

Associated Students of Sonoma State University

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2025 and 2024



ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY
Financial Statements and Supplemental Information
Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Associated Students of Sonoma State University

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Associated Students of Sonoma State University (the Organization), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Students of Sonoma State University as of June 30, 2025 and 2024, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students of Sonoma 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 Sonoma State University's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

- 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 Sonoma 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 Sonoma 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, 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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on pages 25-34 is presented for the purpose of additional analysis as required by the California State University Chancellor's Office and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental 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 9, 2025, on our consideration of Associated Students of Sonoma 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 solely 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 Associated Students of Sonoma 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 Sonoma State University's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 9, 2025

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

This section of the Associated Students of Sonoma State University (the Organization) annual financial report presents management's overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2025. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's audited financial statements, which are comprised of the basic financial statements and the notes, as outlined in the table of contents. This annual report is prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

The Business-Type Activity (BTA) reporting model has been adopted by the California State University (CSU) system for use by all of its member campuses. The CSU determined the BTA model best represents the combined activities of the CSU and its auxiliary corporations.

The three auxiliary not-for-profit corporations serving Sonoma State University (the University), of which the Organization is one, have also adopted the BTA reporting model primarily for efficiencies gained in combining the three auxiliaries' annual financial statements with the University and ultimately the combined CSU financial statements.

The required financial statements include the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. Notes to the financial statements and this summary support these statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Organization.

Statements of Net Position: These statements include all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position." This section of the statement identifies major categories of restrictions and reflects the overall financial position of the Organization as a whole. Over time, increases and decreases in total net position can be an indicator of whether the financial health of the Organization is improving or declining.

Statements of Revenues, Expenses, and Changes in Net Position: These statements present the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under the accrual basis of accounting, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenses reported during this fiscal year may result in changes to cash flow in a future period.

Statements of Cash Flows: These statements reflect inflows and outflows of cash, summarized by operating, financing, and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to Basic Financial Statements: This additional information is essential to a full understanding of the data reported in the basic financial statements.

Supplemental Information: This is offered to support the required basic financial statements and to assist the reader in obtaining a clearer understanding of the operating units within the Organization.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

Analytical Overview

The following discussion highlights management's understanding of the key financial aspects of the Associated Students' activities.

| | Condensed Statements of Net Position as of June 30, | | Change | |
|----------------------------------|--|---------------------|---------------------|-----|
| | 2025 | 2024 | \$ | % |
| Assets: | | | | |
| Current assets | \$ 3,799,005 | \$ 3,860,254 | \$ (61,249) | -2% |
| Noncurrent assets | 1,918 | 2,119 | (201) | -9% |
| Total assets | <u>3,800,923</u> | <u>3,862,373</u> | <u>(61,450)</u> | -2% |
| Liabilities: | | | | |
| Current liabilities | 557,696 | 471,274 | 86,422 | 18% |
| Noncurrent liabilities | 36,798 | 30,300 | 6,498 | 21% |
| Total liabilities | <u>594,494</u> | <u>501,574</u> | <u>92,920</u> | 19% |
| Net position: | | | | |
| Net investment in capital assets | 1,918 | 2,119 | (201) | -9% |
| Unrestricted | 3,204,511 | 3,358,680 | (154,169) | -5% |
| Total net position | <u>\$ 3,206,429</u> | <u>\$ 3,360,799</u> | <u>\$ (154,370)</u> | -5% |

| | Condensed Statements of Net Position as of June 30, | | Change | |
|----------------------------------|--|---------------------|---------------------|-----|
| | 2024 | 2023 | \$ | % |
| Assets: | | | | |
| Current assets | \$ 3,860,254 | \$ 4,065,834 | \$ (205,580) | -5% |
| Noncurrent assets | 2,119 | 2,321 | (202) | -9% |
| Total assets | <u>3,862,373</u> | <u>4,068,155</u> | <u>(205,782)</u> | -5% |
| Liabilities: | | | | |
| Current liabilities | 471,274 | 353,213 | 118,061 | 33% |
| Noncurrent liabilities | 30,300 | 16,313 | 13,987 | 86% |
| Total liabilities | <u>501,574</u> | <u>369,526</u> | <u>132,048</u> | 36% |
| Net position: | | | | |
| Net investment in capital assets | 2,119 | 2,321 | (202) | -9% |
| Unrestricted | 3,358,680 | 3,696,308 | (337,628) | -9% |
| Total net position | <u>\$ 3,360,799</u> | <u>\$ 3,698,629</u> | <u>\$ (337,830)</u> | -9% |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

Analytical Overview, continued

Statement of Net Position Variance Analysis

Total assets of the Organization decreased by \$61,450, in the year ended June 30, 2025. This classification is comprised of current assets (cash, investments, accounts receivable, prepaid expenses and other assets), and noncurrent assets (capital assets). Current assets decreased \$61,249, primarily due to the current year's expenses being greater than the current year's revenue which resulted in the use of the Organization's reserve balance. These reserves were spent from the Organization's short-term investments.

Total liabilities increased during the year ended June 30, 2025 by \$92,920. This classification is comprised of current liabilities (accounts payable, accrued salaries and benefits, compensated absences, and unearned revenue) and noncurrent liabilities (compensated absences, noncurrent portion). The increase in total liabilities was primarily driven by the timing of accounts payable related party payments and the implementation of a new Governmental Accounting Standards Board (GASB) that requires the Organization to accrue sick time in both the current and noncurrent sections of the Statement of Net Position. The increase in related party payable accounts was approximately \$100,000 greater in the current year.

The overall change to net position during the year ended June 30, 2025 is a decrease of \$154,370 which is a 5% decrease from the prior year, resulting in a June 30, 2025 net position balance of \$3,206,429.

In the prior year, total assets of the Organization decreased by \$205,782, primarily due to prior year expenses being greater than prior year revenue which resulted in the use of the Organization's reserve balance. These reserves were spent from the Organization's short-term investments. Total liabilities increased by \$132,048, primarily driven by the impact of the GASB implementation and activities from the Children's School program, the Organization received a fiscal year 24/25 grant payment in June 2024, so that was recorded as unearned revenue for 23/24 fiscal year. The California Department of Education (CDE) and California Department of Social Services (CDSS), the main Children's School grantors finally reviewed the past couple of years of audits of that program and assessed some money due back to the grantors, the Organization had accrued those balances and was waiting to be invoiced. The overall change to net position during the year ended June 30, 2024 is a decrease of \$337,830 which is a 9% decrease from the prior year, resulting in a June 30, 2024 net position balance of \$3,360,799.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

Analytical Overview, continued

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Fiscal Years Ended June 30,

| | 2025 | 2024 | Change | |
|---------------------------------------|--------------|--------------|--------------|-------|
| | | | \$ | % |
| Revenues and expenses: | | | | |
| Operating revenues | \$ 2,481,865 | \$ 2,415,612 | \$ 66,253 | 3% |
| Operating expenses | 2,718,885 | 2,753,276 | (34,391) | -1% |
| Net operating loss | (237,020) | (337,664) | 100,644 | -30% |
| Nonoperating (expenses) revenues: | | | | |
| Gifts, noncapital | - | (9,500) | 9,500 | -100% |
| Investment earnings, net | 82,650 | 47,827 | 34,823 | 73% |
| Net nonoperating revenues | 82,650 | 38,327 | 44,323 | 116% |
| Change in net position | (154,370) | (299,337) | 144,967 | -48% |
| Net position, beginning of year | 3,360,799 | 3,698,629 | (337,830) | -9% |
| Restatements | - | (38,493) | 38,493 | -100% |
| Net Position, beginning (as restated) | 3,360,799 | 3,660,136 | (299,337) | |
| Net position, end of year | \$ 3,206,429 | \$ 3,360,799 | \$ (154,370) | -5% |

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Fiscal Years Ended June 30,

| | 2024 | 2023 | Change | |
|---------------------------------------|--------------|--------------|--------------|-------|
| | | | \$ | % |
| Revenues and expenses: | | | | |
| Operating revenues | \$ 2,415,612 | \$ 2,481,670 | \$ (66,058) | -3% |
| Operating expenses | 2,753,276 | 2,514,175 | 239,101 | 10% |
| Net operating income (loss) | (337,664) | (32,505) | (305,159) | 939% |
| Nonoperating (expenses) revenues: | | | | |
| Gifts, noncapital | (9,500) | (5,500) | (4,000) | 73% |
| Investment earnings, net | 47,827 | 14,405 | 33,422 | 232% |
| Net nonoperating (expenses) revenues | 38,327 | 8,905 | 29,422 | 330% |
| Change in net position | (299,337) | (23,600) | (275,737) | 1168% |
| Net position, beginning of year | 3,698,629 | 3,722,229 | (23,600) | -1% |
| Restatements | (38,493) | - | (38,493) | 0% |
| Net Position, beginning (as restated) | 3,660,136 | 3,722,229 | (62,093) | |
| Net position, end of year | \$ 3,360,799 | \$ 3,698,629 | \$ (337,830) | -9% |

See independent auditor's report.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

Analytical Overview, continued

Revenue and Expense Variance Analysis

The Organization's programs include the Children's School, the Associated Student Productions (ASP), the Short-Term Loan, the Basic Needs (BN), the Senate, and the General Fund, which accounts for all other activities. The Join Us Making Progress (JUMP) program was closed as of June 30, 2024 and the BN program was started in the current year, effective July 1, 2024.

Operating revenue increased in the current year by \$66,253. This was primarily due to an increase in grant activity with the Children's School program. Student fees from the University are up slightly from the prior year due to the CPI increase of 3.7% in the current year but there was a decline in enrollment that offset a portion of that increase.

Operating expenses decreased by \$34,391, mainly due to retroactively implementing GASB 101 *Compensated Absences* and partially offset by the increase rental charges paid to the University for space utilized along with an overall increase in cost recovery paid to the University for services the University provides the Organization these cost increases were offset partially by decreasing other operational expenses mainly in the ASP program. In the nonoperating revenue (expense) category the Organization was not able to make the student scholarships; this is down from the prior year total of \$9,500.

In the prior year, operating revenue decreased by \$66,058. This was primarily due to a decrease in student fees received from the University due to their decreasing enrollment. Operating expenses increased by \$239,101, mainly due to the increase in rental charges paid to the University for space utilized, along with an overall increase in cost recovery paid to the University for services the university provides the Organization. There was a slight increase in salaries and benefits due to Senate approved increases to be in line with the University compensation plan. In the nonoperating revenue (expense) category the Organization was able to make gifts totaling \$9,500 to support student scholarships in 2024, this was up from the \$5,500 made in 2023 year.

Restricted Resources

The Children's School receives restricted resources in the form of grants from outside agencies. These grant activities have no net effect at year-end on net position balances, as the revenues are equal to the expenses. All other funds are unrestricted, but are internally designated by the Board's Reserve Policy (see Note 10 to the basic financial statements).

Organizational Highlights

The Organization was successful this year in its continued efforts to offer educationally meaningful and impactful services and programs that enhance the lives and educational experience of the students of Sonoma State University.

The Children's School continued operations serving families of students, as well as faculty and staff of the University. While a continued reduction in the University enrollment continues to be source of concern with regards to enrollment, the Children's School has continued to maintain consistent enrollment of children. Changes to the nature and availability of federal grants and contracts is a growing area of concern with regards to the financial health of the school's operation.

ASP continued to serve the students by providing co-curricular events and programs for the entire University student body, almost all of which were in person for the year. The program sponsored and planned nearly 60 events with an average attendance of nearly 150 students. The ASP program working to grow the number and scope of the programs offered by the corporation, including one-time service events that drew nearly 300 students over the year.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2025

Organizational Highlights, continued

The Basic Needs program of the Organization has become a vital and active service on the campus. Operating both the food pantry on campus and a Cal Fresh outreach program both are used regularly by a high number of students. Lobo's pantry averaged 322 student users per month on the year and distributed over 32,000 pounds of food. The program prescreened 448 students to determine their eligibility for Cal Fresh and 190 students reported applying for the program.

The AS Senate spent the year fulfilling the mission of the Organization by advocating for the students of the University on issues including addressing the many challenges faced by the student body. The Senate, in their capacity as the Board of Directors of the Organization, addressed long term financial and operational challenges faced by the corporation due to declining enrollment at the University. The Senate passed over 15 resolutions and pieces of legislation in the most recent year, marking of the most active years in recent memory.

Budgetary Highlights

The Organization has had to continue to reduce its support to some University programs and functions because of declining revenue due to the University's overall enrollment decline. The Organization, continued to, support the Tutorial Center on campus. The Organization used its reserves this year and is planning to use its reserves next year, as a supplement to normal revenue sources in order to maintain services to the students of the University.

Factors Impacting Future Periods

The Organization's budget is heavily impacted by the number of students enrolled at the University and enrollment has shown a multiple year decreasing trend, including a potential reduction for the coming year. There is an approved increase to the Organization's student fee in the coming year and it is aligned with growth in the Consumer Price Index of the Bay Area (CPI), as in past years. The Board of Directors has also planned to use reserves over the next few fiscal periods to stabilize organizational spending towards its programs and services until such time the enrollment of the University can recover. The University's continued and sustained reduction in enrollment presents a significant threat to the revenue of the Organization. The Organization will assess the University's ability to recover enrollment and take the necessary actions in response to the assessment of the University's ability to recover significant enrollment.

Change in Accounting Principle

The comparative financial information presented in this Management's Discussion and Analysis includes fiscal years 2025, 2024, and 2023. During fiscal year 2025, the Organization adopted GASB Statement No. 101, Compensated Absences, which changed the method of recognizing liabilities and expenses for employee leave benefits. As a result of this change, the fiscal year 2023 amounts presented in this Management's Discussion and Analysis are not fully consistent with the current-period information. Specifically, the 2023 amounts reflect the accounting standards in effect at that time and have not been restated to conform with GASB 101.

Accordingly, comparisons of 2023 with subsequent years should be made with caution. Further details regarding the adoption of GASB 101, including the cumulative effect of the change and the restatement of prior-year financial statements, are provided in note 2, Implementation of New Accounting Standard, to the basic financial statements.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY**Statements of Net Position**

June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 832,882 | \$ 340,438 |
| Short-term investments | 2,939,644 | 3,463,703 |
| Accounts receivable | 16,204 | 39,559 |
| Prepaid expenses and other current assets | <u>10,275</u> | <u>16,554</u> |
| Total Current Assets | 3,799,005 | 3,860,254 |
| Capital assets, net | <u>1,918</u> | <u>2,119</u> |
| Total Assets | <u>3,800,923</u> | <u>3,862,373</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 426,169 | 355,122 |
| Accrued salaries and benefits payable | 16,244 | 14,846 |
| Accrued compensated absences, current portion | 33,427 | 38,910 |
| Unearned revenue | - | 15,014 |
| Other liabilities | <u>81,856</u> | <u>47,382</u> |
| Total Current Liabilities | 557,696 | 471,274 |
| Noncurrent Liabilities: | | |
| Accrued compensated absences, net of current portion | <u>36,798</u> | <u>30,300</u> |
| Total Liabilities | <u>594,494</u> | <u>501,574</u> |
| Net Position: | | |
| Net investment in capital assets | 1,918 | 2,119 |
| Unrestricted | <u>3,204,511</u> | <u>3,358,680</u> |
| Total Net Position | <u>\$ 3,206,429</u> | <u>\$ 3,360,799</u> |

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Operating Revenues: | | |
| Grants and contracts, noncapital: | | |
| Federal | \$ 171,612 | \$ 56,407 |
| State | 291,158 | 354,829 |
| Sales and services of auxiliary enterprises | 188,926 | 220,164 |
| Other operating revenues - Student fees from University | 1,754,356 | 1,714,571 |
| Other operating revenues | <u>75,813</u> | <u>69,641</u> |
| Total Operating Revenues | 2,481,865 | 2,415,612 |
| Operating Expenses: | | |
| Student services | 2,718,684 | 2,753,074 |
| Depreciation | <u>201</u> | <u>202</u> |
| Total Operating Expenses | <u>2,718,885</u> | <u>2,753,276</u> |
| Operating Loss | (237,020) | (337,664) |
| Nonoperating Revenues (Expenses): | | |
| Gifts, noncapital | - | (9,500) |
| Investment income, net | <u>82,650</u> | <u>47,827</u> |
| Net Nonoperating Revenues | <u>82,650</u> | <u>38,327</u> |
| Change in Net Position | (154,370) | (299,337) |
| Net Position, beginning | 3,360,799 | 3,698,629 |
| Restatement | - | (38,493) |
| Net Position, beginning (as restated) | <u>3,360,799</u> | <u>3,660,136</u> |
| Net Position, ending (as restated) | <u>\$ 3,206,429</u> | <u>\$ 3,360,799</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Other operating revenues - Student fees from University | \$ 1,754,356 | \$ 1,714,571 |
| Federal grants and contracts | 169,078 | 52,083 |
| State grants and contracts | 312,469 | 411,332 |
| Sales and services of auxiliary enterprises | 188,926 | 220,164 |
| Other receipts and payments | 99,893 | 48,427 |
| Payments to suppliers | (1,381,096) | (1,444,814) |
| Payments for wages | (1,164,059) | (1,212,009) |
| Payments to students | (93,832) | (65,575) |
| Net Cash Used by Operating Activities | <u>(114,265)</u> | <u>(275,821)</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Gifts made to the University | - | (9,500) |
| Net Cash Used by Noncapital Financing Activities | <u>-</u> | <u>(9,500)</u> |
| Cash Flows from Investing Activities: | | |
| Investment income received | 525 | 597 |
| Sales of investments | 606,184 | 300,000 |
| Net Cash Provided by Investing Activities | <u>606,709</u> | <u>300,597</u> |
| Net Increase in Cash and Cash Equivalents | 492,444 | 15,276 |
| Cash and Cash Equivalents, beginning | 340,438 | 325,162 |
| Cash and Cash Equivalents, ending | <u>\$ 832,882</u> | <u>\$ 340,438</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Cash Flows from Operating Activities: | | |
| Operating loss | \$ (237,020) | \$ (337,664) |
| Adjustments to reconcile operating income to net cash used by operating activities: | | |
| Depreciation | 201 | 202 |
| Change in assets and liabilities: | | |
| Accounts receivable | 23,355 | (19,039) |
| Prepaid expenses and other current assets | 6,279 | (12,875) |
| Accounts payable | 71,047 | 30,835 |
| Accrued salaries and benefits payable | 1,398 | 5,377 |
| Accrued compensated absences | 1,015 | 7,340 |
| Unearned revenue | (15,014) | 15,014 |
| Other liabilities | 34,474 | 34,989 |
| Net Cash Used by Operating Activities | <u>\$ (114,265)</u> | <u>\$ (275,821)</u> |
| Noncash investing, capital, and financing activities: | | |
| Dividends reinvested | <u>\$ 82,125</u> | <u>\$ 47,230</u> |

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 1 - Organization

Associated Students of Sonoma State University (the Organization, Associated Students or AS) is a not-for-profit, auxiliary corporation operating on the campus of Sonoma State University (the University). As such, the Organization is a component unit of the University, which is part of the California State University System (System). The Organization administers programs that provide for the general welfare of the student body and the University, such programs are funded principally by student fees.

The Organization's programs include the Children's School, the Associated Student Productions (ASP), the Short-Term Loan, the Basic Needs (BN), the Senate, and the General Fund, which accounts for all other activities.

The Children's School provides early childhood education services to the families of students, staff and faculty of the University.

ASP provides support and coordinates the University students' concerts, lectures, comedy shows, performing arts showcases, club events and other events throughout the school year.

The Short-Term Loan program provides students \$150 interest-free loans for up to 30 days.

Basic Needs assists students with their overall well-being, primarily in addressing food and housing insecurity.

The Senate is the governing body and management authority of the Organization. The Senate is responsible for the oversight of Associated Students' programs, services, and fiscal operations. Members of the Senate include the three executive officers and Senators for Community Affairs, Diversity, Student Resources and Sustainability. A Sonoma State University staff member appointed by the University President and a faculty member representing the Academic Senate serve as liaisons to the Senate. The Senate is advised by the AS Executive.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

Associated Students is a legally separate tax-exempt component unit of the University. The University is part of the System. The Organization acts primarily as a support organization to supplement the resources that are available to the University in support of its programs. If the Organization were to be dissolved, the net position would be required to revert to the University. As a result, the Organization follows the reporting principles promulgated by the GASB.

The financial statements present only the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows of Associated Students and do not purport to, and do not, present fairly the financial position of the University or the System as of June 30, 2025 and 2024 and its changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

The basic financial statements required by GASB Statements No. 34 and 35 include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. As a component unit of a public institution, the Organization has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the Organization prepares its statement of cash flows using the direct method.

The Organization records revenue in part from fees and other charges for services to external users and accordingly has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities.

This model allows all financial information for the Organization to be reported in a single column in each of the basic financial statements.

Classification of Current and Noncurrent Assets and Liabilities

The Organization considers assets that can reasonably be 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 to be current. Liabilities that reasonably can be expected, as part of normal business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. The Organization considers all amounts included in the internal investment pool to be investments.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying statements of revenues, expenses, and changes in net position as investment income. The Organization's investment policy authorizes funds to be invested in obligations of federal and state governments and other investment instruments that will enhance total return while avoiding undue risks.

Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or if donated, at estimated fair value at date of donation. Capital assets, including infrastructure, with a value of \$5,000 or more and with a useful life of one year or more are capitalized. Capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from five to thirty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation expense is shown separately in the statements of revenues, expenses, and changes in net position rather than being allocated among other categories of operating expenses.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies, continued

Capital Assets, continued

Assets purchased with California Department of Education (CDE) contract funds are subject to restrictions for which depreciation may not be claimed against CDE funds and are therefore expensed in the year of acquisition. CDE has a reversionary interest in assets purchased with CDE program funds. Disposition of restricted assets and any funds derived therefrom are subject to grant regulations.

Unearned Revenue

Unearned revenue consists of Children's School grant funds and student fees collected in advance but not yet earned as of the end of the fiscal year.

Accrued Compensated Absences

The Organization recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Organization's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Organization's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Organization and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Net Position

The Organization's net position is classified into the following categories:

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

Unrestricted: All other categories of net position whose use is not restricted. In addition, unrestricted net position may be designated for use by the Senate. These requirements limit the area of operations for which expenditures of net position may be made, and require that unrestricted net position be designated to support future operations in these areas.

Classification of Revenues and Expenses

The Organization considers operating revenues and expenses in the statements of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Organization's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses or capital contributions.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from California franchise and income tax under section 23701(d) of the Revenue and Taxation Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of revenues, expenses, and changes in net position, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2025 and 2024 and therefore no amounts have been accrued.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through September 9, 2025, which is the date the financial statements were available to be issued.

Implementation of New Accounting Standard

During the current year, the Organization implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Organization now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in footnote 16 in the "Restatement - GASB 101 implementation" column.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents at June 30:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Book balance | \$ 832,882 | \$ 340,438 |
| Bank balance | 842,579 | 342,561 |
| Difference between book and bank balance | <u>\$ (9,697)</u> | <u>\$ (2,123)</u> |
| Significant reconciling items consist of: | | |
| Deposits in transit | \$ 7,189 | \$ 7,344 |
| Outstanding checks | (17,086) | (9,667) |
| Cash and change fund | 200 | 200 |
| | <u>\$ (9,697)</u> | <u>\$ (2,123)</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 4 - Investments

Composition of Investments

The market approach is the valuation technique that the Organization utilizes. Quoted market prices for identical assets in an active market are used to value some of the Organization’s investments (Level 1). Quoted market prices for similar assets or quoted prices for identical assets but not in active markets are used to value some of the Organization’s investments (Level 2). Investments with unobservable inputs significant to the fair value measurement often include private equity or real estate (Level 3), of which the Organization is not invested. As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period. These prices and values are estimates from financial institutions as of June 30, 2025 and 2024. There have been no changes in the Organization’s valuation techniques for the years presented.

The Organization participates in an internal investment pool managed by US Bank, an asset management and investment advisory firm that serves the California State University. Securities within the investment pool are not held in the Organization's name and are not insured. The investments are held in the name of the System. Fair market value was \$2,939,644 as of June 30, 2025, and \$3,463,703 as of June 30, 2024. Fair market value is based on the Organization's proportionate interest in the University's account.

Investments held in the investment pool are reported as short-term investments which are included in current assets on the statements of net position.

Investment Costs and Fair Market Values

The Organization does not hold investments on behalf of others. Aggregated costs equal fair values of investments as of June 30, 2025 and June 30, 2024.

Composition of Investments Using Hierarchy

The fair market value of investments is categorized as follows as of June 30, 2025:

| | <u>Total</u> | 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 | \$ 2,939,644 | \$ - | \$ - | \$ - | \$ 2,939,644 |
| Total investments | <u>\$ 2,939,644</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,939,644</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 4 - Investments, continued

The fair market value of investments is categorized as follows as of June 30, 2024:

| | 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 | \$ 3,463,703 | \$ - | \$ - | \$ - | \$ 3,463,703 |
| Total investments | \$ 3,463,703 | \$ - | \$ - | \$ - | \$ 3,463,703 |

Changes in the fair value of NAV investments are as follows for the years ended June 30:

| | 2025 | 2024 |
|--|-----------|-----------|
| Interest and dividends | \$ 525 | \$ 597 |
| Investment income reinvested in short-term investments | 82,125 | 47,230 |
| Total investment income, net | \$ 82,650 | \$ 47,827 |

Investment Income

Investment income, as reflected in the statements of revenues, expenses, and changes in net position is as follows:

| | 2025 | 2024 |
|-------------------------------|--------------|--------------|
| Fair value, beginning of year | \$ 3,463,703 | \$ 3,716,473 |
| Withdrawals | (606,184) | (300,000) |
| Investment income reinvested | 82,125 | 47,230 |
| | \$ 2,939,644 | \$ 3,463,703 |

Investments Held Under Contractual Agreements

As noted above, the Organization's investment in US Bank is held by the System on behalf of AS.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 5 - Deposit and Investment Risk

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Organization would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Financial instruments that potentially subject the Organization to custodial risk consist primarily of bank demand deposits and investments in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). The Organization had cash on deposit with two financial institutions, one of which exceeded the federally insured limit of \$250,000 by \$357,110 at June 30, 2025 and neither account exceeded the federally insured limit at June 30, 2024.

Investments in the California State University's investment pool are not held in the name of the Organization and are not secured. These investments are at risk in the event of a failure of a counterparty. These investments are held in the name of the System.

The Organization does not have a policy addressing custodial credit risk related to deposits and investments.

Concentration of Credit Risk

Concentrations of credit risk include uninsured investments. The value of these investments at June 30, 2025 and 2024 were \$2,939,644 and \$3,463,703, respectively.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Organization's investments are held as agency trust funds by the University. The System manages its exposure to interest rate risk by purchasing a combination of short-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. The System monitors the interest rate risk inherent in its portfolio.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Organization participates in an internal investment pool managed by US Bank, an asset management and investment advisory firm that serves the System.

Note 6 - Accounts Receivable

Accounts receivable at June 30 consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|--|------------------|------------------|
| Due from the University or other auxiliary | \$ 11,493 | \$ 34,159 |
| Due from governmental agency | 2,631 | 1,906 |
| Other | <u>2,080</u> | <u>3,494</u> |
| Total accounts receivable | <u>\$ 16,204</u> | <u>\$ 39,559</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2025 consisted of the following:

| | Balance June 30, 2024 | Additions | Reductions | Balance June 30, 2025 |
|----------------------------------|-----------------------------|-----------|------------|-----------------------------|
| Depreciable capital assets: | | | | |
| Leasehold improvements | \$ 38,567 | \$ - | \$ - | \$ 38,567 |
| Personal property: | | | | |
| Equipment | 5,530 | - | - | 5,530 |
| Total depreciable capital assets | 44,097 | - | - | 44,097 |
| Total cost | 44,097 | - | - | 44,097 |
| Less accumulated depreciation: | | | | |
| Leasehold improvements | (36,448) | (201) | - | (36,649) |
| Personal property: | | | | |
| Equipment | (5,530) | - | - | (5,530) |
| Total accumulated depreciation | (41,978) | (201) | - | (42,179) |
| Net capital assets | \$ 2,119 | \$ (201) | \$ - | \$ 1,918 |

Depreciation expense was for \$201 for the year ended June 30, 2025, and is included in operating expenses in the statements of revenues, expenses, and changes in net position. As of June 30, 2025, cumulative capital assets purchased with state grant funds and expensed over the years totaled \$189,833.

Capital assets activity for the year ended June 30, 2024 consisted of the following:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|----------------------------------|-----------------------------|-----------|------------|-----------------------------|
| Depreciable capital assets: | | | | |
| Leasehold improvements | \$ 38,567 | \$ - | \$ - | \$ 38,567 |
| Personal property: | | | | |
| Equipment | 5,530 | - | - | 5,530 |
| Total depreciable capital assets | 44,097 | - | - | 44,097 |
| Total cost | 44,097 | - | - | 44,097 |
| Less accumulated depreciation: | | | | |
| Leasehold improvements | (36,246) | (202) | - | (36,448) |
| Personal property: | | | | |
| Equipment | (5,530) | - | - | (5,530) |
| Total accumulated depreciation | (41,776) | (202) | - | (41,978) |
| Net capital assets | \$ 2,321 | \$ (202) | \$ - | \$ 2,119 |

Depreciation expense was for \$202 the year ended June 30, 2024, and is included in operating expenses in the statements of revenues, expenses, and changes in net position

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 8 - Unearned Revenue

The composition of unearned revenue at June 30 is:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|-------------|------------------|
| Quality Counts contract | \$ - | \$ 4,886 |
| CDE CSPP-4586 FY24/25 Payment | - | 10,128 |
| Total | <u>\$ -</u> | <u>\$ 15,014</u> |

Note 9 - Long-Term Liabilities Activity

Long-term liabilities activity for the year ended June 30, 2025 is as follows:

| | <u>Balance June 30, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2025</u> | <u>Long- term portion</u> | <u>Current portion</u> |
|------------------------------|--------------------------------------|------------------|-------------------|--------------------------------------|-----------------------------------|----------------------------|
| Accrued compensated absences | \$ 69,210 | \$ 29,330 | \$ (28,315) | \$ 70,225 | \$ 36,798 | \$ 33,427 |

Long-term liabilities activity (as restated) for the year ended June 30, 2024 is as follows:

| | <u>Balance June 30, 2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2024</u> | <u>Long- term portion</u> | <u>Current portion</u> |
|------------------------------|--------------------------------------|------------------|-------------------|--------------------------------------|-----------------------------------|----------------------------|
| Accrued compensated absences | \$ 61,870 | \$ 30,717 | \$ (23,377) | \$ 69,210 | \$ 30,300 | \$ 38,910 |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 10 - Net Position

The Senate has designated portions of the General Fund component of the net position according to the Organization's policy on reserve accounts. The designations at June 30 are:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Corporate Reserve | \$ 1,224,723 | \$ 1,224,723 |
| Operating Reserve | 559,451 | 805,983 |
| Capital Expenditure Reserve | 962,366 | 962,366 |
| Unallocated Reserve | 159,796 | 159,796 |
| Transitional Housing Program Reserve | 29,981 | 29,981 |
| Total unrestricted designated net position | <u>2,936,317</u> | <u>3,182,849</u> |
| Total net investment in capital assets | 1,918 | 2,119 |
| Total unrestricted undesignated net position | <u>268,194</u> | <u>175,831</u> |
| Total net position | <u>\$ 3,206,429</u> | <u>\$ 3,360,799</u> |

Note 11 - Defined Contribution Retirement Plan

The Organization has a defined contribution tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code for its staff employees. Once hired, all regular employees are eligible for participation starting the first day of employment. The Organization contributes 7% of the employee's annual compensation. Total contributions to the plan were \$31,287 and \$30,812 for the years ended June 30, 2025 and 2024, respectively.

Note 12 - Commitments and Contingencies

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such review would not have a material effect on the financial position of the Organization.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 13 - Classification of Operating Expenses

The Organization has elected to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net position, and to provide the natural classification of those expenses as an additional disclosure. For the years ended June 30, 2025 and 2024, operating expenses by natural classification:

| 2025 | Salaries | Benefits | Supplies and other services | Depreciation | Total |
|------------------|-------------------|-------------------|-----------------------------------|---------------|---------------------|
| Student services | \$ 594,425 | \$ 180,816 | \$ 1,943,443 | \$ - | \$ 2,718,684 |
| Depreciation | - | - | - | 201 | 201 |
| | <u>\$ 594,425</u> | <u>\$ 180,816</u> | <u>\$ 1,943,443</u> | <u>\$ 201</u> | <u>\$ 2,718,885</u> |

| 2024 | Salaries | Benefits | Supplies and other services | Depreciation | Total |
|------------------|-------------------|-------------------|-----------------------------------|---------------|---------------------|
| Student services | \$ 645,988 | \$ 160,387 | \$ 1,946,699 | \$ - | \$ 2,753,074 |
| Depreciation | - | - | - | 202 | 202 |
| | <u>\$ 645,988</u> | <u>\$ 160,387</u> | <u>\$ 1,946,699</u> | <u>\$ 202</u> | <u>\$ 2,753,276</u> |

Note 14 - Transactions with Related Entities

The Organization has an operating agreement with the University and the California State University Trustees (the Trustees) for the provision of certain auxiliary activities including student body organization and student programs. The agreement provides for reimbursement of allowable direct costs plus an allocable portion of indirect costs associated with facilities, goods, and services provided by the University on behalf of the Trustees in accordance with CSU Executive Order 1000-Delegation of Fiscal Authority and Responsibility and the University's annual cost allocation plan. These amounts are included in student services expenses in the statements of revenues, expenses, and changes in net position.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 14 - Transactions with Related Entities, continued

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Payments to the University: | | |
| CSU Executive Order 1000 and other contracted services | \$ 360,913 | \$ 330,523 |
| Other contracted services | 24,893 | 38,338 |
| Contributions and support for student programs | 89,159 | 85,597 |
| Reimbursement for Children's School personnel costs | 728,099 | 852,393 |
| Reimbursement for portion of Executive Director's salary | - | 22,845 |
| Gifts, noncapital to University to support students | - | 9,500 |
| Space rentals | 245,271 | 225,862 |
| Total payments to the University | <u>\$ 1,448,335</u> | <u>\$ 1,565,058</u> |
| Payments to recognized auxiliary organizations for services and programs: | | |
| Sonoma State Enterprises, Inc. | \$ - | \$ 358 |
| Total payments to other auxiliaries | <u>\$ -</u> | <u>\$ 358</u> |
| Amounts received from the University: | | |
| AS student body fees reimbursed | \$ 1,667,664 | \$ 1,654,629 |
| Instructional Related Activity (IRA) fees | 79,282 | 72,491 |
| Reimbursement for portion of Executive Director's salary | 26,356 | - |
| Basic needs & Calfresh program support | 47,316 | - |
| AS program support | - | 489 |
| Total received from the University | <u>\$ 1,820,618</u> | <u>\$ 1,727,609</u> |
| Amounts received from recognized auxiliary organizations: | | |
| Sonoma State Enterprises, Inc. | <u>\$ 44,753</u> | <u>\$ 32,967</u> |
| Accounts payable to the University | <u>\$ 391,784</u> | <u>\$ 349,964</u> |
| Accounts receivable from Sonoma State Enterprises, Inc. | <u>\$ 1,500</u> | <u>\$ 1,454</u> |
| Accounts receivable from the University | <u>\$ 9,993</u> | <u>\$ 32,705</u> |

The University receives various funds that are managed and recorded on its general ledger but support the Children's School. These funds are from the CCAMPIS grant. These funds totaled \$178,850 and \$197,916 in fiscal years ended June 30, 2025 and 2024, respectively.

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 15 - Calculation of Net Position - Net Investment in Capital Assets

| | <u>2025</u> | <u>2024</u> |
|---|-----------------|-----------------|
| Capital assets, net of accumulated depreciation | \$ 1,918 | \$ 2,119 |
| Total | <u>\$ 1,918</u> | <u>\$ 2,119</u> |

Note 16 - Restatement of Beginning Balances

| | <u>Net Position Balance 7/1/2023 as Previously Reported</u> | <u>Restatement - GASB 101 Implementation</u> | <u>Net Position Balance 7/1/2023 as Restated</u> |
|--|---|--|--|
| Corporate Reserve | \$ 1,205,696 | \$ - | \$ 1,205,696 |
| Operating Reserve | 1,035,992 | - | 1,035,992 |
| Capital Expenditure Reserve | 954,755 | - | 954,755 |
| Unallocated Reserve | 169,796 | - | 169,796 |
| Transitional Housing Program Reserve | 29,981 | - | 29,981 |
| Total unrestricted designated net position | <u>3,396,220</u> | <u>-</u> | <u>3,396,220</u> |
| Total net investment in capital assets | 2,321 | - | 2,321 |
| Total unrestricted undesignated net position | <u>300,088</u> | <u>(38,493)</u> | <u>261,595</u> |
| Total net position | <u>\$ 3,698,629</u> | <u>\$ (38,493)</u> | <u>\$ 3,660,136</u> |

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Schedule of Net Position

June 30, 2025

(for inclusion in the California State University)

Assets:

Current assets:

| | |
|---|------------------|
| Cash and cash equivalents | \$ 832,882 |
| Short-term investments | 2,939,644 |
| Accounts receivable, net | 16,204 |
| Lease receivable, current portion | - |
| Notes receivable, current portion | - |
| Pledges receivable, net | - |
| Prepaid expenses and other current assets | 10,275 |
| Total current assets | 3,799,005 |

Noncurrent assets:

| | |
|--|--------------|
| Restricted cash and cash equivalents | - |
| Accounts receivable, net | - |
| Lease receivable, net of current portion | - |
| Notes receivable, net of current portion | - |
| Student loans receivable, net | - |
| Pledges receivable, net | - |
| Endowment investments | - |
| Other long-term investments | - |
| Capital assets, net | 1,918 |
| Other assets | - |
| Total noncurrent assets | 1,918 |

Total assets

3,800,923

Deferred outflows of resources:

| | |
|---|----------|
| Unamortized loss on debt refunding | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Leases | - |
| P3 | - |
| Others | - |
| Total deferred outflows of resources | - |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Schedule of Net Position, continued

June 30, 2025

(for inclusion in the California State University)

Liabilities:

Current liabilities:

| | |
|---|---------|
| Accounts payable | 426,169 |
| Accrued salaries and benefits | 16,244 |
| Accrued compensated absences, current portion | 33,427 |
| Unearned revenues | - |
| Lease liabilities, current portion | - |
| Long-term debt obligations, current portion | - |
| Claims liability for losses and loss adjustment expenses, current portion | - |
| Depository accounts | - |
| Other liabilities | 81,856 |

Total current liabilities 557,696

Noncurrent liabilities:

| | |
|--|--------|
| Accrued compensated absences, net of current portion | 36,798 |
| Unearned revenues | - |
| Grants refundable | - |
| Lease liabilities, net of current portion | - |
| 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 | - |
| Net pension liability | - |
| Other liabilities | - |

Total noncurrent liabilities 36,798

Total liabilities 594,494

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Schedule of Net Position, continued

June 30, 2025

(for inclusion in the California State University)

Deferred inflows of resources:

| | |
|------------------------------------|-------|
| P3 service concession arrangements | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Unamortized gain on debt refunding | - |
| Nonexchange transactions | - |
| Lease | - |
| P3 | - |
| Others | - |
| | <hr/> |

Total deferred inflows of resources

Net position:

| | |
|----------------------------------|---------------------------------|
| Net investment in capital assets | 1,918 |
| Restricted for: | - |
| Nonexpendable – endowments | - |
| Expendable: | - |
| Scholarships and fellowships | - |
| Research | - |
| Loans | - |
| Capital projects | - |
| Debt service | - |
| Others | - |
| Unrestricted | <hr/> 3,204,511 |
| Total net position | <hr/> \$ 3,206,429 <hr/> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2025

(for inclusion in the California State University)

Revenues:**Operating revenues:**

| | | |
|--|----|------------------|
| Student tuition and fees, gross | \$ | - |
| Scholarship allowances (enter as negative) | | - |
| Grants and contracts, noncapital: | | |
| Federal | | 171,612 |
| State | | 291,158 |
| Local | | - |
| Nongovernmental | | - |
| Sales and services of educational activities | | - |
| Sales and services of auxiliary enterprises, gross | | 188,926 |
| Scholarship allowances (enter as negative) | | - |
| Other operating revenues | | <u>1,830,169</u> |
| Total operating revenues | | <u>2,481,865</u> |

Expenses:**Operating expenses:**

| | | |
|------------------------------------|--|------------------|
| Instruction | | - |
| Research | | - |
| Public service | | - |
| Academic support | | - |
| Student services | | 2,718,684 |
| Institutional support | | - |
| Operation and maintenance of plant | | - |
| Student grants and scholarships | | - |
| Auxiliary enterprise expenses | | - |
| Depreciation and amortization | | <u>201</u> |
| Total operating expenses | | <u>2,718,885</u> |
| Operating income (loss) | | <u>(237,020)</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY
Schedule of Revenues, Expenses, and Changes in Net Position, continued
Year Ended June 30, 2025
(for inclusion in the California State University)

| | |
|--|---------------------|
| 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 | 82,650 |
| Endowment income (loss), net | - |
| Interest expense | - |
| Other nonoperating revenues (expenses) | - |
| | <hr/> |
| Net nonoperating revenues (expenses) | 82,650 |
| | <hr/> |
| Income (loss) before other revenues (expenses) | (154,370) |
| | <hr/> |
| State appropriations, capital | - |
| Grants and gifts, capital | - |
| Additions (reductions) to permanent endowments | - |
| | <hr/> |
| Increase (decrease) in net position | (154,370) |
| Net position: | |
| Net position at beginning of year, as previously reported | 3,401,694 |
| Restatements | (40,895) |
| | <hr/> |
| Net position at beginning of year, as restated | 3,360,799 |
| | <hr/> |
| Net position at end of year | \$ 3,206,429 |
| | <hr/> <hr/> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Other Information

June 30, 2025

(for inclusion in the California State University)

1 Cash and cash equivalents:

| | |
|-----------------------------------|-------------------|
| Current cash and cash equivalents | \$ 832,882 |
| Total | \$ 832,882 |

2.1 Composition of investments:

| Investment Type | Current | Noncurrent | Total |
|---|---------------------|-------------|------------------|
| CSU Consolidated Investment Pool (formerly SWIFT) | \$ 2,939,644 | \$ - | \$ 2,939,644 |
| Total investments | 2,939,644 | - | 2,939,644 |
| Less endowment investments (enter as negative number) | - | - | - |
| Total investments, net of endowments | \$ 2,939,644 | \$ - | 2,939,644 |

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) | \$ 2,939,644 | \$ - | \$ - | \$ - | 2,939,644 |
| Total investments | \$ 2,939,644 | \$ - | \$ - | \$ - | 2,939,644 |

2.3 Investments held by the University under contractual agreements:

| | Current | Noncurrent | Total |
|--|--------------|------------|--------------|
| Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT): | \$ 2,939,644 | \$ - | \$ 2,939,644 |

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

| | Balance June 30, 2024 | Reclassifications | Prior Period Additions | Prior Period Retirements | Balance June 30, 2024 (Restated) | Additions | Retirements | Transfer of completed CWIP/PWIP | Balance June 30, 2025 |
|---|--------------------------|-------------------|---------------------------|-----------------------------|--|-----------|-------------|---------------------------------------|--------------------------|
| Depreciable/Amortizable capital assets: | | | | | | | | | |
| Leaschold improvements | \$ 38,567 | \$ - | \$ - | \$ - | \$ 38,567 | \$ - | \$ - | \$ - | \$ 38,567 |
| Personal property: | | | | | | | | | |
| Equipment | 5,530 | - | - | - | 5,530 | - | - | - | 5,530 |
| Total depreciable/amortizable capital assets | 44,097 | - | - | - | 44,097 | - | - | - | 44,097 |
| Total capital assets | 44,097 | - | - | - | 44,097 | - | - | - | 44,097 |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Other Information, continued

June 30, 2025

(for inclusion in the California State University)

Less accumulated depreciation/amortization:

| | | | | | | | | | |
|---|-----------------|-------------|-------------|-------------|-----------------|-----------------|-------------|-------------|-----------------|
| Leasehold improvements | (36,448) | - | - | - | (36,448) | (201) | - | - | (36,649) |
| Personal property: | | | | | | | | | |
| Equipment | (5,530) | - | - | - | (5,530) | - | - | - | (5,530) |
| Total accumulated depreciation/amortization | (41,978) | - | - | - | (41,978) | (201) | - | - | (42,179) |
| Total capital assets, net excluding ROU assets | \$ 2,119 | \$ - | \$ - | \$ - | \$ 2,119 | \$ (201) | \$ - | \$ - | \$ 1,918 |

Total capital assets, net including ROU assets

\$ 1,918

3.2 Detail of depreciation and amortization expense:

| | |
|---|---------------|
| Depreciation and amortization expense related to capital assets | \$ 201 |
| Total depreciation and amortization | \$ 201 |

4 Long-term liabilities:

| | Balance June 30, 2024 | Prior Period Adjustments/Recla ssifications | Balance June 30, 2024 (Restated) | Additions | Reductions | Balance June 30, 2025 | Current Portion | Noncurrent Portion |
|------------------------------------|--------------------------|---|--|-----------|-------------|--------------------------|------------------|-----------------------|
| 1. Accrued compensated absences | \$ 28,315 | \$ 40,895 | \$ 69,210 | \$ 29,330 | \$ (28,315) | \$ 70,225 | \$ 33,427 | \$ 36,798 |
| Total long-term liabilities | | | | | | \$ 70,225 | \$ 33,427 | \$ 36,798 |

5 Future minimum payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

7 Transactions with related entities:

| | |
|--|--------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 728,099 |
| Payments to University for other than salaries of University personnel | \$ 720,236 |
| Payments received from University for services, space, and programs | \$ 1,820,618 |
| Accounts (payable to) University | \$ (391,784) |
| Accounts receivable from University | \$ 9,993 |

8 Restatements

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

| Restatement #1 | Entry to retroactively implement GASB 101 Compensated Absences. | Debit/(Credit) |
|--|---|----------------|
| Accounting Change — Accounting Principle | Accrued compensated absences, current portion | (16,746) |
| | Accrued compensated absences, net of current portion | (24,149) |
| | Unrestricted | 40,895 |
| | | <u>-</u> |

ASSOCIATED STUDENTS OF SONOMA STATE UNIVERSITY

Other Information, continued

June 30, 2025

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

| | Salaries | Benefits - Other | Benefits - Pension | Benefits - OPEB | Scholarships and fellowships | Supplies and other services | Depreciation and amortization | Total operating expenses |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| Student services | \$ 594,425 | \$ 180,816 | \$ - | \$ - | \$ - | \$ 1,943,443 | \$ - | \$ 2,718,684 |
| Depreciation and amortization | - | - | - | - | - | - | 201 | 201 |
| Total operating expenses | \$ 594,425 | \$ 180,816 | \$ - | \$ - | \$ - | \$ 1,943,443 | \$ 201 | \$ 2,718,885 |

No pension plan reported

Not Applicable

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Not Applicable

**INDEPENDENT AUDITOR'S 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
Associated Students of Sonoma State University

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 Sonoma State University (the Organization), which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

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

**INDEPENDENT AUDITOR'S 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*, CONTINUED**

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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 9, 2025