

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

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2022  
and Independent Auditors' Report**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



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

***Opinion***

We have audited the accompanying Associated Students, Inc., California Polytechnic State University, San Luis Obispo, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students, Inc., California Polytechnic State University, San Luis Obispo and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc., California Polytechnic State University, San Luis Obispo's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc., California Polytechnic State University, San Luis Obispo's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Report on Summarized Comparative Information*

We previously audited Associated Students, Inc., California Polytechnic State University, San Luis Obispo's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, on our consideration of Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control over financial reporting and compliance.

*Vorlein, Hagen + Co.*

Calabasas, California  
September 15, 2022

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|   | 2022         | 2021         |
|---|--------------|--------------|
| <b>ASSETS</b>                           |              |              |
| Cash and cash equivalents               | \$ 527,698   | \$ 524,144   |
| Accounts and contracts receivable       | 396,563      | 138,099      |
| Other receivables                       | 3,255        | 13,494       |
| Related party receivables               | 16,045       | 7,148        |
| Deposits and prepaid expenses           | 179,386      | 161,024      |
| Investments                             | 8,993,796    | 7,713,939    |
| Inventory                               | 54,823       | 68,108       |
| Property and equipment, net             | 1,514,370    | 1,633,531    |
| Total assets                            | \$11,685,936 | \$10,259,487 |
| <b>LIABILITIES</b>                      |              |              |
| Accounts payable and accrued expenses   | \$ 1,916,918 | \$ 541,665   |
| Accrued payroll and related liabilities | 587,222      | 590,632      |
| Related party payables                  | 643,112      | 215,640      |
| Deferred revenue                        | 474,741      | 205,919      |
| Funds held for others                   | 2,055,153    | 2,088,648    |
| Total liabilities                       | 5,677,146    | 3,642,504    |
| <b>NET ASSETS</b>                       |              |              |
| Restricted                              | 5,211,533    | 6,616,983    |
| Designated for operating revenue        | 797,257      | -            |
| Total net assets                        | 6,008,790    | 6,616,983    |
| Total liabilities and net assets        | \$11,685,936 | \$10,259,487 |

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, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|  | 2022                    | 2021                    |
|--|-------------------------|-------------------------|
| <b>REVENUES</b>                              |                         |                         |
| Student activity fees                        | \$ 7,566,728            | \$ 7,562,116            |
| Operating revenue from student activity fees | 9,325,511               | 8,367,021               |
| Revenue from operations                      | 900,415                 | 76,525                  |
| Government service contracts                 | 279,238                 | 241,704                 |
| Contributions and grants                     | 400,136                 | 368,283                 |
| Parent fees                                  | 834,520                 | 553,124                 |
| Investment income                            | 61,587                  | 83,398                  |
| Other income                                 | 59,270                  | 67,979                  |
| Rental income                                | 285,607                 | 238,295                 |
| Contract settlements                         | 14,601                  | (87,773)                |
|  | 19,727,613              | 17,470,672              |
| <br><b>EXPENSES</b>                          |                         |                         |
| Student program expenses                     | 15,677,224              | 10,211,963              |
| Children's center expenses                   | 1,805,181               | 1,517,957               |
| Administrative expenses                      | 2,595,194               | 2,441,593               |
| Depreciation                                 | 258,207                 | 304,046                 |
|  | 20,335,806              | 14,475,559              |
| <br><b>CHANGE IN NET ASSETS</b>              | <br>(608,193)           | <br>2,995,113           |
| <b>NET ASSETS - beginning of year</b>        | <b>6,616,983</b>        | <b>3,621,870</b>        |
| <br><b>NET ASSETS - end of year</b>          | <br><b>\$ 6,008,790</b> | <br><b>\$ 6,616,983</b> |

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, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|                                      | <u>Program<br/>Services</u> | <u>Support<br/>Services</u> | <u>2022 Total<br/>Expenses</u> | <u>2021 Total<br/>Expenses</u> |
|--------------------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Salaries and related expenses</b> |                             |                             |                                |                                |
| Salaries                             | \$ 6,877,320                | \$ -                        | \$ 6,877,320                   | \$ 5,779,594                   |
| Employee benefits                    | 2,877,397                   | -                           | 2,877,397                      | 1,045,144                      |
| Payroll taxes                        | <u>431,471</u>              | <u>-</u>                    | <u>431,471</u>                 | <u>527,645</u>                 |
|                                      | 10,186,188                  | -                           | 10,186,188                     | 7,352,383                      |
| <b>Other expenses</b>                |                             |                             |                                |                                |
| Advertising and recruiting           | 68,006                      | -                           | 68,006                         | 18,730                         |
| Bank charges                         | 27,199                      | -                           | 27,199                         | 16,447                         |
| Board expenses                       | 12,596                      | -                           | 12,596                         | 9,381                          |
| Contributions expense                | 80,000                      | -                           | 80,000                         | 36,902                         |
| Dues and subscriptions               | 51,280                      | -                           | 51,280                         | 47,752                         |
| Education and training               | 32,758                      | -                           | 32,758                         | 15,811                         |
| Equipment rental and maintenance     | 82,159                      | -                           | 82,159                         | 38,370                         |
| Food costs                           | 32,813                      | -                           | 32,813                         | 20,967                         |
| Grants                               | 108,721                     | -                           | 108,721                        | 88,133                         |
| Insurance                            | 196,346                     | -                           | 196,346                        | 149,588                        |
| Legal settlement                     | -                           | 1,350,000                   | 1,350,000                      | -                              |
| Marketing                            | 15,031                      | -                           | 15,031                         | 3,558                          |
| Miscellaneous expenses               | 822                         | -                           | 822                            | 346                            |
| Office expenses                      | 122,146                     | -                           | 122,146                        | 58,744                         |
| Outside services                     | 773,787                     | -                           | 773,787                        | 207,126                        |
| Postage and delivery                 | 2,778                       | -                           | 2,778                          | 1,925                          |
| Printing                             | 16,387                      | -                           | 16,387                         | 12,900                         |
| Professional fees                    | 142,027                     | 406,107                     | 548,134                        | 542,518                        |
| Repairs and maintenance              | 547,229                     | -                           | 547,229                        | 402,721                        |
| Scholarships                         | 3,484,522                   | -                           | 3,484,522                      | 3,516,282                      |
| Small equipment                      | 156,090                     | -                           | 156,090                        | 116,615                        |
| Student program activities           | 832,087                     | -                           | 832,087                        | 554,584                        |
| Supplies                             | 196,280                     | -                           | 196,280                        | 99,151                         |
| Telephone                            | 67,107                      | -                           | 67,107                         | 72,192                         |
| Travel                               | 98,518                      | -                           | 98,518                         | 8,481                          |
| Utilities                            | <u>988,615</u>              | <u>-</u>                    | <u>988,615</u>                 | <u>779,906</u>                 |
|                                      | 18,321,492                  | 1,756,107                   | 20,077,599                     | 14,171,513                     |
| Depreciation                         | <u>257,163</u>              | <u>1,044</u>                | <u>258,207</u>                 | <u>304,046</u>                 |
| <b>Total Expenses</b>                | <u>\$ 18,578,655</u>        | <u>\$ 1,757,151</u>         | <u>\$ 20,335,806</u>           | <u>\$ 14,475,559</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, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|   | 2022         | 2021         |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |              |              |
| Change in net assets  | \$ (608,193) | \$ 2,995,113 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |              |              |
| Depreciation  | 258,207      | 304,046      |
| (Increase) decrease in:   |              |              |
| Accounts and contracts receivable   | (258,464)    | 276,040      |
| Other receivables   | 10,239       | (13,494)     |
| Related party receivables   | (8,897)      | 134,373      |
| Deposits and prepaid expenses   | (18,362)     | (5,628)      |
| Inventory   | 13,285       | 5,826        |
| Increase (decrease) in:   |              |              |
| Accounts payable and accrued expenses   | 1,375,253    | 49,630       |
| Accrued payroll and related liabilities   | (3,410)      | (122,197)    |
| Related party payables  | 427,472      | (184,577)    |
| Post-retirement benefit payable   | -            | (2,312,886)  |
| Deferred revenue  | 268,822      | 36,889       |
| Contracts payable   | -            | (1,969)      |
| Funds held for others   | (33,495)     | 179,559      |
| Total adjustments   | 2,030,650    | (1,654,388)  |
| Net Cash Provided (Used) by Operating Activities  | 1,422,457    | 1,340,725    |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |              |              |
| Proceeds from sale of investments   | 13,664,546   | 11,716,704   |
| Purchases of investments  | (14,944,403) | (12,894,170) |
| Payments related to purchases of property and equipment   | (115,586)    | (41,821)     |
| Payments related to the construction of property and equipment, net of reductions                 | (23,460)     | (11,794)     |
| Net Cash Provided (Used) by Investing Activities  | (1,418,903)  | (1,231,081)  |
| <br><b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                   | 3,554        | 109,644      |
| <br><b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | 524,144      | 414,500      |
| <br><b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | \$ 527,698   | \$ 524,144   |
| <br><b>Non-cash activities:</b>   |              |              |
| Transfer of work in progress to property and equipment  | \$ 103,950   | \$ 8,700     |

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, 2022**

**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, 2022**

**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 \$797,257.

*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, 2022**

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

*Accounts, Contract 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, contracts and other receivable balance at June 30, 2022 was \$399,818.

*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, 2022**

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

*Work In Progress*

At June 30, 2022, Associated Students, Inc. had two work in progress projects underway relating to University Union Neighborhood Renovations and Mustang Way Pride Crosswalk. Related costs are included in work in progress in the Statement of Financial Position under property and equipment at June 30, 2022. During the year, Associated Students, Inc. capitalized \$103,950 for Children’s Center transformer.

*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, 2022, was \$388,529.

*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.

*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. There was no balance due at June 30, 2022.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in 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.

*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.

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

*Income Taxes*

Associated Students, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Associated Students, Inc. has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and *measurement of a tax position taken or expected to be taken in a tax return*. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2022, 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, 2021, 2020, and 2019, are subject to examination by the IRS, generally for 3 years after they were filed.

Associated Students, Inc.'s Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2021, 2020, 2019, and 2018, are subject to examination by the Franchise Tax Board, generally for 4 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.

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**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.

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**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, 2021 from which the summarized information was derived.

*Reclassifications*

There are no reclassified amounts in the comparative totals.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2022, Associated Students, Inc.'s cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$527,698 had a corresponding carrying value balance with the bank of \$684,591 at June 30, 2022. The difference is related primarily to outstanding checks in the amount of \$159,493 and petty cash and other reconciling items totaling \$2,600.

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, \$2,055,153 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. 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.

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**4. 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, 2022, are Level 2 and NAV inputs.

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

|                            | Fair Value Measurements Using   |   |  |                             | Total               |
|----------------------------|---|---|--|-----------------------------|---------------------|
|                            | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Net Asset<br>Value<br>(NAV) |                     |
| Asset Backed Securities    | \$ -  | \$ 20,587   | \$ -   | \$ -                        | \$ 20,587           |
| Certificates of Deposit    | -   | 477,877   | -  | -                           | 477,877             |
| Commercial Paper           | -   | 126,685   | -  | -                           | 126,685             |
| Corporate Bonds            | -   | 3,343,535   | -  | -                           | 3,343,535           |
| Money Market Funds         | -   | -   | -  | 268,716                     | 268,716             |
| Mortgage Backed Securities | -   | 614,831   | -  | -                           | 614,831             |
| Municipal Bonds            | -   | 53,196  | -  | -                           | 53,196              |
| Supranational              | -   | 30,191  | -  | -                           | 30,191              |
| US Agency Securities       | -   | 620,444   | -  | -                           | 620,444             |
| US Treasury Securities     | -   | <u>3,437,734</u>  | -  | -                           | <u>3,437,734</u>    |
| Total Investments          | <u>\$ -</u>   | <u>\$ 8,725,080</u>                                       | <u>\$ -</u>  | <u>\$ 268,716</u>           | <u>\$ 8,993,796</u> |

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

|                         | Amount           |
|-------------------------|------------------|
| Investment income       | <u>\$ 61,587</u> |
| Total investment return | <u>\$ 61,587</u> |

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**5. PROPERTY AND EQUIPMENT, NET**

Property, plant and equipment consist of the following:

|                                   | June 30, 2022 |
|-----------------------------------|---------------|
| Buildings & building improvements | \$ 3,498,027  |
| Equipment, furniture and fixtures | 2,620,173     |
| Work in progress                  | 92,413        |
|                                   | 6,210,613     |
| Less: accumulated depreciation    | (4,696,243)   |
| Total                             | \$ 1,514,370  |

Depreciation expense for the year ended June 30, 2022 was \$258,207.

**6. RELATED PARTY TRANSACTIONS**

Related party receivables consist of the following:

|   | June 30, 2022 |
|---|---------------|
| California Polytechnic State University | \$ 10,976     |
| Cal Poly Corporation                    | 5,069         |
| Total                                   | \$ 16,045     |

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:

|   | June 30, 2022 |
|---|---------------|
| California Polytechnic State University | \$ 601,168    |
| Cal Poly Corporation                    | 41,944        |
| Total                                   | \$ 643,112    |

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**6. RELATED PARTY TRANSACTIONS – Continued**

*Business Services Agreement*

On May 31, 1995, Associated Students, Inc., entered into an agreement with California Polytechnic Corporation (previously California Polytechnic State University Foundation) to provide business services to 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>     |
|------------------------------------|-------------------|
| 2023                               | \$ 413,739        |
| 2024                               | <u>424,897</u>    |
| Total                              | <u>\$ 838,636</u> |

**7. DEFERRED REVENUE**

During the fiscal year ended June 30, 2022, Associated Students, Inc. collected 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, 2022 for deferred revenue is as follows:

|                          | <u>Amount</u>       |
|--------------------------|---------------------|
| Balance at June 30, 2021 | \$ 205,919          |
| Additions                | 17,758,168          |
| Reductions               | <u>(17,489,346)</u> |
| Balance at June 30, 2022 | <u>\$ 474,741</u>   |

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**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, 2022, 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, 2022 was \$480,629.

*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, 2019.

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**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, 2019, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Unfunded Liability | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|------------------------------------|--------------|------------------------|
| 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              |
| 06/30/2019     | 27,883,071             | 21,031,547                                   | 6,851,524                          | 75.4%        | 2,666,510              |

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, 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, 2019, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Unfunded Liability | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|------------------------------------|--------------|------------------------|
| 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                |
| 06/30/2019     | 691,009                | 615,918                                      | 75,091                             | 89.1%        | 315,941                |

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, 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, 2019, the most recent actuarial study:

| Valuation Date | Accrued Liability (AL) | Share of Pool's Market Value of Assets (MVA) | Share of Pool's Unfunded Liability | Funded Ratio | Annual Covered Payroll |
|----------------|------------------------|--|------------------------------------|--------------|------------------------|
| 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                |
| 06/30/2019     | 700,495                | 635,437                                      | 65,058                             | 90.7%        | 1,467,020              |

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**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, 2022 is \$14,666,788.

Plan expense is as follows:

|                                 | <u>June 30, 2022</u> |
|---------------------------------|----------------------|
| Current Service Cost            | \$ 659,205           |
| Interest Cost                   | 570,687              |
| Expected return on plan assets  | (1,518,498)          |
| Amortization of net (gain) loss | <u>77,395</u>        |
| Total                           | <u>\$ (211,211)</u>  |

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**8. EMPLOYEE BENEFITS - Continued**

*Post-Retirement Benefits Disclosure*

Obligations and Funded Status at June 30, 2022 consists of the following:

Benefit obligation:

|                                   |            |
|-----------------------------------|------------|
| Amendments                        | N/A        |
| Benefits paid                     | \$ 430,022 |
| Benefit obligation at end of year | 14,666,788 |

Plan assets

|  |            |
|--|------------|
| Employer contribution                    | 430,022    |
| Plan participants' contributions         | -          |
| Fair value of plan assets at end of year | 17,211,516 |

Funded status

|  |           |
|--|-----------|
| Funded status at end of year           | 2,544,728 |
| Unrecognized net transition obligation | -         |
| Unrecognized prior service costs       | -         |
| Unrecognized net actuarial (gain)/loss | 3,556,629 |
| Prepaid (accrued) benefit cost         | 6,101,357 |

Measurement date June 30, 2022

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30, 2022

|  |       |
|--|-------|
| Discount rate                            | 4.75% |
| Expected long-term return on plan assets | 7.00% |
| Rate of compensation increase            | N/A   |

Pre-Medicare initial health care cost trend rate 6.85%

Post-Medicare initial health care cost trend rate 4.50%

Expected retiree payments over the next 10 years:

|                                     |            |
|-------------------------------------|------------|
| 2022/23                             | \$ 453,596 |
| 2023/24                             | 489,328    |
| 2024/25                             | 539,949    |
| 2025/26                             | 567,865    |
| 2026/27                             | 594,381    |
| Thereafter – Next 5 years (2028/32) | 3,360,598  |

Associated Students, Inc. participates in and contributed \$430,022 to the Auxiliary Multiple Employer VEBA, a multiple employer VEBA for auxiliaries of the California State University System.

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**9. FUNDS HELD FOR OTHERS**

Funds held for others at year end were \$2,055,153 and are held in custody for student organizations and certain campus programs. (Note 3)

**10. OPERATING LEASES**

Total equipment rental expense for the year ended June 30, 2022 was \$33,117 of which \$10,568 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>    |
|----------------------------|------------------|
| 2023                       | \$ 6,917         |
| 2024                       | 4,808            |
| 2025                       | 4,272            |
| 2026                       | <u>1,068</u>     |
| Total                      | <u>\$ 17,065</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.

*Legal*

The Associated Students, Inc. is party to certain legal actions arising in the ordinary course of business. In one case, a settlement amount of \$1,350,000 was agreed to by the parties and is awaiting approval by the Court. This amount was accrued and is included in accounts payable and accrued expenses and in legal on the Statement of Functional Expense. In the opinion of management, liabilities, if any, under any remaining actions will not have a material impact on its financial position.

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**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, 2022 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, 2022.

|  | June 30, 2022       |
|--|---------------------|
| Financial assets:  |                     |
| Cash and cash equivalents  | \$ 527,698          |
| Accounts and contract receivables  | 396,563             |
| Other receivables  | 3,255               |
| Investments  | 8,993,796           |
| Related party receivables  | 16,045              |
| Total financial assets   | 9,937,357           |
| Less those unavailable for general expenditures within one year                        | -                   |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 9,937,357</u> |

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**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

**14. SUBSEQUENT EVENTS**

Associated Students, Inc. has evaluated events subsequent to June 30, 2022, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through September 15, 2022, 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.

**INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS***



# VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo, (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2022.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Associated Students, Inc., California Polytechnic State University, San Luis Obispo's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vorlein, Hagen + Co.*

Calabasas, California  
September 15, 2022

**SUPPLEMENTARY INFORMATION**

**UNIVERSITY UNION**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| Cash and cash equivalents               | \$ 1,900            | \$ 1,900            |
| Accounts receivable                     | 1,195               | 711                 |
| Investments                             | 1,675,051           | 1,275,898           |
| Deposits and prepaid expenses           | 34,475              | 30,501              |
| Inventory                               | 54,025              | 67,858              |
| Related party receivables               | 9,872               | -                   |
| Property and equipment, net             | <u>1,086,664</u>    | <u>1,167,935</u>    |
| Total assets                            | <u>\$ 2,863,182</u> | <u>\$ 2,544,803</u> |
| <b>LIABILITIES</b>                      |                     |                     |
| Accounts payable and accrued expenses   | \$ 212,504          | \$ 338,450          |
| Accrued payroll and related liabilities | 364,357             | 345,437             |
| Related party payables                  | 393,661             | 210,213             |
| Deferred revenue                        | <u>276,942</u>      | <u>61,905</u>       |
| Total liabilities                       | 1,247,464           | 956,005             |
| <b>NET ASSETS</b>                       |                     |                     |
| Without donor restrictions              | <u>1,615,718</u>    | <u>1,588,798</u>    |
| Total net assets                        | <u>1,615,718</u>    | <u>1,588,798</u>    |
| Total liabilities and net assets        | <u>\$ 2,863,182</u> | <u>\$ 2,544,803</u> |

**UNIVERSITY UNION**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

|  | 2022         | 2021         |
|--|--------------|--------------|
| <b>REVENUES</b>                              |              |              |
| Operating revenue from student activity fees | \$ 9,325,511 | \$ 8,367,021 |
| Revenue from operations                      | 695,203      | 30,601       |
| Contributions and grants                     | 64           | -            |
| Related party reimbursements                 | 1,067,280    | 1,096,663    |
| Investment income                            | 15,558       | 20,164       |
| Other income                                 | 54,078       | 69,145       |
| Rental income                                | 253,789      | 225,053      |
| Contract settlements                         | (2,598)      | (73,074)     |
| Total revenues                               | 11,408,885   | 9,735,573    |
| <b>EXPENSES</b>                              |              |              |
| Personnel costs                              | 7,373,816    | 5,516,391    |
| Insurance                                    | 195,520      | 148,366      |
| Utilities                                    | 962,679      | 764,580      |
| Depreciation                                 | 215,713      | 259,684      |
| Operation and maintenance of plant           | 1,281,991    | 543,913      |
| Other program and service costs              | 1,352,247    | 913,841      |
| Total expenses                               | 11,381,966   | 8,146,775    |
| <b>CHANGE IN NET ASSETS</b>                  | 26,920       | 1,588,798    |
| <b>NET ASSETS - beginning of year</b>        | 1,588,798    | -            |
| <b>NET ASSETS - end of year</b>              | \$ 1,615,718 | \$ 1,588,798 |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**GASB SCHEDULE OF NET POSITION**  
**JUNE 30, 2022**

**Assets:**

**Current assets:**

|   |                   |
|---|-------------------|
| Cash and cash equivalents                 | 527,698           |
| Short-term investments                    | 8,993,796         |
| Accounts receivable, net                  | 415,863           |
| Lease receivables, current portion        | -                 |
| Notes receivable, current portion         | -                 |
| Pledges receivable, net                   | -                 |
| Prepaid expenses and other current assets | 234,209           |
| <b>Total current assets</b>               | <b>10,171,566</b> |

**Noncurrent assets:**

|   |                  |
|---|------------------|
| Restricted cash and cash equivalents      | -                |
| Accounts receivable, net                  | -                |
| Lease receivables, 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                       | 1,514,370        |
| Other assets                              | -                |
| <b>Total noncurrent assets</b>            | <b>1,514,370</b> |

**Total assets**

**11,685,936**

**Deferred outflows of resources:**

|   |          |
|---|----------|
| Unamortized loss on debt refunding          | -        |
| Net pension liability                       | -        |
| Net OPEB liability                          | -        |
| Leases                                      | -        |
| Others                                      | -        |
| <b>Total deferred outflows of resources</b> | <b>-</b> |

**Liabilities:**

**Current liabilities:**

|   |                  |
|---|------------------|
| Accounts payable  | 566,918          |
| Accrued salaries and benefits   | 198,693          |
| Accrued compensated absences, current portion                             | 388,529          |
| Unearned revenues   | 474,741          |
| Lease liabilities, current portion  | -                |
| Long-term debt obligations, current portion                               | -                |
| Claims liability for losses and loss adjustment expenses, current portion | -                |
| Depository accounts   | 2,055,153        |
| Other liabilities   | 1,993,112        |
| <b>Total current liabilities</b>  | <b>5,677,146</b> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**GASB SCHEDULE OF NET POSITION**  
**JUNE 30, 2022**  
**(CONTINUED)**

**Noncurrent liabilities:**

|  |   |
|--|---|
| Accrued compensated absences, net of current portion                             | - |
| Unearned revenues  | - |
| Grants refundable  | - |
| Lease liabilities, 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                                      | - |
| Net pension liability  | - |
| Other liabilities  | - |

**Total noncurrent liabilities**

-

**Total liabilities**

5,677,146

**Deferred inflows of resources:**

|                                    |   |
|------------------------------------|---|
| Service concession arrangements    | - |
| Net pension liability              | - |
| Net OPEB liability                 | - |
| Unamortized gain on debt refunding | - |
| Nonexchange transactions           | - |
| Lease                              | - |
| Others                             | - |

**Total deferred inflows of resources**

-

**Net position:**

|                                  |           |
|----------------------------------|-----------|
| Net investment in capital assets | 1,514,370 |
| Restricted for:                  |           |
| Nonexpendable – endowments       | -         |
| Expendable:                      |           |
| Scholarships and fellowships     | -         |
| Research                         | -         |
| Loans                            | -         |
| Capital projects                 | -         |
| Debt service                     | -         |
| Others                           | -         |
| Unrestricted                     | 4,494,420 |

**Total net position**

**6,008,790**

**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, 2022**

**Revenues:**

**Operating revenues:**

|  |   |
|--|---|
| Student tuition and fees, gross            | - |
| Scholarship allowances (enter as negative) | - |

**Grants and contracts, noncapital:**

|  |                   |
|--|-------------------|
| Federal  | 218,751           |
| State  | 60,487            |
| Local  | -                 |
| Nongovernmental                                    | 386,878           |
| Sales and services of educational activities       | -                 |
| Sales and services of auxiliary enterprises, gross | -                 |
| Scholarship allowances (enter as negative)         | -                 |
| Other operating revenues                           | 18,986,652        |
| <b>Total operating revenues</b>                    | <b>19,652,768</b> |

**Expenses:**

**Operating expenses:**

|                                    |                   |
|------------------------------------|-------------------|
| Instruction                        | -                 |
| Research                           | -                 |
| Public service                     | -                 |
| Academic support                   | -                 |
| Student services                   | 10,162,094        |
| Institutional support              | -                 |
| Operation and maintenance of plant | 5,080,983         |
| Student grants and scholarships    | 3,484,522         |
| Auxiliary enterprise expenses      | -                 |
| Depreciation and amortization      | 258,207           |
| <b>Total operating expenses</b>    | <b>18,985,806</b> |
| <b>Operating income (loss)</b>     | <b>666,962</b>    |

**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, 2022**  
**(CONTINUED)**

|  |                    |
|--|--------------------|
| <b>Nonoperating revenues (expenses):</b>                   |                    |
| 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  | 13,258             |
| Investment income (loss), net                              | 61,587             |
| Endowment income (loss), net                               | -                  |
| Interest expense   | -                  |
| Other nonoperating revenues (expenses)                     | (1,350,000)        |
|  | <b>(1,275,155)</b> |
| <b>Net nonoperating revenues (expenses)</b>                | <b>(1,275,155)</b> |
| <b>Income (loss) before other revenues (expenses)</b>      | <b>(608,193)</b>   |
|  |                    |
| State appropriations, capital                              | -                  |
| Grants and gifts, capital                                  | -                  |
| Additions (reductions) to permanent endowments             | -                  |
|  | <b>(608,193)</b>   |
| <b>Increase (decrease) in net position</b>                 | <b>(608,193)</b>   |
| <b>Net position:</b>                                       |                    |
| Net position at beginning of year, as previously reported  | 6,616,983          |
| Restatements   | -                  |
|  | <b>6,616,983</b>   |
| <b>Net position at beginning of year, as restated</b>      | <b>6,616,983</b>   |
| <b>Net position at end of year</b>                         | <b>6,008,790</b>   |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Cash and cash equivalents:**

|   |                   |
|---|-------------------|
| Portion of restricted cash and cash equivalents related to endowments |                   |
| All other restricted cash and cash equivalents                        |                   |
| <b>Noncurrent restricted cash and cash equivalents</b>                | -                 |
| Current cash and cash equivalents                                     | 527,698           |
| <b>Total</b>  | <b>\$ 527,698</b> |

**Composition of investments:**

| Investment Type  | Current             | Noncurrent | Total            |
|--|---------------------|------------|------------------|
| Money market funds                                       | \$ -                | -          | -                |
| Repurchase agreements                                    | -                   | -          | -                |
| Certificates of deposit                                  | -                   | -          | -                |
| U.S. agency securities                                   | -                   | -          | -                |
| U.S. treasury securities                                 | -                   | -          | -                |
| Municipal bonds  | -                   | -          | -                |
| Corporate bonds  | -                   | -          | -                |
| Asset backed securities                                  | -                   | -          | -                |
| Mortgage backed securities                               | -                   | -          | -                |
| Commercial paper   | -                   | -          | -                |
| Mutual funds   | -                   | -          | -                |
| Exchange traded funds                                    | -                   | -          | -                |
| Equity securities  | -                   | -          | -                |
| Alternative investments:                                 |                     |            |                  |
| Private equity (including limited partnerships)          | -                   | -          | -                |
| Hedge funds  | -                   | -          | -                |
| Managed futures  | -                   | -          | -                |
| Real estate investments (including REITs)                | -                   | -          | -                |
| Commodities  | -                   | -          | -                |
| Derivatives  | -                   | -          | -                |
| Other alternative investment                             | -                   | -          | -                |
| Other external investment pools                          | -                   | -          | -                |
| CSU Consolidated Investment Pool (formerly SWIFT)        | <b>8,993,796</b>    | -          | <b>8,993,796</b> |
| State of California Local Agency Investment Fund (LAIF)  | -                   | -          | -                |
| State of California Surplus Money Investment Fund (SMIF) | -                   | -          | -                |
| Other investments:                                       |                     |            |                  |
| Supranational  | -                   | -          | -                |
| Total Other investments                                  | -                   | -          | -                |
| <b>Total investments</b>                                 | <b>8,993,796</b>    | -          | <b>8,993,796</b> |
| Less endowment investments (enter as negative number)    |                     | -          | -                |
| <b>Total investments, net of endowments</b>              | <b>\$ 8,993,796</b> | -          | <b>8,993,796</b> |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

**2.2 Fair value hierarchy in investments:**

| Investment Type  | Total            | Net Asset Value<br>(NAV) |
|--|------------------|--------------------------|
| Money market funds                                       | \$               | -                        |
| Repurchase agreements                                    |                  | -                        |
| Certificates of deposit                                  |                  | -                        |
| U.S. agency securities                                   |                  | -                        |
| U.S. treasury securities                                 |                  | -                        |
| Municipal bonds  |                  | -                        |
| Corporate bonds  |                  | -                        |
| Asset backed securities                                  |                  | -                        |
| Mortgage backed securities                               |                  | -                        |
| Commercial paper   |                  | -                        |
| Mutual funds   |                  | -                        |
| Exchange traded funds                                    |                  | -                        |
| Equity securities  |                  | -                        |
| Alternative investments:                                 |                  |                          |
| Private equity (including limited partnerships)          |                  | -                        |
| Hedge funds  |                  | -                        |
| Managed futures  |                  | -                        |
| Real estate investments (including REITs)                |                  | -                        |
| Commodities  |                  | -                        |
| Derivatives  |                  | -                        |
| Other alternative investment                             |                  | -                        |
| Other external investment pools                          |                  | -                        |
| CSU Consolidated Investment Pool (formerly SWIFT)        | <b>8,993,796</b> | 8,993,796                |
| State of California Local Agency Investment Fund (LAIF)  |                  | -                        |
| State of California Surplus Money Investment Fund (SMIF) |                  | -                        |
| Other investments:                                       |                  |                          |
| Supranational  |                  | -                        |
| Total Other investments                                  | \$               | -                        |
| <b>Total investments</b>                                 | <b>8,993,796</b> | <b>8,993,796</b>         |

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

**3.1 Composition of capital assets:**

|   | Balance<br>June 30, 2021 | Balance<br>June 30, 2021<br>(Restated) | Additions           | Retirements      | Transfer of<br>completed<br>CWIP/PWIP | Balance<br>June 30, 2022 |
|---|--------------------------|--|---------------------|------------------|---------------------------------------|--------------------------|
| <b>Non-depreciable/Non-amortizable capital assets:</b>  |                          |  |                     |                  |                                       |                          |
| Land and land improvements  | \$ -                     | \$ -                                   | \$ -                | \$ -             | \$ -                                  | \$ -                     |
| Works of art and historical treasures   | -                        | -                                      | -                   | -                | -                                     | -                        |
| Construction work in progress (CWIP)  | 115,873                  | 115,873                                | 92,413              | -                | (115,873)                             | 92,413                   |
| Intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Rights and easements  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Patents, copyrights and trademarks  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Intangible assets in progress (PWIP)  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Licenses and permits  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Other intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Total Other intangible assets   | -                        | -                                      | -                   | -                | -                                     | -                        |
| <b>Total intangible assets</b>  | -                        | -                                      | -                   | -                | -                                     | -                        |
| <b>Total non-depreciable/non-amortizable capital assets</b>   | <b>\$ 115,873</b>        | <b>\$ 115,873</b>                      | <b>\$ 92,413.00</b> | <b>-</b>         | <b>\$ (115,873)</b>                   | <b>\$ 92,413</b>         |
| <b>Depreciable/Amortizable capital assets:</b>  |                          |  |                     |                  |                                       |                          |
| Buildings and building improvements   | 3,651,331                | 3,651,331                              | 7,037               | (160,341)        | -                                     | 3,498,027                |
| Improvements, other than buildings  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Infrastructure  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Leasehold improvements  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Personal property:  |                          |  |                     |                  |                                       |                          |
| Equipment   | 2,568,157                | 2,568,157                              | 42,690              | (106,547)        | 115,873                               | 2,620,173                |
| Library books and materials   | -                        | -                                      | -                   | -                | -                                     | -                        |
| Intangible assets:  |                          |  |                     |                  |                                       |                          |
| Software and websites   | -                        | -                                      | -                   | -                | -                                     | -                        |
| Rights and easements  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Patents, copyrights and trademarks  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Licenses and permits  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Other intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Total Other intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| <b>Total intangible assets</b>  | <b>-</b>                 | <b>-</b>                               | <b>-</b>            | <b>-</b>         | <b>-</b>                              | <b>-</b>                 |
| <b>Total depreciable/amortizable capital assets</b>   | <b>6,219,488</b>         | <b>6,219,488</b>                       | <b>49,727</b>       | <b>(266,888)</b> | <b>115,873</b>                        | <b>6,118,200</b>         |
| <b>Total capital assets</b>   | <b>\$ 6,335,361</b>      | <b>\$ 6,335,361</b>                    | <b>142,140</b>      | <b>(266,888)</b> | <b>-</b>                              | <b>\$ 6,210,613</b>      |
| <b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b> |                          |  |                     |                  |                                       |                          |
| Buildings and building improvements   | (2,579,284)              | (2,579,284)                            | (87,272)            | 160,341          | -                                     | (2,506,215)              |
| Improvements, other than buildings  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Infrastructure  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Leasehold improvements  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Personal property:  |                          |  |                     |                  |                                       |                          |
| Equipment   | (2,122,546)              | (2,122,546)                            | (170,935)           | 103,453          | -                                     | (2,190,028)              |
| Library books and materials   | -                        | -                                      | -                   | -                | -                                     | -                        |
| Intangible assets:  |                          |  |                     |                  |                                       |                          |
| Software and websites   | -                        | -                                      | -                   | -                | -                                     | -                        |
| Rights and easements  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Patents, copyrights and trademarks  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Licenses and permits  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Other intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| Total Other intangible assets:  | -                        | -                                      | -                   | -                | -                                     | -                        |
| <b>Total intangible assets</b>  | <b>-</b>                 | <b>-</b>                               | <b>-</b>            | <b>-</b>         | <b>-</b>                              | <b>-</b>                 |
| <b>Total accumulated depreciation/amortization</b>  | <b>(4,701,830)</b>       | <b>(4,701,830)</b>                     | <b>(258,207)</b>    | <b>263,794</b>   | <b>-</b>                              | <b>(4,696,243)</b>       |
| <b>Total capital assets, net excluding lease assets</b>   | <b>\$ 1,633,531</b>      | <b>\$ 1,633,531</b>                    | <b>(116,067)</b>    | <b>(3,094)</b>   | <b>-</b>                              | <b>1,514,370</b>         |
| Lease assets, net   |                          |  |                     |                  |                                       | 1,514,370                |
| <b>Total capital assets, net</b>  |                          |  |                     |                  |                                       | <b>1,514,370</b>         |

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| Composition of lease assets:  | Balance<br>June 30, 2021 | Additions | Remeasurements | Reductions | Balance<br>June 30, 2022 |
|---|--------------------------|-----------|----------------|------------|--------------------------|
| <b>Non-depreciable/Non-amortizable lease assets:</b>  |                          |           |                |            |                          |
| Land and land improvements  |                          |           |                | \$         | -                        |
| <b>Total non-depreciable/non-amortizable lease</b>  | -                        | -         | -              | -          | -                        |
| <b>Depreciable/Amortizable lease assets:</b>  |                          |           |                |            |                          |
| Land and land improvements  | -                        |           |                |            | -                        |
| Buildings and building improvements   | -                        |           |                |            | -                        |
| Improvements, other than buildings  | -                        |           |                |            | -                        |
| Infrastructure  | -                        |           |                |            | -                        |
| Personal property:  |                          |           |                |            |                          |
| Equipment   | -                        |           |                |            | -                        |
| <b>Total depreciable/amortizable lease assets</b>   | -                        | -         | -              | -          | -                        |
| <b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b> |                          |           |                |            |                          |
| Land and land improvements  | -                        |           |                |            | -                        |
| Buildings and building improvements   | -                        |           |                |            | -                        |
| Improvements, other than buildings  | -                        |           |                |            | -                        |
| Infrastructure  | -                        |           |                |            | -                        |
| Personal property:  |                          |           |                |            |                          |
| Equipment   | -                        |           |                |            | -                        |
| <b>Total accumulated depreciation/amortization</b>  | -                        | -         | -              | -          | -                        |
| <b>Total lease assets, net</b>  | <b>\$ -</b>              | <b>-</b>  | <b>-</b>       | <b>-</b>   | <b>\$ -</b>              |

**3.2 Detail of depreciation and amortization expense:**

|   |           |                |
|---|-----------|----------------|
| Depreciation and amortization expense related to capital assets | \$        | 258,207        |
| Amortization expense related to other assets                    |           |                |
| <b>Total depreciation and amortization</b>                      | <b>\$</b> | <b>258,207</b> |

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**4 Long-term liabilities:**

|  | Balance<br>June 30, 2021 | Balance<br>June 30, 2022 | Current<br>Portion | Noncurrent<br>Portion |
|--|--------------------------|--------------------------|--------------------|-----------------------|
| <b>1. Accrued compensated absences</b>                             | \$ 392,603               | \$ 388,529               | \$ 388,529         | \$ -                  |
| <b>2. Claims liability for losses and loss adjustment expenses</b> | -                        | -                        | -                  | -                     |
| <b>3. Capital lease obligations:</b>                               |                          |                          |                    |                       |
| Gross balance  | -                        | -                        | -                  | -                     |
| Unamortized net premium/(discount)                                 | -                        | -                        | -                  | -                     |
| <b>Total capital lease obligations</b>                             | <u>\$ -</u>              | <u>-</u>                 | <u>-</u>           | <u>-</u>              |
| <b>4. Long-term debt obligations:</b>                              |                          |                          |                    |                       |
| 4.1 Auxiliary revenue bonds (non-SRB related)                      | \$ -                     | \$ -                     | -                  | -                     |
| 4.2 Commercial paper   | -                        | -                        | -                  | -                     |
| 4.3 Notes payable (SRB related)                                    | -                        | -                        | -                  | -                     |
| 4.4 Others:  |                          |                          |                    |                       |
|  | -                        | -                        | -                  | -                     |
| Total others   | <u>-</u>                 | <u>-</u>                 | <u>-</u>           | <u>-</u>              |
| <b>Sub-total long-term debt</b>                                    | <u>\$ -</u>              | <u>\$ -</u>              | <u>-</u>           | <u>-</u>              |
| 4.5 Unamortized net bond premium/(discount)                        | -                        | -                        | -                  | -                     |
| <b>Total long-term debt obligations</b>                            | <u>-</u>                 | <u>-</u>                 | <u>-</u>           | <u>-</u>              |

**5 Lease Liabilities schedule: Nothing to report**

**6 Long-term debt obligations schedule: Nothing to report**

**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                                       | 2,105,199 |
| Payments received from University for services, space, and programs  | 478,775   |
| 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   | (601,168) |
| Other amounts (payable to) University  |           |
| Accounts receivable from University  | 10,976    |
| Other amounts receivable from University   |           |

**8 Restatements - Nothing to report**

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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                   | 4,998,856           | 1,138,070        | 821,968            | 471,852         | -                            | 2,731,348                   | -                             | <b>10,162,094</b>        |
| Institutional support              | -                   | -                | -                  | -               | -                            | -                           | -                             | -                        |
| Operation and maintenance of plant | 1,878,464           | 549,400          | 327,578            | -               | -                            | 2,325,541                   | -                             | <b>5,080,983</b>         |
| Student grants and scholarships    | -                   | -                | -                  | -               | 3,484,522                    | -                           | -                             | <b>3,484,522</b>         |
| Auxiliary enterprise expenses      | -                   | -                | -                  | -               | -                            | -                           | -                             | -                        |
| Depreciation and amortization      | -                   | -                | -                  | -               | -                            | -                           | 258,207                       | <b>258,207</b>           |
| <b>Total operating expenses</b>    | <b>\$ 6,877,320</b> | <b>1,687,470</b> | <b>1,149,546</b>   | <b>471,852</b>  | <b>3,484,522</b>             | <b>5,056,889</b>            | <b>258,207</b>                | <b>18,985,806</b>        |

**10 Deferred outflows/inflows of resources - Nothing to report**

**11 Other nonoperating revenues (expenses)**

|   |                       |
|---|-----------------------|
| Other nonoperating revenues                         | -                     |
| Other nonoperating (expenses)                       | (1,350,000)           |
| <b>Total other nonoperating revenues (expenses)</b> | <b>\$ (1,350,000)</b> |