

**Associated Students of
San José State University
(A California State University
Auxiliary Organization)**

**Financial Statements
June 30, 2024**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students of San José State University (Associated Students)
San Jose, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Associated Students of San José State University, a component unit of California State University, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Associated Students of San José State University, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students of San José State University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students of San José State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT (Continued)

Adoption of Accounting Pronouncements

As described in Note 2 to the financial statements, Associated Students of San José State University has adopted GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to those matters.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Associated Students of San José State University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students of San José State University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Associated Students of San José State University's basic financial statements. The Schedule of Net Position, Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Net Position, Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are fairly stated, in all material respects, in relation to the basic 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 5, 2024, on our consideration of Associated Students of San José State University'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 solely 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 Associated Students of San José State University's 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 of San José State University's internal control over financial reporting and compliance.

Vorlein, Hryn + Co.

Calabasas, California
September 5, 2024

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Management's Discussion and Analysis

This section of Associated Students of San José State University's (Associated Students) annual financial report presents management's discussion and analysis of the financial performance of Associated Students for the fiscal year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to Associated Students of San José State University

Associated Students is a California State University auxiliary organization that was organized and created to be the student voice for San José State University (the University). We are governed by a student-elected board of 13 members. Associated Students was established in 1857 and incorporated as a nonprofit public benefit corporation in 1980. Associated Students owns an 11,450 square-foot Child Development Center located one block from the main campus. We operate 10 departments that serve the needs and demands of students to enhance their educational and co-curricular experiences. They include Student Government; the General Services Center; Transportation Solutions; Marketing; the Print Shop; the Child Development Center; Events; Cesar Chavez Community Action Center; Human Resources; and Administration. Revenues are derived from mandatory program fees collected by the campus from each matriculated student; ancillary revenues from fee for service and programs; federal, state and local grants; and student organization contributions.

Students interact with Associated Students on a daily basis, through the use of the Smart Pass Clipper Card program for transportation, use of services, participation in programs and events, or campus-wide decision-making in Associated Students' government, the Academic Senate, or related University committees and interactions with administrators. Associated Students provides accounting services for Registered Student Organizations.

Associated Students' board of directors (the Board) is composed of 13 voting members, including three officers: Associated Students' president and CEO; vice president and Board chair; and controller and CFO. In addition, there is one nonvoting University designee that serves as a liaison for the University. The Board meets biweekly to review and develop policy, approve the annual budget and appoint student representatives to Associated Students and University committees. There are nine standing committees of the Board: Academic Affairs, Audit, Campus Life Affairs, Finance, Internal Affairs, Lobby Corps, Operations, Personnel and Programming Board. The executive director manages and is administratively responsible for day-to-day operations of Associated Students supported by approximately 39 full-time and 79 student employees.

Associated Students' financial reserves consist of monies held in the University Pooled Income Fund, bank balances and cash on hand. Our Other Post-Retirement Benefit (OPEB) plan assets are held in the CSU Auxiliary Organization Association, Agent Multi-Employer VEBA Trust Fund. Fiduciary net position of the plan is reviewed each year by the Associated Students' actuary to determine future contributions.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, which best represent the activities of Associated Students.

The financial statements include the statement of net position, revenues, expenses and changes in net position, and cash flows. These statements are supported by the notes to the financial statements and this management discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial picture of Associated Students.

Statement of net position: The statement of net position includes all assets, deferred outflows, liabilities, deferred inflows and net position. Assets, deferred outflows, liabilities, deferred inflows and net position are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of Associated Students.

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

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

Reporting entity: Associated Students is a nonprofit auxiliary organization of San José State University. Associated Students sponsors various campus activities that complement the instructional programs of the University campus.

Analytical Overview Summary

The following discussion highlights management's understanding of the key financial aspects of Associated Students' financial activities as of and for the year ended June 30, 2024. Included are comparative analyses of the current- and prior-year activities and balances and a discussion of the reason for the change in the balances from year to year.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Condensed Summary of Net Position

Associated Students' condensed summary of net position is as follows as of June 30:

Net Position

	2024	2023	Change
Current assets	\$ 12,502,612	\$ 11,974,039	528,573
Noncurrent assets	2,659,720	2,917,970	(258,250)
Total assets	<u>15,162,332</u>	<u>14,892,009</u>	<u>270,323</u>
Deferred outflows of resources	<u>1,357,567</u>	<u>1,599,709</u>	<u>(242,142)</u>
Current liabilities	1,424,749	1,048,106	376,643
Noncurrent liabilities	1,460,742	1,455,523	5,219
Total liabilities	<u>2,885,491</u>	<u>2,503,629</u>	<u>381,862</u>
Deferred inflows of resources	<u>555,887</u>	<u>622,862</u>	<u>(66,975)</u>
Net position:			
Net investment in capital assets	1,620,768	1,875,535	(254,767)
Restricted: funds held for student organizations	1,286,062	1,295,534	(9,472)
Unrestricted	10,171,691	10,194,158	(22,467)
Total net position	<u>\$ 13,078,521</u>	<u>\$ 13,365,227</u>	<u>(286,706)</u>

Assets: Current assets include bank balances, student fees receivable held in the University Pool, accounts receivable, prepaid expenses and transit and print shop inventories. Bank balances decreased by \$1.2 million as we deferred withdrawals from the University Pool. Conversely, the receivable balances in the University Pool increased by \$1.7 million.

Noncurrent assets decreased by \$258,250 from 2023 to 2024. During the year, equipment replacements at the Child Development Center \$9,000, were offset by depreciation expense of \$259,000 and a reduction in Restricted cash for student organizations of \$3,400.

Deferred outflows Deferred outflows decreased \$242,142 due to changes in actuarial assumptions on the costs of post-retirement medical, dental and vision benefits.

Liabilities: Current liabilities increased by \$376,643 from 2023 to 2024 primarily due to accrued expense from the Campus cost allocation. Although this expense has been accrued, Associated Students believes a correction is warranted and will revise the accrual when a resolution is reached.

Noncurrent liabilities increased by \$5,219 from 2023 to 2024. This is due to an increase of \$35,000 in the Other Post-Employment Benefits (OPEB liability) due to changes in actuarial assumptions offset by amortization of capitalized leased equipment (\$30,000).

Net position: Total net position decreased by \$286,706 from 2023 to 2024 reflecting the operating loss incurred in the year.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Condensed Summary of Revenues, Expenses and Changes in Net Position

Associated Students' condensed summary of revenues, expenses and changes in net position is as follows for the years ended June 30:

Revenues, Expenses and Changes

	2024	2023	Change
Operating revenues:			
Program fees	\$ 6,720,858	\$ 6,468,911	251,947
Government contracts:			
Federal	489,499	557,634	(68,135)
State	557,882	294,817	263,065
Grants—local	95,200	179,356	(84,156)
Child Development Center—parent fees	613,374	633,632	(20,258)
Student club contributions	1,070,968	1,016,420	54,548
Other revenue	499,681	435,717	63,964
Total operating revenues	10,047,462	9,586,487	460,975
Operating expenses:			
Programs	5,946,753	5,737,462	209,291
Child Development Center expenses	2,319,776	2,264,266	55,510
Administrative	366,074	209,676	156,398
Student grants and scholarships	90,250	91,500	(1,250)
Depreciation and amortization	259,361	264,195	(4,834)
Student club expenditures	1,080,439	1,058,326	22,113
OPEB expense	335,255	379,166	(43,911)
Total operating expenses	10,397,908	10,004,591	393,317
Operating income	(350,446)	(418,104)	67,658
Nonoperating revenues (expenses):			
Investment income, net	60,730	24,395	36,335
Lease interest expense	(3,766)	(3,303)	(463)
Miscellaneous other income	6,776	15,401	(8,625)
Net nonoperating revenues	63,740	36,493	27,247
			-
Changes in net position	(286,706)	(381,611)	94,905
Net position, beginning of year, as previously reported	13,365,227	13,746,838	(381,611)
Net position, end of year	\$ 13,078,521	\$ 13,365,227	\$ 286,706

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Revenues: Total operating revenues increased by \$460,975 from 2023 to 2024. Main contributors were:

- Program fees increased by \$251,947 largely due to the HEPI-based student association mandatory fees increase from \$100.50 to \$105.50.
- State government grants increased by \$263,065 due to increased subsidy rates as well as program support stipends.
- Student club receipts increased \$54,548 as the campus organizations fundraising activities grew.
- Similarly, other revenue, primarily Print Shop fees increased \$63,964 from the prior year.

Expenses: Total operating expenses increased by \$393,317 from 2023 to 2024.

- Operating expenses for Associated Students are principally made up of wages and related payroll taxes and benefits, which are approximately 38% and 10% of total operating expenses, respectively. Salaries increased as Associated Students gave 5% salary increase. Overall, total personnel costs including retiree benefits increased \$79,193.
- Student club expenditures increased by \$22,113 as campus organizations increased activities.
- Programs expense increases included the campus cost allocation (see note above) which is \$205,404 higher than the prior year.

Other revenues (expenses): Other revenues and expenses come from sources that are not part of Associated Students' primary business functions. Included in this classification for 2024 are miscellaneous income of \$7,000, investment income of \$61,000 and interest expense on capitalized leased equipment of \$3,800.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2024**

Change in Net Position

The net result of the changes in revenues and expenses as discussed above result in a decrease in net position of \$382,000 for 2023.

Capital assets: Capital assets, net of accumulated depreciation, are as follows for the year ended June 30:

	2024	2023
Buildings	\$ 120,135	\$ 240,271
Equipment, furniture and fixtures	449,576	493,329
Land and land improvements	500,000	500,000
Leased assets	79,425	113,178
Leasehold improvements	471,632	528,757
Total capital assets, net of accumulated depreciation	<u>\$ 1,620,768</u>	<u>\$ 1,875,535</u>

Capital assets decreased by \$254,767 as spending on current capital projects of \$9,000 was more than offset by depreciation of \$259,361.

Factors Impacting Future Periods

Roughly 67% of Associated Students' annual operating revenue is derived from program fees. The annual Associated Students fee is adjusted annually by the Higher Education Price Index unless suspended by the University. The program fee in 2024 increased 5% to \$105.50 compared to \$100.50 the prior year. While the fee increase has not kept pace with inflation, management is focused on new revenue sources and cost control. Any significant decreases in enrollment would impact Associated Students' net position and would require the Board and management to address the impact through cost reductions. That said, the program fee was increased, effective for Fall 2024, to \$110.00 (4.3%).

The Child Development Center receives contract revenue from California Department of Education and the California Department of Social Services to subsidize child care costs for low income student families. The terms of the contract require full time educators to hold at least a Master Teacher child development permit through the California Commission on Teacher Credentialing. Full time educators are also required to be certified in CPR, First Aid, and AED Training. Additionally Community Care Licensing requires student assistants to have completed at least 6 units in Child Development to be eligible to work in a licensed child care facility. Challenges in attracting credentialed student assistants may impact the Center's ability to provide care and result in reduced enrollment and thus reduced parent fee and State contract revenues.

National, statewide and local initiatives targeted to provide economic stability and to address affordable living wages will have a significant impact on our budget. Inflation, and a competitive employment market, and the local cost of living will challenge our ability to attract and retain both student and professional staff.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Statement of Net Position
June 30, 2024**

	2024
Assets	
Current assets:	
Cash and cash equivalents	\$ 6,600,270
Restricted investments for student organizations	264,155
Accounts and other receivables, net of allowance	5,483,779
Inventories	91,641
Prepaid expenses	62,767
Total current assets	12,502,612
Noncurrent assets:	
Restricted cash for student organizations	1,038,952
Capital assets, net of accumulated depreciation	1,620,768
Total noncurrent assets	2,659,720
Total assets	15,162,332
Deferred outflows of resources:	
Deferred outflows—Other Post-Employment Benefits (OPEB) contributions made after the measurement date	86,404
Deferred outflows—differences between projected and actual experience and changes in assumptions	1,271,163
Total deferred outflows of resources	1,357,567
Liabilities	
Current liabilities:	
Accounts payable	699,670
Accrued payroll and other liabilities	158,454
Compensated absences	217,586
Lease liability, current portion	26,316
Unearned revenue	322,723
Total current liabilities	1,424,749
Noncurrent liabilities:	
Net OPEB liability	1,405,105
Compensated absences, less current portion	-
Lease liability, non- current	55,637
Total noncurrent liabilities	1,460,742
Total liabilities	2,885,491
Deferred inflows of resources:	
Deferred inflows—differences between projected and actual returns on assets	555,887
Commitments and contingencies	
Net position:	
Net investment in capital assets	1,620,768
Restricted funds held for student organizations	1,286,062
Unrestricted	10,171,691
Total net position	\$ 13,078,521

See accompanying notes to financial statements.

Associated Students of San José State University
(A California State University Auxiliary Organization)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	2024
Operating revenues:	
Program fees	\$ 6,720,858
Government contracts:	
Federal	489,499
State	557,882
Grants—local	95,200
Child Development Center—parent fees	613,374
Student club contributions	1,070,968
Other revenue	499,681
Total operating revenues	<u>10,047,462</u>
Operating expenses:	
Programs	5,946,753
Child Development Center expenses	2,319,776
Administrative	366,074
Student grants and scholarships	90,250
Depreciation and amortization	259,361
Student club expenditures	1,080,439
OPEB expense	335,255
Total operating expenses	<u>10,397,908</u>
Operating income	<u>(350,446)</u>
Nonoperating revenues (expenses):	
Investment income, net	60,730
Lease interest expense	(3,766)
Miscellaneous other income	6,776
Total nonoperating revenues	<u>63,740</u>
Changes in net position	<u>(286,706)</u>
Net position, beginning of year	<u>13,365,227</u>
Net position, end of year	<u><u>\$ 13,078,521</u></u>

See accompanying notes to financial statements.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Statement of Cash Flows
For the Year Ended June 30, 2024**

	2024
Cash flows from operating activities:	
Program fees	\$ 5,001,040
Federal grants and contracts	489,498
State and local grants and contracts	557,882
Nongovernmental grants and contracts	95,200
Payments to suppliers	(5,467,809)
Payments to employees	(4,092,899)
Payments to students	-
Other receipts	2,192,598
Net cash provided by operating activities	<u>(1,224,490)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(9,000)
Payments on leased assets	(29,154)
Net cash used in capital and related financing activities	<u>(38,154)</u>
Cash flows from investing activities:	
Investment income	56,724
Miscellaneous other income	6,775
Net cash provided by investing activities	<u>63,499</u>
Net increase in cash, cash equivalents and restricted cash	(1,199,145)
Cash, cash equivalents and restricted cash, beginning of year	<u>8,838,367</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 7,639,222</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (350,446)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	259,361
Changes in assets and liabilities:	
Accounts and other receivables, net of allowance	(1,728,365)
Inventories	(15,213)
Prepaid expenses	23,350
Deferred outflows of resources	242,142
Accounts payable	351,005
Accrued payroll and other liabilities and compensated absences	10,134
Unearned revenue	15,577
Deferred inflows of resources	(66,975)
OPEB obligation	34,940
Total adjustments	<u>(874,044)</u>
Net cash provided by operating activities	<u><u>\$ (1,224,490)</u></u>

See accompanying notes to financial statements.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. Nature of Organization

Associated Students of San José State University (Associated Students) is a nonprofit auxiliary organization of the California State University (CSU). Associated Students operates student programs and activities for the benefit of the students of San José State University (the University). Such programs and activities are funded primarily from student program fees, government contracts and program fees.

Note 2. Summary of Significant Accounting Policies

Associated Students prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by Associated Students are described below to enhance the usefulness and understandability of the financial statements.

Basis of accounting: Associated Students' financial statements have been prepared in conformity with U.S. GAAP as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Associated Students uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. The GASB requires Associated Students to comply with all GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principle Board Opinions and Accounting Research Bulletins issued on or prior to November 30, 1989, which do not conflict with or contradict GASB pronouncements.

For financial reporting purposes, Associated Students is considered to be a special-purpose government engaged only in business-type activities. The GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP, as prescribed by the GASB. For financial reporting purposes, Associated Students is also considered to be a component unit of the University, as defined by the GASB.

Classification of current and noncurrent assets and liabilities: Associated Students considers those assets to be current that can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within 12 months of the statements of net position date are considered current. All other assets and liabilities are considered to be noncurrent.

Net position: The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

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

Restricted nonexpendable: This component of net position is subject to externally imposed conditions that Associated Students retains them in perpetuity. Net assets in this category consist of endowments. There were no restricted nonexpendable components of net position as of June 30, 2024

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Restricted expendable: This component of net position is subject to externally imposed conditions that can be fulfilled by the actions of Associated Students or by the passage of time. Student organization funds of \$1,286,062 at June 30, 2024, are included in restricted expendable net position due to contributions being restricted by the donors for use to administer activities of that particular club.

Unrestricted: All other categories of net position are considered unrestricted. In addition, the unrestricted component of net position may be designated by the board of directors of Associated Students.

Cash and cash equivalents: Associated Students considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2024, the entity had bank balances that exceeded the federally insured amount of \$250,000 and are uninsured.

Restricted Investments: Restricted Investments invested in the CSU Investment Pool are reported at amortized cost, with realized and unrealized gains and losses included on the accompanying statement of revenues, expenses and changes in net position as investment income. Dividends and interest income are accrued when earned.

Accounts and other receivables: Accounts receivables consist of the following balances for June 30, 2024:

	2024
Program fees due from San José State University (SJSU)	\$ 5,309,498
Grants receivable	18,500
Receivable from San Jose State University	32,733
Receivable from SJSU Tower Foundation	11,782
Receivable from SJSU Research Foundation	108,373
Receivable from SJSU Student Union	3,453
Miscellaneous	5,640
Allowance for doubtful accounts	(6,200)
Total accounts and other receivables	<u>\$ 5,483,779</u>

Receivables are stated at net realizable value. Other receivables consist of amounts due from other campus auxiliaries for rent. A valuation allowance for uncollectible amounts is based on its assessment of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to accounts receivable.

Inventories: Inventories consist of copier paper, bindings, copier equipment and the cost value of certain transit tickets sold as a pass-through from the transit authorities. Inventories are stated at the lower of cost or market using the first-in, first-out method.

Prepaid expenses: Prepaid expenses consist of amounts paid in advance for products or services that have not yet been received as of the fiscal year-end. Prepaid items are expensed when the products or services are received.

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are stated at historical cost. Purchases costing \$1,000 or more with a useful life of one year or more are capitalized. Donated capital assets are recorded at their estimated acquisition value. Major repairs and replacements that extend the useful life of the assets are capitalized and depreciated. The cost of normal maintenance and repairs are charged to expense when incurred.

Depreciation expense is computed on the straight-line method over estimated useful lives, ranging from three to 25 years, as follows:

	Years
Buildings and building improvements	5-25
Computer software and website	3-5
Equipment, furniture and fixtures	3-10
Leasehold improvements	10-30

Impairment of long-lived assets: Associated Students accounts for impairment of long-lived assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under this statement, management reviews events or changes in circumstances such as physical damage, economic factors, technological changes or other signs of obsolescence that would cause a significant decline in service and a circumstance outside the normal life cycle of the asset. No impairment losses were recorded during the year.

Compensated absences: Employees' unused vacation leave benefits are recognized as liabilities as required by U.S. GAAP. Sick leave benefits are not recognized as liabilities since it is Associated Students' policy that sick leave does not vest. Instead, Associated Students records such amounts as operating expenditures in the period sick leave is taken. Compensated absences are classified as current as management estimates that all or majority of the balance will be used within one year. Any unused compensated absences are paid out to employees upon termination.

Unearned revenue: Unearned revenue consists primarily of program fees collected in advance for summer and fall semesters.

Deferred outflows and deferred inflows of resources: Deferred outflows and deferred inflows of resources relate to the effects of changes in assumptions, differences in the actual and expected return on plan assets and contributions made after the measurement date on Associated Students' Other Post-Employment Benefits (OPEB) plan, and are to be recognized in future periods to OPEB plan expense.

Revenue recognition: Parent fees for the Child Development Center and transit access program fees are exchange transactions and are recognized when the goods or services are provided.

Program fees are imposed nonexchange transactions and are recognized when Associated Students has an enforceable legal claim, which is when the student registers for classes.

Revenues from government contracts and local grants are voluntary nonexchange transactions, and revenue is recorded when all eligibility requirements imposed by the provider have been met.

**Associated Students of San José State University
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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: Associated Students is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under Section 23701(d) of the California Revenue and Taxation Code (the Code). The Internal Revenue Service (IRS) classified the organization as one that is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section(s) 509(a)(1) and 170(b)(1)(A)(vi). Associated Students has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to Associated Students' continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

Associated Students' Forms 990, Return of Organization Exempt from Income Tax, for each of the tax years ended June 30; 2023, 2022, and 2021, are subject to examination by the IRS, generally for 3 years after they were filed.

Associated Students' Forms 199, California Exempt Organization Return, for each of the tax years ended June 30; 2023, 2022, 2021, and 2020 are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the amounts reported in the financial statements and accompanying notes. On an ongoing basis, Associated Students' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Associated Students' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Accounting standards effective for the current year: GASB Statement No. 99, *Omnibus 2022* is effective for the fiscal year ended June 30, 2024. The statement addresses practice issues identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. It applies the liability recognition, liability measurement and disclosure requirements in Statement 70 to governments that extend exchange or exchange-like financial guarantees. GASB 99 does not prescribe expense classification or prescribe recognition guidance for the consideration received in an exchange or exchange-like financial guarantee transaction.

GASB Statement No. 100, *Accounting Changes and Error Corrections* is effective for the fiscal year ended June 30, 2024. The statement will enhance accounting and financial reporting requirements for accounting changes.

Future accounting pronouncement: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which will be effective for the fiscal year ending June 30, 2025. This statement will update the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Associated Students is currently assessing the impact of the implementation of this Statement on its financial statements, but does not expect it to have any material impact.

**Associated Students of San José State University
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Notes to Financial Statements

Note 3. Deposits, Investments and Fair Value Measurements

Investment policy: Investments consist of funds invested with the University in the CSU Investment Pool. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the investing organizations. The third objective is to generate an acceptable yield. The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the federal and California state governments, certificates of deposit and certain other investment instruments. At June 30, 2024, Associated Students has \$264,155 deposited in the CSU Investment Pool.

Associated Students' investment in the CSU Investment Pool is valued at amortized cost, which is the Associated Students' contributions to the pool plus interest income. Therefore, it is not subject to categorization in the fair value hierarchy table or interest rate, credit risk or custodial credit risk disclosures.

The Associated Students uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in certain instances where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Associated Students groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy with which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

Associated Students' investment in the CSU Investment Pool is valued at amortized cost, which is the Associated Students' contribution to the pool plus interest income. Therefore, it is not subject to categorization in the fair value hierarchy table or interest rate, credit risk or custodial credit risk disclosures.

Custodial credit risk for deposits is the risk that Associated Students will not be able to recover its deposits in the event of a failure of a deposit institution. Associated Students' has bank balances at June 30, 2024 in the amount of \$7,424,653 that are uncollateralized by securities and exceed the Federal Deposit Insurance Corporation insured limit of \$250,000.

**Associated Students of San José State University
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Notes to Financial Statements

Note 4. Capital Assets

Capital assets consist of the following at June 30:

	Beginning of Year July 1, 2023	Additions	Deletions	End of Year June 30, 2024
Non-depreciable:				
Land and land improvements	\$ 500,000	\$ -	\$ -	\$ 500,000
Work in progress	-	-	-	-
	500,000	-	-	500,000
Depreciable:				
Building	2,939,391	-	-	2,939,391
Accumulated depreciation	(2,699,120)	(120,136)	-	(2,819,256)
	240,271	(120,136)	-	120,135
Equipment, furniture and fixtures	1,914,489	9,000	(115,554)	1,807,935
Accumulated depreciation	(1,421,160)	(52,753)	115,554	(1,358,359)
	493,329	(43,753)	-	449,576
Intangible assets	16,832	-	-	16,832
Accumulated depreciation	(16,832)	-	-	(16,832)
	-	-	-	-
Leasehold improvements	3,269,875	-	-	3,269,875
Accumulated depreciation	(2,741,118)	(57,125)	-	(2,798,243)
	528,757	(57,125)	-	471,632
Total capital assets	\$ 1,762,357	\$ (221,014)	\$ -	\$ 1,541,343
Leased assets	\$ 150,437	\$ -	\$ (4,681)	\$ 145,756
Accumulated depreciation	(37,259)	(29,347)	275	(66,331)
Total leased assets	\$ 113,178	\$ (29,347)	\$ (4,406)	\$ 79,425

Depreciation expense for the year ended June 30, 2024, was \$259,361.

**Associated Students of San José State University
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Notes to Financial Statements

Note 5. Related-Party Transactions and Commitments

Associated Students has routine business transactions with the University and other auxiliaries of the University.

Amounts receivable and payable to and from the University and related organizations are recorded on the statement of net position as receivables and accounts payable. Receivables due from and payables due to related parties are as follows as of June 30, 2024:

	<u>2024</u>
Program fees due from San José State University	\$ 5,309,498
Receivable from San José State University	32,733
Receivable from SJSU Research Foundation	108,373
Receivable from SJSU Student Union	3,453
Receivable from SJSU Tower Foundation	11,782
	<u>\$ 5,465,839</u>
	<u>2024</u>
Payable to SJSU Student Union	\$ 435
Payable to San José State University	347,288
	<u>\$ 347,723</u>

Compensation paid to student members of Associated Students' board of directors totaled \$118,880 for the year ended June 30, 2024. These payments, which range from approximately \$180 to \$1,320 per month, are recorded as program expenses on the statement of revenues, expenses and changes in net position.

Associated Students leases facilities under operating leases from organizations related to the University. Associated Students leased certain facilities under operating lease agreements with monthly rent of \$9,477. This lease expired on June 30, 2021, and was month-to-month throughout the fiscal year. In addition, the leases require Associated Students to pay its pro-rata share of utilities expense and maintain appropriate insurance coverage. Rent and utilities expense under the leases were \$121,137 for the year ended June 30, 2024.

Associated Students has a contract with the University to use the Scheller House free of cost through August 2031. The terms of the agreement require Associated Students to maintain appropriate insurance coverage. Associated Students paid for renovations to the Scheller House which have a net book value of \$318,678.

Associated Students paid for renovations to the facility in the amount of \$3,079,134. Pursuant to the lease terms, the University will provide a renovation credit for the amount that the cost of the renovations exceeds the total lease payments plus interest at 6% per year for the first 10 years.

**Associated Students of San José State University
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Notes to Financial Statements

Note 6. Compensated Absences

Accrued compensated absences consist of the following activity during the years ended June 30:

	Beginning Balance as of June 30, 2023	Additions	Reductions	Ending Balance as of June 30, 2024	Current Portion
Compensated absences	\$ 203,354	\$ 193,780	\$ (179,548)	\$ 217,586	\$ 217,586

Unused accrued compensated absences are paid upon employees' termination.

Note 7. Right of Use – Lease Liabilities

Associated Students has the following leases:

Community Garden Lease, Term: Month-to-month. Monthly rent payment \$850.

The total amount of the leased assets and related accumulated depreciation at June 30, 2024 were \$20,292, and \$20,292, respectively.

Associated Students had no variable payments not previously in the lease liability's measurement. Associated Students had no amount recognized in the period for other payments such as termination penalties or purchase options, not previously included in the lease liability measurement.

Principal and interest payments on leases are \$10,169 and \$31, respectively for the year ended June 30, 2024.

XEROX equipment lease, Term July 2021 to June 2026. Monthly rent payment \$2,409 underlying components, put in place at dissimilar dates with payment waived until installed. The total amount of leased assets and related accumulated depreciation at June 30, 2024 were \$125,464 and \$46,039, respectively.

**Associated Students of San José State University
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Notes to Financial Statements

Note 8. Post-Employment Health Care Plan

Plan description: Associated Students provides lifetime retiree medical dental and vision benefits to employees, and their beneficiaries, who retire at age 59.5 or older with five years of service through the PRISM group insurance program (the Plan). These statements are available from Keenan Financial Services, P.O. Box 4328, Torrance, CA 90510.

Benefits: The Plan provides health, dental and vision care benefits to employees and their dependents. Benefits are provided by third-party insurers, and the full cost of benefits is provided by the Plan.

Participants covered by the Plan are as follows:

Retirees receiving benefits	14
Participating active employees	34
Total number of participants	<u>48</u>

Contributions: Associated Students' board of directors approved the inclusion of Associated Students in a Voluntary Employees' Beneficiary Association (VEBA) Trust comprising CSU auxiliaries. The VEBA is a separate 501(c)(9) established in August 2010 to assist in funding OPEB health care benefits.

Contribution requirements are established and may be amended by Associated Students' board of directors. Associated Students' board of directors designated a portion of net position as a reserve to cover future costs of the Plan. The Plan is funded on a pay-as-you-go basis that is the annual cost of providing benefits and is paid from operations. Contributions to the Plan for the year ended June 30, 2024, were \$125,148 and were recorded as deferred outflows - contributions made after the measurement date on the statement of net position.

Plan assets: The VEBA professional management team includes a program coordinator, corporate trustee, investment advisor, legal, and audit and tax services. Trust assets are invested and held in custody by Benefit Trust Company serving as the corporate trustee, in a mix that includes approximately 39% bonds and 61% equity. Morgan Stanley Smith Barney serves as an investment advisor to the corporate trustee. They make recommendations regarding the management of VEBA Trust investments, which are then either approved and implemented or otherwise rejected by the Trust Investment Committee at Benefit Trust Company. The total market value of Associate Students' VEBA account at June 30, 2024, the measurement date, was \$2,953,457.

Total OPEB liability, fiduciary net position and net OPEB liability: In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the OPEB expense and deferred outflows and deferred inflows of resources related to OPEB that are required to be reported by an employer primarily result from changes in the components of the net OPEB liability, that is, changes in the total OPEB liability and in the OPEB plan's fiduciary net position.

**Associated Students of San José State University
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Notes to Financial Statements

Note 8. Post-Employment Health Care Plan (Continued)

The net OPEB liability is determined based on the results of an actuarial valuation. The effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods. The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs, and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period.

The following shows the change in the OPEB liability, fiduciary net position and net OPEB liability for the year ended June 30 2023:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 3,785,545	\$ 2,415,380	\$ 1,370,165
Service cost	166,702	-	166,702
Interest on total OPEB liability	218,315	138,561	79,754
Administrative expenses	-	(11,246)	11,246
Employer contributions	-	144,210	(144,210)
Benefit payments	(144,210)	(144,210)	-
Experience gains/losses	-	-	-
Investment gains(losses)	-	78,552	(78,552)
Changes in assumptions	-	-	-
Net change	240,807	205,867	34,940
Balance at June 30, 2023	\$ 4,026,352	\$ 2,621,247	\$ 1,405,105

**Associated Students of San José State University
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Notes to Financial Statements

Note 8. Post-Employment Health Care Plan (Continued)

Actuarial methods and assumptions: The actuarial valuation is based on the following dates, periods and assumptions for Associated Students' financial statements for the year ended June 30, 2023:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Measurement period	July 1, 2022, to June 30, 2023
Actuarial cost method	Entry age normal
Discount rate	5.75%
Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.75%
Health care cost trend rate	4.00%
Mortality rate	2017 CalPERS Mortality for Miscellaneous and School Employees
Preretirement turnover	2017 CalPERS Termination Rates for School Employees

Projections of benefits for financial reporting purposes are based on an established pattern of practice and includes the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value-reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Discount rate: The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that Associated Students' contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. The long-term rate of return was determined based on capital market studies for similar industries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of Associated Students if it were calculated using a discount rate and health care trend rate that is 1% lower or higher than the current rate for the year ended June 30, 2023:

	Discount Rate 1% Lower 4.75%	Valuation Discount Rate 5.75%	Discount Rate 1% Higher 6.75%
Discount rate:			
Net OPEB liability	\$ 2,089,260	\$ 1,405,105	\$ 857,751

**Associated Students of San José State University
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Notes to Financial Statements

Note 8. Post-Employment Health Care Plan (Continued)

	1% Lower 3.00%	Valuation Healthcare Cost 4.00%	1% Higher 5.00%
Health care cost trend rate:			
Net OPEB liability	\$ 733,090	\$ 1,405,105	\$ 2,285,745

OPEB expense and deferred outflows and deferred inflows of resources: As of June 30, 2024, Associated Students recognized OPEB expense of \$335,255.

During the fiscal year ended June 30, 2024, the Associated Students reported deferred outflows and inflows of resources as follows:

	2024	
	Deferred Outflows	Deferred Inflows
Experience gains/losses	\$ 834,141	\$ (555,887)
Assumption changes	242,509	-
Investment gains/losses	194,513	-
	<u>\$ 1,271,163</u>	<u>\$ (555,887)</u>

The \$86,404 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024.

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Differences between projected and actual earnings on OPEB investments are recognized over five years. Changes due to assumptions and experience are recognized over the average remaining service lifetime.

	Deferred Outflows	Deferred Inflows
Years ending June 30:		
2025	\$ 139,835	\$ (66,975)
2026	131,157	(66,975)
2027	230,874	(66,975)
2028	81,507	(66,975)
2029	97,215	(66,975)
Thereafter	590,575	(221,012)
	<u>\$ 1,271,163</u>	<u>\$ (555,887)</u>

**Associated Students of San José State University
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Notes to Financial Statements

Note 9. Contingencies

Associated Students has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material to the basic financial statements taken as a whole.

Note 10. Retirement Plan

Associated Students maintains an annuity purchase plan under Section 401(k) of the Internal Revenue Code (IRC). Under this plan, employees who have completed one year of service may defer up to 20% of their salary through contributions to the plan, subject to IRC limits. Associated Students matches contributions up to 7% of participants' salaries. Matching contributions were \$148,517 for the year ended June 30, 2024, and were recorded as operating expenses on the statement of revenues, expenses and changes in net position.

Note 11. Subsequent Events

Associated Students has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 5, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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**Schedule of Changes in Net OPEB Liability and Related Ratios—Last Ten Years
For the Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 166,702	\$ 210,596	\$ 192,640	\$ 133,683	\$ 112,709	\$ 109,692	\$ 106,756
Interest on total OPEB liability	218,315	239,636	225,687	187,379	129,890	119,413	109,316
Experience losses	-	(689,837)	-	337,655	809,939	-	-
Changes in assumptions	-	-	149,882	156,705	-	-	-
Benefit payments	(144,210)	(118,128)	(180,124)	(191,126)	(60,249)	(51,719)	(49,730)
Net change in total OPEB liability	240,807	(357,733)	388,085	624,296	992,289	177,386	166,342
Total OPEB liability—beginning	3,785,545	4,143,278	3,755,193	3,130,897	2,138,608	1,961,222	1,794,880
Total OPEB liability—ending (a)	<u>\$ 4,026,352</u>	<u>\$ 3,785,545</u>	<u>\$ 4,143,278</u>	<u>\$ 3,755,193</u>	<u>\$ 3,130,897</u>	<u>\$ 2,138,608</u>	<u>\$ 1,961,222</u>
Plan fiduciary net position:							
Contribution—employer	\$ 144,210	\$ 118,128	\$ 180,124	\$ 191,126	\$ -	\$ 146,719	\$ 713,987
Net investment income	217,113	(574,561)	640,701	93,750	107,890	145,449	152,339
Benefit payments	(144,210)	(118,128)	(180,124)	(191,126)	-	(51,719)	(49,730)
Administrative expense	(11,246)	(12,928)	(12,150)	(10,863)	(11,828)	(14,928)	(9,664)
Net change in plan fiduciary net position	205,867	(587,489)	628,551	82,887	96,062	225,521	806,932
Plan fiduciary net position—beginning	2,415,380	3,002,869	2,374,318	2,291,431	2,195,369	1,969,848	1,162,916
Plan fiduciary net position—ending (b)	<u>\$ 2,621,247</u>	<u>\$ 2,415,380</u>	<u>\$ 3,002,869</u>	<u>\$ 2,374,318</u>	<u>\$ 2,291,431</u>	<u>\$ 2,195,369</u>	<u>\$ 1,969,848</u>
Net OPEB liability (asset)—ending (a) - (b)	<u>\$ 1,405,105</u>	<u>\$ 1,370,165</u>	<u>\$ 1,140,409</u>	<u>\$ 1,380,875</u>	<u>\$ 839,466</u>	<u>\$ (56,761)</u>	<u>\$ (8,626)</u>
Plan fiduciary net position as a percentage of total OPEB liability	65 %	64 %	72 %	63 %	73 %	103 %	100 %
Covered-employee payroll	\$ 2,438,656	\$ 2,304,636	\$ 2,250,614	\$ 2,250,614	\$ 2,168,814	\$ 2,176,356	\$ 2,083,997
Net OPEB liability (asset) as a percentage of covered-employee payroll	57.62 %	59.45 %	50.67 %	61.36 %	38.71 %	(2.61)%	(0.41)%

Information presented prospectively beginning with 2018 due to the implementation of GASB 75.
Future years' information will be displayed up to 10 years as information becomes available.

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**Schedule of Contributions—Last Ten Years
June 30, 2024**

Fiscal Year-End *	Actuarially Determined Contribution **	Contributions	Deficiency/ Excess	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024		\$ 150,447	\$ (150,447)	\$ 2,438,656	6.17%
2023		144,210	(144,210)	2,304,636	6.26%
2022		180,124	(180,124)	2,250,614	8.00%
2021	-	140,815	(140,815)	2,250,614	6.26%
2020	-	191,126	(191,126)	2,168,814	8.81%
2019	-	146,719	(146,719)	2,176,356	6.74%
2018	-	713,987	(713,987)	2,083,997	-

Notes to Schedule:

* Actuarial methods and assumptions used to set the actuarially determined contributions are based on a measurement date a year in arrears.

** Actuarially Determined Contributions (ADC)—The ADC amount was not calculated. Associated Students contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Associated Students of San José State University
Schedule of Net Position
June 30, 2024
(for inclusion in the California State University Financial Statements)

Assets:

Current assets:	
Cash and cash equivalents	6,600,270
Short-term investments	264,155
Accounts receivable, net	5,483,779
Lease receivable, current portion	—
P3 receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	154,408
Total current assets	12,502,612
Noncurrent assets:	
Restricted cash and cash equivalents	1,038,952
Accounts receivable, net	—
Lease receivable, net of current portion	—
P3 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	1,620,768
Other assets	—
Total noncurrent assets	2,659,720
Total assets	15,162,332

Deferred outflows of resources:

Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	1,357,567
Leases	—
P3	—
Others	—
Total deferred outflows of resources	1,357,567

Liabilities:

Current liabilities:	
Accounts payable	699,670
Accrued salaries and benefits	158,454
Accrued compensated absences, current portion	217,586
Unearned revenues	322,723
Lease liabilities, current portion	26,316
SBITA liabilities - current portion	—
P3 liabilities - current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	1,424,749
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Lease liabilities, net of current portion	55,637
SBITA liabilities, net of current portion	—
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	1,405,105
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	1,460,742
Total liabilities	2,885,491

Deferred inflows of resources:

P3 service concession arrangements	—
Net pension liability	—
Net OPEB liability	555,887
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Lease	—
P3	—
Others	—
Total deferred inflows of resources	555,887

Net position:

Net investment in capital assets	1,620,768
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	1,286,062
Unrestricted	10,171,691
Total net position	13,078,521

Associated Students of San José State University
Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2024
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Student tuition and fees, gross	—
Scholarship allowances (enter as negative)	—

Grants and contracts, noncapital:

Federal	489,499
State	557,882
Local	95,200
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	1,113,055
Scholarship allowances (enter as negative)	—
Other operating revenues	7,791,826

Total operating revenues	10,047,462
---------------------------------	------------

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	10,048,297
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	90,250
Auxiliary enterprise expenses	—
Depreciation and amortization	259,361

Total operating expenses	10,397,908
---------------------------------	------------

Operating income (loss)	(350,446)
--------------------------------	-----------

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	60,730
Endowment income (loss), net	—
Interest expense	(3,766)
Other nonoperating revenues (expenses)	6,776

Net nonoperating revenues (expenses)	63,740
---	--------

Income (loss) before other revenues (expenses)	(286,706)
---	-----------

State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—

Increase (decrease) in net position	(286,706)
--	-----------

Net position:

Net position at beginning of year, as previously reported	13,365,227
Restatements	—

Net position at beginning of year, as restated	13,365,227
---	------------

Net position at end of year	13,078,521
------------------------------------	------------

**Associated Students of San José State University
(A California Nonprofit Corporation)**

**Other Information
June 30, 2024**

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

1,038,952
1,038,952
6,600,270
\$ 7,639,222

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
CSU Consolidated Investment Pool (formerly SWIFT)	264,155		264,155
Total other investments:	-	-	-
Total investments	264,155	—	264,155
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 264,155	-	264,155

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
CSU Consolidated Investment Pool (formerly SWIFT)	264,155	-	-	-	264,155
Total other investments:	-	-	-	-	-
Total investments	\$ 264,155	—	—	—	264,155

2.3 Investments held by the University under contractual agreements:

Investments held by the University under contractual agreements
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):

Current	Noncurrent	Total
264,155	\$	264,155

**Associated Students of San José State University
(A California Nonprofit Corporation)**

**Other Information
June 30, 2024**

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	500,000				500,000				500,000
Total non-depreciable/non-amortizable capital assets	500,000	-	-	-	500,000	-	-	-	500,000
Depreciable/Amortizable capital assets:									
Buildings and building improvements	2,939,391				2,939,391				2,939,391
Leasehold improvements	3,269,875				3,269,875				3,269,875
Personal property:									
Equipment	1,914,489				1,914,489	9,000	(115,554)		1,807,935
Intangible assets:									
Software and websites	16,832				16,832				16,832
Total intangible assets	16,832	-	-	-	16,832	-	-	-	16,832
Total depreciable/amortizable capital assets	8,140,587	-	-	-	8,140,587	9,000	(115,554)	-	8,034,033
Total capital assets	8,640,587	-	-	-	8,640,587	9,000	(115,554)	-	8,534,033
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(2,699,120)				(2,699,120)	(120,136)			(2,819,256)
Leasehold improvements	(2,741,118)				(2,741,118)	(57,125)			(2,798,243)
Personal property:									
Equipment	(1,421,160)				(1,421,160)	(52,753)	115,554		(1,358,359)
Intangible assets:									
Software and websites	(16,832)				(16,832)				(16,832)
Total intangible assets	(16,832)	-	-	-	(16,832)	-	-	-	(16,832)
Total accumulated depreciation/amortization	(6,878,230)	-	-	-	(6,878,230)	(230,014)	115,554	-	(6,992,690)
Total capital assets, net excluding ROU assets	\$ 1,762,357	-	-	-	1,762,357	(221,014)	-	-	1,541,343

Associated Students of San José State University (A California Nonprofit Corporation)

Other Information June 30, 2024

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable lease assets:									
Land and land improvements	20,292				20,292				20,292
Personal property:									
Equipment	130,145				130,145			(4,681)	125,464
Total depreciable/amortizable lease assets	150,437	—	—	—	150,437	—	—	(4,681)	145,756
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	(20,292)				(20,292)				(20,292)
Personal property:									
Equipment	(16,967)				(16,967)	(29,347)		275	(46,039)
Total accumulated depreciation/amortization	(37,259)	—	—	—	(37,259)	(29,347)	—	275	(66,331)
Total capital assets - lease ROU, net	113,178	—	—	—	113,178	(29,347)	—	(4,406)	79,425

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	—				—				—
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	—				—				—
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	—				—				—
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	—	—	—	—	—	—	—	—	—

Total capital assets, net including ROU assets

1,620,768

3.2 Detail of depreciation and amortization expense:	
Depreciation and amortization expense related to capital assets	\$ 230,014
Amortization expense - Leases ROU	29,347
Total depreciation and amortization	\$ 259,361

**Associated Students of San José State University
(A California Nonprofit Corporation)**

**Other Information
June 30, 2024**

4 Long-term liabilities:

	Balance June 30, 2023 203,354	Prior Period Adjustments/Recla ssifications	Balance June 30, 2023 (Restated) 203,354	Additions 193,780	Reductions (179,548)	Balance June 30, 2024 217,586	Current Portion 217,586	Noncurrent Portion
1. Accrued compensated absences								-
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations (pre-ASC 842):								
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
Sub-total long-term debt	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2023 111,747	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions (29,794)	Balance June 30, 2024 81,953	Current Portion 26,316	Noncurrent Portion 55,637
Lease liabilities	111,747				(29,794)	81,953	26,316	55,637
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	<u>\$ 111,747</u>	-	-	-	(29,794)	<u>81,953</u>	<u>26,316</u>	<u>55,637</u>
Total long-term liabilities						<u>\$ 299,539</u>	<u>\$ 243,902</u>	<u>\$ 55,637</u>

5 Future minimum payments schedule - leases, SBITA, P3:

Year ending June 30:	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2025	26,316	2,587	28,903			-			-	26,316	2,587	28,903
2026	27,305	1,597	28,902			-			-	27,305	1,597	28,902
2027	28,332	571	28,903			-			-	28,332	571	28,903
Total minimum lease payments	<u>\$ 81,953</u>	<u>4,755</u>	<u>86,708</u>	-	-	-	-	-	-	<u>81,953</u>	<u>4,755</u>	<u>86,708</u>
Less: amounts representing interest												(4,755)
Present value of future minimum lease payments												<u>81,953</u>
Total Leases, SBITA, P3 liabilities												<u>81,953</u>
Less: current portion												(26,316)
Leases, SBITA, P3 liabilities, net of current portion												<u>\$ 55,637</u>

**Associated Students of San José State University
(A California Nonprofit Corporation)**

**Other Information
June 30, 2024**

6 Future minimum payments schedule - Long-term debt obligations: Nothing to Report

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	38,500
Payments to University for other than salaries of University personnel	441,714
Payments received from University for services, space, and programs	5,864,082
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	90,250
Accounts (payable to) University (enter as negative number)	(347,288)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	5,342,231
Other amounts receivable from University (enter as positive number)	

8 Restatements - Nothing to Report

**Associated Students of San José State University
(A California Nonprofit Corporation)**

**Other Information
June 30, 2024**

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Student services	3,977,886	673,985	148,517	335,255		4,912,654		10,048,297
Student grants and scholarships					90,250			90,250
Depreciation and amortization							259,361	259,361
Total operating expenses	\$ 3,977,886	673,985	148,517	335,255	90,250	4,912,654	259,361	10,397,908

Select type of pension plan >>

Defined
Contribution Plan

Explanation for check
error:

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - net OPEB liability	1,357,567
Total deferred outflows of resources	\$ 1,357,567

2. Deferred Inflows of Resources

Deferred inflows - net OPEB liability	555,887
Total deferred inflows of resources	

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	6,776
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	6,776



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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Associated Students of San José State University (Associated Students)
San Jose, California

We have audited, in accordance with the 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 José State University, which comprise the statement of revenues, expenses and changes in net position for the year then ended June 30 2024, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students of San José State University's internal control over financial reporting (internal control) to determine the 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 Associated Students of San José State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Students of San José State University'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 entity'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 internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students of San José State University'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*.

Purpose of this Report

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 of San José State University's 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 of San José State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vorstin, Hryn + Co.

Calabasas, California
September 5, 2024

**Associated Students of San José State University
(A California State University Auxiliary Organization)**

**Schedule of Findings and Responses
For the Year Ended June 30, 2024**

2024 Findings: None

2024 Recommendations: None