

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

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2019
and Independent Auditors' Report**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

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

We have audited the accompanying financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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.

Yorin, Hryn + Co.

Calabasas, California
September 12, 2019

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 245,514	\$ 227,182
Accounts and contracts receivable	128,768	113,193
Other receivables	7,192	9,576
Investments	5,968,614	5,353,720
Deposits and prepaid expenses	155,239	35,698
Inventory	68,447	51,330
Related party receivables	41,307	90,818
Property and equipment, net	<u>1,529,961</u>	<u>1,263,476</u>
Total assets	<u>\$ 8,145,042</u>	<u>\$ 7,144,993</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 277,218	\$ 356,446
Accrued payable and related liabilities	617,718	534,054
Related party payables	284,754	199,004
Post-retirement benefit payable	1,243,695	847,626
Deferred revenue	282,318	325,558
Contracts payable	-	1,156
Funds held for others	<u>1,647,417</u>	<u>1,596,900</u>
Total liabilities	4,353,120	3,860,744
NET ASSETS		
Without donor restrictions	<u>3,791,922</u>	<u>3,284,249</u>
Total net assets	<u>3,791,922</u>	<u>3,284,249</u>
Total liabilities and net assets	<u>\$ 8,145,042</u>	<u>\$ 7,144,993</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Student activity fees	\$ 7,238,933	\$ 7,037,431
Operating revenue from student activity fees	8,227,871	7,531,604
Revenue from operations	1,617,992	1,532,707
Government service contracts	251,374	187,574
Contributions and grants	429,883	371,020
Parent fees	958,466	930,727
Investment income	50,762	56,172
Other income	88,651	81,571
Rental income	298,725	313,320
Contract settlements	<u>12,977</u>	<u>(19,532)</u>
 Total revenues	 19,175,634	 18,022,594
 EXPENSES		
Student program expenses	14,258,460	14,455,721
Children's center expenses	1,996,149	1,974,550
Administrative expenses	2,193,226	2,109,926
Depreciation	<u>220,126</u>	<u>223,469</u>
 Total expenses	 <u>18,667,961</u>	 <u>18,763,666</u>
 CHANGE IN NET ASSETS	 507,673	 (741,072)
 NET ASSETS - beginning of year	 <u>3,284,249</u>	 <u>4,025,321</u>
 NET ASSETS - end of year	 <u>\$ 3,791,922</u>	 <u>\$ 3,284,249</u>

See accompanying auditors' report and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Program <u>Services</u>	Support <u>Services</u>	2019 Total <u>Expenses</u>	2018 Total <u>Expenses</u>
Salaries and related expenses				
Salaries	\$ 7,171,871	\$ -	\$ 7,171,871	\$ 6,857,441
Employee benefits	3,535,724	-	3,535,724	3,630,682
Payroll taxes	<u>456,360</u>	<u>-</u>	<u>456,360</u>	<u>478,276</u>
	11,163,955	-	11,163,955	10,966,399
Other expenses				
Accounting	32,886	-	32,886	34,822
Advertising and recruiting	24,204	-	24,204	28,963
Bank charges	15,092	-	15,092	31,426
Board expenses	12,588	-	12,588	12,919
Conferences and meetings	9,600	-	9,600	7,825
Contributions expense	-	-	-	350,000
Dues and subscriptions	42,190	-	42,190	36,594
Education and training	44,877	-	44,877	67,827
Equipment rental and maintenance	97,442	-	97,442	80,239
Food costs	37,613	-	37,613	35,002
Grants	104,206	-	104,206	102,600
Insurance	143,625	-	143,625	155,822
Marketing	15,283	-	15,283	21,026
Miscellaneous expenses	3,890	-	3,890	386
Office expenses	139,557	-	139,557	135,002
Outside services	193,396	-	193,396	176,602
Postage and delivery	7,001	-	7,001	6,528
Printing	19,441	-	19,441	19,840
Professional fees	83,660	336,463	420,123	407,849
Program development	38	-	38	724
Repairs and maintenance	560,948	-	560,948	547,166
Scholarships	3,306,067	-	3,306,067	3,167,682
Small equipment	225,319	-	225,319	244,948
Student program activities	764,420	-	764,420	746,552
Supplies	210,485	-	210,485	269,056
Telephone	70,347	-	70,347	75,479
Travel	110,572	-	110,572	143,923
Utilities	<u>672,670</u>	<u>-</u>	<u>672,670</u>	<u>666,996</u>
	18,111,372	336,463	18,447,835	18,540,197
Depreciation	<u>219,082</u>	<u>1,044</u>	<u>220,126</u>	<u>223,469</u>
Total Expenses	<u>\$ 18,330,454</u>	<u>\$ 337,507</u>	<u>\$ 18,667,961</u>	<u>\$ 18,763,666</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 507,673	\$ (741,072)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	220,126	223,469
(Increase) decrease in:		
Accounts and contracts receivable	(15,575)	24,058
Other receivables	2,384	(4,998)
Deposits and prepaid expenses	(119,541)	(1,983)
Inventory	(17,117)	1,256
Related party receivables	49,511	(58,360)
Increase (decrease) in:		
Accounts payable and accrued expenses	(79,228)	(41,422)
Accrued payroll and related liabilities	83,664	51,541
Related party payables	85,750	(73,822)
Post-retirement benefit payable	396,069	791,670
Deferred revenue	(43,240)	24,703
Contracts payable	(1,156)	1,156
Funds held for others	<u>50,517</u>	<u>243,069</u>
 Total adjustments	 <u>612,164</u>	 <u>1,180,337</u>
Net Cash Provided (Used) by Operating Activities	1,119,837	439,265
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	13,290,513	12,397,603
Purchases of investments	(13,905,407)	(12,562,065)
Payments related to purchases of property and equipment	(134,762)	(173,103)
Payments related to the construction of property and equipment, net of reductions	<u>(351,849)</u>	<u>(90,263)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,101,505)</u>	<u>(427,828)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 18,332	 11,437
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>227,182</u>	 <u>215,745</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 245,514</u>	 <u>\$ 227,182</u>
 Non-cash activities:		
Transfer of work in progress to property and equipment	<u>\$ 201,452</u>	<u>\$ 99,976</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, 2019

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 two classes of net assets – with donor restrictions, and without donor restrictions - 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, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

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

- *Without donor restrictions.* Net Assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions 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.
- *With donor restrictions.* Net assets with donor restrictions 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 are 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 net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Board-designated Reserves

Board-designated reserves are subject to rescission at any time by the Board of Directors and do not represent claims on liquidity of \$779,411.

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, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts, Contracts and Other Receivables

Receivables consist of parent fees, commercial, credit card and contract 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, 2019 were \$128,768 and \$7,192, 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. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is donor restricted by donor stipulations or by law.

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, net

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, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Work In Progress

At June 30, 2019, Associated Students, Inc. had several work in progress projects underway relating to implementing the new payroll time-keeping system, developing a new website, and renovating 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, 2019. During the year, Associated Students, Inc. capitalized \$14,047 for ASI & Orfalea Family Children’s Center door renovations, \$139,405 for the Rose Float modular office building, and \$48,000 for the Multi-Cultural Center renovation project. Additionally, \$3,253 was written off for the cancellation of the Solar Tree project.

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, 2019, was \$327,819.

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, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contracts Payable

Contracts payable consists of amount due to the California Department of Education (CDE) per their review of the year end attendance and fiscal report and other contract amounts received in excess of balances earned.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, 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 net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor 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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from government agencies, student fees, operational fees for services provided under such contracts are recognized when earned by Associated Students, Inc. All gifts, bequests, and other public support are included in Net Assets without donor restrictions 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 net assets without donor restrictions.

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, 2019, 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, 2018, 2017, and 2016, 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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2018 from which the summarized information was derived.

Reclassifications

Certain amounts in the 2018 comparative totals have been reclassified to conform with the 2019 reporting format.

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, \$1,647,417 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, 2019 is \$242,514. 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, 2019
Buildings & Building Improvements	\$ 3,373,375
Equipment, Furniture and Fixtures	2,192,216
Work in Progress	253,621
	5,819,212
Less: Accumulated Depreciation	(4,289,251)
Total	\$ 1,529,961

Depreciation expense for the year ended June 30, 2019 was \$220,126.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(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, 2019, 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 in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Corporate Bonds	\$ -	\$ 1,650,025	\$ -	\$ -	\$ 1,650,025
Certificates of Deposit	-	247,208	-	-	247,208
Money Market Funds	-	-	-	42,151	42,151
Repurchase Agreement	-	16,929	-	-	16,929
Asset Backed Securities	-	249,182	-	-	249,182
Mortgage Backed Securities	-	330	-	-	330
Municipal Bonds	-	81,622	-	-	81,622
US Agency Securities	-	1,722,199	-	-	1,722,199
US Treasury Securities	-	<u>1,958,968</u>	-	-	<u>1,958,968</u>
Total Investments	<u>\$ -</u>	<u>\$ 5,926,463</u>	<u>\$ -</u>	<u>\$ 42,151</u>	<u>\$ 5,968,614</u>

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

Investment income	<u>\$ 50,762</u>
Total investment return	<u>\$ 50,762</u>

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

6. RELATED PARTY TRANSACTIONS

Related party receivables consist of the following:

	<u>June 30, 2019</u>
California Polytechnic State University	\$ 35,119
Cal Poly Corporation	<u>6,188</u>
Total	<u>\$ 41,307</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, 2019</u>
California Polytechnic State University	\$ 154,835
Cal Poly Corporation	<u>129,919</u>
Total	<u>\$ 284,754</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, 2024. The fees for accounting services provided by Cal Poly Corporation will be adjusted by mutual agreement following the successful implementation of an automated invoice approval and payment process by ASI. The estimated future minimum payments under this agreement for the periods ended June 30, are as follows:

For the Year Ended June 30,	Amount
2019/20	\$ 382,177
2020/21	392,388
2020/22	402,905
2020/23	413,739
2020/24	<u>424,897</u>
Total	<u>\$ 2,016,106</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(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, 2019, no securities of Associated Students, Inc. or related parties are included in PERS assets.

Funding Policy

Active plan members are required to contribute a portion 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 7.00% per annum and varying projected salary increases based on duration of service and including a 2.625% for inflation factor.

The total active plan members' pension contribution for June 30, 2019 was \$459,251.

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, 2017.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2017, 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
06/30/2015	19,956,150	15,494,090	4,462,060	77.6%	2,822,990
06/30/2016	21,392,229	15,565,562	5,826,667	72.8%	2,762,429
06/30/2017	23,617,219	17,915,951	5,701,268	75.9%	2,682,893

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, 2017, 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
06/30/2015	251,401	236,892	14,509	94.2%	365,297
06/30/2016	347,501	305,827	41,674	88.0%	366,991
06/30/2017	448,290	409,636	38,654	91.4%	342,259

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, 2017, 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
06/30/2015	61,671	58,311	3,360	94.6%	491,288
06/30/2016	152,011	135,756	16,255	89.3%	659,822
06/30/2017	295,908	280,579	15,329	94.8%	1,034,174

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019 is \$16,283,791.

Plan expense is as follows:

	<u>June 30, 2019</u>
Current Service Cost	\$ 651,539
Interest Cost	614,416
Expected return on plan assets	(982,487)
Amortization of net (gain) loss	<u>212,701</u>
Total	<u>\$ 496,169</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

7. EMPLOYEE BENEFITS - Continued

Post-Retirement Benefits Disclosure

Obligations and Funded Status at June 30, 2019 consists of the following:

Benefit obligation:	
Amendments	\$ N/A
Benefits paid	398,603
Benefit obligation at end of year	16,283,791
Plan assets	
Employer contribution	1,023,580
Plan participants' contributions	-
Fair value of plan assets at end of year	15,040,096
Funded status	
Funded status at end of year	(1,243,695)
Unrecognized net transition obligation	-
Unrecognized prior service costs	-
Unrecognized net actuarial (gain)/loss	5,364,922
Prepaid (accrued) benefit cost	4,121,227
Measurement date	June 30, 2019
Assumptions	
Weighted-average assumptions used to determine benefit obligations at June 30, 2019	
Discount rate	3.50%
Expected long-term return on plan assets	7.00%
Rate of compensation increase	N/A
Initial health care cost trend rate assumed for next year (pre-Medicare)	8.00%
Initial health care cost trend rate assumed for next year (Medicare)	5.50%
Expected retiree payments over the next 10 years:	
2019/20	410,706
2020/21	424,915
2021/22	431,641
2022/23	432,413
2023/24	469,627
Thereafter – Next 5 years	2,996,792

Associated Students, Inc. participates in and contributed \$1,023,580 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, 2019
(CONTINUED)

8. FUNDS HELD FOR OTHERS

Funds held for others at year end were \$1,647,417 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, 2019 was \$19,018 of which \$10,342 was for leases. The following table summarizes the minimum future equipment rental fees payable under these noncancellable leases for the periods ending June 30:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 10,563
2021	7,363
2022	6,296
2023	4,578
2024	<u>726</u>
Total	<u>\$ 29,526</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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

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.

12. LIQUIDITY AND AVAILABILITY

The Associated Students, Inc. strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in the CSU Consolidated Investment Pool.

The following table reflects Associated Students, Inc.'s financial assets as of June 30, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at June 30, 2019.

	<u>2019</u>
Cash and cash equivalents	\$ 245,514
Investments	5,968,614
Accounts receivable	<u>135,960</u>
Total financial assets	<u>6,350,088</u>
Investments with liquidity horizons greater than one year	-
Cash collateral related to letter of credit	-
Board-designated reserves (Note 2)	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,350,088</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

13. SUBSEQUENT EVENTS

Associated Students, Inc. has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 12, 2019, 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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,900	\$ 2,100
Accounts receivable	5,079	13,153
Investments	488,762	292,544
Deposits and prepaid expenses	38,077	33,202
Inventory	68,098	50,635
Related party receivables	36,829	86,292
Property and equipment, net	<u>1,072,807</u>	<u>794,266</u>
 Total assets	 <u>\$ 1,711,552</u>	 <u>\$ 1,272,192</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 203,419	\$ 196,313
Accrued payable and related liabilities	246,181	312,511
Related party payables	249,856	166,250
Post-retirement benefit payable	745,222	505,355
Deferred revenue	<u>73,264</u>	<u>91,763</u>
 Total liabilities	 1,517,942	 1,272,192
 NET ASSETS		
Without donor restrictions	<u>193,610</u>	<u>-</u>
 Total net assets	 <u>193,610</u>	 <u>-</u>
 Total liabilities and net assets	 <u>\$ 1,711,552</u>	 <u>\$ 1,272,192</u>

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Operating revenue from student activity fees	\$ 8,227,871	\$ 7,531,604
Revenue from operations	1,264,414	1,245,651
Contributions and grants	234	238
Related party reimbursements	1,060,620	1,033,216
Investment income	13,938	14,380
Other income	68,931	63,010
Rental income	263,897	273,501
Contract settlements	<u>(76,344)</u>	<u>(19,602)</u>
 Total revenues	 10,823,561	 10,141,998
 EXPENSES		
Personnel costs	7,807,630	7,619,746
Insurance	142,287	152,756
Utilities	649,231	646,602
Depreciation	160,971	162,793
Operation and maintenance of plant	659,879	634,965
Other program and service costs	<u>1,209,953</u>	<u>1,301,480</u>
 Total expenses	 <u>10,629,951</u>	 <u>10,518,342</u>
 CHANGE IN NET ASSETS	 193,610	 (376,344)
 NET ASSETS - beginning of year	 <u>-</u>	 <u>376,344</u>
 NET ASSETS - end of year	 <u>\$ 193,610</u>	 <u>\$ -</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF NET POSITION
JUNE 30, 2019

Assets:	
Current assets:	
Cash and cash equivalents	\$ 245,514
Short-term investments	5,968,614
Accounts receivable, net	177,267
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	223,686
Total current assets	6,615,081
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	1,529,961
Other assets	—
Total noncurrent assets	1,529,961
Total assets	8,145,042
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	277,218
Accrued salaries and benefits	289,899
Accrued compensated absences, current portion	327,819
Unearned revenues	282,318
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	1,647,417
Other liabilities	284,754
Total current liabilities	3,109,425
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital 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	—
Net other postemployment benefits liability	1,243,695
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	1,243,695
Total liabilities	4,353,120
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	1,529,961
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	2,261,961
Total net position	\$ 3,791,922

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, 2019

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 7,238,933
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	31,743
State	219,631
Local	—
Nongovernmental	422,339
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances (enter as negative)	—
Other operating revenues	11,204,682
Total operating revenues	<u>19,117,328</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	10,532,089
Institutional support	—
Operation and maintenance of plant	4,609,679
Student grants and scholarships	3,306,067
Auxiliary enterprise expenses	—
Depreciation and amortization	220,126
Total operating expenses	<u>18,667,961</u>
Operating income (loss)	<u>449,367</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	7,544
Investment income (loss), net	50,762
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>58,306</u>
Income (loss) before other revenues (expenses)	507,673
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	507,673
Net position:	
Net position at beginning of year, as previously reported	3,284,249
Restatements	—
Net position at beginning of year, as restated	<u>3,284,249</u>
Net position at end of year	<u>\$ 3,791,922</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

	-
	245,514
\$	245,514

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	42,151		42,151
Repurchase agreements	16,929		16,929
Certificates of deposit	247,208		247,208
U.S. agency securities	1,722,199		1,722,199
U.S. treasury securities	1,958,968		1,958,968
Municipal bonds	81,622		81,622
Corporate bonds	1,650,025		1,650,025
Asset backed securities	249,182		249,182
Mortgage backed securities	330		330
Total investments	5,968,614	-	5,968,614
Less endowment investments (enter as negative number)	-		-
Total investments, net of endowments	\$ 5,968,614	-	5,968,614

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 42,151				42,151
Repurchase agreements	16,929		16,929		
Certificates of deposit	247,208		247,208		
U.S. agency securities	1,722,199		1,722,199		
U.S. treasury securities	1,958,968		1,958,968		
Municipal bonds	81,622		81,622		
Corporate bonds	1,650,025		1,650,025		
Asset backed securities	249,182		249,182		
Mortgage backed securities	330		330		
Total investments	\$ 5,968,614	-	5,926,463	-	42,151

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	5,968,614		\$ 5,968,614

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3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -				-				-
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	103,224				103,224	355,102	(3,253)	(201,452)	253,621
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
None	-				-				-
Total intangible assets	-				-				-
Total non-depreciable/non-amortizable capital assets	103,224	-	-	-	103,224	355,102	(3,253)	(201,452)	253,621
Depreciable/Amortizable capital assets:									
Buildings and building improvements	3,476,656				3,476,656	43,089	(347,822)	201,452	3,373,375
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	-				-				-
Personal property:									
Equipment	2,108,987				2,108,987	91,673	(8,444)		2,192,216
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
None	-				-				-
Total depreciable/amortizable capital assets	5,585,643	-	-	-	5,585,643	134,762	(356,266)	201,452	5,565,591
Total capital assets	5,688,867	-	-	-	5,688,867	489,864	(359,519)	-	5,819,212
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(2,786,523)				(2,786,523)	(90,561)	347,822		(2,529,262)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	-				-				-
Personal property:									
Equipment	(1,638,868)				(1,638,868)	(129,565)	8,444		(1,759,989)
Library books and materials	-				-				-
Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
None	-				-				-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,425,391)	-	-	-	(4,425,391)	(220,126)	356,266	-	(4,289,251)
Total capital assets, net	\$ 1,263,476	-	-	-	1,263,476	269,738	(3,253)	-	1,529,961

3.2 Detail of depreciation and amortization expense:
Depreciation and amortization expense related to capital assets
Amortization expense related to other assets
Total depreciation and amortization

\$	220,126
\$	220,126

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4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclassifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 314,172		314,172	351,621	(337,974)	327,819	327,819	-
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	-		-			-	-	-
4.4 Others:								
None	-		-			-	-	-
Total others	-		-			-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 314,172	0	314,172	351,621	(337,974)	327,819	327,819	-

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5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital 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:									
2020			-			-			-
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025 - 2029			-			-			-
2030 - 2034			-			-			-
2035 - 2039			-			-			-
2040 - 2044			-			-			-
2045 - 2049			-			-			-
Thereafter			-			-			-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

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6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			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:									
2020			-			-			-
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025 - 2029			-			-			-
2030 - 2034			-			-			-
2035 - 2039			-			-			-
2040 - 2044			-			-			-
2045 - 2049			-			-			-
Thereafter			-			-			-
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									-
Long-term debt obligations, net of current portion									\$ -

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7 Transactions with related entities:

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	2,500,990
Payments received from University for services, space, and programs	712,665
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)	(154,835)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	35,119

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8 Restatements/Prior period adjustments:

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

		Debit/(Credit)
Transaction #1	None	
Transaction #2	None	

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9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction					-		-	-
Research					-		-	-
Public service					-		-	-
Academic support					-		-	-
Student services	4,990,569	1,129,516	638,416	1,419,649	-	2,353,939	-	10,532,089
Institutional support					-		-	-
Operation and maintenance of plant	2,181,302	559,917	244,586			1,623,874	-	4,609,679
Student grants and scholarships	-	-	-	-	3,306,067	-	-	3,306,067
Auxiliary enterprise expenses							-	-
Depreciation and amortization							220,126	220,126
Total operating expenses	\$ 7,171,871	1,689,433	883,002	1,419,649	3,306,067	3,977,813	220,126	18,667,961

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10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability

Deferred outflows - others:

None

Total deferred outflows - others

Total deferred outflows of resources

	-
	-
	-

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability

Deferred inflows - unamortized gain on debt refunding(s)

Deferred inflows - nonexchange transactions

Deferred inflows - others:

None

Total deferred inflows - others

Total deferred inflows of resources

	-
	-
	-