

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

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2024
and Independent Auditors' Report**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



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

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

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, 2024, 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, 2024, 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 2023 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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, Expenses and Changes in Net Position 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, Expenses and Changes in Net Position 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, Expenses and Changes in Net Position 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 11, 2024, 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.

Vorstin, Hagen + Co.

Calabasas, California
September 11, 2024

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,070,413	\$ 1,068,572
Accounts and contracts receivable	172,898	167,287
Other receivables	19,835	3,631
Related party receivables	468,607	115,521
Deposits and prepaid expenses	366,382	228,861
Investments	8,463,007	9,534,867
Inventory	36,027	45,421
Operating lease asset	14,148	5,552
Property and equipment, net	1,461,094	1,509,488
Total assets	\$12,072,411	\$12,679,200
LIABILITIES		
Accounts payable and accrued expenses	\$ 491,654	\$ 1,750,591
Accrued payroll and related liabilities	687,828	606,908
Operating lease liability	14,148	5,552
Related party payables	357,878	377,579
Deferred revenue	116,628	220,113
Funds held for others	2,248,603	2,202,434
Total liabilities	3,916,739	5,163,177
NET ASSETS		
Without donor restrictions	7,489,392	6,690,330
Board designated reserves	666,280	825,693
Total net assets	8,155,672	7,516,023
Total liabilities and net assets	\$12,072,411	\$12,679,200

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
REVENUES		
Student activity fees	\$ 8,295,661	\$ 7,810,691
Operating revenue from student activity fees	10,451,255	10,356,526
Revenue from operations	1,268,134	1,319,123
Government service contracts	360,490	333,162
Contributions and grants	1,031,389	481,034
Parent fees	1,089,178	1,004,250
Investment income	109,870	29,213
Other income	5,741	26,400
Rental income	330,748	304,091
Contract settlements	<u>(90,447)</u>	<u>(15,119)</u>
 Total revenues	 22,852,019	 21,649,371
 EXPENSES		
Student program expenses	15,594,559	15,402,372
Children's center expenses	1,968,302	1,998,449
Administrative expenses	4,399,766	2,502,422
Depreciation and amortization	<u>249,743</u>	<u>238,895</u>
 Total expenses	 <u>22,212,370</u>	 <u>20,142,138</u>
 CHANGE IN NET ASSETS	 639,649	 1,507,233
 NET ASSETS - beginning of year	 <u>7,516,023</u>	 <u>6,008,790</u>
 NET ASSETS - end of year	 <u>\$ 8,155,672</u>	 <u>\$ 7,516,023</u>

See accompanying auditors' report and notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>Program Services</u>	<u>Support Services</u>	<u>2024 Total Expenses</u>	<u>2023 Total Expenses</u>
Salaries and related expenses				
Salaries	\$ 7,820,655	\$ -	\$ 7,820,655	\$ 7,478,391
Employee benefits	2,780,468	-	2,780,468	2,859,565
Payroll taxes	<u>563,502</u>	<u>-</u>	<u>563,502</u>	<u>526,825</u>
	11,164,625	-	11,164,625	10,864,781
Other expenses				
Advertising and recruiting	50,812	-	50,812	37,578
Bank charges	81,558	-	81,558	75,825
Board expenses	21,845	-	21,845	18,030
Contributions expense	20,000	-	20,000	90,653
Dues and subscriptions	58,121	-	58,121	49,502
Education and training	50,330	-	50,330	42,508
Equipment rental and maintenance	86,264	-	86,264	99,918
Food costs	41,571	-	41,571	40,787
Grants	117,371	-	117,371	111,484
Insurance	356,691	-	356,691	253,136
Marketing	34,734	-	34,734	11,795
Net earnings transfer	688,894	-	688,894	-
Office expenses	72,578	-	72,578	57,382
Outside services	1,060,303	-	1,060,303	841,908
Postage and delivery	3,096	-	3,096	3,271
Printing	18,075	-	18,075	16,973
Professional fees	176,220	486,721	662,941	489,098
Repairs and maintenance	717,726	-	717,726	599,541
Scholarships	3,848,761	-	3,848,761	3,612,689
Small equipment	303,018	-	303,018	304,500
Student program activities	981,378	-	981,378	627,032
Supplies	268,870	-	268,870	220,796
Telephone	25,107	-	25,107	68,387
Travel	129,372	-	129,372	120,264
Utilities	<u>1,098,586</u>	<u>-</u>	<u>1,098,586</u>	<u>1,245,405</u>
	21,475,906	486,721	21,962,627	19,903,243
Amortization - operating lease	-	-	-	7,780
Depreciation	<u>248,699</u>	<u>1,044</u>	<u>249,743</u>	<u>231,115</u>
Total Expenses	<u>\$ 21,724,605</u>	<u>\$ 487,765</u>	<u>\$ 22,212,370</u>	<u>\$ 20,142,138</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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 639,649	\$ 1,507,233
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	249,743	231,115
Reduction in carrying amount of right of use assets	(8,596)	(5,552)
(Increase) decrease in:		
Accounts and contracts receivable	(5,611)	229,276
Other receivables	(16,204)	(376)
Related party receivables	(353,086)	(99,476)
Deposits and prepaid expenses	(137,521)	(49,475)
Inventory	9,394	9,402
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,258,937)	(166,327)
Accrued payroll and related liabilities	80,920	19,686
Operating lease liability	8,596	5,552
Related party payables	(19,701)	(265,533)
Deferred revenue	(103,485)	(254,628)
Funds held for others	46,169	147,281
Total adjustments	(1,508,319)	(199,055)
Net Cash Provided (Used) by Operating Activities	(868,670)	1,308,178
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	16,062,958	14,731,534
Purchases of investments	(14,991,098)	(15,272,605)
Payments related to purchases of property and equipment	(201,349)	(226,233)
Net Cash Provided (Used) by Investing Activities	870,511	(767,304)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,841	540,874
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,068,572	527,698
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,070,413	\$ 1,068,572
 SUPPLEMENTAL NON-CASH INFORMATION:		
Right-of-use asset obtained in exchange for lease liability	\$ 17,498	\$ -

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, 2024

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, 2024

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 totaled \$666,280 at June 30, 2024. These are subject to rescission.

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, 2024

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 receivables balance at June 30, 2024 was \$192,733.

Deposits and Prepaid Expenses

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

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.

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, 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Operating Leases

Associated Students, Inc. recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. Associated Students, Inc. is a lessee in five noncancellable operating leases, (two of which qualify for recognition under ASC842), for office equipment. Associated Students, Inc. determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Associated Students, Inc. recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, use our incremental borrowing rate based on the information available at the commencement date for all leases. Associated Students, Inc.’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

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

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Leave Liability - continued

Employees holding Administrator (MPP) classified positions (e.g., Executive Director, other Director positions) 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, 2024, was \$406,321.

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 childcare, memberships, leases, and Campus endowment payouts designated for the next fiscal year.

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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 2024, 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, 2023, 2022, and 2021, are subject to examination by the IRS, generally for 3 years after they were filed.

Associated Students, Inc.'s Forms 109, *California Exempt Organization Return*, for each of the tax years ended June 30, 2023, 2022, 2021, and 2020, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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:

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- *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 receivables approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Associated Students, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2023 from which the summarized information was derived.

Reclassifications

There are no reclassified amounts in the comparative totals.

3. CASH AND CASH EQUIVALENTS

Cash consists of checking and savings accounts. At June 30, 2024, Associated Students, Inc.'s cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$1,070,413 had a corresponding carrying value balance with the bank of \$1,498,160 at June 30, 2024. The difference is related primarily to outstanding checks in the amount of \$428,797 and petty cash totaling \$1,050.

The majority of the savings account is invested in the California Polytechnic State University Trust (CSU Consolidated Investment Pool). Of this amount, \$2,248,603 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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

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, 2024, 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 in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Asset Backed Securities	\$ -	\$ 76,040	\$ -	\$ -	\$ 76,040
Certificates of Deposit	-	-	-	-	-
Commercial Paper	-	557,477	-	-	557,477
Corporate Bonds	-	3,172,070	-	-	3,172,070
Money Market Funds	-	-	-	-	-
Mortgage Backed Securities	-	1,024,718	-	-	1,024,718
Municipal Bonds	-	39,828	-	-	39,828
Short Term Investment Fund	-	-	-	159,503	159,503
Supranational	-	2,283	-	-	2,283
US Agency Securities	-	56,850	-	-	56,850
US Treasury Securities	-	3,374,238	-	-	3,374,238
Total Investments	<u>\$ -</u>	<u>\$ 8,303,504</u>	<u>\$ -</u>	<u>\$ 159,503</u>	<u>\$ 8,463,007</u>

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

	Amount
Investment income	<u>\$109,870</u>
Total investment return	<u>\$109,870</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

5. PROPERTY AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	June 30, 2024
Buildings & building improvements	\$ 3,676,769
Equipment, furniture and fixtures	2,744,419
	6,421,188
Less: accumulated depreciation	(4,960,094)
Total	\$ 1,461,094

Depreciation expense for the year ended June 30, 2024 was \$249,743.

6. RELATED PARTY TRANSACTIONS

Related party receivables consist of the following:

	June 30, 2024
California Polytechnic State University	\$ 462,104
Cal Poly Corporation	6,503
Total	\$ 468,607

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, 2024
California Polytechnic State University	\$ 311,163
Cal Poly Corporation	46,715
Total	\$ 357,878

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 and a new agreement was subsequently signed, covering the period through June 30, 2029. The fees for accounting services provided by Cal Poly Corporation will be adjusted by mutual agreement following the successful implementation of business processes that significantly reduce the cost of scope of related services provided by Cal Poly Corporation. 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>
2025	\$ 489,562
2026	475,408
2027	489,671
2028	504,361
2029	519,492
Total	<u>\$ 2,478,494</u>

Information Technology Services Agreement

On April 28, 2023, Associated Students, Inc., entered into an agreement with the University to provide information technology (IT) services to Associated Students, Inc., and the University Union, a related entity. This agreement was extended through June 30, 2026. 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>
2025	\$ 402,812
2026	<u>422,952</u>
Total	<u>\$ 825,764</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

7. COMMITMENTS

Leases

Associated Students, Inc. has operating leases for certain equipment. The leases have remaining lease terms of 1 to 5 years. As of June 30, 2024, assets recorded under operating leases were \$17,498, and accumulated depreciation associated with operating leases was \$3,350. The components of lease expense are summarized below. Associated Students, Inc. implemented ASC 842 as of July 1, 2022. As a result, only two years of data are presented.

The components of lease expense were as follows:

Year Ended June 30, 2024	Amount
Amortization of right-of-use assets	\$ 3,350
Interest on lease liabilities	<u>532</u>
Total operating lease cost	<u>\$ 3,882</u>

Supplemental Cash Flows Information

Cash paid for amounts included in the measurement of lease liabilities:

	Amount
Operating cash flows from operating leases	\$ 3,882
Operating cash flows from finance leases	\$ -

Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$ 17,498
Financing leases	\$ -

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

7. COMMITMENTS – Continued

Weighted Average Remaining Lease Term

Operating leases 3.5 years

Weighted Average Discount Rate

Operating leases 5.21%

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

Year Ended June 30,	Operating Leases
(Gains) and losses on sale-leaseback transactions, net	
2025	\$ 5,021
2026	5,021
2027	2,398
2028	2,159
2029	<u>899</u>
Total future minimum lease payments	15,498
Less imputed interest	<u>(1,350)</u>
Total	<u>\$ 14,148</u>

Reported as of June 30, 2024:

Operating lease liabilities	<u>\$ 14,148</u>
Total	<u>\$ 14,148</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

8. DEFERRED REVENUE

During the fiscal year ended June 30, 2024, Associated Students, Inc. collected advanced payments for various Associated Students, Inc. programs including enrollments in childcare, 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, 2024 for deferred revenue is as follows:

	<u>Amount</u>
Balance at June 30, 2023	\$ 220,113
Additions	19,951,955
Reductions	<u>(20,055,440)</u>
Balance at June 30, 2024	<u>\$ 116,628</u>

9. 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, 2024, no securities of Associated Students, Inc. or related parties are included in PERS assets.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. EMPLOYEE BENEFITS – Continued

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 6.80% per annum and varying projected salary increases based on duration of service and including a 2.30% for inflation factor.

The total active plan members' pension contribution for June 30, 2024 was \$568,875.

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, 2021.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. 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, 2021, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll
06/30/2019	27,883,071	21,031,547	6,851,524	75.4%	2,666,510
06/30/2020	29,612,407	22,145,643	7,466,764	74.8%	2,669,702
06/30/2021	32,395,820	27,840,457	4,555,363	85.9%	2,415,581

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, 2021, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll
06/30/2019	691,009	615,918	75,091	89.1%	315,941
06/30/2020	808,162	708,119	100,043	87.6%	318,471
06/30/2021	937,448	939,927	(2,479)	100.3%	281,645

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, 2021, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll
06/30/2019	700,495	635,437	65,058	90.7%	1,467,020
06/30/2020	969,530	869,851	99,679	89.7%	1,552,180
06/30/2021	1,321,593	1,390,045	(68,452)	105.2%	1,548,319

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

9. 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 Associated Students, Inc.) 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 Associated Students, Inc.), 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, 2024 is \$13,500,140.

Plan expense is as follows:

	<u>June 30, 2024</u>
Current Service Cost	\$ 308,188
Interest Cost	749,452
Expected return on plan assets	(1,214,101)
Amortization of net (gain) loss	<u>36,573</u>
Total	<u>\$ (119,888)</u>

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. EMPLOYEE BENEFITS - Continued

Post-Retirement Benefits Disclosure

Obligations and Funded Status at June 30, 2024 consists of the following:

Benefit obligation:

Amendments	N/A
Benefits paid	\$ 520,302
Benefit obligation at end of year	13,500,140

Plan assets

Employer contribution	520,302
Plan participants' contributions	-
Fair value of plan assets at end of year	21,045,742

Funded status

Funded status at end of year	7,545,602
Unrecognized net transition obligation	-
Unrecognized prior service costs	-
Unrecognized net actuarial (gain)/loss	(408,619)
Prepaid (accrued) benefit cost	7,136,983

Measurement date

June 30, 2024

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30, 2024

Discount rate	5.35%
Expected long-term return on plan assets	6.50%
Rate of compensation increase	N/A

Pre-Medicare initial health care cost trend rate 4.00%

Post-Medicare initial health care cost trend rate 4.00%

Expected retiree payments over the next 10 years:

2024/25	\$ 563,050
2025/26	601,770
2026/27	684,697
2027/28	715,255
2028/29	710,648
Thereafter – Next 5 years (2030/34)	4,198,842

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

10. FUNDS HELD FOR OTHERS

Funds held for others at year end were \$2,248,603 and are held in custody for student organizations and certain campus programs. (Note 3)

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.

Legal

The Associated Students, Inc. was 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 has been approved 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 during the 2021-22 fiscal year. The settlement payout occurred during the 2023-24 fiscal year.

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.

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

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, 2024 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, 2024.

	June 30, 2024
Financial assets:	
Cash and cash equivalents	\$ 1,070,413
Accounts and contract receivables	172,898
Other receivables	19,835
Related party receivables	468,607
Investments	<u>8,463,007</u>
Total financial assets	<u>\$ 10,194,760</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,194,760</u>

14. SUBSEQUENT EVENTS

Associated Students, Inc. has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through September 11, 2024, 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
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, 2024 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 11, 2024.

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 Associated Students, Inc., California Polytechnic State University, San Luis Obispo'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 Associated Students, Inc., California Polytechnic State University, San Luis Obispo'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 Associated Students, Inc., California Polytechnic State University, San Luis Obispo's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vorlein, Hays + Co.

Calabasas, California
September 11, 2024

SUPPLEMENTARY INFORMATION

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 300	\$ 300
Accounts receivable	4,184	2,739
Related party receivables	117,208	43,768
Deposits and prepaid expenses	126,307	64,822
Investments	2,806,662	2,484,870
Inventory	35,213	44,621
Operating lease asset	5,629	8,603
Property and equipment, net	<u>878,341</u>	<u>1,112,259</u>
Total assets	<u>\$ 3,973,844</u>	<u>\$ 3,761,982</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 338,277	\$ 292,226
Accrued payroll and related liabilities	403,666	370,579
Operating lease liability	5,629	3,763
Related party payables	327,810	247,695
Deferred revenue	<u>72,404</u>	<u>46,567</u>
Total liabilities	1,147,786	960,831
NET ASSETS		
Without donor restrictions	<u>2,826,058</u>	<u>2,801,152</u>
Total net assets	<u>2,826,058</u>	<u>2,801,152</u>
Total liabilities and net assets	<u>\$ 3,973,844</u>	<u>\$ 3,761,983</u>

UNIVERSITY UNION
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
REVENUES		
Operating revenue from student activity fees	\$10,451,255	\$10,356,526
Revenue from operations	928,866	964,640
Contributions and grants	404	275
Related party reimbursements	1,151,621	1,103,952
Investment income	33,337	7,021
Other income	389,405	24,173
Rental income	301,955	279,327
Special events, net of expense	307,403	213,047
Contract settlements	(88,333)	156,177
Total revenues	13,475,913	13,105,138
EXPENSES		
Personnel costs	7,886,422	7,587,401
Insurance	355,314	251,531
Utilities	1,069,502	1,213,293
Depreciation	203,826	200,638
Operation and maintenance of plant	1,642,021	1,268,406
Other program and service costs	2,293,922	1,398,435
Total expenses	13,451,007	11,919,704
CHANGE IN NET ASSETS	24,906	1,185,434
NET ASSETS - beginning of year	2,801,152	1,615,718
NET ASSETS - end of year	\$ 2,826,058	\$ 2,801,152

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF NET POSITION
JUNE 30, 2024

Assets:

Current assets:

Cash and cash equivalents	1,070,413
Short-term investments	8,463,007
Accounts receivable, net	661,340
Prepaid expenses and other current assets	402,409
Total current assets	<u>10,597,169</u>
Capital assets, net	1,475,242
Total noncurrent assets	<u>1,475,242</u>
Total assets	<u>12,072,411</u>

Liabilities:

Current liabilities:

Accounts payable	849,532
Accrued salaries and benefits	281,507
Accrued compensated absences, current portion	406,321
Unearned revenues	116,628
Lease liabilities, current portion	4,388
Depository accounts	2,248,603
Total current liabilities	<u>3,906,979</u>

Noncurrent liabilities:

Lease liabilities, net of current portion	9,760
Total noncurrent liabilities	<u>9,760</u>
Total liabilities	<u>3,916,739</u>

Net position:

Net investment in capital assets	1,461,094
Unrestricted	6,694,578
Total net position	<u>8,155,672</u>

**ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)**

Revenues:

Grants and contracts, noncapital:

Federal	32,536
State	417,676
Nongovernmental	941,667
Other operating revenues	21,350,270
Total operating revenues	22,742,149

Expenses:

Operating expenses:

Student services	16,127,152
Operation and maintenance of plant	5,832,125
Depreciation and amortization	253,093
Total operating expenses	22,212,370
Operating income (loss)	529,779

Nonoperating revenues (expenses):

Investment income (loss), net	109,870
Net nonoperating revenues (expenses)	109,870
Income (loss) before other revenues (expenses)	639,649

Increase (decrease) in net position	639,649
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Net position:

Net position at beginning of year, as previously reported	7,516,023
Net position at beginning of year, as restated	7,516,023
Net position at end of year	8,155,672

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, 2024
(CONTINUED)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents	\$	-
Current cash and cash equivalents		1,070,413
Total	\$	1,070,413

2.1 Composition of investments:

<u>Investment Type</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
CSU Consolidated Investment Pool (formerly SWIFT)	\$ 8,463,007	\$ -	\$ 8,463,007
Total investments	\$ 8,463,007	\$ -	\$ 8,463,007
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 8,463,007	\$ -	\$ 8,463,007

2.2 Fair value hierarchy in investments:

<u>Investment Type</u>	<u>Total</u>	<u>Net Asset Value (NAV)</u>
CSU Consolidated Investment Pool (formerly SWIFT)	\$ 8,463,007	\$ 8,463,007
Total other investments:	-	-
Total investments	\$ 8,463,007	\$ 8,463,007

2.3 Investments held by the University under contractual agreements:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	\$ 8,463,007		\$ 8,463,007

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, 2024
(CONTINUED)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:								
Construction work in progress (CWIP)	\$ 92,413	\$ -	\$ (80,889)	\$ 11,524	\$ -	\$ -	\$ (11,524)	\$ -
Total non-depreciable/non-amortizable capital assets	92,413	-	(80,889)	11,524	-	-	(11,524)	-
Depreciable/Amortizable capital assets:								
Buildings and building improvements	3,458,630			3,458,630	207,059	(444)	11,524	3,676,769
Personal property:								
Equipment	2,763,437			2,763,437	77,100	(96,118)		2,744,419
Total depreciable/amortizable capital assets	6,222,067	-	-	6,222,067	284,159	(96,562)	11,524	6,421,188
Total capital assets	6,314,480	-	(80,889)	6,233,591	284,159	(96,562)	-	6,421,188
Less accumulated depreciation/amortization:								
Buildings and building improvements	(2,551,531)	(1,921)		(2,553,452)	(92,777)	444		(2,645,785)
Personal property:								
Equipment	(2,253,461)			(2,253,461)	(156,966)	96,118		(2,314,309)
Total accumulated depreciation/amortization	(4,804,992)	(1,921)	-	(4,806,913)	(249,743)	96,562	-	(4,960,094)
Total capital assets, net excluding ROU assets	\$ 1,509,488	\$ (1,921)	\$ (80,889)	\$ 1,426,678	\$ 34,416	\$ -	\$ -	\$ 1,461,094

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, 2024
(CONTINUED)

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable lease assets:							
Personal property:							
Equipment	\$ 13,332	\$ (13,332)	\$ -	\$ 17,498			\$ 17,498
Total depreciable/amortizable lease assets	13,332	(13,332)	-	17,498	-	-	17,498
Less accumulated depreciation/amortization:							
Personal property:							
Equipment	(7,780)	7,780	-	(3,350)			(3,350)
Total accumulated depreciation/amortization	(7,780)	7,780	—	(3,350)	—	—	(3,350)
Total capital assets - lease ROU, net	\$ 5,552	\$ (5,552)	\$ -	\$ 14,148	\$ -	\$ -	\$ 14,148
Total capital assets, net including ROU assets							\$ 1,475,242

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 249,743
Amortization expense - Leases ROU	3,350
Total depreciation and amortization	\$ 253,093

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, 2024
(CONTINUED)

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 384,388	\$ -	\$ 384,388	\$ 292,745	\$ (270,812)	\$ 406,321	\$ 406,321	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Long-term debt obligations:								
Sub-total long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	\$ 5,552	\$ (5,552)	\$ 14,148	\$ -	\$ -	\$ 14,148	\$ 4,388	\$ 9,760
Total Lease, SBITA, P3 liabilities	\$ 5,552	\$ (5,552)	\$ 14,148	\$ -	\$ -	\$ 14,148	\$ 4,388	\$ 9,760
Total long-term liabilities						\$ 420,469	\$ 410,709	\$ 9,760

5 Future minimum payments schedule - leases, SBITA, P3:

Year ending June 30:	Lease Liabilities			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2025	4,388	633	5,021	4,388	633	5,021
2026	4,624	396	5,020	4,624	396	5,020
2027	2,191	206	2,397	2,191	206	2,397
2028	2,056	103	2,159	2,056	103	2,159
2029	889	12	901	889	12	901
Total minimum lease payments	\$ 14,148	1,350	15,498	14,148	1,350	15,498
Less: amounts representing interest						(1,350)
Present value of future minimum lease payments						14,148
Total Leases, SBITA, P3 liabilities						14,148
Less: current portion						(4,388)
Leases, SBITA, P3 liabilities, net of current portion						\$ 9,760

ASSOCIATED STUDENTS, INC.
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

6 Future minimum payments schedule - Long-term debt obligations:

Nothing to report.

7 Transactions with related entities:

Payments to University for other than salaries of University personnel	\$	3,689,235
Payments received from University for services, space, and programs		1,365,169
Accounts (payable to) University		(311,163)
Accounts receivable from University		462,104

8 Restatements

Nothing to report.

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Supplies and other services	Depreciation and amortization	Total operating expenses
Student services	\$ 5,558,464	\$ 947,182	\$ 1,081,249	\$ 504,382	\$ 8,039,225		\$ 16,130,502
Operation and maintenance of plant	2,262,191	625,563	185,594	-	2,758,777		5,832,125
Depreciation and amortization						249,743	249,743
Total operating expenses	\$ 7,820,655	\$ 1,572,745	\$ 1,266,843	\$ 504,382	\$ 10,798,002	\$ 249,743	\$ 22,212,370

Type of Pension Plan: **Defined Benefit Plan**

10 Deferred outflows/inflows of resources:

Nothing to report.

11 Other nonoperating revenues (expenses)

Nothing to report.