

**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, 2012
and Independent Auditor's Report**

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

June 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows.....	4
NOTES TO FINANCIAL STATEMENTS	5-12
SUPPLEMENTARY INFORMATION	
Expenses by Natural Classification.....	13



INDEPENDENT AUDITOR'S 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, 2012, 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 2011 financial statements and, in our report dated September 9, 2011, we expressed an unqualified opinion on those financial statements.

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 provides 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, 2012, 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 financial statements as a whole. The accompanying supplementary schedule on page 13 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Student Center's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

September 20, 2012

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

STATEMENT OF FINANCIAL POSITION

June 30, 2012

(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents (note 2)		
On hand and in bank	\$ 274,598	\$ 130,441
Savings accounts	1,125	1,125
Investments in money funds	3,007,623	2,772,211
Total cash and cash equivalents	<u>3,283,346</u>	<u>2,903,777</u>
Receivables		
Accounts receivable, net of allowance for doubtful accounts of \$11,428 in 2012 and \$4,291 in 2011	60,347	74,527
California State Polytechnic University, Pomona (note 6)	<u>328</u>	<u>16,801</u>
Total accounts receivable	<u>60,675</u>	<u>91,328</u>
Prepaid expenses and other assets	245,230	230,883
Property, plant and equipment, net of accumulated depreciation and amortization (note 5)	<u>194,617</u>	<u>405,072</u>
Total assets	<u>\$ 3,783,868</u>	<u>\$ 3,631,060</u>
LIABILITIES		
Accounts payable	\$ 83,776	\$ 103,768
Due from California State Polytechnic University, Pomona (note 6)	82,815	195,277
Accrued liabilities	213,376	149,594
Due from interfund activities	(118,308)	(40,651)
Postretirement benefit payable (note 8)	<u>1,810,315</u>	<u>1,730,647</u>
Total liabilities	<u>2,071,974</u>	<u>2,138,635</u>
NET ASSETS		
Unrestricted net assets		
Undesignated (note 2)	<u>1,711,894</u>	<u>1,492,425</u>
Total net assets	<u>1,711,894</u>	<u>1,492,425</u>
Total liabilities and net assets	<u>\$ 3,783,868</u>	<u>\$ 3,631,060</u>

See accompanying independent auditor's report and notes to financial statements.

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
REVENUES		
Student center fees (note 4)	\$ 3,151,939	\$2,935,000
Cultural affairs		
Student services	176,337	198,183
Rental income	331,748	357,936
Interest income	24,995	14,637
Other income, net	<u>51,647</u>	<u>10,373</u>
Total revenues	<u>3,736,666</u>	<u>3,516,129</u>
EXPENSES		
Programs:		
Cultural affairs	225,578	218,056
Student services	565,610	560,031
Student government	16,740	13,829
Rental expenses	310,693	284,522
General and administrative	<u>2,454,300</u>	<u>2,101,141</u>
Total expenses	<u>3,572,921</u>	<u>3,177,579</u>
Change in net assets before other changes	163,745	338,550
Other changes - Postretirement-related changes other than net periodic benefit cost	<u>55,724</u>	<u>46,300</u>
CHANGE IN UNRESTRICTED NET ASSETS	219,469	384,850
NET ASSETS - beginning of year	<u>1,492,425</u>	<u>1,107,575</u>
NET ASSETS - end of year	<u>\$ 1,711,894</u>	<u>\$1,492,425</u>

See accompanying independent auditor's report and notes to financial statements.

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

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012**

(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 219,469	\$ 384,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	68,920	91,118
(Increase) decrease in operating assets:		
Accounts receivable, net	30,653	(21,535)
Prepaid and other assets	(14,347)	(94,730)
(Decrease) increase in operating liabilities:		
Accounts payable	(19,992)	180,423
Accrued liabilities	63,782	5,287
Postretirement benefit payable	79,668	64,735
Other liabilities	<u>(77,657)</u>	<u>344,840</u>
Net cash provided by operating activities	350,496	954,988
CASH FLOWS from INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(85,895)	(76,306)
Write-off of construction in progress	<u>227,430</u>	<u> </u>
Net cash provided (used) by investing activities	141,535	(76,306)
Net increase in cash and cash equivalents	492,031	878,682
Cash and cash equivalents at the beginning of the year	<u>2,903,777</u>	<u>2,025,095</u>
Cash and cash equivalents at the end of the year	<u>\$ 3,395,808</u>	<u>\$ 2,903,777</u>

See accompanying independent auditor's report and notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 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, 2012, the 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 consist 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 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 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on the length of time the receivable has been outstanding. It is ASI's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property, Plant and Equipment

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

ASI capitalizes all furniture, equipment or improvements with a normal useful life of at least one year and costing \$5,000 or more at cost if purchased, or at fair value as of the date of receipt, if donated. 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.

Functional Expenses

The costs of providing various programs and other activities of the 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 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. Accordingly, no income tax provision has been recorded.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

Income Taxes (continued)

The Student Center has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Student Center's continued qualification as a tax-exempt organization and whether there is unrelated business income activity conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Student Center files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Subsequent Events

The Student Center has evaluated subsequent events through September 20, 2012, which is the date the financials were available to be issued. There were no subsequent events requiring recognition as of September 20, 2012.

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, 2011, from which the summarized information was derived.

Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 3 - CONCENTRATION OF CREDIT RISK – CASH:

The Student Center's cash balances are exposed to credit risk for amounts exceeding federally insured limits of \$250,000 in the event of nonperformance by the financial institution. The Student Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. There were no amounts uninsured at June 30, 2012.

NOTE 4 - 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 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, 2012, the fees totaled \$3,151,939.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT:

The following is a summary of property, plant and equipment as of June 30, 2012:

Leasehold improvements	\$ 622,430
EMS equipment	169,000
Other equipment	<u>488,953</u>
	1,280,383
Less: accumulated depreciation and amortization	<u>(1,085,766)</u>
	\$ <u>194,617</u>

Depreciation expense for the fiscal year ending June 30, 2012 was \$68,920.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 3 - CONCENTRATION OF CREDIT RISK – CASH:

The Student Center's cash balances are exposed to credit risk for amounts exceeding federally insured limits (\$250,000) in the event of nonperformance by the financial institution. The Student Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. There was no amount uninsured at June 30, 2012.

NOTE 4 - 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 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, 2012, the fees totaled \$3,151,939.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT:

The following is a summary of property, plant and equipment as of June 30, 2012:

Leasehold improvements	\$ 622,430
EMS equipment	169,000
Other equipment	<u>488,953</u>
	1,280,383
Less: accumulated depreciation and amortization	<u>(1,085,766)</u>
	\$ <u>194,617</u>

Depreciation expense for the fiscal year ending June 30, 2012 was \$68,920.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 6 - RELATED PARTY TRANSACTIONS:

The Student Center, ASI and the University provide various services for each other and such services are appropriately billed. At June 30, 2012, accounts receivable due from the University and accounts payable due to the University were \$328 and \$82,815, respectively.

ASI currently leases a total of 129,034 square feet of space for Student Center activity as provided in a master operating agreement between the California State University Board of Trustees and ASI. In May 1999, ASI entered into an agreement to transfer its right to use certain leased spaced in the Student Center to the University for \$400,000. ASI also agreed to maintain the cost of HVAC and roof maintenance.

NOTE 7 - PENSION PLAN:

The 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 the Student Center for fiscal year 2011-12 were \$42,013 and are estimated at \$51,448 for fiscal year 2012-13.

NOTE 8 - POSTRETIREMENT HEALTH BENEFIT PLAN:

In addition to providing pension benefits, the Student Center, through the ASI, sponsors a defined benefit postretirement 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. The Student Center accrues its share of actuarially determined costs ratably from the date an employee becomes eligible for such benefits.

The tables in the pages that follow set forth further information about the ASI's postretirement benefit plans.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 8 - POSTRETIREMENT HEALTH BENEFIT PLAN: (continued)

	2012
Plan obligations and funded status	
Projected benefit obligation at June 30	\$ (3,355,517)
Plan assets at fair value at June 30	-
Funded status at end of year	<u>\$ (3,355,517)</u>
Employer contributions	-
Plan participants' contributions	-
Benefits paid	\$ 165,000
Amounts recognized in the statement of financial position at June 30 consist of:	
	2012
Postretirement benefit payable	<u>\$ 3,355,517</u>
Amounts recognized in the statement of activities at June 30 consist of:	
	2012
Actuarial gain	\$ (84,174)
Transition obligation	(8,699)
Total postretirement-related changes other than net periodic benefit cost	(92,873)
Net periodic benefit cost	385,488
Total amount recognized in the statement of activities	<u>\$ 292,615</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 8 - POSTRETIREMENT HEALTH BENEFIT PLAN: (continued)

Other changes in plan assets and benefit obligations previously recognized in changes in unrestricted net assets:

	2012
Actuarial loss	\$ 1,465,909
Transition obligation	130,567
Amounts previously recognized in unrestricted net assets, not yet recognized as periodic benefit cost at June 30	\$ 1,596,476

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit costs over the 2012-13 fiscal year:

Net actuarial loss	\$ 84,174
Transition obligation	8,699

Weighted-average assumption used to determine benefit obligations as June 30, 2012:

Discount rate	6.00%
Expected long-term return on plan assets	N/A
Rate of compensation	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 years

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 8 - POSTRETIREMENT 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:

<u>Fiscal Year</u> <u>Ending</u>	<u>Expected Future</u> <u>Benefit Payments</u>
2013	\$ 159,000
2014	166,000
2015	176,000
2016	176,000
2017	187,000
2018	203,000
2019	201,000
2020	207,000
2021	212,000

Management has allocated \$181,846 of the current year net periodic benefit cost to the Student Center and the portion of the postretirement benefit payable allocated to the Student Center was determined to be \$1,810,315.

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, 2012

(With Comparative Totals for 2011)

	2012	2011
EXPENSES		
Salaries and wages	\$ 1,624,255	\$ 1,599,481
Staff benefits	552,569	480,751
Depreciation and amortization	68,920	91,118
Other operating expenses:		
Administration staff support	15,128	18,121
BSC programs	59,284	44,221
BSC student services	92,975	77,658
Communications	57,249	64,293
Computer	25,032	28,335
Conference center	3,387	5,482
Director's, chairperson's and board's expenses	12,490	11,787
Dues and subscriptions	4,095	2,212
Energy management system	12,305	7,117
Equipment rental	8,209	4,799
Insurance	52,026	35,219
Interest	7,538	13,827
Legal, audit and professional services	340,804	24,881
Miscellaneous	48,690	45,626
Moving and relocation	1,824	3,026
Non-capital equipment less than \$5,000	18,805	40,254
Office operations	17,496	24,858
Printing and advertising	35,526	26,319
Public relations	49,097	71,945
Repairs and maintenance	5,242	4,750
Special capital expenditures	36,278	16,144
Scholarships	10,712	10,310
Structure repairs and maintenance	84,239	93,943
Supplies and services	43,318	42,653
Utilities	285,428	288,449
Total expenses	\$ 3,572,921	\$ 3,177,579

See accompanying independent auditor's report and notes to financial statements.