



**Financial Statements, Supplementary Information and  
Report of Independent Certified Public Accountants**

**Associated Students of San Francisco State  
University (a California State University Auxiliary  
Organization)**

**June 30, 2016**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors  
Associated Students of San Francisco State University

We have audited the accompanying financial statements of Associated Students of San Francisco State University (Associated Students) (a California State University Auxiliary Organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activity and changes in net assets, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained *in Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Associated Student'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 Francisco State University (a California State University Auxiliary Organization) as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

Other auditors previously audited the Associated Students' June 30, 2015 financial statements and expressed an unmodified opinion on those audited financial statements in their report dated September 15, 2015. The summarized comparative information presented herein as of and for the year ended June 30, 2015 is derived from those financial statements.

***Supplementary information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Associated Students' financial statements. The supplementary information on pages 20-31 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 2016 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 15, 2016, on our consideration of Associated Students' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Associated Students' internal control over financial reporting and compliance.

*Grant Thornton LLP*

San Francisco, California  
September 15, 2016



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

The Board of Directors  
Associated Students of San Francisco State University

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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 business-type activities, of Associated Students of San Francisco State University (the Associated Students) (a California State University Auxiliary Organization) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Associated Students basic financial statements, and have issued our report thereon dated September 15, 2016.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Associated Students' internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 Associated Students' 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 Associated Students' financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 Associated Students' 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 Associated Students' 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 Associated Students' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students' internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

San Francisco, California  
September 15, 2016

**Associated Students of  
San Francisco State University**

**Statement of Financial Position**

*June 30, 2016 (with comparative totals for June 30, 2015)*

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 40,621	\$ 245,321
Investments	11,337,566	12,920,125
Accounts receivable, net of allowance for doubtful accounts	3,851,691	599,820
Student activity fees receivable	3,144,133	2,920,878
Prepaid expenses and other assets	51,145	5,875
Property and equipment, net	96,494	151,008
Capitalized leasehold improvements, net	22,062	313,454
Total assets	\$ 18,543,712	\$ 17,156,481
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 943,319	\$ 975,320
Deferred revenue	243,498	215,634
Employee benefits payable	1,216,748	1,277,360
Total liabilities	2,403,565	2,468,314
 <b>Net Assets:</b>		
Unrestricted:		
General Fund	11,434,316	10,012,807
Designated:		
General Fund	840,630	4,048,352
Children's Center Facility	3,693,779	493,817
Total unrestricted net assets	15,968,725	14,554,976
Temporarily restricted	171,422	133,191
Total net assets	16,140,147	14,688,167
Total liabilities and net assets	\$ 18,543,712	\$ 17,156,481

See accompanying notes to financial statement.



# Associated Students of San Francisco State University

## Statement of Activities and Changes in Net Assets

*Year Ended June 30, 2016 (with comparative totals for June 30, 2015)*

	2016				2015 Total
	Unrestricted		Temporarily Restricted	Total	
	General	Children's Center Facility			
<b>Revenue and Support:</b>					
Student activity fees	\$ 6,652,796	\$ -	\$ -	\$ 6,652,796	\$ 6,493,547
Program fees	1,225,073	-	77,331	1,302,404	1,035,877
Investment income, net	163,217	-	-	163,217	171,430
Contribution and grants	376,166	-	526,341	902,507	961,804
Net assets released from restrictions:				-	-
Satisfaction of program restrictions	523,323	-	(523,323)	-	-
<b>Total revenue and support</b>	<b>8,940,575</b>		<b>80,349</b>	<b>9,020,924</b>	<b>8,662,658</b>
<b>Expenses:</b>					
Student services	3,272,670	-	42,118	3,314,788	4,652,954
Student government	322,168	-	-	322,168	330,037
Community services	195,726	-	-	195,726	218,170
Student organizations	53,695	-	-	53,695	98,989
Management and general	3,391,176	291,391	-	3,682,567	2,400,758
<b>Total expenses</b>	<b>7,235,435</b>	<b>291,391</b>	<b>42,118</b>	<b>7,568,944</b>	<b>7,700,908</b>
<b>Change in Net Assets from Operations</b>	<b>1,705,140</b>	<b>(291,391)</b>	<b>38,231</b>	<b>1,451,980</b>	<b>961,750</b>
Reserve Reclassification	(3,491,353)	3,491,353	-	-	-
<b>Other Changes in Net Assets</b>					
Transfer of net assets from auxiliary organization (Note 14)	-	-	-	-	5,546,773
<b>Change in Net Assets</b>	<b>(1,786,213)</b>	<b>3,199,962</b>	<b>38,231</b>	<b>1,451,980</b>	<b>6,508,523</b>
<b>Net Assets - Beginning of year</b>	<b>14,061,159</b>	<b>493,817</b>	<b>133,191</b>	<b>14,688,167</b>	<b>8,179,644</b>
<b>Net Assets - End of year</b>	<b>\$ 12,274,946</b>	<b>\$ 3,693,779</b>	<b>\$ 171,422</b>	<b>\$ 16,140,147</b>	<b>\$ 14,688,167</b>

See accompanying notes to financial statement.

**Associated Students of  
San Francisco State University**

**Statement of Cash Flows**

*Year Ended June 30, 2016 (with comparative totals for June 30, 2015)*

	2016	2015
<b>Operating Activities:</b>		
Change in net assets	\$ 1,451,980	\$ 6,508,523
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Transfer of net assets from auxiliary organization	-	(5,546,773)
Depreciation and amortization	278,436	307,256
Net realized and unrealized loss on investments	5,027	3,902
Changes in:		
Receivables, net	(3,488,981)	(476,257)
Prepaid expenses and other assets	(31,412)	15,723
Accounts payable and accrued expenses	(92,614)	236,201
Deferred revenue	27,864	(102,319)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,849,700)</b>	<b>946,256</b>
<b>Investing Activities:</b>		
Purchase of investments	(2,832,550)	(6,338,121)
Proceeds from sale of investments	4,410,081	5,618,036
Purchase of property, equipment and leasehold improvements	67,469	(17,330)
<b>Net cash provided by (used in) investing activities</b>	<b>1,645,000</b>	<b>(737,415)</b>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	<b>(204,700)</b>	<b>208,841</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>245,321</b>	<b>36,480</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 40,621</b>	<b>\$ 245,321</b>

See accompanying notes to financial statement.

# Associated Students of San Francisco State University

## Notes to Financial Statements June 30, 2016

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### Note 1 - Organization:

The Associated Students of San Francisco State University (the “Associated Students”) is a not-for-profit organization that functions as an auxiliary organization for San Francisco State University. The Associated Students operates student programs and activities for the benefit of the students of San Francisco State University (“the University”). Such programs and activities are funded primarily from student activity and program fees.

### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Presentation and Description of Net Assets

The financial statements of the Associated Students are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”) and the accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting purposes into funds that are in accordance with specific activities or objectives. For financial statement purposes, all financial transactions are reported by the following classes of net assets as prescribed for not-for-profit organizations by the Financial Accounting Standards Board (“Financial Accounting Standards Board”):

*Unrestricted Net Assets* – Unrestricted net assets consist of all resources of the Associated Students that have not been restricted by a donor. Unrestricted resources have been recorded in the following funds:

- General Fund – Represents unrestricted net assets available for student-related programs, activities and operations of Associated Students.
- Children’s Center Facility – Represents unrestricted net assets from and for the operations of the Children’s Center Facility.

*Temporarily Restricted Net Assets* – Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of donated assets. When a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – The portion of net assets whose use by the Associated Students is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Associated Students. The Associated Students does not have any permanently restricted net assets.

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

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**Note 2 - Summary of Significant Accounting Policies, Continued:**

b. Revenue Recognition

Associated Students recognizes revenue when revenue is earned. Contribution and grants are reviewed for restrictions imposed by donors to determine if the contribution or grant should be classified as unrestricted revenue, temporarily restricted revenue or permanently restricted revenue. Contribution and grant revenue is recognized when unconditionally promised by the donor.

The Associated Students recognizes revenue as it is earned and is recorded by the University as a payable. Associated Students records revenue monthly by the semester it belongs to and records a receivable from the campus. The Associated Students is required under Title 5 Section 42403(a) of the California Code of Regulations, to have the student activity fees retained by the University in a campus trust account. Periodically, the Associated Students may request reimbursement. At June 30, 2016 and 2015, the student activity fees receivable were \$3,144,133 and \$2,920,878, respectively.

c. Cash and Cash Equivalents

For purposes of the Statement of Cash Flow, the Associated Students consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash on hand and cash in banks.

d. Investments

Investments are carried at fair value. Investments consist of funds invested in the Local Agency Investment Fund ("LAIF") and debt securities with interest and realized and unrealized gains and losses reflected in the Statement of Activities and Changes in Net Assets.

e. Fair Value Measurement

The Associated Students carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Associated Students classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

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**Note 2 - Summary of Significant Accounting Policies, Continued:**

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

f. Property and Equipment and Capitalized Leasehold Improvements

Property and equipment are capitalized at cost when purchased, or if donated, at estimated fair market value at the date of donation. Depreciation has been calculated using the straight-line method over the estimated useful life of the assets, ranging from three to ten years. Capitalized leasehold improvements are amortized over the lesser of their service life or remaining lease term.

g. Income Taxes

The Associated Students is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3) and the California tax code.

The Associated Students follows the guidelines of FASB ASC Topic 740 for accounting for uncertainty in income taxes. As of June 30, 2016, management evaluated the Associated Students' tax positions and concluded that the Associated Students had maintained its tax exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The open tax years are generally the years ended June 30, 2013 through June 30, 2016 for federal tax purposes and the years ended June 30, 2012 through June 30, 2016 for California tax purposes.

h. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services that are benefited based on management estimates.

i. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

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**Note 2 - Summary of Significant Accounting Policies, Continued:**

j. Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by detail activity. For comparative analysis, the financial statements for the year ended June 30, 2015, from which the summarized information was derived, should be read.

k. Subsequent Events

The Associated Students evaluated subsequent events with respect to the financial statements for the year ended June 30, 2016 through September 15, 2016, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 3 - Investments:**

At June 30, 2016, investments consist of the following:

Cash and Money Market funds	\$	12,077
Corporate Bonds and Municipal Bonds		739,733
Local Agency Investment Fund		10,585,756
	\$	<u>11,337,566</u>

Net investment income for the year ended June 30, 2016 was comprised of net realized and unrealized loss on investments of \$5,027 and interest on investments of \$127,597.

The Local Agency Investment Fund (“LAIF”) is a voluntary program created by statute that began in 1977 as an investment for California’s local governments and special districts. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the Treasurer’s Office investment staff. Participating agencies can withdraw their funds from the LAIF at any time. Participating agencies portion of the fund is held at fair value using net asset value (“NAV”) information provided by LAIF.

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

**Note 4 - Fair Value Measurement:**

The table below present's investments measured at fair value on a recurring basis at June 30, 2016:

	2016			
	Level 1	Level 2	NAV	Total
Cash and Money Market funds	\$ 12,077	\$ -	\$ -	\$ 12,077
Corporate bonds	490,004	145,582	-	635,586
Municipal bonds	77,147	27,000	-	104,147
Local Agency Investment Fund	-	-	10,585,756	10,585,756
	\$ 579,228	\$ 172,582	\$ 10,585,756	\$ 11,337,566

**Note 5 - Property and Equipment:**

Property and equipment at June 30, 2016 consist of:

	2016
Construction in Progress	\$ 3,400
Equipment, furniture and fixtures	1,068,307
Leasehold improvements	12,580
Equipment under capital lease	13,111
	1,097,398
Less: accumulated depreciation and amortization	(1,000,904)
	\$ 96,494

**Note 6 - Retirement Plan:**

All salaried employees are covered under an employer-sponsored 403b tax sheltered annuity plan, administered by the Variable Annuity Life Insurance Company. Contributions made by the Associated Students to this plan during the years ended June 30, 2016 and 2015 were \$230,260 and \$236,439, respectively.

# Associated Students of San Francisco State University

## Notes to Financial Statements June 30, 2016

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### **Note 7 - Employee benefits payable:**

Prior to the merger with the Associated Students (Note 14), the Student Center of the San Francisco State University (the Student Center) provided health care benefits to its active employees and retirees. The Board of Directors of the Student Center decided that coverage should be maintained and engaged an actuarial consultant to provide an estimate of the anticipated liability for coverage to the effected employees and retirees. The Associated Students does not provide similar coverage and after June 30, 2014 active employees transferring employment to the Associated Students and retirees would no longer be eligible for that coverage.

The present value of future expected retiree healthcare benefits was calculated using actuarial assumptions based on the benefits provided and considering premium increases and a discount rate of 3.2%. The resulting liability was estimated at \$1,277,360 as of June 30, 2015. During the year ended June 30, 2016 approximately \$61,000 of benefits were paid. The liability estimate was not adjusted as of June 30, 2016 for the present value change of the discount or other considerations or changes. Management does not believe that adjustment would be material.

### **Note 8 - Capitalized Leasehold Improvements and Lease Obligation:**

Prior to July 1, 2007, Associated Students had entered into a capitalized loan obligation transaction with related parties, the Franciscan Shops, Inc. and San Francisco State University Foundation, who financed the transaction as lessors with Associated Students as lessee. To finance the transaction, the related parties assumed revenue bond financed debt which compounded to the amount of the capital lease obligation assumed by Associated Students. The capitalized lease related to the construction costs (accounted for as leasehold improvements) of the Children's Center on land that was leased from the Board of Trustees of the California State University (the Trustees). There was also a Site Lease and Sublease with the related parties associated with the capitalized lease obligation transaction.

Additionally, prior to July 1, 2007 Associated Students paid off its capital lease obligation (which also paid off the remaining revenue bond financed debt). Since the previously mentioned Ground Lease, Site Lease and Sublease terminated with the payoff of the bonds, the Associated Students entered into a new facility lease with the Trustees for the facility of the Children's Center. While the term of the new operating lease is for five years, beginning in December 2011, Associated Students is currently working on a new facilities lease combined with their operating agreement with the Trustees. The term of the agreement is expected to be for ten years commencing in 2017.

Total capitalized leasehold improvements were \$5,051,097 at June 30, 2016 and 2015. Accumulated amortization relating to the capitalized leasehold improvements was \$5,029,035 and \$4,737,643 at June 30, 2016 and 2015, respectively.



# **Associated Students of San Francisco State University**

## **Notes to Financial Statements June 30, 2016**

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### **Note 9 - Related Parties:**

The Auxiliary Business Services Office of San Francisco State University maintains the accounting records of the Associated Students and other campus auxiliary organizations. Operating costs of Auxiliary Business Services are allocated between such organizations based on usage. Fees for accounting services were \$447,766 and \$532,769 for fiscal years 2016 and 2015, respectively.

In the normal course of business, Associated Students conducts various transactions with San Francisco State University and the other auxiliary organizations. Expense transactions amounted to \$1,015,857 and \$916,056 for the years ended June 30, 2016 and 2015, respectively.

Effective July 1, 2014, the Associated Students entered into an operating agreement and lease (Master Lease) with the Board of Trustees of the California State University (Trustees), for the facilities and space that it utilizes in the Student Center. The term of the master lease is July 1, 2014 to June 30, 2019. The Associated Students will share usage with University Corporation, San Francisco State. For lease costs, the Associated Students is required to pay its share of common area and facilities upkeep costs. For the year ended June 30, 2016, the Associated Students reimbursed the University approximately \$679,000 for its 46% share of the Cesar Chavez Student Center.

The University Corporation, San Francisco State (the Corporation) contributed \$278,968 to Associated Students for the year ended June 30, 2016. The contribution represents the residual net rental income from the leasing operations managed by the Corporation.

### **Note 10 - Concentration of Risk:**

The Associated Students has defined its financial instruments which are potentially subject to risk as cash and investments in LAIF. LAIF is a special fund in the State Treasury created for the purpose of pooled investment of idle funds for local governmental and quasi-governmental entities. These funds are neither insured nor guaranteed by the United States or California governments. The Associated Students investments in LAIF were \$10,585,756 and \$8,819,330 at June 30, 2016 and 2015 respectively. At June 30, 2016, the Associated Students had no cash deposits in excess of federally insured limits.

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

**Note 11 - Temporarily Restricted Net Assets:**

As of June 30, 2016 and 2015, temporarily restricted net assets of \$171,422 and \$133,191 respectively, relate to the Children's Center operations.

Net assets of \$523,323 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2016.

**Note 12 - Governing Board Transactions:**

Compensation paid to student members of the Associated Students Governing Board for the years ended June 30, 2016 and 2015 was \$153,100 and \$130,310, respectively. These payments, which range from \$625 to \$1,250 per month, are included in the Statement of Activities and Changes in Net Assets as Student Government expenses.

**Note 13 - Assets and Liabilities Relating to Children's Center Facility:**

Assets and liabilities as of June 30, 2016 and 2015 relating to the Children's Center operations consist of the following:

	2016
<b>Assets:</b>	
Cash Interfund	\$3,487,952
Investments	\$ 180,363
Construction in progress	3,400
Capitalized leasehold improvements	22,062
	\$ 3,693,777
<b>Unrestricted Net Assets</b>	
Designated Children's Center Facility	\$ 3,693,777
	\$ 3,693,777

**Associated Students of  
San Francisco State University**

**Notes to Financial Statements  
June 30, 2016**

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**Note 14 - Transfer of assets from auxiliary organization:**

On June 5, 2014, the Board of the Associated Students and the Board of the Student Center, a related party, adopted a resolution to merge both the Associated Students and the Student Center entities and operations. The necessary actions and plans, including addressing legal, accounting, tax and operational requirements and implications have been identified or developed by both the Boards and managements of the Associated Students and the Student Center.

Effective July 1, 2014, various student program activities under the Student Center were transferred to the Associated Students.

As of July 1, 2014 various assets and liabilities were transferred to the Associated Students from the Student Center as follows:

Cash and cash equivalents	\$ 7,500
Investments	7,213,218
Equipment	128,905
Prepaid expenses and other assets	<u>100,516</u>
Total assets	<u>7,450,139</u>
Accounts payable and accrued expenses	563,866
Accrued retiree healthcare benefits	<u>1,339,500</u>
Total liabilities	<u>1,903,366</u>
Net assets in liquidation	<u><u>\$ 5,546,773</u></u>

# Associated Students of San Francisco State University

## Schedule of Net Position June 30, 2016

Assets:	
Current assets:	
Cash and cash equivalents	\$ 40,621
Short-term investments	11,337,566
Accounts receivable, net	3,810,691
Leases receivable, current portion	—
Notes receivable, current portion	41,000
Pledges receivable, net	—
Prepaid expenses and other current assets	3,195,278
Total current assets	<u>18,425,156</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	118,556
Other assets	—
Total noncurrent assets	<u>118,556</u>
Total assets	<u>18,543,712</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	59,683
Accrued salaries and benefits	98,015
Accrued compensated absences, current portion	—
Unearned revenue	243,498
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	1,665,871
Total current liabilities	<u>2,067,067</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	336,498
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	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>336,498</u>
Total liabilities	<u>2,403,565</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>
Net Position:	
Net investment in capital assets	118,556
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	4,705,829
Unrestricted	11,315,762
Total net position	<u>\$ 16,140,147</u>

**Associated Students of  
San Francisco State University**

**Schedule of Revenue, Expenses and Changes in Net Position  
June 30, 2016**

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 6,652,796
Grants and contracts, noncapital:	
Federal	237,003
State	83,871
Local	289,338
Nongovernmental	292,295
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	—
Other operating revenues	<u>1,465,621</u>
Total operating revenues	<u>9,020,924</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	3,824,422
Institutional support	2,067,152
Operation and maintenance of plant	1,266,460
Student grants and scholarships	61,953
Auxiliary enterprise expenses	—
Depreciation and amortization	<u>348,957</u>
Total operating expenses	<u>7,568,944</u>
Operating income (loss)	<u>1,451,980</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	—
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	<u>—</u>
Net nonoperating revenues (expenses)	<u>—</u>
Income (loss) before other revenues (expenses)	1,451,980
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	<u>—</u>
Increase (decrease) in net position	1,451,980
Net position:	
Net position at beginning of year, as previously reported	14,688,167
Restatements	—
Net position at beginning of year, as restated	<u>14,688,167</u>
Net position at end of year	<u>\$ 16,140,147</u>

# Associated Students of San Francisco State University

## Other Information June 30, 2016

**1 Restricted cash and cash equivalents at June 30, 2016:**

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

**2.1 Composition of investments at June 30, 2016:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	10,585,756	—	10,585,756	—	—	—	10,585,756
Corporate bonds	635,586	—	635,586	—	—	—	635,586
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	35,149	—	35,149	—	—	—	35,149
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	81,075	—	81,075	—	—	—	81,075
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	11,337,566	—	11,337,566	—	—	—	11,337,566
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	11,337,566	—	11,337,566	—	—	—	11,337,566

# Associated Students of San Francisco State University

## Other Information June 30, 2016

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<b>2.2 Investments held by the University under contractual agreements at June 30, 2016:</b>	Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 20CY :	—	—	—	—	—	—	—	—
<b>2.3 Restricted current investments at June 30, 20CY related to:</b>	<b>Amount</b>								
Add description	\$ —								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
<b>Total restricted current investments at June 30, 2016</b>	<b>\$ —</b>								
<b>2.4 Restricted noncurrent investments at June 30, 2016 related to:</b>	<b>Amount</b>								
Endowment investment	\$ —								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
Add description	—								
<b>Total restricted noncurrent investments at June 30, 2016</b>	<b>\$ —</b>								

# Associated Students of San Francisco State University

## Other Information June 30, 2016

### 2.5 Fair value hierarchy in investments at June 30, 2016:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	10,585,756	—	—	—	10,585,756
Corporate bonds	635,586	490,004	145,582	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	12,077	12,077	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	104,147	77,147	27,000	—	—
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	—	—	—	—	—
<b>Total investments</b>	<b>11,337,566</b>	<b>579,228</b>	<b>172,582</b>	<b>—</b>	<b>10,585,756</b>





# Associated Students of San Francisco State University

## Other Information June 30, 2016

### 3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

Depreciation and amortization expense related to capital assets	\$ 348,957
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 348,957

### 4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	\$ 211,516	—	—	211,516	133,311	(8,329)	336,498	—	336,498
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	\$ 211,516	—	—	211,516	133,311	(8,329)	336,498	—	336,498

# Associated Students of San Francisco State University

## Other Information June 30, 2016

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:									
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
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									—
<b>Capitalized lease obligation, net of current portion</b>									<b>\$ —</b>

# Associated Students of San Francisco State University

## Other Information June 30, 2016

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:									
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
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									—
<b>Long-term debt obligations, net of current portion</b>									<b>\$ —</b>

**Associated Students of  
San Francisco State University**

**Other Information  
June 30, 2016**

**7 Calculation of net position**

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

Capital assets, net of accumulated depreciation	\$	118,556
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		—
Add description		—
Net position - net investment in capital asset	\$	118,556

**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		—
Add description		—
Add description		—
Add description		—
Net position - Restricted for nonexpendable - endowments per SNP	\$	—

# Associated Students of San Francisco State University

## Other Information June 30, 2016

**8 Transactions with related entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	1,015,857
Payments received from University for services, space, and programs	3,443,943
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)	(338,182)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	3,523,013
Other amounts receivable from University	—

**9 Other postemployment benefits obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		—
Other adjustments		—
NOO - beginning of year		—
NOO - end of year	\$	—

**10 Pollution remediation liabilities under GASB Statement No. 49:**

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

# Associated Students of San Francisco State University

## Other Information June 30, 2016

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 20PY, as previously reported	\$	14,688,167
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated	\$	14,688,167

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

	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)	—	—