

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY,
SAN LUIS OBISPO
Financial Statements and Supplementary
Information for the Year Ended June 30, 2010
and Independent Auditors' Report, Report on
Compliance Based on Audited Financial Statements
and Report on Internal Control Structure**

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

September 8, 2010

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

We have audited the financial statements of Associated Students, Inc. California Polytechnic State University, San Luis Obispo as of June 30, 2010, and for the year then ended and issued our reports thereon dated September 8, 2010 (see section 2). In connection with our audit of the financial statements, we made a study and evaluation of Associated Students, Inc. California Polytechnic State University, San Luis Obispo internal control structure to establish a basis for reliance thereon in determining the nature, timing and extent of our auditing procedures necessary for expressing our opinions on Associated Students, Inc. California Polytechnic State University, San Luis Obispo financial statements. As a result of our audits and our study and evaluation of Associated Students, Inc. California Polytechnic State University, San Luis Obispo internal control structure made for the limited purpose described above, we have issued a management letter dated September 8, 2010. In addition, we performed tests of certain internal control structure procedures and performed certain compliance tests of specific control items listed in Exhibits I-II thereto and issued our letter report thereon dated September 8, 2010 (see section 3).

The information which follows on page 1-2, summarizes our findings resulting from the above-described audit tests and is intended solely for the use of Associated Students, Inc. California Polytechnic State University, San Luis Obispo's management and the California State University Board of Trustees.

FINANCIAL SUMMARY:

Our independent auditors' reports dated September 8, 2010 on the financial statements of Associated Students, Inc. California Polytechnic State University, San Luis Obispo as of and for the year ended June 30, 2010 contains an unqualified opinion. The following summary of selected financial data for 2010 should be read in conjunction with our audit report and the accompanying financial statements:

Revenue and support	\$ 12,116,147
Change in net assets	\$ 67,442
Cash and cash equivalents	\$ 525,011
Total assets	\$ 8,706,488
Unrestricted net assets	\$ 2,496,503
Total net assets	\$ 2,496,503

LETTER REPORT ON INTERNAL CONTROL TESTS AND SPECIFIC CONTROL ITEMS:

Our tests, performed in accordance with Exhibit I did not reveal any instances of noncompliance.

REPORT ON INTERNAL CONTROL STRUCTURE:

Our study and evaluation of Associated Students, Inc. California Polytechnic State University, San Luis Obispo's internal control structure made for the limited purpose described in the first paragraph of this letter would not necessarily disclose all material weaknesses in the structure. Accordingly, we do not express an opinion on the internal control structure of Associated Students, Inc. California Polytechnic State University, San Luis Obispo taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

Yours truly,

Vorwin, Hryn + Co.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
Financial Statements and
Supplementary Information for the
Year Ended June 30, 2010 and
Independent Auditors' Report

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

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

We have audited the accompanying statement of financial position of Associated Students, Inc., California Polytechnic State University, San Luis Obispo as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Associated Students, Inc. California Polytechnic State University, San Luis Obispo's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Associated Students, Inc. California Polytechnic State University, San Luis Obispo's financial statements and, in our report dated September 16, 2009, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 2-14 through 2-30 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the Associated Students, Inc. California Polytechnic State University, San Luis Obispo's management. Such supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

September 8, 2010

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 525,011	\$ 494,169
Accounts receivable	116,082	151,089
Other receivables	19,684	-
Investments	5,865,176	4,863,710
Deposits and prepaid expenses	132,834	120,001
Inventory	33,221	32,946
Related party receivable	530,833	1,051,022
Property and equipment, net	<u>1,483,647</u>	<u>1,814,669</u>
 Total assets	 <u>\$ 8,706,488</u>	 <u>\$ 8,527,606</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 154,714	\$ 170,616
Accrued payable and related liabilities	358,384	424,475
Related party payable	169,235	209,753
Post-retirement benefit payable	3,915,142	3,429,909
Deferred revenue	187,575	313,994
Mortgage payable	359,939	435,240
Funds held for others	<u>1,064,996</u>	<u>1,114,558</u>
Total liabilities	6,209,985	6,098,545
 NET ASSETS		
Unrestricted	<u>2,496,503</u>	<u>2,429,061</u>
Total net assets	<u>2,496,503</u>	<u>2,429,061</u>
 Total liabilities and net assets	 <u>\$ 8,706,488</u>	 <u>\$ 8,527,606</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
REVENUES		
Student activity fees	\$5,182,702	\$5,131,029
Operating revenue from student activity fees	4,647,682	1,099,219
Revenue from operations	762,389	905,986
Government service contracts	216,446	328,525
Contributions and grants	203,785	204,213
Parent fees	529,049	447,958
Investment income	103,533	200,610
Other income	112,258	147,518
Rental income	392,748	357,403
Unrealized gain (loss) on investments	16,546	-
Gain (loss) on sale of fixed assets	(118,751)	833
Contract settlements	<u>67,760</u>	<u>41,691</u>
	12,116,147	8,864,985
EXPENSES		
Student program expenses	9,264,592	9,394,663
Children's center expenses	1,619,050	1,644,840
Administrative expenses	796,288	724,151
Depreciation	<u>368,775</u>	<u>384,877</u>
Total expenses	<u>12,048,705</u>	<u>12,148,531</u>
CHANGE IN NET ASSETS	67,442	(3,283,546)
NET ASSETS - beginning of year (as restated)	<u>2,429,061</u>	<u>5,712,607</u>
NET ASSETS - end of year	<u>\$2,496,503</u>	<u>\$2,429,061</u>

See accompanying auditors' reports 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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 67,442	\$ (3,283,546)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	368,775	384,877
Noncash investment income	(16,546)	-
(Gain) loss on disposal of property	118,751	(833)
(Increase) decrease in:		
Accounts receivable	35,007	(61,082)
Other receivables	(19,684)	13,958
Deposits and prepaid expenses	(12,833)	(37,670)
Inventory	(275)	(52)
Related party receivable	520,189	(990,553)
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,902)	180,993
Accrued payroll and related liabilities	(66,091)	60,881
Deferred revenue	(126,419)	(9,244)
Contract advances	-	(5,000)
Related party payable	(40,518)	(155,974)
Post-retirement benefit payable	(49,562)	473,400
Funds held for others	<u>485,233</u>	<u>20,473</u>
 Total adjustments	 <u>1,180,125</u>	 <u>(125,826)</u>
 Net Cash Provided (Used) by Operating Activities	 1,247,567	 (3,409,372)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property	394	3,640
Proceeds from sale of investments	7,063,601	6,925,386
Plant & equipment purchases	(156,898)	(239,759)
Purchases of investments	<u>(8,048,521)</u>	<u>(3,093,916)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(1,141,424)</u>	 <u>3,595,351</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	<u>(75,301)</u>	<u>(70,208)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>(75,301)</u>	 <u>(70,208)</u>
 NET INCREASE (DECREASE) IN CASH	 30,842	 115,771
 CASH AT BEGINNING OF YEAR	 <u>494,169</u>	 <u>378,398</u>
 CASH AT END OF YEAR	 <u>\$ 525,011</u>	 <u>\$ 494,169</u>

See accompanying auditors' reports 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, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting and Reporting

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

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

Auxiliary Activities - Accounts for the activities of the campus improvement and the escape route.

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.

Accounts Receivable

The accounts receivable totaled \$116,082 at June 30, 2010. The Associated Students, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and Equipment is recorded at cost and/or fair market value. The minimum dollar amount for capitalizing and depreciating an asset is \$2,500. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets. Depreciation is provided on the straight-line method over estimated useful lives of three to twenty years.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Associated Students, Inc. is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and related state code sections, as it is organized and operated as a non-profit entity (other than private foundation). Therefore, Associated Students, Inc. has no provision for federal or state income taxes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Associated Students, Inc. considers cash on hand, cash on deposit, and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventories

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

Use of Estimates

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

Post Retirement Benefits

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

Functional Expenses

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

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Student Fees

Pursuant to Campus policies adopted during the year ended June 30, 2010 student fees and other specific finds associated with operations of the University Union are retained by the Campus and accounted for in accordance with the applicable regulations. Accordingly, fee revenues reported by the University Union for the years prior to June 30, 2010 were included in the financial statements in the year received.

Comparative Totals

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Associated Students, Inc.'s financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Reclassifications and Restatements

Certain amounts in the 2009 comparative totals have been reclassified to conform with the 2010 reporting format.

Subsequent Events

Subsequent events have been evaluated through the date of issuance of the Associated Students, Inc.'s financial statements, September 8, 2010.

New Accounting Standards

In August 2008, the Financial Accounting Standards Board issued FASB ASC 958-205 (formerly FAS FSP(117-1)), "Endowments of Not-for-Profit Organizations; Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds." The guidance is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. The FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds was enacted by the State in July 2009. Therefore, the guidance for classifying net assets will be effective for the Associated Students, Inc.'s fiscal year ending June 30, 2010. The Associated Students, Inc. does not expect the adoption of this FSP's provisions to have a significant effect on its net asset classification.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effective July 1, 2008, the Associated Students, Inc. measures fair value in accordance with FASB ASC 820-10 (formerly FAS 157). FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Associated Students, Inc. to develop its own assumptions. The Associated Students, Inc. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Associated Students, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2010 are based on Level 1 inputs.

2. 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 (U.S. Bank Swift Pool). Of this amount, \$1,064,996 is held in custody for student organizations and certain campus programs. Interest earned on amounts held in custody for student organizations and campus programs is allocated to the respective organizations.

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

The Associated Students, Inc. maintains cash balances at three financial institutions located in Central California. The depository balances of these accounts at June 30, 2010 were \$522,711. Of the depository balance, \$371,113 was covered by Federal Depository Insurance.

3. RELATED PARTY TRANSACTIONS

Related party receivables consist of the following:

	<u>June 30, 2010</u>
California Polytechnic State University	\$ 524,123
Cal Poly Corporation	<u>6,710</u>
	<u>\$ 530,833</u>

Related party payables consist of the following:

	<u>June 30, 2010</u>
California Polytechnic State University	\$ 129,527
Cal Poly Corporation	<u>39,708</u>
	<u>\$ 169,235</u>

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

3. RELATED PARTY TRANSACTIONS – Continued

Business Services Agreement

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

2011	\$ 284,706
2012	295,156
2013	306,041
2014	317,382
2015	-
	<u>\$ 1,203,285</u>

Investments at June 30, 2010 consisted of cash balances held by the Campus.

4. PROPERTY AND EQUIPMENT

Property, plant and equipment consist of the following:

	<u>June 30, 2010</u>
Buildings & Building Improvements	\$ 2,662,774
Equipment, Furniture and Fixtures	3,015,051
Work in Progress	<u>188,358</u>
	5,866,183
Less: Accumulated Depreciation	<u>(4,382,536)</u>
Total	<u>\$ 1,483,647</u>

Depreciation expense as of June 30, 2010 was \$368,775.

5. FAIR VALUE MEASUREMENTS

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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

6. EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Description

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

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

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

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

Securities of Associated Students, Inc. Included in Fund Assets

As of June 30, 2010, no securities of the Associated Students, Inc. or related parties are included in PERS assets.

Funding Policy

Active plan members are required to contribute 5.0% of their adjusted salary to PERS and the Associated Students, Inc. is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PERS Board of Administration. Significant actuarial assumptions used to compute the PERS pension benefit obligation includes an actuarial interest rate of 7.75% per annum and varying projected salary increases based on duration of service and including a 3.0 % for inflation factor.

The total pension contribution for June 30, 2010 was \$478,370.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

6. EMPLOYEE BENEFITS - Continued

Actuarially Determined Contribution Requirements and Contribution Made

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

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

The significant actuarial assumptions used to compute the actuarially determined contribution requirement were determined based on an actuarial valuation performed as of June 30, 2008.

The Associated Students, Inc.'s plan is part of the 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. The disclosures below do not relate to newly issued Financial Accounting Standards Board FASB ASC 715 & 958 (formerly FASB 158) *Employers' Accounting for Defined Benefit Pension and Other Retirement Plans* because confirming information was not available from the Plan Administrator. The Schedule of Funding Progress below shows the recent history of the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll as estimated by the Public Employees' Retirement System actuaries, as of June 30, 2008, the most recent actuarial study:

<u>Valuation Date</u>	<u>Accrued Liabilities</u>	<u>Actuarial Assets</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
June 30, 2005	\$2,891,461	\$2,588,713	\$302,748	89.5%	\$755,047	40.1%
June 30, 2006	\$2,754,397	\$2,492,226	\$262,170	90.5%	\$699,898	37.5%
June 30, 2007	\$2,611,747	\$2,391,434	\$220,312	91.6%	\$665,523	33.1%
June 30, 2008	\$2,780,281	\$2,547,323	\$232,957	91.6%	\$688,607	33.8%

All Dollar amounts in thousands

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

6. EMPLOYEE BENEFITS - Continued

Post-Retirement Benefits Other Than Pension Benefits

In addition to the pension benefits described in Note 5, the Associated Students, Inc. provides post-retirement health care benefits to all eligible employees who retire from the Associated Students, Inc. on or after attaining age 50 with at least 5 years of (PERS) service credits. The 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, 2010 is \$3,915,142 and is being amortized over a period of 20 years. Plan expense is as follows:

	<u>June 30, 2010</u>
Current Service Cost	\$ 266,002
Interest	264,038
Amortization	<u>175,219</u>
	<u>\$ 705,259</u>

Compensated Absences

Certain employees of the Organization are entitled to paid vacations depending on various employment factors. Accumulated vacation is included in accrued salary and benefits. Accumulated vacation was \$207,787 for the year ended June 30, 2010.

7. LONG-TERM DEBT

Long-Term debt consisted of the following:

	<u>June 30, 2010</u>
Note Payable to Chicorp Financial; payable in semi-annual installments of \$52,502, including interest at 7.375% per annum; secured by building. This note matures April 1, 2014.	\$ 359,939
(Less) Current Portion	<u>(80,764)</u>
	<u>\$ 279,175</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

7. LONG-TERM DEBT - Continued

Maturities of Long-Term debt are as follows for the year ending June 30:

2011	\$ 80,764
2012	86,623
2013	92,906
2014	99,646
2015	<u>-</u>
	<u>\$ 359,939</u>

8. OPERATING LEASES

Rental expense for the year ended June 30, 2010 was \$16,923. The following table summarizes the minimum future equipment rental fees payable under these noncancellable leases for the periods ending June 30:

2011	\$ 15,900
2012	11,536
2013	10,825
2014	5,854
2015	<u>4,957</u>
	<u>\$ 49,072</u>

9. DONATED PROPERTY AND SERVICES

The Associated Students, Inc. may receive donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under Financial Accounting Standards Board FASB ASC 958-605-50-1 (formerly SFAS No. 116) have not been satisfied.

10. COMMITMENTS AND CONTINGENCIES

The Associated Students, Inc. has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the contracts, it is believed that any required reimbursements will not be material.

11. CONCENTRATION OF CREDIT RISK

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

SUPPLEMENTARY INFORMATION

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 1,000	\$ 1,450
Accounts receivable	7,327	10,873
Investments	1,432,828	514,712
Deposits and prepaid expenses	27,809	19,464
Inventory	31,072	31,767
Related party receivable	512,389	946,293
Property and equipment, net	<u>920,123</u>	<u>1,146,632</u>
 Total assets	 <u>\$ 2,932,548</u>	 <u>\$ 2,671,191</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 82,878	\$ 65,857
Accrued payable and related liabilities	222,295	202,101
Related party payable	131,796	184,329
Post-retirement benefit payable	2,368,234	2,172,158
Deferred revenue	<u>28,662</u>	<u>46,746</u>
 Total liabilities	 2,833,865	 2,671,191
NET ASSETS		
Unrestricted	<u>98,683</u>	<u>-</u>
Total net assets	<u>98,683</u>	<u>-</u>
 Total liabilities and net assets	 <u>\$ 2,932,548</u>	 <u>\$ 2,671,191</u>

See accompanying auditors' reports and
notes to financial statements.

**UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2010</u>	<u>2009</u>
REVENUES		
Operating revenue from student activity fees	\$4,647,682	\$1,099,219
Revenue from operations	460,964	607,008
Contributions and grants	120	120
Related party reimbursements	641,991	569,053
Investment income	8,961	94,549
Other income	42,978	39,768
Rental income	375,577	342,059
Gain (loss) on sale of fixed assets	(118,751)	828
Unrealized gain (loss) on investments	3,822	-
Contract settlements	<u>28,413</u>	<u>20,433</u>
	6,091,757	2,773,037
EXPENSES		
Personnel costs	4,150,171	4,055,600
Insurance	149,027	149,317
Utilities	355,050	387,427
Depreciation	245,802	267,316
Operation and maintenance of plant	371,996	339,909
Other program and service costs	<u>721,028</u>	<u>873,273</u>
Total expenses	<u>5,993,074</u>	<u>6,072,842</u>
CHANGE IN NET ASSETS	98,683	(3,299,805)
NET ASSETS - beginning of year (as restated)	<u>-</u>	<u>3,299,805</u>
NET ASSETS - end of year	<u>\$ 98,683</u>	<u>\$ -</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB STATEMENT OF NET ASSETS
JUNE 30, 2010

Assets:

Current assets:	
Cash and cash equivalents	\$ 525,011
Short-term investments	5,865,176
Accounts receivable, net	666,599
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	166,055
Total current assets	7,222,841
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	1,483,647
Other assets	—
Total noncurrent assets	1,483,647
Total assets	8,706,488

Liabilities:

Current liabilities:	
Accounts payable	154,714
Accrued salaries and benefits payable	150,597
Accrued compensated absences– current portion	207,787
Deferred revenue	187,575
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	80,764
Self-insurance claims liability - current portion	—
Depository accounts	1,064,996
Other liabilities	169,235
Total current liabilities	2,015,668
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	279,175
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	3,915,142
Other liabilities	—
Total noncurrent liabilities	4,194,317
Total liabilities	6,209,985

Net assets:

Invested in capital assets, net of related debt	1,123,708
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	1,372,795
Total net assets	\$ 2,496,503

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	5,182,702
Grants and contracts, noncapital:		
Federal		35,737
State		180,709
Local		—
Nongovernmental		201,193
Sales and services of educational activities		
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		
Other operating revenues		6,468,258
		<hr/>
Total operating revenues		12,068,599

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		9,453,533
Institutional support		—
Operation and maintenance of plant		2,196,694
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		368,775
		<hr/>
Total operating expenses		12,019,002
		<hr/>
Operating income (loss)		49,597

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		2,592
Investment income (loss), net		120,079
Endowment income (loss), net		
Interest Expenses		(29,703)
Other nonoperating revenues (expenses)		(75,123)
		<hr/>
Net nonoperating revenues (expenses)		17,845

Income (loss) before other additions	67,442
--------------------------------------	--------

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
		<hr/>
Increase (decrease) in net assets		67,442

Net assets:

Net assets at beginning of year, as previously reported		2,429,061
Restatements		—
Net assets at beginning of year, as restated		<hr/> 2,429,061
Net assets at end of year	\$	<hr/> 2,496,503

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

1	Restricted cash and cash equivalents at June 30, 2010:		
	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/>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

2.1 Composition of investments at June 30, 2010:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	5,865,176	-	5,865,176	-	-	-	5,865,176
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
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ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

2.2 Investments held by the University under contractual agreements at June 30, 2010:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2010 :	5,865,176	-	5,865,176	-	-	-	5,865,176
---	-----------	---	-----------	---	---	---	-----------

2.3 Restricted current investments at June 30, 2010 related to:

	<u>Amount</u>
Add description	\$ —
Add description	—
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Add description	—
Add description	—
Total restricted current investments at June 30, 2010	\$ —

2.4 Restricted noncurrent investments at June 30, 2010 related to:

	<u>Amount</u>
Endowment investment	\$ —
Add description	—
Add description	—
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Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2010	\$ —

See accompanying auditors' reports and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

3.1 Composition of capital assets at June 30, 2010:

	Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2010
Nondepreciable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	298,069	-	-	298,069	49,197	-	(158,908)	188,358
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	298,069	-	-	298,069	49,197	-	(158,908)	188,358
Depreciable capital assets:								
Buildings and building improvements	2,647,625	-	-	2,647,625	10,432	(154,191)	158,908	2,662,774
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	3,313,920	-	-	3,313,920	97,269	(396,138)	-	3,015,051
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	5,961,545	-	-	5,961,545	107,701	(550,329)	158,908	5,677,825
Total capital assets	6,259,614	-	-	6,259,614	156,898	(550,329)	-	5,866,183
Less accumulated depreciation:								
Buildings and building improvements	(1,970,133)	-	-	(1,970,133)	(166,171)	92,068	-	(2,044,236)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(2,474,812)	-	-	(2,474,812)	(202,604)	339,116	-	(2,338,300)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(4,444,945)	-	-	(4,444,945)	(368,775)	431,184	-	(4,382,536)
Total capital assets, net	\$ 1,814,669	-	-	1,814,669	(211,877)	(119,145)	-	1,483,647

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital assets	\$	368,775
Amortization expense related to other assets		—
Total depreciation and amortization	\$	<u>368,775</u>

3.3 Detail of intangible assets as of June 30, 2010:

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	-	-	-
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):			
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Total Intangible Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

4 Long-term liabilities activity schedule:

	Balance June 30, 2009	Prior period adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Balance June 30, 2010	Current portion	Long-term portion
Accrued compensated absences	\$ 198,542	—	—	198,542	9,245	-	207,787	207,787	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Chicorp Mortgage Payable	435,240	—	—	435,240	-	(75,301)	359,939	80,764	279,175
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
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Total long-term debt obligations	435,240	—	—	435,240	-	(75,301)	359,939	80,764	279,175
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	435,240	—	—	435,240	—	(75,301)	359,939	80,764	279,175
Total long-term liabilities	\$ 633,782	—	—	633,782	9,245	(75,301)	567,726	288,551	279,175

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2011	-	-	—
2012	-	-	—
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016 - 2020	-	-	—
2021 - 2025	-	-	—
2026 - 2030	-	-	—
2031 - 2035	-	-	—
2036 - 2040	-	-	—
2041 - 2045	-	-	—
2046 - 2050	-	-	—
2051 - 2055	-	-	—
2056 - 2060	-	-	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			\$ —

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2011	\$ -	-	-	80,764	24,240	105,004	80,764	24,240	105,004
2012	-	-	-	86,623	18,381	105,004	86,623	18,381	105,004
2013	-	-	-	92,906	12,098	105,004	92,906	12,098	105,004
2014	-	-	-	99,646	5,358	105,004	99,646	5,358	105,004
2015	-	-	-	-	-	-	-	-	-
2016 - 2020	-	-	-	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	359,939	60,077	420,016	359,939	60,077	420,016

See accompanying auditors' reports and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

7 Calculation of net assets

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ —	1,483,647	1,483,647
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(80,764)	(80,764)
Long-term debt obligations, net of current portion	—	(279,175)	(279,175)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ —</u>	<u>1,123,708</u>	<u>1,123,708</u>
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ —</u>	<u>—</u>	<u>—</u>

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 100,366
Payments to University for other than salaries of University personnel	894,402
Payments received from University for services, space, and programs	376,049
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(129,528)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	524,124
Other amounts receivable from University	—

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	705,259
Contributions during the year		<u>(220,026)</u>
Increase (decrease) in net OPEB obligation (NOO)		485,233
NOO - beginning of year		3,429,909
NOO - end of year	\$	<u>3,915,142</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(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	—
	<hr/>
Total pollution remediation liabilities	\$ —
Less: current portion	<hr/> —
Pollution remediation liabilities, net of current portion	<hr/> — <hr/>

See accompanying auditors' reports and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

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

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2009, as previously reported		\$ 2,429,061
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 assets as of June 30, 2009, as restated		\$ 2,429,061

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

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

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
Report on Compliance Based on the
Audit of Financial Statements for the
Year Ended June 30, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON THE AUDIT OF FINANCIAL STATEMENTS**

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

We have audited the financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo for the year ended June 30, 2010 and have issued our report thereon dated September 8, 2010.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In addition, we performed certain tests of internal accounting controls and certain compliance tests of specific control items listed in page 3-2.

Compliance with laws, regulations, contracts, and grants applicable to the Associated Students, Inc., California Polytechnic State University, San Luis Obispo is the responsibility of the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, for the transactions tested, the Associated Students, Inc., California Polytechnic State University, San Luis Obispo complied, in all material respects, with the provisions referred to in the second preceding paragraph, as described in the Exhibit to this letter. With respect to items not tested, nothing came to our attention that caused us to believe that the Associated Students, Inc., California Polytechnic State University, San Luis Obispo has not complied, in all material respects, with those provisions.

This report is intended for the information of management and the California State University Board of Trustees.

Vasin, Heyn + Co.

September 8, 2010

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SPECIFIC CONTROL ITEMS COMPLIANCE REPORT
EXHIBIT I
FOR THE YEAR ENDED JUNE 30, 2010**

I. CURRENT YEAR COMPLIANCE ITEMS

None

II. PRIOR YEAR COMPLIANCE ITEMS

None

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
Independent Auditors' Report on
Internal Control Structure for the
Year Ended June 30, 2010

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

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

In planning and performing our audit of the financial statements of the Associated Students, Inc., California Polytechnic State University, San Luis Obispo, for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Such consideration would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We did note other matters related to the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control structure. These recommendations resulted from our observations made in connection with our audit of the financial statements for the year ended June 30, 2010. Our comments are presented in the accompanying Exhibit II.

This report is intended solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of the Associated Students, Inc., California Polytechnic State University, San Luis Obispo Board of Directors or Associated Students, Inc. Board of Trustees or Management.

Vasin, Heyn + Co.

September 8, 2010

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
FINDINGS AND RECOMMENDATIONS
EXHIBIT II
FOR THE YEAR ENDED JUNE 30, 2010**

CURRENT YEAR RECOMMENDATIONS

NONE

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

NONE