

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

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2020
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, 2020, 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, 2020, 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.

Emphasis of Matter

As described in Note 11 to the financial statements, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Change in Accounting Principle

As described in Note 2 to the financial statements, Associated Students, Inc. has adopted ASU 2014-09 *Revenue from Contracts with Customers* and ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We previously audited the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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.

INDEPENDENT AUDITORS' REPORT - Continued

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vorwin, Hryn + Co.

Calabasas, California
September 10, 2020

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 414,500	\$ 245,514
Accounts and contracts receivable	414,139	128,768
Other receivables	-	7,192
Investments	6,536,473	5,968,614
Deposits and prepaid expenses	155,396	155,239
Inventory	73,934	68,447
Related party receivables	141,521	41,307
Property and equipment, net	<u>1,883,962</u>	<u>1,529,961</u>
Total assets	<u>\$ 9,619,925</u>	<u>\$ 8,145,042</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 492,035	\$ 277,218
Accrued payroll and related liabilities	712,829	617,718
Related party payables	400,217	284,754
Post-retirement benefit payable	2,312,886	1,243,695
Deferred revenue	169,030	282,318
Contracts payable	1,969	-
Funds held for others	<u>1,909,089</u>	<u>1,647,417</u>
Total liabilities	5,998,055	4,353,120
NET ASSETS		
Without donor restrictions	<u>3,621,870</u>	<u>3,791,922</u>
Total net assets	<u>3,621,870</u>	<u>3,791,922</u>
Total liabilities and net assets	<u>\$ 9,619,925</u>	<u>\$ 8,145,042</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
REVENUES		
Student activity fees	\$ 7,284,885	\$ 7,238,933
Operating revenue from student activity fees	8,680,695	8,227,871
Revenue from operations	1,160,592	1,617,992
Government service contracts	223,973	251,374
Contributions and grants	454,501	429,883
Parent fees	725,611	958,466
Investment income	81,898	50,762
Other income	95,139	88,651
Rental income	280,038	298,725
Gain (loss) on sale of fixed assets	(99)	-
Contract settlements	<u>8,147</u>	<u>12,977</u>
 Total revenues	 18,995,380	 19,175,634
 EXPENSES		
Student program expenses	14,676,689	14,258,460
Children's center expenses	1,871,381	1,996,149
Administrative expenses	2,372,175	2,193,226
Depreciation	<u>245,187</u>	<u>220,126</u>
 Total expenses	 <u>19,165,432</u>	 <u>18,667,961</u>
 CHANGE IN NET ASSETS	 (170,052)	 507,673
 NET ASSETS - beginning of year	 <u>3,791,922</u>	 <u>3,284,249</u>
 NET ASSETS - end of year	 <u>\$ 3,621,870</u>	 <u>\$ 3,791,922</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Program <u>Services</u>	Support <u>Services</u>	2020 Total <u>Expenses</u>	2019 Total <u>Expenses</u>
Salaries and related expenses				
Salaries	\$ 6,866,346	\$ -	\$ 6,866,346	\$ 7,171,871
Employee benefits	4,432,491	-	4,432,491	3,535,724
Payroll taxes	<u>456,392</u>	<u>-</u>	<u>456,392</u>	<u>456,360</u>
	11,755,229	-	11,755,229	11,163,955
Other expenses				
Accounting	-	-	-	32,886
Advertising and recruiting	18,945	-	18,945	24,204
Bank charges	13,475	-	13,475	15,092
Board expenses	18,483	-	18,483	12,588
Conferences and meetings	7,763	-	7,763	9,600
Dues and subscriptions	40,485	-	40,485	42,190
Education and training	52,204	-	52,204	44,877
Equipment rental and maintenance	91,025	-	91,025	97,442
Food costs	30,721	-	30,721	37,613
Grants	105,731	-	105,731	104,206
Insurance	156,071	-	156,071	143,625
Marketing	13,141	-	13,141	15,283
Miscellaneous expenses	-	-	-	3,890
Office expenses	108,523	-	108,523	139,557
Outside services	200,768	-	200,768	193,396
Postage and delivery	4,901	-	4,901	7,001
Printing	22,773	-	22,773	19,441
Professional fees	117,334	378,725	496,059	420,123
Program development	-	-	-	38
Repairs and maintenance	571,847	-	571,847	560,948
Scholarships	3,324,903	-	3,324,903	3,306,067
Small equipment	174,825	-	174,825	225,319
Student program activities	554,237	-	554,237	764,420
Supplies	167,264	-	167,264	210,485
Telephone	69,784	-	69,784	70,347
Travel	136,766	-	136,766	110,572
Utilities	<u>784,322</u>	<u>-</u>	<u>784,322</u>	<u>672,670</u>
	18,541,520	378,725	18,920,245	18,447,835
Depreciation	<u>244,143</u>	<u>1,044</u>	<u>245,187</u>	<u>220,126</u>
Total Expenses	<u>\$ 18,785,663</u>	<u>\$ 379,769</u>	<u>\$ 19,165,432</u>	<u>\$ 18,667,961</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (170,052)	\$ 507,673
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	245,187	220,126
(Increase) decrease in:		
Accounts and contracts receivable	(285,371)	(15,575)
Other receivables	7,192	2,384
Deposits and prepaid expenses	(157)	(119,541)
Inventory	(5,487)	(17,117)
Related party receivables	(100,214)	49,511
Increase (decrease) in:		
Accounts payable and accrued expenses	214,817	(79,228)
Accrued payroll and related liabilities	95,111	83,664
Related party payables	115,463	85,750
Post-retirement benefit payable	1,069,191	396,069
Deferred revenue	(113,288)	(43,240)
Contracts payable	1,969	(1,156)
Funds held for others	<u>261,672</u>	<u>50,517</u>
Total adjustments	<u>1,506,085</u>	<u>612,164</u>
Net Cash Provided (Used) by Operating Activities	1,336,033	1,119,837
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	13,845,942	13,290,513
Purchases of investments	(14,413,801)	(13,905,407)
Payments related to purchases of property and equipment	(151,283)	(134,762)
Payments related to the construction of property and equipment, net of reductions	<u>(447,905)</u>	<u>(351,849)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,167,047)</u>	<u>(1,101,505)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 168,986	 18,332
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>245,514</u>	 <u>227,182</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 414,500</u>	 <u>\$ 245,514</u>
 Non-cash activities:		
Transfer of work in progress to property and equipment	<u>\$ 588,974</u>	<u>\$ 201,452</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, 2020**

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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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:

- *Net assets 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.
- *Net assets 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. Associated Students, Inc.'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 Associated Students, Inc., 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 to 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 \$797,191.

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, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts and Contracts Receivable

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 and contracts receivable balance at June 30, 2020 was \$414,139.

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, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Work In Progress

At June 30, 2020, Associated Students, Inc. had two work in progress projects underway relating to replacement of the Children’s Center transformer and the Recreation Center’s rooftop lifeline anchoring system. Related costs are included in work in progress in the Statement of Financial Position under property and equipment at June 30, 2020. During the year, Associated Students, Inc. capitalized \$19,500 for the new payroll time-keeping system, \$312,207 for Associated Students, Inc.’s website redesign, and \$257,267 for the University Union plaza renovations.

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, 2020, was \$404,735.

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 Associated Students, Inc. 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, 2020

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, 2020

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, 2020, 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, 2019, 2018, and 2017, 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, 2020

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, 2020

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, 2019 from which the summarized information was derived.

Reclassifications

There are no reclassified amounts in the comparative totals.

Adopted Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. There was no financial effect of adopting the new accounting principles on contributions for the year ended June 30, 2020.

In May 2014, the FASB issued ASU 2016-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2016-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported and, also had no effect on the revenue recognized for the year ended June 30, 2020.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

3. CASH AND CASH EQUIVALENTS

Cash consists of checking and savings accounts. The majority of the savings account is invested in the California Polytechnic State University Trust (CSU Consolidated Investment Pool). Of this amount, \$1,909,089 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, 2020 is \$495,565. 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, 2020
Buildings & Building Improvements	\$ 3,619,646
Equipment, Furniture and Fixtures	2,551,939
Work in Progress	112,650
	6,284,235
Less: Accumulated Depreciation	(4,400,273)
Total	\$ 1,883,962

Depreciation expense for the year ended June 30, 2020 was \$245,187.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(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, 2020, 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	\$ -	\$ 1,639,029	\$ -	\$ -	\$ 1,639,029
Certificates of Deposit	-	248,230	-	-	248,230
Money Market Funds	-	-	-	354,426	354,426
Repurchase Agreement	-	37,471	-	-	37,471
Asset Backed Securities	-	26,861	-	-	26,861
Mortgage Backed Securities	-	296	-	-	296
Municipal Bonds	-	4,929	-	-	4,929
US Agency Securities	-	1,302,355	-	-	1,302,355
US Treasury Securities	-	2,922,876	-	-	2,922,876
Total Investments	<u>\$ -</u>	<u>\$ 6,182,047</u>	<u>\$ -</u>	<u>\$ 354,426</u>	<u>\$ 6,536,473</u>

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

Investment income	<u>\$ 81,898</u>
Total investment return	<u>\$ 81,898</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

6. RELATED PARTY TRANSACTIONS

Related party receivables consist of the following:

	<u>June 30, 2020</u>
California Polytechnic State University	<u>\$ 141,521</u>
Total	<u>\$ 141,521</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, 2020</u>
California Polytechnic State University	<u>\$ 180,837</u>
Cal Poly Corporation	<u>219,380</u>
Total	<u>\$ 400,217</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:

<u>For the Year Ended June 30;</u>	<u>Amount</u>
2020/21	\$ 392,388
2021/22	402,905
2022/23	413,739
2023/24	<u>424,897</u>
Total	<u>\$ 1,633,929</u>

7. DEFERRED REVENUE

During fiscal year ended June 30, 2020 Associated Students, Inc. collected consists of advanced payments for various ASI programs including enrollments in child care, prepaid childcare and childcare contracts, memberships, leases, and Campus endowment payouts designated for the next fiscal year. The activity for the year ended June 30, 2020 for deferred revenue is as follows:

Balance at June 30, 2019	\$ 282,318
Additions	13,034,655
Reductions	<u>(13,147,943)</u>
Balance at June 30, 2020	<u>\$ 169,030</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

8. 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, 2020, 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 2.50% for inflation factor.

The total active plan members' pension contribution for June 30, 2020 was \$495,107.

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, 2018.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. 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, 2018, 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
06/30/2016	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
06/30/2018	26,185,874	19,620,950	6,564,924	74.9%	2,780,359

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, 2018, 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
06/30/2016	347,501	305,827	41,674	88.0%	366,991
06/30/2017	448,290	409,636	38,654	91.4%	342,259
06/30/2018	573,533	512,315	61,218	89.3%	340,741

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, 2018, 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
06/30/2016	152,011	135,756	16,255	89.3%	659,822
06/30/2017	295,908	280,579	15,329	94.8%	1,034,174
06/30/2018	492,194	451,060	41,134	91.6%	976,910

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. 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, 2020 is \$18,535,501.

Plan expense is as follows:

	<u>June 30, 2020</u>
Current Service Cost	\$ 685,743
Interest Cost	562,807
Expected return on plan assets	(1,071,969)
Amortization of net (gain) loss	<u>272,502</u>
Total	<u>\$ 449,083</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. EMPLOYEE BENEFITS - Continued

Post-Retirement Benefits Disclosure

Obligations and Funded Status at June 30, 2020 consists of the following:

Benefit obligation:	
Amendments	\$ N/A
Benefits paid	423,635
Benefit obligation at end of year	18,535,501
Plan assets	
Employer contribution	1,075,174
Plan participants' contributions	-
Fair value of plan assets at end of year	16,222,615
Funded status	
Funded status at end of year	(2,312,886)
Unrecognized net transition obligation	-
Unrecognized prior service costs	-
Unrecognized net actuarial (gain)/loss	7,060,204
Prepaid (accrued) benefit cost	5,364,922
Measurement date	June 30, 2020
Assumptions	
Weighted-average assumptions used to determine benefit obligations at June 30, 2020	
Discount rate	3.00%
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)	6.85%
Initial health care cost trend rate assumed for next year (Medicare)	4.50%
Expected retiree payments over the next 10 years:	
2020/21	464,668
2021/22	457,433
2022/23	493,467
2023/24	544,516
2024/25	572,668
Thereafter – Next 5 years (2026/30)	3,248,123

Associated Students, Inc. participates in and contributed \$1,075,174 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, 2020
(CONTINUED)

9. FUNDS HELD FOR OTHERS

Funds held for others at year end were \$1,909,089 and are held in custody for student organizations and certain campus programs. (Note 3)

10. OPERATING LEASES

Total rental expense for the year ended June 30, 2020 was \$18,350 of which \$10,563 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>
2021	\$ 7,363
2022	6,296
2023	4,578
2024	<u>726</u>
Total	<u>\$ 18,963</u>

11. COMMITMENTS AND CONTINGENCIES

Contracts

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.

COVID-19

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

12. 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.

13. LIQUIDITY AND FUNDS AVAILABLE

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, 2020 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, 2020.

	<u>June 30, 2020</u>
Financial assets:	
Cash and cash equivalents	\$ 414,500
Accounts and contracts receivable	414,139
Investments	6,536,473
Related party receivables	<u>141,521</u>
Total financial assets	7,506,633
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,506,633</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

14. SUBSEQUENT EVENTS

Associated Students, Inc. has evaluated events subsequent to June 30, 2020, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through September 10, 2020, the date the consolidated financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the consolidated 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 consolidated financial statements.

SUPPLEMENTARY INFORMATION

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,900	\$ 1,900
Accounts receivable	3,789	5,079
Investments	985,248	488,762
Deposits and prepaid expenses	29,720	38,077
Inventory	73,622	68,098
Related party receivables	133,846	36,829
Property and equipment, net	<u>1,374,003</u>	<u>1,072,807</u>
 Total assets	 <u>\$ 2,602,128</u>	 <u>\$ 1,711,552</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 439,529	\$ 203,419
Accrued payroll and related liabilities	322,631	246,181
Related party payables	379,825	249,856
Post-retirement benefit payable	1,418,262	745,222
Deferred revenue	<u>41,881</u>	<u>73,264</u>
 Total liabilities	 2,602,128	 1,517,942
 NET ASSETS		
Without donor restrictions	<u>-</u>	<u>193,610</u>
 Total net assets	 <u>-</u>	 <u>193,610</u>
 Total liabilities and net assets	 <u>\$ 2,602,128</u>	 <u>\$ 1,711,552</u>

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
REVENUES		
Operating revenue from student activity fees	\$ 8,680,695	\$ 8,227,871
Revenue from operations	911,907	1,264,414
Contributions and grants	94	234
Related party reimbursements	1,023,060	1,060,620
Investment income	22,952	13,938
Other income	84,459	68,931
Rental income	254,839	263,897
Gain (loss) on sale of fixed assets	(99)	-
Contract settlements	<u>3,284</u>	<u>(76,344)</u>
 Total revenues	 <u>10,981,191</u>	 <u>10,823,561</u>
 EXPENSES		
Personnel costs	8,205,268	7,807,630
Insurance	155,053	142,287
Utilities	764,154	649,231
Depreciation	194,041	160,971
Operation and maintenance of plant	764,154	659,879
Other program and service costs	<u>1,092,131</u>	<u>1,209,953</u>
 Total expenses	 <u>11,174,801</u>	 <u>10,629,951</u>
 CHANGE IN NET ASSETS	 (193,610)	 193,610
 NET ASSETS - beginning of year	 <u>193,610</u>	 <u>-</u>
 NET ASSETS - end of year	 <u>\$ -</u>	 <u>\$ 193,610</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF NET POSITION
JUNE 30, 2020

Assets:	
Current assets:	
Cash and cash equivalents	414,500
Short-term investments	6,536,473
Accounts receivable, net	555,660
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	229,330
Total current assets	7,735,963
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	1,883,962
Other assets	-
Total noncurrent assets	1,883,962
Total assets	9,619,925
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	494,004
Accrued salaries and benefits	308,094
Accrued compensated absences, current portion	404,735
Unearned revenues	169,030
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	1,909,089
Other liabilities	400,217
Total current liabilities	3,685,169
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	2,312,886
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	2,312,886
Total liabilities	5,998,055
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	1,883,962
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,737,908
Total net position	3,621,870

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, 2020

Revenues:

Operating revenues:

Student tuition and fees, gross	7,284,885
Scholarship allowances (enter as negative)	-

Grants and contracts, noncapital:

Federal	20,696
State	203,277
Local	-
Nongovernmental	417,299
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	10,950,124

Total operating revenues	18,876,281
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Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	10,952,308
Institutional support	-
Operation and maintenance of plant	4,643,034
Student grants and scholarships	3,324,903
Auxiliary enterprise expenses	-
Depreciation and amortization	245,187

Total operating expenses	19,165,432
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Operating income (loss)	(289,151)
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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	37,201
Investment income (loss), net	81,898
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-

Net nonoperating revenues (expenses)	119,099
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Income (loss) before other revenues (expenses)	(170,052)
---	------------------

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-

Increase (decrease) in net position	(170,052)
--	------------------

Net position:

Net position at beginning of year, as previously reported	3,791,922
Restatements	-

Net position at beginning of year, as restated	3,791,922
---	------------------

Net position at end of year	3,621,870
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**ASSOCIATED STUDENTS, INC.
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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

	-
	414,500
\$	414,500

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2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 354,426		354,426.00
Repurchase agreements	37,471		37,471
Certificates of deposit	248,230		248,230
U.S. agency securities	1,302,355		1,302,355
U.S. treasury securities	2,922,876		2,922,876
Municipal bonds	4,929		4,929
Corporate bonds	1,639,029		1,639,029
Asset backed securities	26,861		26,861
Mortgage backed securities	296		296
Total investments	6,536,473	-	6,536,473
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	\$ 6,536,473	-	6,536,473

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	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	\$ 354,426	\$ -			\$ 354,426
Repurchase agreements	37,471		37,471		
Certificates of deposit	248,230		248,230		
U.S. agency securities	1,302,355		1,302,355		
U.S. treasury securities	2,922,876		2,922,876		
Municipal bonds	4,929		4,929		
Corporate bonds	1,639,029		1,639,029		
Asset backed securities	26,861		26,861		
Mortgage backed securities	296		296		
Total Other investments	\$ -	-	-	-	-
Total investments	6,536,473	-	6,182,047	-	354,426

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3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements					\$ -				\$ -
Works of art and historical treasures					-				-
Construction work in progress (CWIP)	253,621				253,621	448,003		(588,974)	112,650
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:									
None					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 253,621	-	-	-	\$ 253,621	448,003	-	(588,974)	\$ 112,650
Depreciable/Amortizable capital assets:									
Buildings and building improvements					-				-
Improvements, other than buildings	3,373,375	1			3,373,376	-	(10,997)	257,267	3,619,646
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	2,192,216				2,192,216	151,283	(123,267)	331,707	2,551,939
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
None					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	5,565,591	1	-	-	5,565,592	151,283	(134,264)	588,974	6,171,585
Total capital assets	\$ 5,819,212	1	-	-	\$ 5,819,213	599,286	(134,264)	-	\$ 6,284,235
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(2,529,262)	-1			(2,529,263)	(82,269)	123,168		(2,488,364)
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(1,759,989)				(1,759,989)	(162,918)	10,998		(1,911,909)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
None					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,289,251)	(1)	-	-	(4,289,252)	(245,187)	134,166	-	(4,400,273)
Total capital assets, net	\$ 1,529,961	-	-	-	\$ 1,529,961	354,099	(98)	-	1,883,962

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	245,187
Amortization expense related to other assets		-
Total depreciation and amortization	\$	245,187

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4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifica tions	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 327,819		327,819	378,139	(301,223)	\$ 404,735	\$ 404,735	\$ -
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	\$ 327,819	-	327,819	378,139	(301,223)	\$ 404,735	404,735	\$ -

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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:									
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026 - 2030			-			-			-
2031 - 2035			-			-			-
2036 - 2040			-			-			-
2041 - 2045			-			-			-
2046 - 2050			-			-			-
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									<u>\$ -</u>

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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	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026 - 2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
2041 - 2045			-			-	-	-	-
2046 - 2050			-			-	-	-	-
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	2,110,938
Payments received from University for services, space, and programs	623,288
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	(180,837)
Other amounts (payable to) University	
Accounts receivable from University	141,521
Other amounts receivable from University	

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Restatements

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

		Debit/(Credit)
Restatement #1	None	
Restatement #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	4,838,879	1,168,394	695,356	2,144,365	-	2,105,314	-	10,952,308
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	2,027,467	591,297	289,471	-	-	1,734,799	-	4,643,034
Student grants and scholarships	-	-	-	-	3,324,903	-	-	3,324,903
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	245,187	245,187
Total operating expenses	\$ 6,866,346	1,759,691	984,827	2,144,365	3,324,903	3,840,113	245,187	19,165,432

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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:
 Sales/intra-entity transfers of future revenues
 Gain/loss on sale leaseback
 Loan origination fees and costs
 Change in fair value of hedging derivative instrument
 Irrevocable split-interest agreements

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:
 Sales/intra-entity transfers of future revenues
 Gain/loss on sale leaseback
 Loan origination fees and costs
 Change in fair value of hedging derivative instrument
 Irrevocable split-interest agreements

Total deferred inflows - others

Total deferred inflows of resources

	-
	-
	-