----------------------------|
| Beginning balance   | \$ 14,853,476               | \$ 15,789,468               |
| Total realized and unrealized gains,<br>net, included in change in net assets | 113,050                     | 64,008                      |
| Net transfers   | <u>1,050,000</u>            | <u>(1,000,000)</u>          |
| Ending balance  | <u><u>\$ 16,016,526</u></u> | <u><u>\$ 14,853,476</u></u> |

NOTE 3 – RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, AND RELATED AFFILIATE BALANCES

The Organization provides services to and received reimbursements from other auxiliaries of the University, primarily for the rental of facilities in which the Organization operates. In addition, the Organization purchases goods and services from, and may make reimbursements to, other auxiliaries of the University.

The Organization recorded revenues for services rendered from auxiliaries during the years ended June 30 as follows:

|  | <u>2017</u>                | <u>2016</u>                |
|--|----------------------------|----------------------------|
| The Campanile Foundation                       | \$ 192,184                 | \$ 209,070                 |
| Aztec Shops, Ltd.                              | 1,654,184                  | 1,649,455                  |
| San Diego State University Research Foundation | 166,884                    | 198,169                    |
| San Diego State University                     | <u>3,046,302</u>           | <u>3,408,405</u>           |
|  | <u><u>\$ 5,059,553</u></u> | <u><u>\$ 5,465,099</u></u> |

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

## NOTE 3 – RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, AND RELATED AFFILIATE BALANCES - Continued

The Organization recorded expenses for services to auxiliaries during the years ended June 30 as follows:

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| The Campanile Foundation                       | \$ 417,279          | \$ 375,000          |
| Aztec Shops, Ltd.                              | 395,890             | 442,450             |
| San Diego State University Research Foundation | 29,618              | 28,940              |
| San Diego State University                     | 2,111,187           | 1,743,345           |
|  | <u>\$ 2,953,974</u> | <u>\$ 2,589,735</u> |

The components of the Organization's receivables and customer concentrations as of June 30 are as follows:

|                                      | 2017              | %   | 2016              | %   |
|--------------------------------------|-------------------|-----|-------------------|-----|
| Other advertising and services       | \$ 194,929        | 24% | \$ 267,496        | 33% |
| Customer A                           | 239,076           | 30% | 68,904            | 9%  |
| Related-party receivables:           |                   |     |                   |     |
| The Campanile Foundation             | 126,797           | 16% | 5,243             | 1%  |
| Aztec Shops, Ltd.                    | 80,048            | 10% | 49,189            | 6%  |
| San Diego State University           |                   |     |                   |     |
| Research Foundation                  | 8,985             | 1%  | 9,163             | 1%  |
| San Diego State University           | 155,960           | 19% | 403,626           | 50% |
|                                      | 805,795           |     | 803,621           |     |
| Less allowance for doubtful accounts | (18,507)          |     | (29,494)          |     |
|                                      | <u>\$ 787,288</u> |     | <u>\$ 774,127</u> |     |

As of June 30, 2017 and 2016, accounts payable and accrued liabilities include approximately \$7,000 owed to Shops and approximately \$458,000 and \$363,000 owed to the University, respectively.

At June 30, 2017 and 2016, the Organization was holding funds for various student organizations in the amount of \$0 and \$320,738, respectively. During the current fiscal year ended June 30, 2017, in accordance with CSU directives, the Organization has assumed additional responsibilities with regard to overseeing and reporting the financial activities of the campus registered student organizations (RSO's). As such, the life to-date activity of the RSO's is now reported within the temporarily restricted net asset category, with temporarily restricted net assets representing the amount of cash held by the Organization on behalf of the RSO's. For the year ended June 30, 2016, the Organization recorded a liability for these funds held for others and has classified the related cash as cash held for others, student organizations in the statements of financial position.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 4 – BUILDING IMPROVEMENTS AND EQUIPMENT

Building improvements in leased facilities and equipment consisted of the following at June 30:

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| Building improvements                          | \$ 576,648          | \$ 576,648          |
| Leasehold improvements                         | 4,659,223           | 3,544,616           |
| Equipment                                      | 7,665,392           | 7,907,629           |
| Construction in progress                       | 168,385             | 146,110             |
|  | 13,069,648          | 12,175,003          |
| Less accumulated depreciation and amortization | (8,416,034)         | (7,592,144)         |
|  | <u>\$ 4,653,614</u> | <u>\$ 4,582,859</u> |

NOTE 5 – PERS BENEFIT PLANS

Cost-sharing Multiemployer Pension Plan

The Organization contracts with PERS to provide its salaried employees retirement and disability benefits, which are paid by the State of California. In addition, employee group health insurance coverage (other) is obtained through PERS, and the contract requires the Organization to pay a minimum portion of the health insurance premiums of retirees after certain required periods of employment. Through June 30, 2003, the PERS retirement and disability plan was an agent multiemployer retirement plan; therefore, the provisions of ASC 715, *Employers' Accounting for Pensions*, were applicable.

Effective July 1, 2003, the Organization began participating in a PERS cost-sharing multiemployer pension plan, whereby other entities with benefits similar to the Organization participate in the same cost-sharing plan. At the date the Organization began participating in the cost-sharing plan, a liability was determined by PERS for each of the cost-sharing plan participants, called a "side-fund liability," which was established to account for each Organization's share of the pool's unfunded liability. The side-fund liability is calculated by PERS annually and includes liability calculations for the subsequent two years using estimated employer payroll and estimated return on plan assets in accordance with ASC 450, *Accounting for Contingencies*.

The following table sets forth the calculation of the Organization's side-fund liability as of June 30:

|   | 2017              | 2016              |
|---|-------------------|-------------------|
| Side-fund liability at beginning of year            | \$ 154,078        | \$ 195,338        |
| Service cost  | 186,547           | 193,116           |
| Actual contributions                                | (370,820)         | (348,430)         |
| Amount allocated to interest on side-fund liability | 138,241           | 114,054           |
| Side-fund liability at end of year                  | <u>\$ 108,046</u> | <u>\$ 154,078</u> |

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

## NOTE 5 – PERS BENEFIT PLANS - Continued

Service cost was calculated using 9.6 percent of actual payroll for the years ended June 30, 2017 and 2016. Contribution rates to PERS were 19.1 percent and 17.2 percent of actual payroll for the years ended June 30, 2017 and 2016, respectively. Interest on side-fund earnings was calculated using PERS actual investment return, net of fees of 7.5 percent for the years ended June 30, 2017 and 2016. Actual payroll was approximately \$3,112,000 and \$2,637,500 for the years ended June 30, 2017 and 2016, respectively.

Postretirement Healthcare Benefit Plan

In addition, the Organization contracts with PERS to provide its salaried employees group health insurance through PERS under a postretirement healthcare benefit plan. The contract requires the Organization to pay a minimum portion of the health insurance premiums of retirees after certain required periods of employment. The postretirement healthcare benefit plan requires retirees and active employees to pay a portion of the monthly health insurance premium costs. For the years ended June 30, 2017 and 2016, the Organization paid employees' health insurance premiums as they came due.

The following table set forth the funded status of the postretirement healthcare benefits and the amounts recognized in the accompanying statements of the financial position as of June 30:

|  | 2017           | 2016           |
|--|----------------|----------------|
| Projected benefit obligation                                   | \$ 3,914,535   | \$ 2,710,251   |
| Plan asset, at fair value                                      | -              | -              |
| Deficiency of plan assets (under) projected benefit obligation | (3,914,535)    | (2,710,251)    |
| Prior service cost (credit)                                    | 906,693        | -              |
| Accrued employee benefit cost                                  | \$ (3,007,842) | \$ (2,710,251) |
| Benefit cost   | \$ 222,644     | \$ 530,426     |
| Employer contribution  | \$ 425,716     | \$ 329,349     |
| Weighted-average discount rate                                 | 4.00%          | 3.75%          |

For measurement purposes on the postretirement healthcare benefit plan, a 4 percent health care cost trend rate for the years ended June 30, 2017 and 2016 was used to calculate the expected cost increases.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

## NOTE 5 – PERS BENEFIT PLANS – Continued

The Organization pays monthly premiums for the postretirement healthcare benefit plan. Approximate future premiums to be paid at June 30, 2017 are as follows:

| <u>Years Ending June 30,</u> |                     |
|------------------------------|---------------------|
| 2018                         | \$ 129,490          |
| 2019                         | 134,670             |
| 2020                         | 147,340             |
| 2021                         | 153,234             |
| 2022                         | 159,363             |
| Thereafter                   | 1,004,819           |
|                              | <u>\$ 1,728,916</u> |

## NOTE 6 – COMMITMENTS AND CONTINGENCIES

Operating Agreements and Leases**Operating expenses**

Under a master operating agreement, which was renewed indefinitely until either Party gives a 30-day written termination notice, the Organization operates the Aztec Center, Viejas Arena, Aztec Recreation Center, Children's Center, Open Air Theatre, Scripps and Cottage, Daily Aztec and a portion of the Peterson Gym for the benefit of the student body on behalf of the University. The use of the facilities are governed by the terms of the agreement, and the agreement requires the Organization to promote, staff, insure, repair, maintain and improve the facilities when needed, and cover the cost of utilities program expenses, including the costs to operate these facilities. For the years ended June 30, 2017 and 2016, the Organization incurred approximately \$2,843,000 and \$2,673,000, respectively, of employee-related costs, insurance, repair, maintenance, facility improvements and utilities costs, which are included in the programs' expenses and deductions and facility expenses.

**Commitments and Contingencies**

The Organization operates the Mission Bay Aquatic Center for the benefit of the student body on behalf of the University and the community of the City of San Diego. During 2009 the Organization amended its contract and entered into a long-term agreement with the City of San Diego for the Mission Bay Aquatic Center. The operating agreement runs through August 31, 2023, has a 10-year renewal option and requires payment of an annual fee based on gross income from certain activities, as defined in the agreement, conducted during the previous 12 months. The use of the facilities is governed by the terms of the agreement, and the agreement requires the Organization to promote, staff, insure, repair, maintain and improve the facility when needed, and cover the cost of utilities. For the years ended June 30, 2017 and 2016, the Organization incurred approximately \$130,000 and \$114,000, respectively, of employee-related costs, insurance, repair, maintenance and utilities costs, which are included in the program's expenses and deductions.



NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 6 – COMMITMENTS AND CONTINGENCIES – Continued

**Commitments and Contingencies (continued)**

In a prior year, the Organization entered into a usage agreement for certain athletic facilities owned by the University for the purpose of conducting intramural programs for students through June 2020. The usage fee charge is negotiated annually, by July 1 for the upcoming year. The Organization paid \$20,000 to the University in each of the years ended June 30, 2017 and 2016, which was recorded as a component of Aztec Recreation program expenses.

The Organization leases administrative space under a master lease agreement from the University and recognized rent expense of approximately \$148,000 during the years ended June 30, 2017 and 2016. The Organization recognized approximately \$69,000 and \$68,000 of rent expense under a parking lot lease with the University during the years ended June 30, 2017 and 2016, respectively. The approximate future minimum lease payments due under noncancelable operating leases at June 30, 2017 is \$54,000 for each of the years ending June 30, 2018 and 2019, and \$20,000 for the year ending June 30, 2020, for total future minimum lease payments of \$128,000.

**Rental Income**

During the year ended June 30, 2014, the Organization entered into a memorandum of understanding to lease retail food space at Aztec Student Union to Shops. Effective July 1, 2014, the memorandum of understanding was finalized into an agreement. The lease term is an initial 10 years, which expires on June 30, 2024, with the Organization having the option to extend for two additional five-year periods. Rental income is \$600,000 annually and subject to negotiation at the end of each lease year. The Organization also funded \$250,000 of tenant improvements to Shops, which is being amortized straight-line over the initial 10 year of the lease. The unamortized rent receivable balance at June 30, 2017 and 2016 is \$168,750 and \$193,750, respectively.

**Sponsorship Revenues**

In December 2006, the Organization entered into a sponsorship agreement with the University, granting the University the right to rent signage space for the benefit of the Organization. Under the terms of the agreement, the Organization will receive sponsorship revenue related to Viejas Arena and other campus venues through June 30, 2017 under agreements entered into by the University with individual sponsors.

During the year ended June 30, 2009, the University and the Organization signed an amendment to the December 2006 sponsorship agreement. Under the terms of the amendment, the Organization will receive sponsorship revenue related to Viejas Arena through June 30, 2019 under the agreement entered into by the University with the sponsor. As the Organization paid for a portion of these costs incurred, the University will reimburse the Organization for such costs until they are fully reimbursed under the stipulation the Organization fulfills its commitment to the sponsorship agreement with the University. The University will deduct all costs incurred relating to the sponsorship revenue earned and distribute 50 percent of the remaining balance to the Organization.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 6 – COMMITMENTS AND CONTINGENCIES - Continued

During the years ended June 30, 2017 and 2016, the Organization recognized revenue of the approximately \$356,000 and \$408,000, respectively, under the sponsorship agreements, of which approximately \$38,000 each year was remitted by the University to cover direct operating costs for the years then ended. The associated revenues are included in facility revenue and user fees.

Approximate future income from sponsorship revenue agreements at June 30, 2017 are as follows:

| <u>Years Ending June 30,</u> |                   |
|------------------------------|-------------------|
| 2018                         | \$ 184,000        |
| 2019                         | 195,000           |
|                              | <u>\$ 379,000</u> |

**Booking Agreement**

During the year ended June 30, 2007, the Organization entered into a booking agreement with a third party to receive rental compensation for the ability to use Viejas Arena through January 31, 2013. On February 1, 2013, the agreement was renewed through December 31, 2017. Under the terms of the agreement, the Organization will receive a quarterly guaranteed payment of \$100,000. During each of the years ended June 30, 2017 and 2016, the Organization recognized revenue of \$400,000.

Approximate future income from rental compensation at June 30, 2017 is as follows:

| <u>Years Ending June 30,</u> |                   |
|------------------------------|-------------------|
| 2018                         | \$ 200,000        |
|                              | <u>\$ 200,000</u> |

**Contingencies**

The Organization is subject to legal processing and claims that arise in the normal course of business. While the outcome of the proceedings and claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Organization's financial position and results of operations.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2017 and 2016

NOTE 7 – NET ASSETS UNRESTRICTED

The Organization has designated all if its unrestricted net assets at June 30, as follows:

|  | <u>2017</u>          | <u>2016</u>          |
|--|----------------------|----------------------|
| General activities                       | \$ 942,235           | \$ 603,873           |
| Various programs                         | 2,588,801            | 3,092,679            |
| Equipment replacement                    | 9,146,706            | 8,323,443            |
| Future facility                          | 3,426,248            | 3,275,399            |
| Building improvements and equipment, net | <u>4,653,614</u>     | <u>4,582,859</u>     |
|  | <u>\$ 20,757,604</u> | <u>\$ 19,878,253</u> |

## **SUPPLEMENTARY INFORMATION**

Associated Students of San Diego State University

SCHEDULE OF NET POSITION

As of June 30, 2017

ASSETS

Current assets:

|   |    |                   |
|---|----|-------------------|
| Cash and cash equivalents                 | \$ | 1,502,366         |
| Short-term investments                    |    | 18,747,526        |
| Accounts receivable, net                  |    | 787,288           |
| Leases receivable, current portion        |    | -                 |
| Notes receivable, current portion         |    | -                 |
| Pledges receivable, net                   |    | -                 |
| Prepaid expenses and other current assets |    | 565,874           |
| Total current assets                      |    | <u>21,603,054</u> |

Noncurrent assets:

|   |  |                  |
|---|--|------------------|
| Restricted cash and cash equivalents      |  | 500,786          |
| Accounts receivable, net                  |  | -                |
| Leases receivable, net of current portion |  | -                |
| Notes receivable, net of current portion  |  | -                |
| Student loans receivable, net             |  | -                |
| Pledges receivable, net                   |  | -                |
| Endowment investments                     |  | -                |
| Other long-term investments               |  | 249,000          |
| Capital assets, net                       |  | 4,653,614        |
| Other assets                              |  | -                |
| Total noncurrent assets                   |  | <u>5,403,400</u> |

|              |  |                   |
|--------------|--|-------------------|
| Total assets |  | <u>27,006,454</u> |
|--------------|--|-------------------|

Deferred outflows of resources:

|                                      |    |          |
|--------------------------------------|----|----------|
| Unamortized loss on debt refunding   |    | -        |
| Net pension liability                |    | -        |
| Others                               |    | -        |
| Total deferred outflows of resources | \$ | <u>-</u> |

Associated Students of San Diego State University

SCHEDULE OF NET POSITION - CONTINUED

As of June 30, 2017

LIABILITIES

Current liabilities:

|   |    |         |
|---|----|---------|
| Accounts payable  | \$ | 627,977 |
| Accrued salaries and benefits   |    | 720,953 |
| Accrued compensated absences, current portion                             |    | 450,858 |
| Unearned revenue  |    | 377,335 |
| Capitalized lease obligations, current portion                            |    | -       |
| Long-term debt obligations, current portion                               |    | -       |
| Claims liability for losses and loss adjustment expenses, current portion |    | -       |
| Depository accounts   |    | -       |
| Other liabilities   |    | 455,053 |

|                           |  |                  |
|---------------------------|--|------------------|
| Total current liabilities |  | <u>2,632,176</u> |
|---------------------------|--|------------------|

Noncurrent liabilities:

|  |           |
|--|-----------|
| Accrued compensated absences, net of current portion                             | -         |
| Unearned revenue   | -         |
| Grants refundable  | -         |
| Capitalized lease obligations, net of current portion                            | -         |
| Long-term debt obligations, net of current portion                               | -         |
| Claims liability for losses and loss adjustment expenses, net of current portion | -         |
| Depository accounts  | -         |
| Other postemployment benefits obligations  | 3,007,842 |
| Net pension liability  | 108,046   |
| Other liabilities  | -         |

|                              |                  |
|------------------------------|------------------|
| Total noncurrent liabilities | <u>3,115,888</u> |
|------------------------------|------------------|

|                   |                  |
|-------------------|------------------|
| Total liabilities | <u>5,748,064</u> |
|-------------------|------------------|

Deferred inflows of resources:

|                                    |   |
|------------------------------------|---|
| Service concession arrangements    | - |
| Net pension liability              | - |
| Unamortized gain on debt refunding | - |
| Nonexchange transactions           | - |
| Others                             | - |

|                                     |             |
|-------------------------------------|-------------|
| Total deferred inflows of resources | <u>\$ -</u> |
|-------------------------------------|-------------|

Associated Students of San Diego State University

SCHEDULE OF NET POSITION - CONTINUED

As of June 30, 2017

| NET POSITION                     |                             |
|----------------------------------|-----------------------------|
| Net investment in capital assets | \$ 4,653,614                |
| Restricted for:                  |                             |
| Nonexpendable – endowments       | -                           |
| Expendable:                      |                             |
| Scholarships and fellowships     | -                           |
| Research                         | -                           |
| Loans                            | -                           |
| Capital projects                 | -                           |
| Debt service                     | -                           |
| Others                           | 500,786                     |
| Unrestricted                     | <u>16,103,990</u>           |
| Total net position               | <u><u>\$ 21,258,390</u></u> |

Associated Students of San Diego State University

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2017

Revenues:

Operating revenues:

|  |    |                   |
|--|----|-------------------|
| Student tuition and fees (net of scholarship allowances of \$0)                    | \$ | 8,787,024         |
| Grants and contracts, noncapital:  |    |                   |
| Federal  |    | 52,955            |
| State  |    | 187,397           |
| Local  |    | 36,500            |
| Nongovernmental  |    | -                 |
| Sales and services of educational activities                                       |    | -                 |
| Sales and services of auxiliary enterprises (net of scholarship allowances of \$0) |    | 18,772,869        |
| Other operating revenues   |    | -                 |
| Total operating revenues   |    | <u>27,836,745</u> |

Expenses:

Operating expenses:

|                                    |                     |
|------------------------------------|---------------------|
| Instruction                        | -                   |
| Research                           | -                   |
| Public service                     | -                   |
| Academic support                   | -                   |
| Student services                   | -                   |
| Institutional support              | -                   |
| Operation and maintenance of plant | -                   |
| Student grants and scholarships    | -                   |
| Auxiliary enterprise expenses      | 25,254,059          |
| Depreciation and amortization      | <u>1,347,214</u>    |
| Total operating expenses           | <u>26,601,273</u>   |
| Operating income (loss)            | \$ <u>1,235,472</u> |



Associated Students of San Diego State University

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

Year ended June 30, 2017

|  |                             |
|--|-----------------------------|
| 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                              | 144,665                     |
| Endowment income (loss), net                               | -                           |
| Interest expense   | -                           |
| Other nonoperating revenues (expenses)                     | -                           |
| Net nonoperating revenues (expenses)                       | <u>144,665</u>              |
| Income (loss) before other revenues (expenses)             | 1,380,137                   |
| State appropriations, capital                              | -                           |
| Grants and gifts, capital                                  | -                           |
| Additions (reductions) to permanent endowments             | -                           |
| Increase (decrease) in net position                        | <u>1,380,137</u>            |
| Net position:  |                             |
| Net position at beginning of year, as previously reported  |                             |
| Restatements   | <u>19,878,253</u>           |
| Net position at beginning of year, as restated             | <u>19,878,253</u>           |
| Net position at end of year                                | <u><u>\$ 21,258,390</u></u> |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION

Year ended June 30, 2017

**1 Restricted cash and cash equivalents at June 30, 2017:**

|   |    |                       |
|---|----|-----------------------|
| Portion of restricted cash and cash equivalents related to endowments | \$ | -                     |
| All other restricted cash and cash equivalents                        |    | <u>500,786</u>        |
| Total restricted cash and cash equivalents                            | \$ | <u><u>500,786</u></u> |

## Year ended June 30, 2017

|  | Current       |                    |               | Noncurrent   |            |                  | Total         |
|--|---------------|--------------------|---------------|--------------|------------|------------------|---------------|
|  | Unrestricted  | Current Restricted | Total Current | Unrestricted | Restricted | Total Noncurrent |               |
| State of California Surplus Money Investment Fund (SMIF) | \$ -          | \$ -               | \$ -          | \$ -         | \$ -       | \$ -             | \$ -          |
| State of California Local Agency Investment Fund (LAIF)  | 16,016,526    | -                  | 16,016,526    | -            | -          | -                | 16,016,526    |
| Corporate bonds  | -             | -                  | -             | -            | -          | -                | -             |
| Certificates of deposit                                  | 2,731,000     | -                  | 2,731,000     | 249,000      | -          | 249,000          | 2,980,000     |
| Mutual funds   | -             | -                  | -             | -            | -          | -                | -             |
| Money Market funds                                       | -             | -                  | -             | -            | -          | -                | -             |
| Repurchase agreements                                    | -             | -                  | -             | -            | -          | -                | -             |
| Commercial paper   | -             | -                  | -             | -            | -          | -                | -             |
| Asset backed securities                                  | -             | -                  | -             | -            | -          | -                | -             |
| Mortgage backed securities                               | -             | -                  | -             | -            | -          | -                | -             |
| Municipal bonds  | -             | -                  | -             | -            | -          | -                | -             |
| U.S. agency securities                                   | -             | -                  | -             | -            | -          | -                | -             |
| U.S. treasury securities                                 | -             | -                  | -             | -            | -          | -                | -             |
| Equity securities  | -             | -                  | -             | -            | -          | -                | -             |
| Exchange traded funds (ETFs)                             | -             | -                  | -             | -            | -          | -                | -             |
| 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)        |               |                    |               |              |            |                  |               |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Other major investments:                                 |               |                    |               |              |            |                  |               |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Add description  | -             | -                  | -             | -            | -          | -                | -             |
| Total investments  | 18,747,526    | -                  | 18,747,526    | 249,000      | -          | 249,000          | 18,996,526    |
| Less endowment investments (enter as negative number)    |               |                    |               |              | -          | -                | -             |
| Total investments  | \$ 18,747,526 | \$ -               | \$ 18,747,526 | \$ 249,000   | \$ -       | \$ 249,000       | \$ 18,996,526 |

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

**2.2 Investments held by the University under contractual agreements at June 30, 2017:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 :

- - -

**2.3 Restricted current investments at June 30, 2017 related to:**

Add description  
Add description  
Add description  
Add description  
Add description  
Add description  
Add description

| Amount |
|--------|
| \$ -   |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| \$ -   |

**Total restricted current investments at June 30, 2017**

\$ -

**2.4 Restricted noncurrent investments at June 30, 2017 related to:**

Endowment investment  
Add description  
Add description  
Add description  
Add description  
Add description  
Add description  
Add description

| Amount |
|--------|
| \$ -   |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| -      |
| \$ -   |

**Total restricted noncurrent investments at June 30, 2017**

\$ -

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

2.5 Fair value hierarchy in investments at June 30, 2017:

|  | Fair Value Measurements Using |   |   |  |                          |
|--|-------------------------------|---|---|--|--------------------------|
|  | Total                         | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Net Asset Value<br>(NAV) |
| State of California Surplus Money Investment Fund (SMIF) | \$ -                          | \$ -  | \$ -  | \$ -   | \$ -                     |
| State of California Local Agency Investment Fund (LAIF)  | 16,016,526                    | -   | -   | 16,016,526   | -                        |
| Corporate bonds  | -                             | -   | -   | -  | -                        |
| Certificates of deposit                                  | 2,980,000                     | -   | 2,980,000   | -  | -                        |
| Mutual funds   | -                             | -   | -   | -  | -                        |
| Money Market funds                                       | -                             | -   | -   | -  | -                        |
| Repurchase agreements                                    | -                             | -   | -   | -  | -                        |
| Commercial paper   | -                             | -   | -   | -  | -                        |
| Asset backed securities                                  | -                             | -   | -   | -  | -                        |
| Mortgage backed securities                               | -                             | -   | -   | -  | -                        |
| Municipal bonds  | -                             | -   | -   | -  | -                        |
| U.S. agency securities                                   | -                             | -   | -   | -  | -                        |
| U.S. treasury securities                                 | -                             | -   | -   | -  | -                        |
| Equity securities  | -                             | -   | -   | -  | -                        |
| Exchange traded funds (ETFs)                             | -                             | -   | -   | -  | -                        |
| 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)        |                               |   |   |  |                          |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Other major investments:                                 |                               |   |   |  |                          |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Add description  | -                             | -   | -   | -  | -                        |
| Total investments  | \$ 18,996,526                 | \$ -  | \$ 2,980,000  | \$ 16,016,526                                      | \$ -                     |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

3.1 Composition of capital assets at June 30, 2017:

|  | Balance<br>June 30, 2016 | Prior period<br>Adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions   | Reductions   | Transfers of<br>Completed<br>CWIP | Balance<br>June 30, 2017 |
|--|--------------------------|-----------------------------|-------------------|--|-------------|--------------|-----------------------------------|--------------------------|
| Nondepreciable/nonamortizable capital assets:      |                          |                             |                   |  |             |              |                                   |                          |
| Land and land improvements                         | \$ -                     | \$ -                        | \$ -              | \$ -                                   | \$ -        | \$ -         | \$ -                              | \$ -                     |
| Works of art and historical treasures              | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Construction work in progress (CWIP)               | 146,110                  | -                           | -                 | 146,110                                | 22,275      | -            | -                                 | 168,385                  |
| Intangible assets:                                 |                          |                             |                   |  |             |              |                                   |                          |
| Rights and easements                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Patents, copyrights and trademarks                 | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Internally generated intangible assets in progress | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Other intangible assets:                           | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Total intangible assets                            | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Total nondepreciable/nonamortizable capital assets | 146,110                  | -                           | -                 | 146,110                                | 22,275      | -            | -                                 | 168,385                  |
| Depreciable/amortizable capital assets:            |                          |                             |                   |  |             |              |                                   |                          |
| Buildings and building improvements                | 576,648                  | -                           | -                 | 576,648                                | -           | -            | -                                 | 576,648                  |
| Improvements, other than buildings                 | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Infrastructure                                     | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Leasehold improvements                             | 3,544,616                | -                           | -                 | 3,544,616                              | 1,114,607   | -            | -                                 | 4,659,223                |
| Personal property:                                 |                          |                             |                   |  |             |              |                                   |                          |
| Equipment  | 7,199,892                | -                           | -                 | 7,199,892                              | 354,416     | (611,192)    | -                                 | 6,943,116                |
| Library books and materials                        | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Intangible assets:                                 |                          |                             |                   |  |             |              |                                   |                          |
| Software and websites                              | 707,737                  | -                           | -                 | 707,737                                | 31,623      | (17,084)     | -                                 | 722,276                  |
| Rights and easements                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Patents, copyright and trademarks                  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Other intangible assets:                           | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
|  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Total intangible assets                            | 707,737                  | -                           | -                 | 707,737                                | 31,623      | (17,084)     | -                                 | 722,276                  |
| Total depreciable/amortizable capital assets       | 12,028,893               | -                           | -                 | 12,028,893                             | 1,500,646   | (628,276)    | -                                 | 12,901,263               |
| Total capital assets                               | 12,175,003               | -                           | -                 | 12,175,003                             | 1,522,921   | (628,276)    | -                                 | 13,069,648               |
| Less accumulated depreciation/amortization:        |                          |                             |                   |  |             |              |                                   |                          |
| Buildings and building improvements                | (576,648)                | -                           | -                 | (576,648)                              | -           | -            | -                                 | (576,648)                |
| Improvements, other than buildings                 | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Infrastructure                                     | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Leasehold improvements                             | (1,790,399)              | -                           | -                 | (1,790,399)                            | (394,732)   | -            | -                                 | (2,185,131)              |
| Personal property:                                 |                          |                             |                   |  |             |              |                                   |                          |
| Equipment  | (4,689,112)              | -                           | -                 | (4,689,112)                            | (896,118)   | 523,324      | -                                 | (5,061,906)              |
| Library books and materials                        | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Intangible assets:                                 |                          |                             |                   |  |             |              |                                   |                          |
| Software and websites                              | (535,985)                | -                           | -                 | (535,985)                              | (56,364)    | -            | -                                 | (592,349)                |
| Rights and easements                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Patents, copyright and trademarks                  | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Licenses and permits                               | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Other intangible assets:                           | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Add description                                    | -                        | -                           | -                 | -                                      | -           | -            | -                                 | -                        |
| Total intangible assets                            | (535,985)                | -                           | -                 | (535,985)                              | (56,364)    | -            | -                                 | (592,349)                |
| Total accumulated depreciation/amortization        | (7,592,144)              | -                           | -                 | (7,592,144)                            | (1,347,214) | 523,324      | -                                 | (8,416,034)              |
| Total capital assets, net                          | \$ 4,582,859             | \$ -                        | \$ -              | \$ 4,582,859                           | \$ 175,707  | \$ (104,952) | \$ -                              | \$ 4,653,614             |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

|   |                     |
|---|---------------------|
| Depreciation and amortization expense related to capital assets | \$ 1,347,214        |
| Amortization expense related to other assets                    | —                   |
| Total depreciation and amortization                             | <u>\$ 1,347,214</u> |

4 Long-term liabilities activity schedule:

|   | Balance<br>June 30, 2016 | Prior period<br>adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions         | Reductions          | Balance<br>June 30, 2017 | Current<br>portion | Long-term<br>portion |
|---|--------------------------|-----------------------------|-------------------|--|-------------------|---------------------|--------------------------|--------------------|----------------------|
| Accrued compensated absences                                      | \$ 390,368               | \$ -                        | \$ -              | \$ 390,368                             | \$ 498,257        | \$ (437,767)        | \$ 450,858               | \$ 450,858         | \$ -                 |
| Claims liability for losses and loss adjustment expenses          | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Capitalized lease obligations:                                    |                          |                             |                   |  |                   |                     |                          |                    |                      |
| Gross balance   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Unamortized premium / (discount) on capitalized lease obligations | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Total capitalized lease obligations                               | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Long-term debt obligations:                                       |                          |                             |                   |  |                   |                     |                          |                    |                      |
| Auxiliary revenue bonds   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Commercial paper  | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Notes payable related to SRB                                      | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Others: (list by type)  |                          |                             |                   |  |                   |                     |                          |                    |                      |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Add description   | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Total long-term debt obligations                                  | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Unamortized bond premium / (discount)                             | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Total long-term debt obligations, net                             | -                        | -                           | -                 | -                                      | -                 | -                   | -                        | -                  | -                    |
| Total long-term liabilities                                       | <u>\$ 390,368</u>        | <u>\$ -</u>                 | <u>\$ -</u>       | <u>\$ 390,368</u>                      | <u>\$ 498,257</u> | <u>\$ (437,767)</u> | <u>\$ 450,858</u>        | <u>\$ 450,858</u>  | <u>\$ -</u>          |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

5 Future minimum lease payments - capitalized lease obligations:

|  | Capitalized lease obligations related to SRB |               |                        | All other capitalized lease obligations |               |                        | Total capitalized lease obligations |               |                        |
|--|--|---------------|------------------------|---|---------------|------------------------|-------------------------------------|---------------|------------------------|
|  | Principal Only                               | Interest Only | Principal and Interest | Principal Only                          | Interest Only | Principal and Interest | Principal Only                      | Interest Only | Principal and Interest |
| Year ending June 30:                                 |  |               |                        |   |               |                        |                                     |               |                        |
| 2018   | \$ -   | \$ -          | \$ -                   | \$ -                                    | \$ -          | \$ -                   | \$ -                                | \$ -          | \$ -                   |
| 2019   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2020   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2021   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2022   | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2023 - 2027  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2028 - 2032  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2033 - 2037  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2038 - 2042  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2043 - 2047  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2048 - 2052  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2053 - 2057  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2058 - 2062  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| 2063 - 2067  | -  | -             | -                      | -                                       | -             | -                      | -                                   | -             | -                      |
| Total minimum lease payments                         | \$ -   | \$ -          | \$ -                   | \$ -                                    | \$ -          | \$ -                   | \$ -                                | \$ -          | \$ -                   |
| Less amounts representing interest                   |  |               |                        |   |               |                        |                                     |               | -                      |
| Present value of future minimum lease payments       |  |               |                        |   |               |                        |                                     |               | -                      |
| Unamortized net premium (discount)                   |  |               |                        |   |               |                        |                                     |               | -                      |
| Total capitalized lease obligations                  |  |               |                        |   |               |                        |                                     |               | -                      |
| Less: current portion                                |  |               |                        |   |               |                        |                                     |               | -                      |
| Capitalized lease obligation, net of current portion |  |               |                        |   |               |                        |                                     |               | \$ -                   |



Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

6 Long-term debt obligation schedule

|  | Auxiliary revenue bonds |               |                        | 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 |
| Year ending June 30:                               |                         |               |                        |                                      |               |                        |                                  |               |                        |
| 2018   | \$ -                    | \$ -          | \$ -                   | \$ -                                 | \$ -          | \$ -                   | \$ -                             | \$ -          | \$ -                   |
| 2019   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2020   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2021   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2022   | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2023 - 2027  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2028 - 2032  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2033 - 2037  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2038 - 2042  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2043 - 2047  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2048 - 2052  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2053 - 2057  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2058 - 2062  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| 2063 - 2067  | -                       | -             | -                      | -                                    | -             | -                      | -                                | -             | -                      |
| Total minimum payments                             | \$ -                    | \$ -          | \$ -                   | \$ -                                 | \$ -          | \$ -                   | \$ -                             | \$ -          | \$ -                   |
| Less amounts representing interest                 |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| Present value of future minimum payments           |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| Unamortized net premium (discount)                 |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| Total long-term debt obligations                   |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| Less: current portion                              |                         |               |                        |                                      |               |                        |                                  |               | -                      |
| Long-term debt obligations, net of current portion |                         |               |                        |                                      |               |                        |                                  |               | \$ -                   |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

**7 Calculation of net position**

**7.1 Calculation of net position - net investment in capital assets**

|   |    |                  |
|---|----|------------------|
| Capital assets, net of accumulated depreciation         | \$ | 4,653,614        |
| Capitalized lease obligations, current portion          |    | -                |
| Capitalized lease obligations, net of current portion   |    | -                |
| Long-term debt obligations, current portion             |    | -                |
| Long-term debt obligations, net of current portion      |    | -                |
| Portion of outstanding debt that is unspent at year-end |    | -                |
| Other adjustments: (please list)                        |    |                  |
| Add description   |    | -                |
| Add description   |    | -                |
| Add description   |    | -                |
| Add description   |    | -                |
| Add description   |    | -                |
| Net position - net investment in capital asset          | \$ | <u>4,653,614</u> |

**7.2 Calculation of net position - restricted for nonexpendable - endowments**

|   |    |          |
|---|----|----------|
| Portion of restricted cash and cash equivalents related to endowments | \$ | -        |
| Endowment investments   |    | -        |
| Other adjustments: (please list)                                      |    |          |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Add description   |    | -        |
| Net position - Restricted for nonexpendable - endowments per SNP      | \$ | <u>-</u> |

**8 Transactions with related entities**

|  | Amount     |
|--|------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 825,458 |
| Payments to University for other than salaries of University personnel                                       | 1,285,729  |
| Payments received from University for services, space, and programs  | 3,046,302  |
| 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)  | (458,275)  |
| Other amounts (payable to) University (enter as negative number)   | -          |
| Accounts receivable from University  | 46,186     |
| Other amounts receivable from University   | 109,775    |

Associated Students of San Diego State University

OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

9 Other postemployment benefits obligation (OPEB)

|  |    |                  |
|--|----|------------------|
| Annual required contribution (ARC)               | \$ | 723,307          |
| Contributions during the year                    |    | <u>(425,716)</u> |
| Increase (decrease) in net OPEB obligation (NOO) |    | 297,591          |
| Other adjustments                                |    |                  |
| NOO - beginning of year                          |    | <u>2,710,251</u> |
| NOO - end of year                                | \$ | <u>3,007,842</u> |

10 Pollution remediation liabilities under GASB Statement No. 49:

| Description   | Amount      |
|---|-------------|
| Add description   | \$ -        |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Add description   | -           |
| Total pollution remediation liabilities                   | -           |
| Less: current portion                                     | <u>-</u>    |
| Pollution remediation liabilities, net of current portion | <u>\$ -</u> |

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

|  | Net Position<br>Class | Amount<br>Dr. (Cr.)  |
|--|-----------------------|----------------------|
| Net position as of June 30, 2016, as previously reported |                       | \$ 19,878,253        |
| Prior period adjustments:                                |                       |                      |
| 1 (list description of each adjustment)                  |                       | -                    |
| 2 (list description of each adjustment)                  |                       | -                    |
| 3 (list description of each adjustment)                  |                       | -                    |
| 4 (list description of each adjustment)                  |                       | -                    |
| 5 (list description of each adjustment)                  |                       | -                    |
| 6 (list description of each adjustment)                  |                       | -                    |
| 7 (list description of each adjustment)                  |                       | -                    |
| 8 (list description of each adjustment)                  |                       | -                    |
| 9 (list description of each adjustment)                  |                       | -                    |
| 10 (list description of each adjustment)                 |                       | -                    |
| Net position as of June 30, 2016, as restated            |                       | <u>\$ 19,878,253</u> |

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OTHER SUPPLEMENTARY INFORMATION - CONTINUED

Year ended June 30, 2017

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

|   | Debit | Credit |
|---|-------|--------|
| Net position class:_____                  |       |        |
| 1 (breakdown of adjusting journal entry)  | \$ -  | \$ -   |
| Net position class:_____                  |       |        |
| 2 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 3 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 4 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 5 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 6 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 7 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 8 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 9 (breakdown of adjusting journal entry)  | -     | -      |
| Net position class:_____                  |       |        |
| 10 (breakdown of adjusting journal entry) | -     | -      |