



**BRONCO STUDENT CENTER
(A COMPONENT UNIT OF
ASSOCIATED STUDENTS, INC.),
CALIFORNIA STATE POLYTECHNIC
UNIVERSITY, POMONA**

**Financial Statements and Supplemental
Schedules for the Year Ended June 30, 2009
and Independent Auditors' Report**



**BRONCO STUDENT CENTER
(A COMPONENT UNIT OF ASSOCIATED STUDENTS, INC.)
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**

June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows.....	4
NOTES TO FINANCIAL STATEMENTS	5-11
SUPPLEMENTARY INFORMATION	
Expenses by Natural Classification.....	12

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bronco Student Center (Student Center)
(A Component Unit of Associate Students, Inc.)
California State Polytechnic University, Pomona
Pomona, California

We have audited the accompanying statement of financial position of Bronco Student Center, a component unit of Associated Students, Inc., California State Polytechnic University, Pomona, (Student Center) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Student Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Student Center's 2008 financial statements and, in our report dated September 2, 2008, we expressed an unqualified opinion on those financial statements. As stated in Note 8, the balance of net assets was restated to conform with generally accepted accounting principals.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Student Center as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule included on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the Student Center's management. This supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the Student Center's financials statement taken as a whole.

VICENTI, LLOYD & STUTZMAN^{LLP}

September 3, 2009



BRONCO STUDENT CENTER
(A COMPONENT UNIT OF ASSOCIATED STUDENTS, INC.)
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

STATEMENT OF FINANCIAL POSITION

June 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents		
On hand and in bank	\$ 150,206	\$ 68,734
Savings accounts	1,688	1,122
Investments in money funds	<u>1,969,448</u>	<u>1,953,942</u>
Total cash and cash equivalents	2,121,342	2,023,798
Receivables		
Accounts receivables, net of allowance for doubtful accounts of \$7,088 in 2009 and \$6,738 in 2008	35,343	48,292
California State Polytechnic University, Pomona	<u>75,018</u>	<u>10,820</u>
Total accounts receivable	110,361	59,112
Property, plant and equipment, net of accumulated depreciation and amortization	<u>163,225</u>	<u>214,310</u>
Total assets	<u>\$ 2,394,928</u>	<u>\$ 2,297,220</u>
LIABILITIES		
Accounts payable	\$ 142,316	\$ 111,357
Accrued liabilities	101,370	58,119
Due to (from) interfund activities	(198,910)	(104,893)
Capital lease obligation	1,842	20,962
Postretirement benefit payable	<u>1,517,228</u>	<u>1,212,665</u>
Total liabilities	1,563,846	1,298,210
NET ASSETS		
Unrestricted net assets		
Designated		
Undesignated	<u>831,082</u>	<u>999,010</u>
Total net assets	831,082	999,010
Total liabilities and net assets	<u>\$ 2,394,928</u>	<u>\$ 2,297,220</u>

See accompanying auditors' report and notes to financial statements.

BRONCO STUDENT CENTER
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CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
REVENUES		
Student center fees	\$ 2,998,000	\$2,759,600
Cultural affairs	0	17,766
Student services	486,310	567,917
Rental income	335,493	373,211
Interest income	59,936	120,660
Other income, net	<u>21,949</u>	<u>11,124</u>
Total revenues	<u>3,901,688</u>	<u>3,850,278</u>
EXPENSES		
Programs:		
Cultural affairs	270,817	225,697
Student services	942,608	982,739
Student government	20,031	13,139
Rental expenses	343,388	310,136
General and administrative	<u>2,376,030</u>	<u>2,361,420</u>
Total expenses	<u>3,952,874</u>	<u>3,893,131</u>
Change in net assets before other changes	(51,186)	(42,853)
Other changes - Postretirement-related changes other than net periodic benefit cost	<u>(30,799)</u>	<u>-</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(81,985)</u>	<u>(42,853)</u>
NET ASSETS - beginning of year as originally stated	999,010	1,041,863
Adjustment for restatement (see note 8)	<u>(85,943)</u>	<u>-</u>
NET ASSETS - beginning of year as restated	<u>913,067</u>	<u>1,041,863</u>
NET ASSETS - end of year	<u>\$ 831,082</u>	<u>\$ 999,010</u>

See accompanying auditors' report and notes to financial statements.

BRONCO STUDENT CENTER
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CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (81,985)	\$ (42,853)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,719	122,529
Loss of disposition of assets	-	1,286
(Increase) decrease in operating assets:		
Accounts receivable, net	(51,249)	139,012
Prepaid assets	-	-
(Decrease) increase in operating liabilities:		
Accounts payable	30,959	(17,706)
Accrued liabilities	43,251	(17,812)
Postretirement benefit payable	218,620	-
Other liabilities	(94,017)	148,329
Net cash provided by operating activities	<u>140,298</u>	<u>332,785</u>
CASH FLOWS from INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(23,634)</u>	<u>(6,000)</u>
Net cash used by investing activities	(23,634)	(6,000)
CASH FLOWS from FINANCING ACTIVITIES:		
Repayment of long-term debt	<u>(19,120)</u>	<u>(17,092)</u>
Net cash used by financing activities	(19,120)	(17,092)
Net increase in cash and cash equivalents	97,544	309,693
Cash and cash equivalents at the beginning of the year	<u>2,023,798</u>	<u>1,714,105</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,121,342</u>	<u>\$ 2,023,798</u>
CASH PAID FOR INTEREST	<u>\$ 1,394</u>	<u>\$ 3,422</u>

See accompanying auditors' report and notes to financial statements.

**BRONCO STUDENT CENTER
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CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - ORGANIZATION:

The Bronco Student Center (Student Center), is a component of Associated Students, Inc. (ASI), a California public benefit corporation which is an auxiliary organization to California State Polytechnic University, Pomona (University). The purpose of the Student Center is to provide a facility that offers programs, services and activities that benefit students and the University Community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of Student Center's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basic Presentation

The financial statements of the Bronco Student Center have been presented in accordance with the Auditing and Accounting Guide for Not-For-Profit Organizations issued by the American Institute of Certified Public Accountants. The guide states that net assets and revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions. As of June 30, 2009, the Bronco Student Center did not have any restricted net assets. Accordingly, net assets of the Student Center and changes therein are classified as unrestricted net assets.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Related Investments

Cash equivalents consists of investments in the State of California's Local Agency Investment Fund (LAIF) and state investment pools with purchase maturities of 201 days or less. The Bronco Student Center is exposed to credit loss for the amount of cash in the event of nonperformance by LAIF and the state investment pools. However, management of the Bronco Student Center does not anticipate nonperformance by LAIF or the state investment pools. In accordance with the Student Center's cash management policy, all excess cash is invested in LAIF or state investment pools.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Property

Legal title to the Bronco Student Center building is retained by the Board of Trustees of the California State University. Accordingly, the related assets and liabilities are excluded from the Student Center's financial statements.

Equipment is stated at cost, if purchased, or at fair value, as of the date of receipt if donated. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter. Capital lease amortization is included with depreciation expense in the Statement of Activities.

Functional Expenses

The costs of providing various programs and other activities of the Bronco Student Center have been summarized on a functional basis in the Statement of Activities. It is the Student Center's policy to classify expenses that benefit more than one activity as general and administrative.

Income Taxes

The Bronco Student Center, a component of ASI, is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California statutes.

Comparative Totals and Reclassifications

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Student Center's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

**BRONCO STUDENT CENTER
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 CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 3 - RETURN OF SURPLUS REVENUE FUNDS:

Full-time and part-time students of California State Polytechnic University, Pomona are required to pay a fee to service debt related to the construction and operation of the Bronco Student Center building. The fees, collected by the University Accounting Office, are deposited in the California State Treasury.

The California State University Board of Trustees have the right to first call on these funds for revenue bond debt service requirements and for repairs and replacements of plant assets. The remaining funds are available for use in operating the Student Center for the benefit of the students. The transfer of student fees is recorded as revenue in the year in which the fees are remitted to the Student Center. For the year ended June 30, 2009, the fees totaled \$2,998,000.

NOTE 4 - PROPERTY:

The following is a summary of property as of June 30, 2009:

Leasehold improvements	\$ 459,890
EMS equipment	169,000
Other	243,693
Capital leases	<u>151,507</u>
	1,024,090
Less: accumulated depreciation and amortization	<u>(860,865)</u>
	<u>\$ 163,225</u>

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 CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 5 - RELATED PARTY TRANSACTIONS:

The Bronco Student Center, ASI and the University provide various services for each other and such services are appropriately billed. At June 30, 2008, receivables due from the University are \$75,018 and accounts payable to the University at June 30, 2008 were \$75,679.

ASI currently leases a total of 123,803 square feet of space for Bronco Student Center activity as provided in a master operating agreement between the Trustees of the California State University and ASI. In May 1999, ASI entered into an agreement to transfer its right to use certain leased space in the Bronco Student Center building to the University for \$400,000. Under this agreement, ASI also agreed to provide maintenance and repair services over a period not to exceed 18 months and roof and HVAC maintenance over an indefinite period. The projected maintenance and repair services of approximately \$36,082 are included in accounts payable and are based on a 40 year useful life of the building.

NOTE 6 - CAPITAL LEASE OBLIGATION:

The following is a schedule of minimum lease payments for the years ended June 30:

2010	\$ <u>1,861</u>
	1,861
Less: interest expense	<u>(19)</u>
	<u>\$ 1,842</u>

NOTE 6 - PENSION PLAN:

The Bronco Student Center, through ASI participates in a multi-employer defined benefit plan through the Public Employees' Retirement System plan ("PERS") which covers substantially all regular full-time employees of Student Center. PERS acts as a common investment and administrative agent for participating public entities within the State of California. ASI's policy is to fund pension costs as accrued. Total contributions by BSC for 2008-09 were \$65,397 and are estimated at \$71,784 for 2009-10.

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 CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 7 - POST-RETIREMENT HEALTH BENEFIT PLAN:

In addition to providing pension benefits, the BSC, through the ASI, sponsors a defined benefit post-retirement medical plan. Employees are eligible for certain medical benefits under the plan if they meet certain age and service requirements at the time of retirement. BSC accrues its share of actuarially determined costs ratably to the date an employee becomes eligible for such benefits.

The following table summarizes the ASI's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position:

Obligations and Funded Status at June 30

	<u>2009</u>
Change in benefit obligation	
Benefit obligation at beginning of year	\$2,288,048
Service Cost	158,272
Interest Cost	135,684
Amendments	N/A
Actuarial loss	333,004
Acquisition	
Benefits paid	<u>(78,305)</u>
Benefit Obligation at end of year	<u>\$2,836,703</u>
Change in plan assets	
Fair value of plan assets at beginning of year	0
Actual return on plan assets	0
Acquisition	N/A
Employer contribution	0
Plan participants' contributions	0
Benefits paid	0
Fair value of plan assets at end of year	0
Funded Status	
Benefit Obligation at June 30	\$2,836,703
Unrecognized net transition obligation	156,664
Unrecognized prior service cost	0
Unrecognized net actuarial (gain)/loss	1,706,545
Prepaid (accrued) benefit cost	973,494
Measurement date	06/30/2009
Funded status at end of year	(2,836,703)

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NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 7 - POST-RETIREMENT HEALTH BENEFIT PLAN: (continued)

	2009
Net Periodic Benefit Cost	
Service Cost	\$ 158,272
Interest Cost	135,684
Expected return on plan assets	0
Amortization of transition obligation	8,699
Amortization of prior service cost (benefit)	0
Amortization of net (gain) loss	<u>73,880</u>
Net periodic benefit cost	<u>\$ 376,535</u>
Other Changes in Postretirement Benefit Obligation Recognized in Changes to Unrestricted Net Assets	
Actuarial loss (gain) arising from experience being different than what was assumed in an earlier valuation or assumption changes:	<u>\$ 57,579</u>
Assumptions	
Weighted-average assumption used to determine benefit obligations at June 30	
Discount rate	6.00%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A
Health care cost trend rate assumed for next year	10.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%
Year that the rate reaches the ultimate trend rate	3 yrs

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NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 7 - POST-RETIREMENT HEALTH BENEFIT PLAN: (continued)

The ASI does not expect to contribute any funds to the plan during the next fiscal year. The following is a projection of expected future benefit payments under the plan:

Fiscal Year Ending in:	Expected Future Benefit Payments
2010	\$ 95,000
2011	108,000
2012	139,000
2013	143,000
2014	162,000
2015	177,000
2016	189,000
2017	188,000
2018	210,000
2019	233,000

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2008-09 fiscal year:

Transition Obligation	\$ 8,699
Prior Service Cost (Credit)	0
Actuarial Loss (Gain)	<u>76,967</u>
Total	<u>\$85,666</u>

Management has allocated \$193,708 of the current year net periodic benefit cost to the BSC and the portion of the postretirement benefit payable allocated to BSC was determined to be \$1,517,228.

NOTE 8 – NET ASSET RESTATEMENT:

The balance of net assets was restated to recognize the portion of the net periodic post-retirement benefit cost and related liability not previously accrued.

SUPPLEMENTARY INFORMATION

BRONCO STUDENT CENTER
(A COMPONENT UNIT OF ASSOCIATED STUDENTS, INC.)
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

EXPENSES BY NATURAL CLASSIFICATION
For the Year Ended June 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
EXPENSES		
Salaries and wages	\$ 1,848,564	\$ 1,729,198
Staff benefits	529,524	339,840
Depreciation and amortization	74,719	122,529
Loss of disposal of assets		1,286
Other operating expenses		
Administration staff support	36,773	21,554
BSC programs	61,610	40,904
BSC student services	423,329	470,125
Communications	28,066	26,112
Computer	32,092	36,008
Conference center	12,808	9,528
Director's, chairperson's and board's expenses	14,218	10,605
Dues and subscriptions	2,972	3,155
Energy management system	14,526	14,943
Equipment rental	6,355	5,052
Insurance	30,747	29,480
Interest	14,965	12,117
Legal, audit and professional services	22,660	234,564
Miscellaneous	31,850	116,745
Moving and relocation	1,430	23,934
Non-capital equipment less than \$5,000	41,375	69,569
Office operations	24,652	20,652
Printing and advertising	32,323	40,163
Public relations	74,875	73,565
Repairs and maintenance	7,960	5,724
Special capital expenditures	149,348	34,916
Scholarships	10,278	8,868
Structure repairs and maintenance	99,722	108,214
Supplies and services	76,483	61,234
Utilities	248,650	222,547
Total expenses	<u>\$ 3,952,874</u>	<u>\$ 3,893,131</u>

See accompanying auditors' report and notes to financial statements.