

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY,
SAN LUIS OBISPO**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2013
and Independent Auditors' Report**

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students, Inc.
California Polytechnic State University, San Luis Obispo
San Luis Obispo, California

We have audited the accompanying financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's 2012 financial statements and, in our report dated September 13, 2012, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

INDEPENDENT AUDITORS' REPORT - Continued

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc., California Polytechnic State University, San Luis Obispo as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 21 through 37 are presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Vorlein, Heyn + Co.

Calabasas, California
September 6, 2013

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 230,863	\$ 365,811
Accounts receivable	85,888	85,176
Other receivables	60,907	77,689
Investments	5,795,891	5,521,379
Deposits and prepaid expenses	105,451	130,576
Inventory	55,745	58,942
Related party receivable	1,510,605	1,109,182
Property and equipment, net	<u>1,249,638</u>	<u>1,430,035</u>
 Total assets	 <u>\$9,094,988</u>	 <u>\$ 8,778,790</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 114,947	\$ 154,778
Accrued payable and related liabilities	462,388	532,089
Related party payable	215,492	217,997
Post-retirement benefit payable	5,019,362	4,123,126
Deferred revenue	271,378	288,646
Contract advances	7,169	5,352
Mortgage payable	99,647	192,553
Funds held for others	<u>1,095,276</u>	<u>1,143,259</u>
Total liabilities	7,285,659	6,657,800
 NET ASSETS		
Unrestricted	<u>1,809,329</u>	<u>2,120,990</u>
Total net assets	<u>1,809,329</u>	<u>2,120,990</u>
 Total liabilities and net assets	 <u>\$9,094,988</u>	 <u>\$ 8,778,790</u>

See accompanying auditors' report and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>2013</u>	<u>2012</u>
REVENUES		
Student activity fees	\$ 5,223,671	\$5,125,261
Operating revenue from student activity fees	6,013,625	5,361,027
Revenue from operations	1,009,828	560,509
Government service contracts	160,450	164,004
Contributions and grants	241,981	227,368
Parent fees	761,179	667,943
Investment income	44,015	26,493
Other income	85,757	302,961
Rental income	352,319	319,634
Gain (loss) on sale of fixed assets	-	(22,551)
Contract settlements	<u>(46,972)</u>	<u>(10,518)</u>
	13,845,853	12,722,131
EXPENSES		
Student program expenses	10,501,876	9,180,172
Children's center expenses	1,626,813	1,620,894
Administrative expenses	1,755,261	1,704,861
Depreciation	<u>273,564</u>	<u>296,670</u>
Total expenses	<u>14,157,514</u>	<u>12,802,597</u>
CHANGE IN NET ASSETS	(311,661)	(80,466)
NET ASSETS - beginning of year	<u>2,120,990</u>	<u>2,201,456</u>
NET ASSETS - end of year	<u>\$ 1,809,329</u>	<u>\$2,120,990</u>

See accompanying auditors' report and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (311,661)	\$ (80,466)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	273,564	296,670
(Gain) loss on disposal of property	-	22,551
(Increase) decrease in:		
Accounts receivable	(712)	(5,514)
Other receivables	16,782	(58,535)
Deposits and prepaid expenses	25,125	173
Inventory	3,197	(27,526)
Related party receivable	(401,423)	107,694
Increase (decrease) in:		
Accounts payable and accrued expenses	(39,831)	(30,921)
Accrued payroll and related liabilities	(69,701)	163,487
Deferred revenue	(17,268)	192,669
Contract advances	1,817	3,872
Related party payable	(2,505)	27,781
Post-retirement benefit payable	896,236	57,861
Funds held for others	(47,983)	450,627
 Total adjustments	 <u>637,298</u>	 <u>1,200,889</u>
 Net Cash Provided (Used) by Operating Activities	 325,637	 1,120,423
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	7,979,657	7,223,864
Property and equipment purchases	(93,167)	(145,734)
Purchases of investments	(8,254,169)	(8,441,493)
 Net Cash Provided (Used) by Investing Activities	 <u>(367,679)</u>	 <u>(1,363,363)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage payable	(92,906)	(86,622)
 Net Cash Provided (Used) by Financing Activities	 <u>(92,906)</u>	 <u>(86,622)</u>
 NET INCREASE (DECREASE) IN CASH	 (134,948)	 (329,562)
 CASH AT BEGINNING OF YEAR	 <u>365,811</u>	 <u>695,373</u>
 CASH AT END OF YEAR	 <u>\$ 230,863</u>	 <u>\$ 365,811</u>
 Supplemental disclosure:		
Interest paid	<u>\$ 12,098</u>	<u>\$ 18,381</u>

See accompanying auditors' report and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. ORGANIZATION

Nature of Activities

The Associated Students, Inc. (ASI) is a non-profit auxiliary organization of California Polytechnic State University at San Luis Obispo (Campus). Associated Students, Inc. is operated to provide activities funded by the student government and its Boards, and committees and student organizations, and to provide activities for the University Union facilities, programs and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of the Associated Students, Inc. have been prepared on the accrual basis of accounting in accordance with the accounting instructions for auxiliary organizations as issued by the Office of the Chancellor of the California State University. For reporting purposes, the activities of the Organization have been combined into programs and activities as follows:

Administrative - Accounts for the general and administrative expenses not directly allocated to the programs and activities of the Associated Students, Inc.

Children's Center - Accounts for the activities of the Children's Center. The center is operated to provide child-care services to students attending the University.

Student Programs - Accounts for the various activities and services provided to students attending the University.

Campus Programs - Accounts for amounts held in custody for University student organizations and funds designated for purposes as stated by supporting agencies or donors.

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

Financial Statement Presentation

The financial statements are presented based on Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of the Associated Students, Inc.'s net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

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:

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Associated Students, Inc., the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Temporarily restricted net assets.* Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Associated Students, Inc.'s unspent contributions are classified in this class if the donor limited their use, as is the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the Associated Students, Inc., unless the donor provides more specific directions about the period of its use. Associated Students, Inc. did not have any temporarily restricted net assets at June 30, 2013.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by the Associated Students, Inc. is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Associated Students, Inc. did not have any permanently restricted net assets at June 30, 2013.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At year-end, and throughout the year, the Associated Students, Inc.'s cash balances, deposited in various banks, exceeded federally insured limits. Management believes the Associated Students, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in restricted net assets in the accompanying statement of activities.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories

Inventories have been valued at the lower of cost, determined on a first-in first-out basis, or market.

Receivables

Receivables are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Receivables are stated at the amount management expects to collect from outstanding balances. The accounts receivable totaled \$85,888 at June 30, 2013. The Associated Students, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Associated Students, Inc. may receive donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under Financial Accounting Standards Board FASB ASC 958-605-50-1 have not been satisfied.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Associated Students, Inc.'s management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Associated Students, Inc.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrued Leave Liability

Accrued leave benefits are accrued on a monthly basis. Full-time employees accrue vacation time based upon years of service to the Associated Students, Inc. as follows:

<u>Years Employed</u>	<u>Annualized Accrual</u>
0 - 3 years	10 Days
3 - 6 years	15 Days
6 - 10 years	17 Days
10 - 15 years	19 Days
15 - 20 years	21 Days
20 - 25 years	23 Days
25 + years	24 Days

Unused vacation leave will be paid at the time of termination. Total accrued leave liability at June 30, 2013, was \$248,303.

Property and Equipment

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	10 - 20 years
Building Improvements	3 - 20 years
Computer Equipment	3 - 8 years
Furniture and Equipment	2 - 20 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Work In Progress

Associated Students, Inc. had several work in progress projects relating to the Mustang Way Sign and Student Lounges during the year ended June 30, 2013. Related costs for both projects are included in work in progress in the Statement of Financial Position under property and equipment at June 30, 2013.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Associated Students, Inc. 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 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).

The Associated Students, Inc. has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2013, the Associated Students, Inc. had no material unrecognized tax benefits, tax penalties or interest.

The Associated Students, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2010, 2009, are subject to examination by the IRS, generally for 3 years after they were filed.

Post-Retirement Benefits

In accordance with the Financial Accounting Standards Board FASB ASC 715-60 (formerly SFAS No. 106), *Employers' Accounting for Post-Retirement Benefits Other Than Pensions*, the Associated Students, Inc.'s post-retirement benefits other than pensions are to be accrued when earned rather than when paid.

Functional Expenses

Expenses are charged directly to program, activity or administration in general categories based on specific identification. Indirect expenses have been allocated based on salary, square footage and terminal port calculations.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Associated Students, Inc.'s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Associated Students, Inc.'s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain amounts in the 2012 comparative totals have been reclassified to conform with the 2013 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Associated Students, Inc.'s financial statements for the year ended June 30, 2012 from which the summarized information was derived.

Fair Value Measurements

The Associated Students, Inc. reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which the Associated Students, Inc. has access on the measurement date.
- *Level 2* - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Associated Students, Inc. measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

3. CASH AND CASH EQUIVALENTS

The Associated Students, Inc. maintains their cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits.

The estimated fair values of the Associated Students, Inc.'s cash and cash equivalents, none of which are held for trading purposes, approximates its carrying value.

Cash consists of checking and savings accounts. The majority of the savings account is invested in the California Polytechnic State University Trust (CSU Consolidated Investment Pool). Of this amount, \$1,095,276 is held in custody for student organizations and certain campus programs. Interest earned on amounts held in custody for student organizations and campus programs is allocated to the respective organizations.

The Associated Students, Inc. maintains cash balances at one financial institution located in Central California. The depository balance of this account at June 30, 2013 is \$230,863. Of the depository balance, \$230,863 was covered by Federal Depository Insurance.

4. INVESTMENTS

The Associated Students, Inc. measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Associated Students, Inc. to develop its own assumptions. The Associated Students, Inc. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Associated Students, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2013, are Level 1 inputs.

	Fair Value
Short-term investments	\$ 5,795,891
Total investments	<u>\$ 5,795,891</u>

Short-term investments represent a portion of funds held by the Campus on behalf of the Associated Students, Inc. which are redeemable in cash in accordance with Campus Policies. The Campus, in turn, holds the funds in the CSU Consolidated Investment Pool.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

4. INVESTMENTS - Continued

As discussed, the Associated Students, Inc. is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Associated Students, Inc.'s valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of June 30, 2013. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

	<u>Total</u>	<u>Level 1</u>
Short-term investments	<u>\$ 5,795,891</u>	<u>\$ 5,795,891</u>
	<u>\$ 5,795,891</u>	<u>\$ 5,795,891</u>

At June 30, 2013, the Associated Students, Inc. did not have any investments measured using level 2 or level 3 inputs.

The composition of the investment return reported in the statement of activities as follows:

Investment income	<u>\$ 44,015</u>
Total investment return	<u>\$ 44,015</u>

5. RELATED PARTY TRANSACTIONS

Related party receivables consist of the following:

	<u>June 30, 2013</u>
California Polytechnic State University	<u>\$ 1,486,855</u>
Cal Poly Corporation	<u>23,750</u>
	<u>\$ 1,510,605</u>

The Associated Students, Inc. considers related party receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. RELATED PARTY TRANSACTIONS - Continued

Related party payables consist of the following:

	June 30, 2013
California Polytechnic State University	\$ 186,618
Cal Poly Corporation	28,874
	\$ 215,492

Business Services Agreement

On May 31, 1995, Associated Students, Inc., entered into an agreement with California Polytechnic Corporation (previously California Polytechnic State University Foundation) to provide business services to the Associated Students, Inc., and the University Union, a related entity. This agreement was extended through June 30, 2009. Effective July 1, 2009, the Associated Students, Inc. entered into an additional extension to the existing agreement through June 30, 2014. The future minimum payments under this agreement for the periods ended June 30, are as follows:

2014	\$ 290,975
	\$ 290,975

6. PROPERTY AND EQUIPMENT

Property, plant and equipment consist of the following:

	June 30, 2013
Buildings & Building Improvements	\$ 3,255,842
Equipment, Furniture and Fixtures	2,321,682
Work in Progress	18,774
	5,596,298
Less: Accumulated Depreciation	(4,346,660)
Total	\$ 1,249,638

Depreciation expense as of June 30, 2013 was \$273,564.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

7. EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Description

The Associated Students, Inc. applies GASB 27, "Accounting for Pensions by State and Local Employers". Statement 27 establishes a viewpoint that the processes of government and the needs of users of the financial statements of governmental employers are best served when (a) the measurement of the employer's pension expenditures/expense for an accounting period is similar to the employer's required contributions for that period, in accordance with an established and actuarially sound funding policy, and (b) related information reported by the employer, the pension plan, or both entities is measured consistently. That information includes the employer's required contributions and the funded status of the plan.

The Associated Students, Inc. contributes to the Public Employees' Retirement System of the State of California (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California.

PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service.

Securities of Associated Students, Inc. Included in Fund Assets

As of June 30, 2013, no securities of the Associated Students, Inc. or related parties are included in PERS assets.

Funding Policy

Active plan members are required to contribute 5.0% of their adjusted salary to PERS and the Associated Students, Inc. is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PERS Board of Administration. Significant actuarial assumptions used to compute the PERS pension benefit obligation includes an actuarial interest rate of 7.5% per annum and varying projected salary increases based on duration of service and including a 2.75% for inflation factor.

The total pension contribution for June 30, 2013 was \$553,260.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

7. EMPLOYEE BENEFITS - Continued

Actuarially Determined Contribution Requirements and Contribution Made

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount, which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement were determined based on an actuarial valuation performed as of June 30, 2011.

The Associated Students, Inc.'s plan is part of the 2% at 55 Risk Pool, as well as the 2% at 60 Risk Pool and the 2% at 62 Risk Pool. Each of these separate pools are cost-sharing multiple-employer defined benefits plans. Benefits for eligible employees hired before June 4, 2011 will be administered as part of the 2% at 55 Risk Pool plan, while benefits for eligible employees hired after June 4, 2011 will be administered as part of the 2% at 60 Risk Pool and employees hired on or after January 1, 2013 will be administered as part of the 2% at 62 Risk Pool. The disclosures below do not relate to newly issued Financial Accounting Standards Board FASB ASC 715 & 958 (formerly FASB 158) *Employers' Accounting for Defined Benefit Pension and Other Retirement Plans* because confirming information was not available from the Plan Administrator.

The Schedule of Funding Progress below shows the recent history of the 2% at 55 Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll as estimated by the Public Employees' Retirement System actuaries, as of June 30, 2011, the most recent actuarial study:

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
June 30, 2007	\$2,611,747	\$2,391,434	\$220,312	91.6%	\$665,523	33.1%
June 30, 2008	\$2,780,281	\$2,547,323	\$232,957	91.6%	\$688,607	33.8%
June 30, 2009	\$3,104,798	\$2,758,511	\$346,287	88.9%	\$742,981	46.6%
June 30, 2010	\$3,309,065	\$2,946,408	\$362,657	89.0%	\$748,401	48.5%
June 30, 2011	\$3,619,836	\$3,203,215	\$416,621	88.5%	\$759,264	54.9%

All Dollar amounts in thousands

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

7. EMPLOYEE BENEFITS - Continued

The Schedule of Funding Progress below shows the recent history of the 2% at 60 Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll as estimated by the Public Employees' Retirement System actuaries, as of June 30, 2011, the most recent actuarial study:

<u>Valuation Date</u>	<u>Accrued Liabilities</u>	<u>Actuarial Assets</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
June 30, 2007	\$498,935	\$479,521	\$19,414	96.1%	\$171,053	11.4%
June 30, 2008	\$532,483	\$513,147	\$19,336	96.4%	\$183,388	10.5%
June 30, 2009	\$582,842	\$553,954	\$28,888	95.0%	\$184,320	15.7%
June 30, 2010	\$624,423	\$594,492	\$29,931	95.2%	\$186,778	16.0%
June 30, 2011	\$682,376	\$639,237	\$43,139	93.7%	\$193,877	22.3%

All Dollar amounts in thousands

Post-Retirement Benefits Other Than Pension Benefits - Health

In addition to the pension benefits described, the Associated Students, Inc. provides post-retirement health care benefits to all eligible employees.

Employees hired on or prior to June 1, 2011 who retire from the Associated Students, Inc. on or after attaining age 50 with at least 5 years of CalPERS service credits are eligible to receive 100% of the active employees' monthly health contribution.

Employees hired after June 1, 2011 who retire from the Associated Students, Inc. on or after attaining the age of 50 with at least 10 years of CalPERS service credits (with a minimum of 5 years of service with ASI) are eligible for 50% of the active employees' monthly health contribution. Retirees in this category receive an additional 5% credit toward the active employees' monthly health contribution for each additional year of service until they reach the maximum vesting schedule of 20 years. Once an employee reaches 20 years of service (with a minimum of 5 years of service with ASI), the retiree is eligible to receive 100% of the active employees' health contribution.

These health care benefits continue for life.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

7. EMPLOYEE BENEFITS - Continued

The plan's funding method is the pro-rata unit credit method. The accumulated plan benefit obligation at June 30, 2013 is \$5,019,362 and is being amortized over a period of 20 years.

Plan expense is as follows:

	<u>June 30, 2013</u>
Current Service Cost	\$ 561,897
Interest	560,955
Expected return on plan assets	(97,651)
Amortization	<u>470,440</u>
	<u>\$ 1,495,641</u>

Post-Retirement Benefits Disclosure

Obligations and Funded Status at June 30, 2013 consists of the following:

Benefit obligation:	
Amendments	\$ N/A
Benefits paid	(249,405)
Benefit obligation at end of year	12,833,132
Plan assets	
Employer contribution	350,000
Plan participants' contributions	-
Fair value of plan assets at end of year	1,556,873
Funded status	
Funded status at end of year	(11,276,259)
Unrecognized net transition obligation	-
Unrecognized prior service costs	-
Unrecognized net actuarial (gain)/loss	6,256,111
Prepaid (accrued) benefit cost	(5,020,148)

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

7. EMPLOYEE BENEFITS - Continued

Measurement date	<u>June 30, 2013</u>
Assumptions	
Weighted-average assumptions used to determine benefit obligations at June 30, 2013	
Discount rate	4.85%
Expected long-term return on plan assets	7.00%
Rate of compensation increase	N/A
 Health care cost trend rate assumed for next year	 7.00%
Expected retiree payments over the next 10 years:	
2013/14	\$ 280,818
2014/15	300,456
2015/16	328,375
2016/17	357,482
2017/18	389,257
Thereafter – Next 5 years	\$ 2,498,302

Post-Retirement Benefits Other Than Pension Benefits - VEBA

The Associated Students, Inc. participates in and contributed \$350,000 to the Auxiliary Multiple Employer VEBA, a multiple employer VEBA for auxiliaries of the California State University System.

8. MORTGAGE PAYABLE

Mortgage payable consisted of the following:

	<u>June 30, 2013</u>
Payable to Chicorp Financial;	
payable in semi-annual installments	
of \$52,502, including interest at	
7.375% per annum; secured by building.	
This note matures April 1, 2014.	
	\$ 99,647
(Less) Current Portion	<u>(99,647)</u>
	<u>\$ -</u>

9. FUNDS HELD FOR OTHERS

Funds held for others at year end were \$1,095,276 and is held in custody for student organizations and certain campus programs. (Note 3)

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

10. OPERATING LEASES

Rental expense for the year ended June 30, 2013 was \$16,952. The following table summarizes the minimum future equipment rental fees payable under these noncancellable leases for the periods ending June 30:

2014	\$ 11,085
2015	10,025
2016	1,561
2017	1,561
2018	-
	<u>\$ 24,232</u>

11. COMMITMENTS AND CONTINGENCIES

The Associated Students, Inc. 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 disallowance under terms of the contracts, it is believed that any required reimbursements will not be material.

12. CONCENTRATION RISK

The majority of the Associated Students, Inc.'s contributions and grants are received from corporations, foundations, and individuals located in the greater San Luis Obispo metropolitan area and from agencies of the state of California and San Luis Obispo County. As such, Associated Students, Inc.'s ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Associated Students, Inc.'s services.

The Associated Students, Inc.'s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Associated Students, Inc.'s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

13. SUBSEQUENT EVENTS

The Associated Students, Inc. has evaluated events subsequent to June 30, 2013, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 6, 2013, 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.

SUPPLEMENTARY INFORMATION

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 2,400	\$ 2,400
Accounts receivable	3,434	6,115
Investments	557,823	622,978
Deposits and prepaid expenses	13,112	49,025
Inventory	55,745	58,942
Related party receivable	1,495,280	1,093,294
Property and equipment, net	<u>873,642</u>	<u>958,361</u>
 Total assets	 <u>\$3,001,436</u>	 <u>\$ 2,791,115</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 71,177	\$ 106,252
Accrued payable and related liabilities	191,070	177,973
Related party payable	188,528	182,161
Post-retirement benefit payable	2,460,858	2,107,748
Deferred revenue	<u>89,803</u>	<u>139,176</u>
 Total liabilities	 3,001,436	 2,713,310
 NET ASSETS		
Unrestricted	<u>-</u>	<u>77,805</u>
Total net assets	<u>-</u>	<u>77,805</u>
 Total liabilities and net assets	 <u>\$3,001,436</u>	 <u>\$ 2,791,115</u>

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u>
REVENUES		
Operating revenue from student activity fees	\$6,013,625	\$5,361,027
Revenue from operations	862,145	452,949
Contributions and grants	120	110
Related party reimbursements	1,358,023	1,266,469
Investment income	10,080	4,302
Other income	50,078	171,314
Rental income	352,319	319,634
Gain (loss) on sale of fixed assets	-	(22,551)
Contract settlements	<u>(48,438)</u>	<u>(2,516)</u>
	8,597,952	7,550,738
EXPENSES		
Personnel costs	6,316,713	5,489,335
Insurance	146,319	153,838
Utilities	589,391	377,861
Depreciation	167,446	189,425
Operation and maintenance of plant	453,334	344,232
Other program and service costs	<u>1,002,554</u>	<u>973,004</u>
	8,675,757	7,527,695
CHANGE IN NET ASSETS	(77,805)	23,043
NET ASSETS - beginning of year	<u>77,805</u>	<u>54,762</u>
NET ASSETS - end of year	<u>\$ -</u>	<u>\$ 77,805</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF NET POSITION
JUNE 30, 2013

Assets:

Current assets:		
Cash and cash equivalents	\$	230,863
Short-term investments		5,795,891
Accounts receivable, net		1,657,400
Leases receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		—
Prepaid expenses and other assets		161,196
Total current assets		<u>7,845,350</u>
Noncurrent assets:		
Restricted cash and cash equivalents		—
Accounts receivable, net		—
Leases receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		—
Endowment investments		—
Other long-term investments		—
Capital assets, net		1,249,638
Other assets		—
Total noncurrent assets		<u>1,249,638</u>
Total assets		<u>9,094,988</u>
Deferred outflows of resources:		
Unamortized loss on refunding(s)		—
Total deferred outflows of resources		<u>—</u>

Liabilities:

Current liabilities:		
Accounts payable		114,947
Accrued salaries and benefits payable		214,085
Accrued compensated absences— current portion		248,303
Unearned revenue		271,378
Capitalized lease obligations – current portion		—
Long-term debt obligations – current portion		99,647
Self-insurance claims liability - current portion		—
Depository accounts		1,095,276
Other liabilities		222,661
Total current liabilities		<u>2,266,297</u>
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		—
Unearned revenue		—
Grants refundable		—
Capitalized lease obligations, net of current portion		—
Long-term debt obligations, net of current portion		—
Self-insurance claims liabilities, net of current portion		—
Depository accounts		—
Other postemployment benefits obligation		5,019,362
Other liabilities		—
Total noncurrent liabilities		<u>5,019,362</u>
Total liabilities		<u>7,285,659</u>
Deferred inflows of resources:		
Deferred service concession arrangement receipts		—
Total deferred inflows of resources		<u>—</u>

Net Position:

Net investment in capital assets		1,149,991
Restricted for:		
Nonexpendable – endowments		—
Expendable:		
Scholarships and fellowships		—
Research		—
Loans		—
Capital projects		—
Debt service		—
Other		—
Unrestricted		659,338
Total net position	\$	<u>1,809,329</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 5,223,671
Grants and contracts, noncapital:	
Federal	35,039
State	125,411
Local	—
Nongovernmental	236,446
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	—
Other operating revenues	8,175,736
Total operating revenues	<u>13,796,303</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	10,663,345
Institutional support	—
Operation and maintenance of plant	3,208,507
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	273,564
Total operating expenses	<u>14,145,416</u>
Operating income (loss)	<u>(349,113)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	5,535
Investment income (loss), net	44,015
Endowment income (loss), net	—
Interest Expenses	(12,098)
Other nonoperating revenues (expenses)	—
Net nonoperating revenues (expenses)	<u>37,452</u>
Income (loss) before other additions	(311,661)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>(311,661)</u>
Net position:	
Net position at beginning of year, as previously reported	2,120,990
Restatements	—
Net position at beginning of year, as restated	<u>2,120,990</u>
Net position at end of year	<u>\$ 1,809,329</u>

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

1	Restricted cash and cash equivalents at June 30, 2013:		
	Portion of restricted cash and cash equivalents related to endowments	\$	-
	All other restricted cash and cash equivalents		-
			<hr/>
	Total restricted cash and cash equivalents	\$	-
			<hr/>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

2.1 Composition of investments at June 30, 2013:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	5,795,891	-	5,795,891	-	-	-	5,795,891
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:							
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Add description	-						

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2.2 Investments held by the University under contractual agreements at June 30, 2013:						
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013 :	5,795,891	-	5,795,891	-	-	5,795,891
2.3 Restricted current investments at June 30, 2013 related to:	Amount					
Add description	\$ —					
Add description	—					
Add description	—					
Add description	—					
Add description	—					
Add description	—					
Total restricted current investments at June 30, 2013	\$ —					
2.4 Restricted noncurrent investments at June 30, 2013 related to:	Amount					
Endowment investment	\$ —					
Add description	—					
Add description	—					
Add description	—					
Add description	—					
Add description	—					
Add description	—					
Total restricted noncurrent investments at June 30, 2013	\$ —					

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Less accumulated depreciation/amortization:								
Buildings and building improvements	(1,910,915)	-	-	(1,910,915)	(189,583)	-	-	(2,100,498)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(2,325,523)	-	-	(2,325,523)	(83,981)	163,342	-	(2,246,162)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,236,438)	-	-	(4,236,438)	(273,564)	163,342	-	(4,346,660)
Total capital assets, net	\$ 1,430,035	-	-	1,430,035	(158,958)	(21,439)	-	1,249,638

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	\$ 273,564
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 273,564

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4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	\$ 234,249	—	—	234,249	254,944	(240,890)	248,303	248,303	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Chicorp mortgage payable	192,553	—	—	192,553	-	(92,906)	99,647	99,647	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	192,553	—	—	192,553	-	(92,906)	99,647	99,647	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	192,553	—	—	192,553	—	(92,906)	99,647	99,647	—
Total long-term liabilities	\$ 426,802	—	—	426,802	254,944	(333,796)	347,950	347,950	—

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5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			\$ —

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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	\$ -	-	-	99,647	5,358	105,005	99,647	5,358	105,005
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	99,647	5,358	105,005	99,647	5,358	105,005

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8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	1,262,986
Payments received from University for services, space, and programs	315,079
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(186,618)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	1,486,855
Other amounts receivable from University	—

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9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 1,495,641
Contributions during the year	<u>(599,405)</u>
Increase (decrease) in net OPEB obligation (NOO)	896,236
NOO - beginning of year	<u>4,123,126</u>
NOO - end of year	<u>\$ 5,019,362</u>

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10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2012, as previously reported		\$ 2,120,990
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2012, as restated		\$ 2,120,990

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

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