

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

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2017  
and Independent Auditors' Report**

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

|   | <b>Page</b> |
|---|-------------|
| <b>FINANCIAL STATEMENTS</b>                                     |             |
| Independent Auditors' Report                                    | 1           |
| Statement of Financial Position                                 | 3           |
| Statement of Activities   | 4           |
| Statement of Cash Flows   | 5           |
| Notes to Financial Statements                                   | 6           |
| <b>SUPPLEMENTARY INFORMATION</b>                                |             |
| Schedule of Financial Position – University Union               | 22          |
| Schedule of Activities – University Union                       | 23          |
| GASB Schedule of Net Position                                   | 24          |
| GASB Schedule of Revenues, Expenses and Changes in Net Position | 25          |
| Other Information   | 26          |

## **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, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***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.

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

## INDEPENDENT AUDITORS' REPORT - Continued

### *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, 2017, 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.

### *Report on Summarized Comparative Information*

We previously audited the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo.

### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Vorwin, Hryn + Co.*

Calabasas, California  
September 11, 2017

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

|   | <u>2017</u>             | <u>2016</u>             |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                           |                         |                         |
| Cash and cash equivalents               | \$ 215,745              | \$ 155,925              |
| Accounts receivable                     | 137,251                 | 143,543                 |
| Other receivables                       | 4,578                   | 20,256                  |
| Investments                             | 5,189,258               | 5,355,028               |
| Deposits and prepaid expenses           | 33,715                  | 154,536                 |
| Inventory                               | 52,586                  | 57,949                  |
| Related party receivables               | 32,458                  | 36,826                  |
| Property and equipment, net             | <u>1,223,579</u>        | <u>1,008,543</u>        |
| <br>Total assets                        | <br><u>\$ 6,889,170</u> | <br><u>\$ 6,932,606</u> |
| <br><b>LIABILITIES</b>                  |                         |                         |
| Accounts payable and accrued expenses   | \$ 397,868              | \$ 383,975              |
| Accrued payable and related liabilities | 482,513                 | 492,160                 |
| Related party payables                  | 272,826                 | 308,009                 |
| Post-retirement benefit payable         | 55,956                  | 1,090,880               |
| Deferred revenue                        | 300,855                 | 276,577                 |
| Contract advances                       | -                       | 1,792                   |
| Funds held for others                   | <u>1,353,831</u>        | <u>1,338,426</u>        |
| <br>Total liabilities                   | <br>2,863,849           | <br>3,891,819           |
| <br><b>NET ASSETS</b>                   |                         |                         |
| Unrestricted                            | <u>4,025,321</u>        | <u>3,040,787</u>        |
| <br>Total net assets                    | <br><u>4,025,321</u>    | <br><u>3,040,787</u>    |
| <br>Total liabilities and net assets    | <br><u>\$ 6,889,170</u> | <br><u>\$ 6,932,606</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, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

|  | <u>2017</u>             | <u>2016</u>             |
|--|-------------------------|-------------------------|
| <b>REVENUES</b>                              |                         |                         |
| Student activity fees                        | \$ 6,617,270            | \$ 6,326,602            |
| Operating revenue from student activity fees | 6,656,925               | 6,448,042               |
| Revenue from operations                      | 1,512,928               | 1,518,899               |
| Government service contracts                 | 184,479                 | 171,442                 |
| Contributions and grants                     | 369,523                 | 366,728                 |
| Parent fees                                  | 830,015                 | 913,093                 |
| Investment income                            | 46,548                  | 30,943                  |
| Other income                                 | 66,208                  | 70,977                  |
| Rental income                                | 301,070                 | 313,073                 |
| Gain (loss) on sale of fixed assets          | (4,139)                 | (129)                   |
| Contract settlements                         | <u>(7,332)</u>          | <u>(5,333)</u>          |
| <br>Total revenues                           | <br>16,573,495          | <br>16,154,337          |
| <br><b>EXPENSES</b>                          |                         |                         |
| Student program expenses                     | 11,433,026              | 12,010,346              |
| Children's center expenses                   | 1,971,196               | 1,914,538               |
| Administrative expenses                      | 1,987,457               | 2,004,705               |
| Depreciation                                 | <u>197,282</u>          | <u>156,306</u>          |
| <br>Total expenses                           | <br><u>15,588,961</u>   | <br><u>16,085,895</u>   |
| <br><b>CHANGE IN NET ASSETS</b>              | <br>984,534             | <br>68,442              |
| <br><b>NET ASSETS - beginning of year</b>    | <br><u>3,040,787</u>    | <br><u>2,972,345</u>    |
| <br><b>NET ASSETS - end of year</b>          | <br><u>\$ 4,025,321</u> | <br><u>\$ 3,040,787</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, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

|   | <u>2017</u>           | <u>2016</u>           |
|---|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                       |                       |
| Change in net assets  | \$ 984,534            | \$ 68,442             |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |                       |                       |
| Depreciation  | 197,282               | 156,306               |
| Provision for bad debt  | -                     | 80                    |
| (Gain) loss on disposal of property   | 4,139                 | 129                   |
| (Increase) decrease in:   |                       |                       |
| Accounts receivable   | 6,292                 | 10,019                |
| Other receivables   | 15,678                | 56,749                |
| Deposits and prepaid expenses   | 120,821               | 68,068                |
| Inventory   | 5,363                 | 4,800                 |
| Related party receivables   | 4,368                 | 1,437                 |
| Increase (decrease) in:   |                       |                       |
| Accounts payable and accrued expenses   | 13,893                | 102,770               |
| Accrued payroll and related liabilities   | (9,647)               | 77,116                |
| Related party payables  | (35,183)              | 71,916                |
| Post-retirement benefit payable   | (1,034,924)           | 616,787               |
| Deferred revenue  | 24,278                | 59,226                |
| Contract advances   | (1,792)               | 1,792                 |
| Funds held for others   | 15,405                | 82,223                |
| <br>Total adjustments   | <br><u>(674,027)</u>  | <br><u>1,309,418</u>  |
| Net Cash Provided (Used) by Operating Activities  | 310,507               | 1,377,860             |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                       |                       |
| Proceeds from sale of investments   | 11,533,023            | 9,920,806             |
| Purchases of investments  | (11,367,253)          | (11,102,334)          |
| Payments related to purchases of property and equipment   | (262,503)             | (49,699)              |
| Payments related to the construction of property and equipment, net of reductions                 | <u>(153,954)</u>      | <u>(96,605)</u>       |
| Net Cash Provided (Used) by Investing Activities  | <u>(250,687)</u>      | <u>(1,327,832)</u>    |
| <br><b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                   | <br>59,820            | <br>50,028            |
| <br><b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | <br><u>155,925</u>    | <br><u>105,897</u>    |
| <br><b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <br><u>\$ 215,745</u> | <br><u>\$ 155,925</u> |
| <br><b>Non-cash activities:</b>   |                       |                       |
| Transfer of work in progress to property and equipment  | \$ 130,694            | \$ 8,962              |
| Bad debt  | <u>\$ -</u>           | <u>\$ 80</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, 2017**

**1. ORGANIZATION**

*Nature of Activities*

Associated Students, Inc. (ASI) is a non-profit auxiliary organization of California Polytechnic State University at San Luis Obispo (University). 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 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 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.

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 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 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, 2017**

**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 Organization, 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 Organization'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 Organization, 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, 2017.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by the Organization 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, 2017.

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 and Cash Equivalents*

Cash and 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. Associated Students, Inc.'s cash balances, at times, may exceed federally insured limits. Management believes Associated Students, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Accounts and Other Receivables*

Receivables consist of parent fees, commercial and credit card receivable balances at year end. Receivables are primarily unsecured amounts for cost reimbursement or for services performed. Receivables are stated at the amount management expects to collect from outstanding balances. 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. The accounts receivable and other receivables balances at June 30, 2017 were \$137,251 and \$4,578, respectively.

*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.

*Deposits and Prepaid Expenses*

Prepaid deposits, insurance and other costs are expensed ratably over their respective terms of agreement.

*Inventory*

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

*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 - 5 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.

**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Work In Progress*

At June 30, 2017, Associated Students, Inc. had several work in progress projects underway relating to improvements to the ASI & Orfalea Family Children’s Center play yards and the University Union auditorium and plaza. Related costs are included in work in progress in the Statement of Financial Position under property and equipment at June 30, 2017. During the year, Associated Students, Inc. transferred \$2,035 from a University Union project to Equipment, Furniture and Fixtures, and was refunded \$7,305 upon completion of the ASI & Orfalea Family Children’s Center classroom upgrades.

*Accrued Leave Liability*

Accrued leave benefits are accrued on a monthly basis. Full-time employees accrue vacation time based upon years of service to 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                   |

Employees holding Administrator (MPP) classified positions (e.g., Executive Director, Associate Executive Director, or other Director position) will earn vacation at the rate of 24 days per year, independent of length of service.

Unused vacation leave will be paid at the time of termination. Total accrued leave liability at June 30, 2017, was \$271,286.

*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*, Associated Students, Inc.’s post-retirement benefits other than pensions are to be accrued when earned rather than when paid.

*Deferred Revenue*

Deferred Revenue consists of advance payments for various ASI programs including enrollments in child care, summer programming, memberships, leases, and Campus endowment payouts designated for the next fiscal year.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*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.

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 Uniform Guidance 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, Associated Students, Inc.'s management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Associated Students, Inc.

*Revenue Recognition*

Revenues from government agencies, student fees, operational fees for services provided under such contracts are recognized when earned by Associated Students, Inc.'s. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities.

Revenue received where the restriction is met in the same fiscal year is reported under unrestricted net assets.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Income Taxes*

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).

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, 2017, Associated Students, Inc. had no material unrecognized tax benefits, tax penalties or interest.

Associated Students, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2016, 2015, and 2014, are subject to examination by the IRS, generally for 3 years after they were filed.

*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, Associated Students, Inc.'s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. 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.

*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 Associated Students, Inc.'s financial statements for the year ended June 30, 2016 from which the summarized information was derived.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Reclassifications*

Certain amounts in the 2016 comparative totals have been reclassified to conform with the 2017 reporting format.

*Fair Value Measurements*

Associated Students, Inc. reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. 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 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.
- *NAV* - Net asset value (NAV) is the value of a fund's asset less the value of its liabilities per unit.

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, 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, 2017**  
**(CONTINUED)**

**3. CASH AND CASH EQUIVALENTS**

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, \$1,353,831 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.

Associated Students, Inc. maintains cash balances at one financial institution located in Central California. The depository balance of this account at June 30, 2017 is \$215,745. Of the depository balance, up to \$250,000 was covered by Federal Depository Insurance.

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

**4. PROPERTY AND EQUIPMENT, NET**

Property, plant and equipment consist of the following:

|                                   | June 30, 2017 |
|-----------------------------------|---------------|
| Buildings & Building Improvements | \$ 3,343,998  |
| Equipment, Furniture and Fixtures | 2,077,883     |
| Work in Progress                  | 112,937       |
|                                   | 5,534,818     |
| Less: Accumulated Depreciation    | (4,311,239)   |
| Total                             | \$ 1,223,579  |

Depreciation expense for the year ended June 30, 2017 was \$197,282.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**5. INVESTMENTS**

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 Associated Students, Inc. to develop its own assumptions. Associated Students, Inc. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, 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, 2017, are Level 1, Level 2, and NAV inputs.

Short-term investments represent a portion of funds held by the Campus on behalf of 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.

|                            | Fair Value Measurements Using   |   |  |                             | Total               |
|----------------------------|---|---|--|-----------------------------|---------------------|
|                            | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Net Asset<br>Value<br>(NAV) |                     |
| Corporate Bonds            | \$ 191,004  | \$ 1,239,481  | \$ -   | \$ -                        | \$ 1,430,485        |
| Certificates of Deposit    | -   | 220,125   | -  | -                           | 220,125             |
| Money Market Funds         | 7   | -   | -  | 22,290                      | 22,297              |
| Repurchase Agreement       | -   | 14,607  | -  | -                           | 14,607              |
| Asset Backed Securities    | 443,928   | -   | -  | -                           | 443,928             |
| Mortgage Backed Securities | -   | 514   | -  | -                           | 514                 |
| Municipal Bonds            | -   | 23,514  | -  | -                           | 23,514              |
| US Agency Securities       | 945,915   | 927,546   | -  | -                           | 1,873,461           |
| US Treasury Securities     | -   | <u>1,160,327</u>  | -  | -                           | <u>1,160,327</u>    |
| Total Investments          | <u>\$ 1,580,854</u>   | <u>\$ 3,586,114</u>                                       | <u>\$ -</u>  | <u>\$ 22,290</u>            | <u>\$ 5,189,258</u> |

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

|                         |                  |
|-------------------------|------------------|
| Investment income       | <u>\$ 46,548</u> |
| Total investment return | <u>\$ 46,548</u> |



**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**6. RELATED PARTY TRANSACTIONS**

Related party receivables consist of the following:

|   |                         |
|---|-------------------------|
|   | <u>June 30, 2017</u>    |
| California Polytechnic State University | \$ 25,280               |
| Cal Poly Corporation                    | <u>7,178</u>            |
| Total                                   | <u><u>\$ 32,458</u></u> |

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

Related party payables consist of the following:

|   |                          |
|---|--------------------------|
|   | <u>June 30, 2017</u>     |
| California Polytechnic State University | \$ 226,347               |
| Cal Poly Corporation                    | <u>46,479</u>            |
| Total                                   | <u><u>\$ 272,826</u></u> |

*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 Associated Students, Inc., and the University Union, a related entity. This agreement was extended through June 30, 2014. Effective July 1, 2014, Associated Students, Inc. entered into an additional extension to the existing agreement through June 30, 2019. The future minimum payments under this agreement for the periods ended June 30, are as follows:

|         |                          |
|---------|--------------------------|
| 2017/18 | \$ 326,838               |
| 2018/19 | <u>336,463</u>           |
|         | <u><u>\$ 663,301</u></u> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**7. EMPLOYEE BENEFITS**

*Defined Benefit Pension Plan*

*Description*

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, 2017, no securities of 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 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 active plan members pension contribution for June 30, 2017 was \$414,613.

*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, 2015.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**7. EMPLOYEE BENEFITS - Continued**

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 such guidance is not applicable to multiple-employer defined benefit plans.

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 55 Risk Pool, as of June 30, 2015, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Market Value of Assets (MVA) | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|--|--------------|------------------------|
| 06/30/2013     | \$ 16,808,773          | \$ 12,800,622                                | \$ 4,008,151                                 | 76.2%        | \$ 2,765,706           |
| 06/30/2014     | 18,578,495             | 14,936,291                                   | 3,642,204                                    | 80.4%        | 2,786,399              |
| 06/30/2015     | 19,956,150             | 15,494,090                                   | 4,462,060                                    | 77.6%        | 2,822,990              |

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 60 Risk Pool, as of June 30, 2015, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Market Value of Assets (MVA) | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|--|--------------|------------------------|
| 06/30/2013     | \$ 116,918             | \$ 98,580                                    | \$ 18,338                                    | 84.3%        | \$ 543,444             |
| 06/30/2014     | 184,742                | 177,087                                      | 7,655  | 95.9%        | 386,829                |
| 06/30/2015     | 251,401                | 236,892                                      | 14,509                                       | 94.2%        | 365,297                |

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 62 Risk Pool, as of June 30, 2015, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Market Value of Assets (MVA) | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|--|--------------|------------------------|
| 06/30/2013     | \$ 962                 | \$ 1,291                                     | \$ (329)                                     | 134.2%       | \$ 95,034              |
| 06/30/2014     | 18,016                 | 19,203                                       | (1,187)                                      | 106.6%       | 326,770                |
| 06/30/2015     | 61,671                 | 58,311                                       | 3,360  | 94.6%        | 491,288                |

**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**7. EMPLOYEE BENEFITS - Continued**

*Post-Retirement Benefits Other Than Pension Benefits - Health*

In addition to the pension benefits described, 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 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 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.

The plan's funding method is the pro-rata unit credit method. The accumulated plan benefit obligation at June 30, 2017 is \$12,517,033.

Plan expense is as follows:

|                                | <u>June 30, 2017</u> |
|--------------------------------|----------------------|
| Current Service Cost           | \$ 500,916           |
| Interest                       | 474,988              |
| Expected return on plan assets | (764,083)            |
| Amortization                   | <u>208,523</u>       |
|                                | <u>\$ 420,344</u>    |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**7. EMPLOYEE BENEFITS - Continued**

*Post-Retirement Benefits Disclosure*

Obligations and Funded Status at June 30, 2017 consists of the following:

|   |               |
|---|---------------|
| Benefit obligation:   |               |
| Amendments  | \$ N/A        |
| Benefits paid   | 309,577       |
| Benefit obligation at end of year   | 12,517,033    |
| Plan assets   |               |
| Employer contribution   | 413,956       |
| Plan participants' contributions  | -             |
| Fair value of plan assets at end of year  | 12,461,077    |
| Funded status   |               |
| Funded status at end of year  | (55,956)      |
| Unrecognized net transition obligation  | -             |
| Unrecognized prior service costs  | -             |
| Unrecognized net actuarial (gain)/loss  | 3,429,934     |
| Prepaid (accrued) benefit cost  | 3,373,978     |
| Measurement date  | June 30, 2017 |
| Assumptions   |               |
| Weighted-average assumptions used to determine benefit obligations at June 30, 2017 |               |
| Discount rate   | 4.0%          |
| Expected long-term return on plan assets  | 7.00%         |
| Rate of compensation increase   | N/A           |
| Health care cost trend rate assumed for next year                                   | 5.60%         |
| Expected retiree payments over the next 10 years:                                   |               |
| 2017/18   | \$ 276,833    |
| 2018/19   | 302,254       |
| 2019/20   | 330,001       |
| 2020/21   | 346,157       |
| Thereafter – Next 5 years   | 2,068,520     |

Associated Students, Inc. participates in and contributed \$413,956 to the Auxiliary Multiple Employer VEBA, a multiple employer VEBA for auxiliaries of the California State University System.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**8. FUNDS HELD FOR OTHERS**

Funds held for others at year end were \$1,353,831 and are held in custody for student organizations and certain campus programs. (Note 3)

**9. OPERATING LEASES**

Total rental expense for the year ended June 30, 2017 was \$17,373 of which \$12,319 was for leases. The following table summarizes the minimum future equipment rental fees payable under these noncancellable leases for the periods ending June 30:

|      |                  |
|------|------------------|
| 2018 | \$ 10,341        |
| 2019 | 6,165            |
| 2020 | 4,773            |
| 2021 | <u>1,234</u>     |
|      | <u>\$ 22,513</u> |

**10. COMMITMENTS AND CONTINGENCIES**

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.

**11. CONCENTRATION RISK**

The majority of 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.

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.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**12. SUBSEQUENT EVENTS**

Associated Students, Inc. has evaluated events subsequent to June 30, 2017, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 11, 2017, 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, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

|   | <u>2017</u>             | <u>2016</u>             |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                           |                         |                         |
| Cash and cash equivalents               | \$ 1,900                | \$ 1,900                |
| Accounts receivable                     | 1,415                   | 3,212                   |
| Investments                             | 349,019                 | 712,578                 |
| Deposits and prepaid expenses           | 30,297                  | 33,641                  |
| Inventory                               | 51,778                  | 57,114                  |
| Related party receivables               | 18,920                  | 31,724                  |
| Property and equipment, net             | <u>698,873</u>          | <u>613,158</u>          |
| <br>Total assets                        | <br><u>\$ 1,152,202</u> | <br><u>\$ 1,453,327</u> |
| <br><b>LIABILITIES</b>                  |                         |                         |
| Accounts payable and accrued expenses   | \$ 206,648              | \$ 219,418              |
| Accrued payable and related liabilities | 272,887                 | 257,633                 |
| Related party payables                  | 188,275                 | 157,988                 |
| Post-retirement benefit payable         | 33,215                  | 669,473                 |
| Deferred revenue                        | <u>74,833</u>           | <u>74,586</u>           |
| <br>Total liabilities                   | <br>775,858             | <br>1,379,098           |
| <br><b>NET ASSETS</b>                   |                         |                         |
| Unrestricted                            | <u>376,344</u>          | <u>74,229</u>           |
| <br>Total net assets                    | <br><u>376,344</u>      | <br><u>74,229</u>       |
| <br>Total liabilities and net assets    | <br><u>\$ 1,152,202</u> | <br><u>\$ 1,453,327</u> |

**UNIVERSITY UNION**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

|  | <u>2017</u>           | <u>2016</u>          |
|--|-----------------------|----------------------|
| <b>REVENUES</b>                              |                       |                      |
| Operating revenue from student activity fees | \$ 6,656,925          | \$ 6,448,042         |
| Revenue from operations                      | 1,176,648             | 1,158,135            |
| Contributions and grants                     | 5                     | 4,500                |
| Related party reimbursements                 | 975,702               | 962,937              |
| Investment income                            | 12,307                | 9,499                |
| Other income                                 | 42,917                | 49,181               |
| Rental income                                | 260,973               | 271,850              |
| Gain (loss) on sale of fixed assets          | (4,139)               | (129)                |
| Contract settlements                         | <u>(1,444)</u>        | <u>(6,369)</u>       |
| <br>Total revenues                           | <br>9,119,894         | <br>8,897,646        |
| <br><b>EXPENSES</b>                          |                       |                      |
| Personnel costs                              | 5,989,656             | 6,475,097            |
| Insurance                                    | 142,876               | 148,313              |
| Utilities                                    | 610,178               | 561,363              |
| Depreciation                                 | 145,506               | 114,651              |
| Operation and maintenance of plant           | 690,885               | 658,739              |
| Other program and service costs              | <u>1,238,678</u>      | <u>1,208,367</u>     |
| <br>Total expenses                           | <br><u>8,817,779</u>  | <br><u>9,166,530</u> |
| <br><b>CHANGE IN NET ASSETS</b>              | <br>302,115           | <br>(268,884)        |
| <br><b>NET ASSETS - beginning of year</b>    | <br><u>74,229</u>     | <br><u>343,113</u>   |
| <br><b>NET ASSETS - end of year</b>          | <br><u>\$ 376,344</u> | <br><u>\$ 74,229</u> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**GASB SCHEDULE OF NET POSITION**  
**JUNE 30, 2017**

|  |                     |
|--|---------------------|
| Assets:  |                     |
| Current assets:  |                     |
| Cash and cash equivalents  | \$ 215,745          |
| Short-term investments   | 5,189,258           |
| Accounts receivable, net   | 174,287             |
| Leases receivable, current portion   | —                   |
| Notes receivable, current portion  | —                   |
| Pledges receivable, net  | —                   |
| Prepaid expenses and other current assets  | 33,715              |
| Total current assets   | <u>5,613,005</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  | 1,223,579           |
| Other assets   | 52,586              |
| Total noncurrent assets  | <u>1,276,165</u>    |
| Total assets   | <u>6,889,170</u>    |
| Deferred outflows of resources:  |                     |
| Unamortized loss on debt refunding   | —                   |
| Net pension liability  | —                   |
| Others   | —                   |
| Total deferred outflows of resources   | <u>—</u>            |
| Liabilities:   |                     |
| Current liabilities:   |                     |
| Accounts payable   | 397,868             |
| Accrued salaries and benefits  | 211,227             |
| Accrued compensated absences, current portion                                    | 271,286             |
| Unearned revenue   | 300,855             |
| Capitalized lease obligations, current portion                                   | —                   |
| Long-term debt obligations, current portion                                      | —                   |
| Claims liability for losses and loss adjustment expenses, current portion        | —                   |
| Depository accounts  | 1,353,831           |
| Other liabilities  | 272,826             |
| Total current liabilities  | <u>2,807,893</u>    |
| Noncurrent liabilities:  |                     |
| Accrued compensated absences, net of current portion                             | —                   |
| Unearned revenue   | —                   |
| Grants refundable  | —                   |
| Capitalized lease obligations, net of current portion                            | —                   |
| Long-term debt obligations, net of current portion                               | —                   |
| Claims liability for losses and loss adjustment expenses, net of current portion | —                   |
| Depository accounts  | —                   |
| Other postemployment benefits obligations  | 55,956              |
| Net pension liability  | —                   |
| Other liabilities  | —                   |
| Total noncurrent liabilities   | <u>55,956</u>       |
| Total liabilities  | <u>2,863,849</u>    |
| Deferred inflows of resources:   |                     |
| Service concession arrangements  | —                   |
| Net pension liability  | —                   |
| Unamortized gain on debt refunding   | —                   |
| Nonexchange transactions   | —                   |
| Others   | —                   |
| Total deferred inflows of resources  | <u>—</u>            |
| Net Position:  |                     |
| Net investment in capital assets   | 1,223,579           |
| Restricted for:  |                     |
| Nonexpendable – endowments   | —                   |
| Expendable:  |                     |
| Scholarships and fellowships   | —                   |
| Research   | —                   |
| Loans  | —                   |
| Capital projects   | —                   |
| Debt service   | —                   |
| Others   | —                   |
| Unrestricted   | 2,801,742           |
| Total net position   | <u>\$ 4,025,321</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, 2017**

Revenues:

|  |    |                   |
|--|----|-------------------|
| Operating revenues:  |    |                   |
| Student tuition and fees (net of scholarship allowances of \$_____)                    | \$ | 6,617,270         |
| Grants and contracts, noncapital:  |    |                   |
| Federal  |    | 30,447            |
| State  |    | 154,032           |
| Local  |    | —                 |
| Nongovernmental  |    | 362,846           |
| Sales and services of educational activities   |    | —                 |
| Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____) |    | —                 |
| Other operating revenues   |    | 9,355,675         |
|  |    | <u>16,520,270</u> |
| Total operating revenues   |    | <u>16,520,270</u> |

Expenses:

|                                    |  |                   |
|------------------------------------|--|-------------------|
| Operating expenses:                |  |                   |
| Instruction                        |  | —                 |
| Research                           |  | —                 |
| Public service                     |  | —                 |
| Academic support                   |  | —                 |
| Student services                   |  | 11,194,434        |
| Institutional support              |  | —                 |
| Operation and maintenance of plant |  | 4,197,245         |
| Student grants and scholarships    |  | —                 |
| Auxiliary enterprise expenses      |  | —                 |
| Depreciation and amortization      |  | 197,282           |
|                                    |  | <u>15,588,961</u> |
| Total operating expenses           |  | <u>15,588,961</u> |
| Operating income (loss)            |  | <u>931,309</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  |  | 6,677         |
| Investment income (loss), net                              |  | 46,548        |
| Endowment income (loss), net                               |  | —             |
| Interest expense   |  | —             |
| Other nonoperating revenues (expenses)                     |  | —             |
|  |  | <u>53,225</u> |
| Net nonoperating revenues (expenses)                       |  | <u>53,225</u> |
| Income (loss) before other revenues (expenses)             |  | 984,534       |

|  |  |                |
|--|--|----------------|
| State appropriations, capital                  |  | —              |
| Grants and gifts, capital                      |  | —              |
| Additions (reductions) to permanent endowments |  | —              |
|  |  | <u>984,534</u> |
| Increase (decrease) in net position            |  | 984,534        |

Net position:

|   |    |                  |
|---|----|------------------|
| Net position at beginning of year, as previously Adjusteded |    | 3,040,787        |
| Restatements  |    | —                |
|   |    | <u>3,040,787</u> |
| Net position at beginning of year, as restated              |    | 3,040,787        |
| Net position at end of year                                 | \$ | <u>4,025,321</u> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

|          |   |    |       |
|----------|---|----|-------|
| <b>1</b> | <b>Restricted cash and cash equivalents at June 30, 2017:</b>         |    |       |
|          | 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, 2017**  
**(CONTINUED)**

**2.1 Composition of investments at June 30, 2017:**

|  | Current<br>Unrestricted | Current Restricted | Total Current | Noncurrent<br>Unrestricted | Noncurrent<br>Restricted | Total Noncurrent | Total     |
|--|-------------------------|--------------------|---------------|----------------------------|--------------------------|------------------|-----------|
| State of California Surplus Money Investment Fund (SMIF) | \$ —                    | —                  | —             | —                          | —                        | —                | —         |
| State of California Local Agency Investment Fund (LAIF)  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Corporate bonds  | 1,430,485               | —                  | 1,430,485     | —                          | —                        | —                | 1,430,485 |
| Certificates of deposit                                  | 220,125                 | —                  | 220,125       | —                          | —                        | —                | 220,125   |
| Mutual funds   | —                       | —                  | —             | —                          | —                        | —                | —         |
| Money Market funds                                       | 22,297                  | —                  | 22,297        | —                          | —                        | —                | 22,297    |
| Repurchase agreements                                    | 14,607                  | —                  | 14,607        | —                          | —                        | —                | 14,607    |
| Commercial paper   | —                       | —                  | —             | —                          | —                        | —                | —         |
| Asset backed securities                                  | 443,928                 | —                  | 443,928       | —                          | —                        | —                | 443,928   |
| Mortgage backed securities                               | 514                     | —                  | 514           | —                          | —                        | —                | 514       |
| Municipal bonds  | 23,514                  | —                  | 23,514        | —                          | —                        | —                | 23,514    |
| U.S. agency securities                                   | 1,873,461               | —                  | 1,873,461     | —                          | —                        | —                | 1,873,461 |
| U.S. treasury securities                                 | 1,160,327               | —                  | 1,160,327     | —                          | —                        | —                | 1,160,327 |
| Equity securities  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Exchange traded funds (ETFs)                             | —                       | —                  | —             | —                          | —                        | —                | —         |
| Alternative investments:                                 |                         |                    |               |                            |                          |                  |           |
| Private equity (including limited partnerships)          | —                       | —                  | —             | —                          | —                        | —                | —         |
| Hedge funds  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Managed futures  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Real estate investments (including REITs)                | —                       | —                  | —             | —                          | —                        | —                | —         |
| Commodities  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Derivatives  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Other alternative investment types                       | —                       | —                  | —             | —                          | —                        | —                | —         |
| Other external investment pools (excluding SWIFT)        |                         |                    |               |                            |                          |                  |           |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Other major investments:                                 |                         |                    |               |                            |                          |                  |           |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       | —                  | —             | —                          | —                        | —                | —         |
| Add description  | —                       |                    |               |                            |                          |                  |           |

**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

|            |   |               |   |           |   |   |           |
|------------|---|---------------|---|-----------|---|---|-----------|
| <b>2.2</b> | <b>Investments held by the University under contractual agreements at June 30, 2017:</b>                  |               |   |           |   |   |           |
|            | Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 : | 5,189,258     | — | 5,189,258 | — | — | 5,189,258 |
| <b>2.3</b> | <b>Restricted current investments at June 30, 2017 related to:</b>  | <u>Amount</u> |   |           |   |   |           |
|            | Add description   | \$ —          |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | <b>Total restricted current investments at June 30, 2017</b>  | <u>\$ —</u>   |   |           |   |   |           |
| <b>2.4</b> | <b>Restricted noncurrent investments at June 30, 2017 related to:</b>                                     | <u>Amount</u> |   |           |   |   |           |
|            | Endowment investment  | \$ —          |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | Add description   | —             |   |           |   |   |           |
|            | <b>Total restricted noncurrent investments at June 30, 2017</b>   | <u>\$ —</u>   |   |           |   |   |           |





**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**3.1 Composition of capital assets at June 30, 2017:**

|  | Balance<br>June 30, 2016 | Prior period<br>Adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions | Reductions | Transfers of<br>Completed<br>CWIP | Balance<br>June 30, 2017 |
|--|--------------------------|-----------------------------|-------------------|--|-----------|------------|-----------------------------------|--------------------------|
| Nondepreciable/nonamortizable capital assets:      |                          |                             |                   |  |           |            |                                   |                          |
| Land and land improvements                         | \$ —                     | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Works of art and historical treasures              | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Construction work in progress (CWIP)               | 89,677                   | —                           | —                 | 89,677                                 | 163,294   | (9,340)    | (130,694)                         | 112,937                  |
| Intangible assets:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Rights and easements                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Patents, copyrights and trademarks                 | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Internally generated intangible assets in progress | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Licenses and permits                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total intangible assets                            | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total nondepreciable/nonamortizable capital assets | 89,677                   | —                           | —                 | 89,677                                 | 163,294   | (9,340)    | (130,694)                         | 112,937                  |
| Depreciable/amortizable capital assets:            |                          |                             |                   |  |           |            |                                   |                          |
| Buildings and building improvements                | 3,205,030                | —                           | —                 | 3,205,030                              | 8,274     | —          | 130,694                           | 3,343,998                |
| Improvements, other than buildings                 | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Infrastructure                                     | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Leasehold improvements                             | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Personal property:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Equipment  | 1,896,745                | —                           | —                 | 1,896,745                              | 254,229   | (73,091)   | —                                 | 2,077,883                |
| Library books and materials                        | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Intangible assets:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Software and websites                              | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Rights and easements                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Patents, copyright and trademarks                  | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Licenses and permits                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total intangible assets                            | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total depreciable/amortizable capital assets       | 5,101,775                | —                           | —                 | 5,101,775                              | 262,503   | (73,091)   | 130,694                           | 5,421,881                |
| Total capital assets                               | 5,191,452                | —                           | —                 | 5,191,452                              | 425,797   | (82,431)   | —                                 | 5,534,818                |
| Less accumulated depreciation/amortization:        |                          |                             |                   |  |           |            |                                   |                          |
| Buildings and building improvements                | (2,598,216)              | —                           | —                 | (2,598,216)                            | (94,483)  | —          | —                                 | (2,692,699)              |
| Improvements, other than buildings                 | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Infrastructure                                     | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Leasehold improvements                             | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Personal property:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Equipment  | (1,584,693)              | —                           | —                 | (1,584,693)                            | (102,799) | 68,952     | —                                 | (1,618,540)              |
| Library books and materials                        | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Intangible assets:                                 |                          |                             |                   |  |           |            |                                   |                          |
| Software and websites                              | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Rights and easements                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Patents, copyright and trademarks                  | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Licenses and permits                               | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Other intangible assets:                           |                          |                             |                   |  |           |            |                                   |                          |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Add description                                    | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total intangible assets                            | —                        | —                           | —                 | —                                      | —         | —          | —                                 | —                        |
| Total accumulated depreciation/amortization        | (4,182,909)              | —                           | —                 | (4,182,909)                            | (197,282) | 68,952     | —                                 | (4,311,239)              |
| Total capital assets, net                          | \$ 1,008,543             | —                           | —                 | \$ 1,008,543                           | 228,515   | (13,479)   | —                                 | 1,223,579                |

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

|   |            |
|---|------------|
| Depreciation and amortization expense related to capital assets | \$ 197,282 |
| Amortization expense related to other assets                    | —          |
| Total depreciation and amortization                             | \$ 197,282 |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

4 Long-term liabilities activity schedule:

|   | Balance<br>June 30, 2016 | Prior period<br>adjustments | Reclassifications | Balance<br>June 30, 2016<br>(restated) | Additions | Reductions | Balance<br>June 30, 2017 | Current<br>portion | Long-term<br>portion |
|---|--------------------------|-----------------------------|-------------------|--|-----------|------------|--------------------------|--------------------|----------------------|
| Accrued compensated absences                                      | \$ 291,911               | —                           | —                 | 291,911                                | 333,473   | (354,098)  | 271,286                  | 271,286            | —                    |
| Claims liability for losses and loss adjustment expenses          | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Capitalized lease obligations:                                    |                          |                             |                   |  |           |            |                          |                    |                      |
| Gross balance   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Unamortized premium / (discount) on capitalized lease obligations | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Total capitalized lease obligations                               | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Long-term debt obligations:                                       |                          |                             |                   |  |           |            |                          |                    |                      |
| Auxiliary revenue bonds   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Commercial paper  | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Notes payable related to SRB                                      | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Others: (list by type)  |                          |                             |                   |  |           |            |                          |                    |                      |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Add description   | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Total long-term debt obligations                                  | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Unamortized bond premium / (discount)                             | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Total long-term debt obligations, net                             | —                        | —                           | —                 | —                                      | —         | —          | —                        | —                  | —                    |
| Total long-term liabilities                                       | \$ 291,911               | —                           | —                 | 291,911                                | 333,473   | (354,098)  | 271,286                  | 271,286            | —                    |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

5 Future minimum lease payments - capitalized lease obligations:

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

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

6 Long-term debt obligation schedule

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



**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**8 Transactions with related entities**

|  | <b>Amount</b> |
|--|---------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ —          |
| Payments to University for other than salaries of University personnel                                       | 2,166,707     |
| Payments received from University for services, space, and programs  | 516,918       |
| Gifts-in-kind to the University from discretely presented component units                                    | —             |
| Gifts (cash or assets) to the University from discretely presented component units                           | —             |
| Accounts (payable to) University (enter as negative number)  | (226,347)     |
| Other amounts (payable to) University (enter as negative number)   | —             |
| Accounts receivable from University  | 25,280        |
| Other amounts receivable from University   | —             |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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

|  |                  |
|--|------------------|
| Annual required contribution (ARC)               | \$ (311,391)     |
| Contributions during the year                    | <u>(723,533)</u> |
| Increase (decrease) in net OPEB obligation (NOO) | (1,034,924)      |
| Other adjustments                                | —                |
| NOO - beginning of year                          | <u>1,090,880</u> |
| NOO - end of year                                | <u>\$ 55,956</u> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**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   | —             |
|   | —             |
| Total pollution remediation liabilities                   | \$ —          |
| Less: current portion                                     | —             |
| Pollution remediation liabilities, net of current portion | —             |



**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

|           |   |                                     |                                   |
|-----------|---|-------------------------------------|-----------------------------------|
| <b>11</b> | <b>The nature and amount of the prior period adjustment(s) recorded to beginning net position</b> |                                     |                                   |
|           |   | <u>Net Position</u><br><u>Class</u> | <u>Amount</u><br><u>Dr. (Cr.)</u> |
|           | Net position as of June 30, 2016, as previously Adjusted  |                                     | \$ 3,040,787                      |
|           | Prior period adjustments:   |                                     |                                   |
|           | 1 (list description of each adjustment)   |                                     | —                                 |
|           | 2 (list description of each adjustment)   |                                     | —                                 |
|           | 3 (list description of each adjustment)   |                                     | —                                 |
|           | 4 (list description of each adjustment)   |                                     | —                                 |
|           | 5 (list description of each adjustment)   |                                     | —                                 |
|           | 6 (list description of each adjustment)   |                                     | —                                 |
|           | 7 (list description of each adjustment)   |                                     | —                                 |
|           | 8 (list description of each adjustment)   |                                     | —                                 |
|           | 9 (list description of each adjustment)   |                                     | —                                 |
|           | 10 (list description of each adjustment)  |                                     | —                                 |
|           | Net position as of June 30, 2016, as restated   |                                     | <u>\$ 3,040,787</u>               |

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

|   | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| 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) | —            | —             |