

Associated Students, Inc., California State Polytechnic University, Pomona

Financial Statements and Supplemental Information

Year Ended June 30, 2020



ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Financial Statements and Supplemental Information
Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students, Inc., California State Polytechnic University, Pomona

We have audited the accompanying financial statements of the Associated Students, Inc., California State Polytechnic University, Pomona, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students, Inc., California State Polytechnic University, Pomona as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 21-32 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Associated Students, Inc., California State Polytechnic University, Pomona has adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* & ASU 2017-17, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs*. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As described in Note 10 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Aldrich CPAs + Advisors LLP

San Diego, California
September 10, 2020

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Statement of Financial Position**

June 30, 2020

| ASSETS | <u>ASI & Club Funds</u> | <u>Instructionally Related Activities Fund</u> | <u>Facilities & Operations Fund</u> | <u>Total</u> |
|--|---------------------------------|--|---|----------------------|
| Cash | \$ 483,016 | \$ 129,637 | \$ 206,162 | \$ 818,815 |
| Investments | 8,216,431 | - | 18,401,943 | 26,618,374 |
| Accounts Receivable | 1,230,620 | - | 99,068 | 1,329,688 |
| Accounts Receivable - Related Party | 134,742 | 21,592 | 8,274 | 164,608 |
| Prepaid Expenses and Other Assets | 18,025 | - | 19,228 | 37,253 |
| Property and Equipment, net of accumulated depreciation | 14,557 | - | 1,218,856 | 1,233,413 |
| Total Assets | <u>\$ 10,097,391</u> | <u>\$ 151,229</u> | <u>\$ 19,953,531</u> | <u>\$ 30,202,151</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 41,295 | \$ 4,481 | \$ 146,911 | \$ 192,687 |
| Accounts Payable - Related Party | 1,097 | 3,951 | 148,178 | 153,226 |
| Accrued Expenses | 90,607 | 25,022 | 575,738 | 691,367 |
| Funds Held for Others | - | 99,875 | - | 99,875 |
| Due to (from) Interfund Activities | 271,411 | 17,900 | (289,311) | - |
| Unfunded Pension Liability | 336,498 | - | 1,891,614 | 2,228,112 |
| Postretirement Benefit Payable | 2,089,677 | - | 3,409,475 | 5,499,152 |
| Total Liabilities | 2,830,585 | 151,229 | 5,882,605 | 8,864,419 |
| NET ASSETS | | | | |
| Net Assets, Without Donor Restrictions: | | | | |
| Reserves | 4,206,920 | - | 4,855,618 | 9,062,538 |
| Designated | 3,059,886 | - | - | 3,059,886 |
| Undesignated | - | - | 9,215,308 | 9,215,308 |
| Total Net Assets | <u>7,266,806</u> | <u>-</u> | <u>14,070,926</u> | <u>21,337,732</u> |
| Total Liabilities and Net Assets | <u>\$ 10,097,391</u> | <u>\$ 151,229</u> | <u>\$ 19,953,531</u> | <u>\$ 30,202,151</u> |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Statement of Activities**

Year Ended June 30, 2020

| | ASI & Club Funds | Facilities & Operations Fund | Total |
|--|---------------------|------------------------------------|----------------------|
| REVENUES | | | |
| Student Activity Fees | \$ 3,346,191 | \$ 14,628,000 | \$ 17,974,191 |
| Program: | | | |
| Club fundraising | 533,938 | - | 533,938 |
| BRIC program fees | - | 150,199 | 150,199 |
| Student services | 23,759 | 124,620 | 148,379 |
| Academic programs and cultural affairs | 17,282 | - | 17,282 |
| Rental Income | - | 270,052 | 270,052 |
| Administrative Fees | - | 140,000 | 140,000 |
| Other Income | 159 | 26,860 | 27,019 |
| Total Revenues | <u>3,921,329</u> | <u>15,339,731</u> | <u>19,261,060</u> |
| EXPENSES | | | |
| Programs: | | | |
| BRIC | - | 4,449,415 | 4,449,415 |
| Clubs and organizations | 1,111,087 | - | 1,111,087 |
| Student Center | - | 2,626,411 | 2,626,411 |
| Children's Center | 500,558 | - | 500,558 |
| Athletics | 36,658 | - | 36,658 |
| Total Programs | <u>1,648,303</u> | <u>7,075,826</u> | <u>8,724,129</u> |
| Supporting Services - Management and General: | | | |
| Rental expenses | - | 620,122 | 620,122 |
| General and administrative | 273,450 | 4,455,918 | 4,729,368 |
| Total Expenses | <u>1,921,753</u> | <u>12,151,866</u> | <u>14,073,619</u> |
| Change in Net Assets from Operations - Without Donor Restrictions | 1,999,576 | 3,187,865 | 5,187,441 |
| Non-operating Income (Expense) | | | |
| Pension and Postretirement Related Changes Other than Service Costs | (116,131) | (255,356) | (371,487) |
| Interest Income | 168,570 | 470,237 | 638,807 |
| Total Non-Operating Income (Expense) | <u>52,439</u> | <u>214,881</u> | <u>267,320</u> |
| Change in Net Assets Without Donor Restrictions | 2,052,015 | 3,402,746 | 5,454,761 |
| Net Assets, Without Donor Restrictions, beginning | <u>5,214,791</u> | <u>10,668,180</u> | <u>15,882,971</u> |
| Net Assets, Without Donor Restrictions, ending | <u>\$ 7,266,806</u> | <u>\$ 14,070,926</u> | <u>\$ 21,337,732</u> |

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Functional Expenses

Year Ended June 30, 2020

| | Program Services | | | | | Total Program | Supporting Services | | Total |
|--|---------------------|----------------------------|---------------------|----------------------|------------------|---------------------|---------------------|---------------------------|----------------------|
| | BRIC | Clubs and Organizations | Student Center | Children's Center | Athletics | | Rental | Management and General | |
| Bank charges and fees | \$ 14,484 | \$ - | \$ 4,365 | \$ - | \$ - | \$ 18,849 | \$ - | \$ 9,050 | \$ 27,899 |
| Benefits | 442,397 | 9,123 | 340,510 | 202,779 | 197 | 995,006 | 30,393 | 1,087,712 | |
| Depreciation | 68,385 | - | 84,297 | 1,739 | - | 154,421 | 59,157 | 50,463 | 264,041 |
| Dues and subscriptions | 3,841 | - | 4,665 | 669 | - | 9,175 | 81 | 7,872 | 17,128 |
| Equipment leases | 6,928 | - | - | - | - | 6,928 | - | - | 6,928 |
| General expenses | - | 713,370 | - | - | 32,495 | 745,865 | - | 143 | 746,008 |
| Insurance | 26,046 | - | 1,313 | - | - | 27,359 | - | 2,189,816 | 117,175 |
| Inventory | 6,777 | - | - | - | - | 6,777 | - | - | 6,777 |
| Marketing and public relations | 31,080 | - | 15,652 | - | - | 46,732 | - | 73,166 | 119,898 |
| Other expenses | 143,905 | - | 56,968 | - | - | 200,873 | 65,963 | 175,677 | 442,513 |
| Permits and licenses | 615 | - | - | 1,255 | - | 1,870 | - | - | 1,870 |
| Postage | 67 | - | 176 | - | - | 243 | - | 3,342 | 3,585 |
| Professional services | 49,515 | - | 51,166 | 750 | - | 101,431 | - | 442,767 | 544,198 |
| Recruitment | - | - | - | - | - | - | - | 7,332 | 7,332 |
| Repairs and maintenance | 43,518 | - | 6,134 | - | - | 49,652 | 278 | 226,232 | 276,162 |
| Salaries | 2,910,913 | 183,291 | 1,512,189 | 278,650 | 3,966 | 4,889,009 | - | 1,747,969 | |
| Scholarships | - | - | - | - | - | - | - | 127,597 | 127,597 |
| Small equipment | 51,021 | - | 10,876 | - | - | 61,897 | 1,571 | 233,487 | 296,955 |
| Software and licenses | 33,383 | - | 5,551 | 3,900 | - | 42,834 | 9,450 | 59,445 | 111,729 |
| Supplies | 244,864 | 1,133 | 312,132 | 7,835 | - | 565,964 | 7,588 | 193,232 | 766,784 |
| Telecommunications | 3,796 | - | 1,433 | - | - | 5,229 | 705 | 7,080,297 | 16,231 |
| Training | 30,144 | - | 6,641 | 2,981 | - | 44,766 | - | 70,622 | 110,388 |
| Travel | 73,021 | 204,170 | 5,384 | - | - | 282,575 | - | 113,147 | 395,722 |
| Utilities | 264,715 | - | 206,959 | - | - | 471,674 | - | - | 471,674 |
| Total Operating Expenses | 4,449,415 | 1,111,087 | 2,626,411 | 500,558 | 36,658 | 8,724,129 | | 4,729,368 | |
| Pension and postretirement related changes other than service cost | 152,694 | 9,615 | 79,323 | 14,617 | 208 | 256,457 | 23,339 | 91,691 | 371,487 |
| Total Expenses | \$ 4,602,109 | \$ 1,120,702 | \$ 2,705,734 | \$ 515,175 | \$ 36,866 | \$ 8,980,586 | \$ 643,461 | \$ 4,821,059 | \$ 14,445,106 |
| | | | | | | 620,122 | | | |

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Statement of Cash Flows**Year Ended June 30, 2020

Cash Flow from Operating Activities:

| | |
|---|------------------|
| Change in net assets | \$ 5,454,761 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 264,041 |
| Change in operating assets and liabilities: | |
| Accounts receivable | (1,003,824) |
| Accounts receivable - related party | 159,354 |
| Prepaid expenses and other assets | 20,031 |
| Accounts payable | (114,908) |
| Accounts payable - related party | (281,124) |
| Accrued expenses | 32,465 |
| Funds held for others | 5,524 |
| Unfunded pension liability | 222,042 |
| Postretirement benefit payable | <u>(698,140)</u> |
| Net Cash Provided by Operating Activities | 4,060,222 |

Cash Flow from Investing Activities:

| | |
|---------------------------------------|--------------------|
| Purchase of property and equipment | (169,686) |
| Purchase of investments | <u>(3,872,464)</u> |
| Net Cash Used by Investing Activities | <u>(4,042,150)</u> |

Net Increase in Cash 18,072

Cash, beginning 800,743

Cash, ending \$ 818,815

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

Associated Students, Inc., California State Polytechnic University, Pomona (ASI), is a California public benefit corporation which is an auxiliary organization to California State Polytechnic University, Pomona (University). The purpose of ASI is to further educational services and related activities of the students of the University.

Financial Statement Presentation

The financial statements of ASI have been prepared in accordance with accounting standards generally accepted in the United States of America (US GAAP), which require ASI to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ASI. These net assets may be used at the discretion of ASI's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ASI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

ASI had no net assets with donor restrictions during the year ended June 30, 2020.

Statement of Financial Position and Statement of Activities Presentation

ASI's statement of financial position and statement of activities are broken out by department of ASI. The major departments of ASI are reported using the fund basis of accounting. All interfund transactions have been eliminated for this presentation. The major funds of ASI are:

ASI & Club Funds

ASI & Club fund activities include management of all financial resources of ASI that are not classified in the other activity listed below. Revenues are generated through student fees, club activities, and investment income. Investment income is allocated between funds based on ending balance in fund.

Facilities and Operations Funds

The Facilities and Operations fund accounts for activities of the student union building, rental of its spaces, other Student Center related activities within the University community, fees for administration of campus related programs, and investment income. Investment income is allocated between funds based on ending balance in fund. This includes the activities and operations of the Bronco Recreation and Intramural Complex (BRIC).

Instructionally Related Activities Fund

ASI has entered into a contractual agreement (consistent with the master operating agreement) with the University to provide promotional, operational and general services and materials for the Instructionally Related Activities (IRA) accounts. Such services and materials include budget preparation and coordination, accounting services, administrative and fiscal support to IRA accounts and the campus IRA Advisory Committee. It is management's belief that ASI is acting as an agent for these transactions therefore, these activities are not recorded in the statement of activities. The remaining balance of these funds is included in Funds Held for Others on the statement of financial position.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Program Services

ASI provides program services in the following major areas:

BRIC - ASI operates the BRIC on campus. The BRIC exists to provide recreational opportunities to members of the University community that inspire and cultivate healthy lifestyles, continuous personal growth, and an inclusive community. Opportunities provided include intramural sports, personal training, group fitness classes, aquatic and scuba programs, adventure events, sports clubs, and kids programs.

Clubs and organizations - ASI administers the activity of student clubs and organizations. In recognizing that student involvement is part of the holistic college experience, ASI seeks to create innovative learning-centered opportunities to develop students to become leaders in a global society by supporting clubs that promote leadership development, campus pride, activism, public service, and social and cultural interaction.

Student Center - ASI operates various activities conducted out of the Student Center. These activities include food pantry operations, a games room, and the Bronco Events and Activities Team (BEAT).

Children's Center - ASI provides support for Children's Center, which provides quality preschool services for campus student-parents, faculty, staff, alumni and community members.

Athletics - ASI provides support for the athletics department of the University.

New Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Management has analyzed the provisions of the FASB's ASC Topic 958, and has implemented the new standard on a modified prospective basis. There were no changes or impacts to revenue transactions due to the implementation.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715). This standard update was issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The amendments in this Update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of change in net assets from operating activities, if one is presented.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies, continued

New Accounting Pronouncements, continued

Management has analyzed the provisions of the FASB's Topic 715, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, for the post-retirement plan management has adjusted the presentation for the year ended June 30, 2020 to present service cost as a portion of the benefits expense and all other components as Pension and postretirement related changes other than service cost as shown in the statement of function expenses. For the pension plan, given that ASI participates in a cost-sharing, multiple employer plan, the service cost per participating organization is not provided and therefore cannot be disclosed. Management has included all contributions to the plan in benefits and all other pension related costs are included in Pension and postretirement related changes other than service cost as shown in the statement of function expenses for the year ended June 30, 2020.

Estimates

In preparing financial statements in conformity with US GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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

ASI maintains its cash in accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At times, the balances may exceed federally insured limits.

Investments

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

Accounts Receivable

Account receivables are stated at unpaid balances, less an allowance for doubtful accounts. ASI provides for losses on account receivables 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 account receivables when management determines the receivable will not be collected. There was no allowance for doubtful accounts at June 30, 2020 as management believes all receivables are collectible.

Property and Equipment

Legal title to the Student Center building and the BRIC is retained by the California State University Board of Trustees. Initial furnishings and equipment for the BRIC were purchased by the University. Accordingly, the related assets and liabilities are excluded from the ASI financial statements. Any purchases following the grand opening of the BRIC are the responsibility of ASI and are included in the ASI 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. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

Student Activity Fees - Full-time and part-time students of the University are required to pay fees to support programs, services, and spaces that students decided they wanted and imposed fees on themselves and future students at Cal Poly Pomona. Traditionally, mandatory fees are initiated and adjusted by students through a student referendum. Similar to community-based taxes, all current students vote in a student referendum to self-impose mandatory fees so they can have campus amenities (e.g. student representation and governance, student clubs and organizations, non-classroom student buildings, and services and programs designed for them) based on their needs during their time at Cal Poly Pomona. The fees, collected by the University Accounting Office, are deposited in the California State Treasury. The California State University Board of Trustees has 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 and BRIC for the benefit of the students. The transfer of student fees is recorded as revenue in the year in which the fees are received by ASI.

Program Revenue – Program revenue are amounts that are received from the various programs that are offered by the BRIC and ASI. These funds include fundraising revenue received from campus clubs, programs fees charged by the BRIC for classes and other programs, and activities offered by ASI for a fee.

Administrative Fees – These are fees paid by the University to ASI for the administration of the IRA funds.

Functional Expenses

The cost of providing various programs and other activities of ASI have been summarized on a functional basis in the statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, which are allocated on a square-footage basis, telecommunications, which are allocated based on number of units, and salaries and benefits, which are allocated on the basis of estimates of time and effort.

Management and general expenses, which include corporate fixed costs, administration costs, and costs of operating financial services, human resources, and IT, that benefit both the general department and the Facilities and Operations are allocated between these two departments on the statement of Activities but are all reported as management and general expenses on the statement of Functional Expenses.

Income Taxes

ASI is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, ASI remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

ASI follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. ASI recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that ASI has no uncertain tax positions at June 30, 2020 and therefore, no amounts have been accrued.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements

ASI defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. ASI applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share at the end of the period.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2020, due to the relative short maturities of these instruments.

Subsequent Events

ASI has evaluated subsequent events through September 10, 2020, which is the date the financial statements were available to be issued.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 2 - Liquidity and Availability

The following represents ASI's financial assets at June 30, 2020:

Financial assets at year end:

| | |
|-------------------------------------|-------------------|
| Cash | \$ 818,815 |
| Investments | 26,618,374 |
| Accounts receivable | 1,329,688 |
| Accounts receivable - related party | 164,608 |
| Total financial assets | <u>28,931,485</u> |

Less amounts not available to be used within one year:

| | |
|---|-------------------|
| Cash - IRA | 129,637 |
| Accounts receivable - related party - IRA | 21,592 |
| Reserve funds | 8,135,882 |
| Designated funds | 3,414,329 |
| Total amounts unavailable for use within one year | <u>11,701,440</u> |

Financial assets available to meet cash needs for general expenditures within one year

\$ 17,230,045

As part of their liquidity management policy, ASI invests cash in excess of daily requirements in the LAIF. To anticipate liquidity needs, ASI prepares a cash report that helps gauge the financial need they have each week and will draw upon the LAIF account, if needed. ASI's goal is to maintain approximately \$150,000 in checking accounts to meet said needs, with remaining cash invested in LAIF.

Annual allocations are set aside for reserve funds. The amounts allocated to reserve funds is determined through a two-thirds vote of the seated ASI Senate. Reserves consist of funds to be used for emergency, building and operations improvements and equipment, and new and special programs that will benefit the University community, including clubs, organizations and student government and future projects geared towards environmental awareness and sustainability. Designated and restricted funds are comprised mainly of ASI club account carryovers from prior year activities. These funds are to be used by clubs for future use, unless the governing board decides, at any time, to revert the funds back to ASI due to large unused amounts. Otherwise, the funds will never be made available for general expenditure.

Note 3 - Investments

Commitments and redemption schedules for those investments valued based on net assets values are as follows:

| Description | Fair value | Unfunded commitments | Redemption frequency | Redemption notice period |
|------------------------------|---------------|----------------------|----------------------|--------------------------|
| Local Agency Investment Fund | \$ 26,618,374 | \$ - | n/a | n/a |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 4 - Property and Equipment

The following is a summary of property, and equipment as of June 30, 2020:

| | | |
|-------------------------------|----|------------------|
| Equipment | \$ | 1,594,835 |
| Leasehold improvements | | 965,221 |
| | | <u>2,560,056</u> |
| Less accumulated depreciation | | (1,326,643) |
| | \$ | <u>1,233,413</u> |

Note 5 - Net Assets

Included in net assets without donor restrictions are two types of designated funds. Reserve funds are accounts that have been created by the board of directors for specific purposes. At the end of the fiscal year, any remaining funds that are not already designated to other activities within ASI are added to the reserve accounts based on board decision.

Designated funds are funds that are set aside for club activities or other ASI activities. Unspent balances in these accounts are carried forward to the next fiscal year and may be used by the clubs or departments in the next fiscal year.

The following are net assets without donor restrictions that are reserved for a specific purpose by the Board of Directors as of June 30, 2020:

| | General | Bronco Student Center | Total |
|--|---------------------|--------------------------|---------------------|
| Capital improvement reserve | \$ - | \$ 3,464,262 | \$ 3,464,262 |
| Investment in fixed assets reserve | 14,557 | 1,218,856 | 1,233,413 |
| New programs and augmentations reserve | 1,552,623 | - | 1,552,623 |
| Facilities and equipment reserve | 794,672 | - | 794,672 |
| Special programs reserve | 686,518 | - | 686,518 |
| Emergency reserve | 430,021 | - | 430,021 |
| The Green Initiative Fund reserve | 379,922 | - | 379,922 |
| Post retirement medical obligations | 271,107 | - | 271,107 |
| Medicare reserve | 77,500 | 172,500 | 250,000 |
| Total designations | <u>\$ 4,206,920</u> | <u>\$ 4,855,618</u> | <u>\$ 9,062,538</u> |

In accordance with ASI's by-laws, investment earnings on designated funds are recognized as designated except for amounts earned on the emergency reserve funds and amounts earned in excess of \$3,000 on the capital expenditures reserve funds, which are recognized in general activities.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 6 - Related Parties

ASI entered into transactions during the fiscal year with the University and Cal Poly Pomona Foundation, Inc. (Foundation). Both are considered related parties. Based on the agreement between the University and ASI for the IRA funds, amounts are billed to ASI and the University for these activities. Total receipts, disbursements, receivables, and payables for these activities as of and for the year ended June 30, 2020 were:

| <u>Related Party</u> | <u>Description</u> | <u>Reported in</u> | |
|----------------------|-----------------------------|-------------------------------------|----------------------|
| Revenues from: | | | |
| University | Various services | Various revenue | \$ 17,560,504 |
| University | Club Revenues | Various revenue | 68,289 |
| University | In-Kind | Various revenue | 24,784 |
| Foundation | Various services | Various revenue | 480,174 |
| | | | <u>\$ 18,133,751</u> |
| Transfers from: | | | |
| University | IRA - Funds held for others | Funds held for others | <u>\$ 811,039</u> |
| Expenses to: | | | |
| University | Various services | Various expenses | \$ 1,127,247 |
| University | Club expenses | Various expenses | 1,909 |
| University | In-Kind | Various expenses | 24,784 |
| Foundation | Various services | Various expenses | 264,836 |
| Foundation | IRA Services | Various expenses | 54,784 |
| Foundation | Agency | Various expenses | 57,537 |
| | | | <u>\$ 1,531,097</u> |
| Transfers to: | | | |
| University | IRA - Funds held for others | Funds held for others | <u>\$ 964</u> |
| | | | |
| <u>Related Party</u> | <u>Description</u> | <u>Reported in</u> | |
| Due from: | | | |
| University | Various services | Accounts receivable - related party | \$ 933 |
| University | IRA - Funds held for others | Funds held for others | 21,592 |
| Foundation | Various services | Accounts receivable - related party | 142,083 |
| | | | <u>\$ 164,608</u> |
| Due to: | | | |
| University | Various services | Accounts payable - related party | \$ 130,278 |
| University | IRA services | Accounts payable - related party | 17,900 |
| Foundation | Various services | Accounts payable - related party | 1,097 |
| Foundation | IRA - Funds held for others | Accounts payable - related party | 3,951 |
| | | | <u>\$ 153,226</u> |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 6 - Related Parties, continued

ASI has entered into a contractual agreement with the University to provide promotional, operational, and general services and materials for IRA accounts. Such services and materials include budget preparation and coordination, accounting services, administrative and fiscal support to IRA and the campus IRA Advisory Committee. Total receipts and disbursements for the IRA funds managed by ASI for the year ended June 30, 2020 were \$1,266,123 and \$881,359, respectively. ASI receives an administrative fee from the University for managing the IRA funds. For the year ended June 30, 2020 this fee was \$140,000 and is included in the statement of activities as administration fees.

ASI currently leases a total of 294,253 square feet of space for the Student Center and BRIC activity as provided in a master operating agreement between the Trustees of the California State University and ASI.

Note 7 - Pension Plan

ASI participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which covers substantially all regular full-time employees of ASI. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to ASI.

The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Pool and a Safety Pool. ASI sponsors two Miscellaneous Risk Pool plans, however, the information presented below represents the sum of the allocated pension amounts for each of ASI's plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and their beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible plan members. Benefits are based on years of service credit, a benefit factor and the member's final compensation. All members are eligible for employment related disability benefits regardless of length of service and non-duty disability benefits after five years of service.

Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is a lump sum paid to any member's beneficiary if the member dies while actively employed.

The spouse or registered domestic partner of a deceased member, who was eligible to retire for service at the time of death, may elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the Basic Death Benefit lump sum. The Pre-Retirement Option 2W Death Benefit is a monthly allowance equal to the amount the member would have received if he/she had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 7 - Pension Plan, continued

Benefits Provided, continued

The First Tier Plan closed to new entrants on or after June 26, 2011. The Second Tier Plan was closed to new entrants on or after December 31, 2012.

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | Miscellaneous Risk Pool | |
|-------------------------------------|--------------------------|-----------------------------|
| | First Tier Plan | PEPRA Misc. Plan |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Required employee contribution rate | 6.000% | 6.750% |
| Required employer contribution rate | 9.794% | 7.732% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. ASI is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above and the total ASI contributions were \$225,312.

Pension Liabilities and Pension Expense

As of June 30, 2020, ASI reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$2,228,112. The net pension liability was measured as of June 30, 2019. ASI's proportion of the net pension liability was based on a projection of ASI's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, ASI's proportion was 0.07%.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 7 - Pension Plan, continued

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount rate | 7.00% |
| Consumer price inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvement using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Real Return Years 1-10 | Real Return Years 10+ |
|------------------|--------------------------|------------------------|-----------------------|
| Global equity | 50% | 4.80% | 5.98% |
| Fixed income | 28% | 1.00% | 2.62% |
| Inflation assets | 0% | 0.77% | 1.81% |
| Private equity | 8% | 6.30% | 7.23% |
| Real assets | 13% | 3.75% | 4.93% |
| Liquidity | 1% | 0.00% | -0.92% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 7 - Pension Plan, continued

Discount rate, continued

The following presents ASI's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate reflecting the discount rates sensitivity to real rate of return assumption and price inflation assumption:

| | | |
|--|----|-----------|
| Sensitivity to Real Rate of Return Assumption: | | |
| 1% decrease (6.00%) | \$ | 4,074,130 |
| Current discount rate (7.00%) | \$ | 2,228,112 |
| 1% increase (8.00%) | \$ | 722,377 |
| Sensitivity to the Price Inflation: | | |
| 1% decrease (6.00%) | \$ | 2,977,199 |
| Current discount rate (7.00%) | \$ | 2,228,112 |
| 1% increase (8.00%) | \$ | 1,272,370 |

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Note 8 - Post Retirement Health Benefit Plan

In addition to providing pension benefits, 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. ASI accrues actuarially determined costs ratably to the date an employee becomes eligible for such benefits. The following tables set forth further information about the ASI's postretirement health benefit plan obligation and funded status as of June 30, 2020.

| | | |
|--|----|--------------------|
| Projected benefit obligation at June 30 | \$ | (7,647,029) |
| Plan assets at fair value at June 30 | | <u>2,147,878</u> |
| Funded status at end of year | \$ | <u>(5,499,151)</u> |
| Employer contributions | \$ | <u>1,000,000</u> |
| Postretirement benefit payable | \$ | <u>5,499,151</u> |
| Amounts recognized in the statement of activities at June 30, 2020 consist of: | | |
| Employer contributions | \$ | - |
| Benefits paid | | - |
| Actual return of plan assets | | (75,095) |
| Service cost | | (332,763) |
| Interest cost | | (254,452) |
| Actuarial changes | | - |
| Total postretirement related changes other than net periodic benefit cost | \$ | <u>(662,310)</u> |
| Net periodic benefit cost | \$ | <u>647,501</u> |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 8 - Post Retirement Health Benefit Plan, continued

The components of net periodic benefit cost other than the service cost component are included in Pension and postretirement related changes other than service cost in the statement of activities and functional expenses.

Amounts not yet recognized in the net periodic postretirement benefit cost:

| | |
|--|---------------------|
| Net actuarial loss | \$ 1,810,930 |
| Transition obligation | <u>60,975</u> |
| Total amounts not yet recognized in the net periodic postretirement benefit cost | <u>\$ 1,871,905</u> |

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit costs over the 2019-2020 fiscal year:

| | |
|-----------------------|------------|
| Net actuarial loss | \$ 126,682 |
| Transition obligation | 8,699 |

Weighted-average assumptions used to determine benefit obligations as of June 30, 2019:

| | |
|---|--------|
| Discount rate | 3.50% |
| Expected long-term return on plan assets | 7.00% |
| Rate of compensation | N/A |
| Health care cost trend rate assumed for next year | 4.52% |
| Rate to which the cost trend rate is assumed to decline (ultimate trend rate) | 4.15% |
| Year that the rate reaches the ultimate trend rate | 1 year |

ASI expects to contribute \$1,000,000 to the plan during the next fiscal year. The following is a projection of expected future benefit payments under the plan:

| Year Ending June 30, | |
|-------------------------|------------|
| <u>2021</u> | \$ 198,000 |
| 2022 | 183,000 |
| 2023 | 201,000 |
| 2024 | 217,000 |
| 2025 | 201,000 |
| 2026 | 220,000 |
| 2027 | 253,000 |
| 2028 | 293,000 |
| 2029 | 330,000 |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Notes to Financial Statements

Year Ended June 30, 2020

Note 9 - Rental Income

ASI leases building space to multiple tenants under non-cancellable operating leases ending on various dates through June 30, 2022. These leases include leases to the Foundation. Leases to the Foundation include a lease for \$1,020 per month, expiring June 30, 2020. In addition, ASI leases additional building space to the Foundation at a rate equal to 3.5% of the sales generated in Foundation's dining facilities that are located in their leased space from ASI. Lease income for the year ended June 30, 2020, including month-to-month and related party leases, was \$270,052.

Future lease income to be received is as follows:

| Year Ending June 30, | |
|-------------------------|------------------|
| <u>2021</u> | \$ 53,100 |
| 2022 | <u>14,520</u> |
| | <u>\$ 67,620</u> |

Note 10 - COVID-19 Pandemic

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. On March 11, 2020, California State Polytechnic University, Pomona announced that there would be significant changes to the delivery of instruction due to the coronavirus and, as a result, the campus quickly transitioned to virtual instruction on Wednesday, March 18, 2020. The campus has remained open and activities on campus were limited to those deemed essential. Revenue's did not significantly decrease as compared to the prior year because all student fees for the fiscal year ended June 30, 2020 were received prior to the closures. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Associated Students, Inc., California State Polytechnic University, Pomona. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 11 - Commitments and Contingency

From time to time, ASI becomes involved in legal proceedings incidental to ASI. If and when a loss is deemed probable and reasonably estimable, ASI records the liability or expense in the financial statements.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Schedule of Net Position**

June 30, 2020

(for inclusion in the California State University)

Assets:**Current assets:**

| | |
|---|------------|
| Cash and cash equivalents | 818,815 |
| Short-term investments | 26,618,374 |
| Accounts receivable, net | 1,494,296 |
| Capital lease receivable, current portion | - |
| Notes receivable, current portion | - |
| Pledges receivable, net | - |
| Prepaid expenses and other current assets | 37,253 |

| | |
|-----------------------------|-------------------|
| Total current assets | 28,968,738 |
|-----------------------------|-------------------|

Noncurrent assets:

| | |
|--|-----------|
| Restricted cash and cash equivalents | - |
| Accounts receivable, net | - |
| Capital lease receivable, net of current portion | - |
| Notes receivable, net of current portion | - |
| Student loans receivable, net | - |
| Pledges receivable, net | - |
| Endowment investments | - |
| Other long-term investments | - |
| Capital assets, net | 1,233,413 |
| Other assets | - |

| | |
|--------------------------------|------------------|
| Total noncurrent assets | 1,233,413 |
|--------------------------------|------------------|

| | |
|---------------------|-------------------|
| Total assets | 30,202,151 |
|---------------------|-------------------|

Deferred outflows of resources:

| | |
|------------------------------------|---|
| Unamortized loss on debt refunding | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Others | - |

| | |
|---|----------|
| Total deferred outflows of resources | - |
|---|----------|

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

Liabilities:

Current liabilities:

| | |
|---|------------------|
| Accounts payable | 345,913 |
| Accrued salaries and benefits | 108,566 |
| Accrued compensated absences, current portion | 376,418 |
| Unearned revenues | - |
| Capital lease obligations, current portion | - |
| Long-term debt obligations, current portion | - |
| Claims liability for losses and loss adjustment expenses, current portion | - |
| Depository accounts | 99,875 |
| Other liabilities | 80,910 |
| Total current liabilities | 1,011,682 |

Noncurrent liabilities:

| | |
|--|------------------|
| Accrued compensated absences, net of current portion | 125,473 |
| Unearned revenues | - |
| Grants refundable | - |
| Capital lease obligations, net of current portion | - |
| Long-term debt obligations, net of current portion | - |
| Claims liability for losses and loss adjustment expenses, net of current portion | - |
| Depository accounts | - |
| Net other postemployment benefits liability | 5,499,152 |
| Net pension liability | 2,228,112 |
| Other liabilities | - |
| Total noncurrent liabilities | 7,852,737 |
| Total liabilities | 8,864,419 |

Deferred inflows of resources:

| | |
|--|----------|
| Service concession arrangements | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Unamortized gain on debt refunding | - |
| Nonexchange transactions | - |
| Others | - |
| Total deferred inflows of resources | - |

Net position:

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 1,233,413 |
| Restricted for: | |
| Nonexpendable – endowments | - |
| Expendable: | |
| Scholarships and fellowships | - |
| Research | - |
| Loans | - |
| Capital projects | - |
| Debt service | - |
| Others | - |
| Unrestricted | 20,104,319 |
| Total net position | 21,337,732 |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020
(for inclusion in the California State University)

| | |
|--|-------------------|
| Revenues: | |
| Operating revenues: | |
| Student tuition and fees, gross | 17,974,191 |
| Scholarship allowances (enter as negative) | - |
| Grants and contracts, noncapital: | |
| Federal | - |
| State | - |
| Local | - |
| Nongovernmental | - |
| Sales and services of educational activities | - |
| Sales and services of auxiliary enterprises, gross | 1,119,850 |
| Scholarship allowances (enter as negative) | - |
| Other operating revenues | 167,019 |
| Total operating revenues | 19,261,060 |
| Expenses: | |
| Operating expenses: | |
| Instruction | - |
| Research | - |
| Public service | - |
| Academic support | - |
| Student services | 13,809,578 |
| Institutional support | - |
| Operation and maintenance of plant | - |
| Student grants and scholarships | - |
| Auxiliary enterprise expenses | - |
| Depreciation and amortization | 264,041 |
| Total operating expenses | 14,073,619 |
| Operating income (loss) | 5,187,441 |
| Nonoperating revenues (expenses): | |
| State appropriations, noncapital | - |
| Federal financial aid grants, noncapital | - |
| State financial aid grants, noncapital | - |
| Local financial aid grants, noncapital | - |
| Nongovernmental and other financial aid grants, noncapital | - |
| Other federal nonoperating grants, noncapital | - |
| Gifts, noncapital | - |
| Investment income (loss), net | 638,807 |
| Endowment income (loss), net | - |
| Interest expense | - |
| Other nonoperating revenues (expenses) - excl. interagency transfers | (371,487) |
| Net nonoperating revenues (expenses) | 267,320 |
| Income (loss) before other revenues (expenses) | 5,454,761 |
| State appropriations, capital | - |
| Grants and gifts, capital | - |
| Additions (reductions) to permanent endowments | - |
| Increase (decrease) in net position | 5,454,761 |
| Net position: | |
| Net position at beginning of year, as previously reported | 15,882,971 |
| Restatements | - |
| Net position at beginning of year, as restated | 15,882,971 |
| Net position at end of year | 21,337,732 |

See independent auditors' report.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Other Information

Year Ended June 30, 2020

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

| |
|------------|
| - |
| 818,815 |
| \$ 818,815 |

2.1 Composition of investments:

| Investment Type | Current | Noncurrent | Fair Value |
|--|----------------------|------------|-------------------|
| Money market funds | | | - |
| Repurchase agreements | | | - |
| Certificates of deposit | | | - |
| U.S. agency securities | | | - |
| U.S. treasury securities | | | - |
| Municipal bonds | | | - |
| Corporate bonds | | | - |
| Asset backed securities | | | - |
| Mortgage backed securities | | | - |
| Commercial paper | | | - |
| Mutual funds | | | - |
| Exchange traded funds | | | - |
| Equity securities | | | - |
| Alternative investments: | | | |
| Private equity (including limited partnerships) | | | - |
| Hedge funds | | | - |
| Managed futures | | | - |
| Real estate investments (including REITs) | | | - |
| Commodities | | | - |
| Derivatives | | | - |
| Other alternative investment | | | - |
| Other external investment pools | | | - |
| CSU Consolidated Investment Pool (formerly SWIFT) | | | - |
| State of California Local Agency Investment Fund (LAIF) | 26,618,374 | | 26,618,374 |
| State of California Surplus Money Investment Fund (SMIF) | | | - |
| Other investments: | | | |
| | | | - |
| | | | - |
| Total Other investments | - | - | - |
| Total investments | 26,618,374 | - | 26,618,374 |
| Less endowment investments (enter as negative number) | | | - |
| Total investments, net of endowments | \$ 26,618,374 | - | 26,618,374 |

See independent auditors' report.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Other Information

Year Ended June 30, 2020

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

| Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Net Asset Value (NAV) |
|--|-------------------|--|---|---|-----------------------|
| Money market funds | \$ - | | | | |
| Repurchase agreements | - | | | | |
| Certificates of deposit | - | | | | |
| U.S. agency securities | - | | | | |
| U.S. treasury securities | - | | | | |
| Municipal bonds | - | | | | |
| Corporate bonds | - | | | | |
| Asset backed securities | - | | | | |
| Mortgage backed securities | - | | | | |
| Commercial paper | - | | | | |
| Mutual funds | - | | | | |
| Exchange traded funds | - | | | | |
| Equity securities | - | | | | |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | - | | | | |
| Hedge funds | - | | | | |
| Managed futures | - | | | | |
| Real estate investments (including REITs) | - | | | | |
| Commodities | - | | | | |
| Derivatives | - | | | | |
| Other alternative investment | - | | | | |
| Other external investment pools | - | | | | |
| CSU Consolidated Investment Pool (formerly SWIFT) | - | | | | |
| State of California Local Agency Investment Fund (LAIF) | 26,618,374 | | | | 26,618,374 |
| State of California Surplus Money Investment Fund (SMIF) | - | | | | |
| Other investments: | - | | | | |
| Total Other investments | \$ - | | | | |
| Total investments | 26,618,374 | | | | 26,618,374 |

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Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

| | | | | |
|--|---------------------|---------------------|------------------|--------------------|
| Buildings and building improvements | | - | | - |
| Improvements, other than buildings | | - | | - |
| Infrastructure | | - | | - |
| Leasehold improvements | (419,890) | (419,890) | (54,398) | (474,288) |
| Personal property: | | | | |
| Equipment | (642,710) | (642,710) | (209,643) | (852,353) |
| Library books and materials | | - | | - |
| Intangible assets: | | | | |
| Software and websites | | - | | - |
| Rights and easements | | - | | - |
| Patents, copyrights and trademarks | | - | | - |
| Licenses and permits | | - | | - |
| Other intangible assets: | | - | | - |
| | | - | | - |
| | | - | | - |
| | | - | | - |
| | | - | | - |
| | | - | | - |
| | | - | | - |
| Total Other intangible assets: | | - | | - |
| Total intangible assets | | - | | - |
| Total accumulated depreciation/amortization | (1,062,600) | (1,062,600) | (264,041) | (1,326,641) |
| Total capital assets, net | \$ 1,327,768 | \$ 1,327,768 | (94,385) | 1,233,413 |

3.2 Detail of depreciation and amortization expense:

| | |
|---|-------------------|
| Depreciation and amortization expense related to capital assets | \$ 264,041 |
| Amortization expense related to other assets | |
| Total depreciation and amortization | \$ 264,041 |

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4 Long-term liabilities:

| | Balance June 30, 2019 | Prior Period Adjustments/Reclassification s | Balance June 30, 2019 (Restated) | Additions | Reductions | Balance June 30, 2020 | Current Portion | Noncurrent Portion |
|---|--------------------------|---|-------------------------------------|----------------|------------------|--------------------------|-------------------|--------------------|
| 1. Accrued compensated absences | \$ 321,231 | | 321,231 | 353,923 | (173,263) | \$ 501,891 | \$ 376,418 | 125,473 |
| 2. Claims liability for losses and loss adjustment expenses | - | | - | | | - | | - |
| 3. Capital lease obligations: | | | | | | | | |
| Gross balance | - | | - | | | - | - | - |
| Unamortized net premium/(discount) | - | | - | | | - | - | - |
| Total capital lease obligations | \$ - | | - | | | - | - | - |
| 4. Long-term debt obligations: | | | | | | | | |
| 4.1 Auxiliary revenue bonds (non-SRB related) | \$ - | | - | | \$ - | - | - | - |
| 4.2 Commercial paper | - | | - | | | - | - | - |
| 4.3 Notes payable (SRB related) | - | | - | | | - | - | - |
| 4.4 Others: | | | | | | | | |
| | - | | - | | | - | - | - |
| | - | | - | | | - | - | - |
| | - | | - | | | - | - | - |
| Total others | - | | - | | | - | - | - |
| Sub-total long-term debt | \$ - | | - | | \$ - | - | - | - |
| 4.5 Unamortized net bond premium/(discount) | - | | - | | | - | - | - |
| Total long-term debt obligations | - | | - | | - | - | - | - |
| Total long-term liabilities | \$ 321,231 | | 321,231 | 353,923 | (173,263) | \$ 501,891 | \$ 376,418 | 125,473 |

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

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5 Capital lease obligations schedule:

| | Capital lease obligations related to SRB | | | All other capital lease obligations | | | Total capital lease obligations | | |
|--|--|---------------|------------------------|-------------------------------------|---------------|------------------------|---------------------------------|---------------|------------------------|
| | Principal Only | Interest Only | Principal and Interest | Principal Only | Interest Only | Principal and Interest | Principal Only | Interest Only | Principal and Interest |
| Year ending June 30: | | | | | | | | | |
| 2021 | | ▼ | - | | | | | | |
| 2022 | | ▼ | - | | | | | | |
| 2023 | | ▼ | - | | | | | | |
| 2024 | | ▼ | - | | | | | | |
| 2025 | | ▼ | - | | | | | | |
| 2026 - 2030 | | | - | | | | | | |
| 2031 - 2035 | | | - | | | | | | |
| 2036 - 2040 | | | - | | | | | | |
| 2041 - 2045 | | | - | | | | | | |
| 2046 - 2050 | | | - | | | | | | |
| Thereafter | | | - | | | | | | |
| Total minimum lease payments | \$ - | | - | | | - | | | - |
| Less: amounts representing interest | | | | | | | | | |
| Present value of future minimum lease payments | | | | | | | | | - |
| Unamortized net premium/(discount) | | | | | | | | | ▼ |
| Total capital lease obligations | | | | | | | | | - |
| Less: current portion | | | | | | | | | - |
| Capital lease obligations, net of current portion | | | | | | | | | \$ - |

6 Long-term debt obligations schedule:

| | Auxiliary revenue bonds (non-SRB related) | | | All other long-term debt obligations | | | Total long-term debt obligations | | |
|---|---|----------|------------------------|--------------------------------------|----------|------------------------|----------------------------------|----------|------------------------|
| | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest |
| Year ending June 30: | | | | | | | | | |
| 2021 | | | ▼ | | | | | | |
| 2022 | | | ▼ | | | | | | |
| 2023 | | | ▼ | | | | | | |
| 2024 | | | ▼ | | | | | | |
| 2025 | | | ▼ | | | | | | |
| 2026 - 2030 | | | - | | | | | | |
| 2031 - 2035 | | | - | | | | | | |
| 2036 - 2040 | | | - | | | | | | |
| 2041 - 2045 | | | - | | | | | | |
| 2046 - 2050 | | | - | | | | | | |
| Thereafter | | | - | | | | | | |
| Total minimum payments | \$ - | | - | | | - | | | - |
| Less: amounts representing interest | | | | | | | | | |
| Present value of future minimum payments | | | | | | | | | - |
| Unamortized net premium/(discount) | | | | | | | | | ▼ |
| Total long-term debt obligations | | | | | | | | | - |
| Less: current portion | | | | | | | | | - |
| Long-term debt obligations, net of current portion | | | | | | | | | \$ - |

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7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs

Payments to University for other than salaries of University personnel 1,130,120

Payments received from University for services, space, and programs 18,439,832

Gifts-in-kind to the University from discretely presented component units

Gifts (cash or assets) to the University from discretely presented component units 24,784

Accounts (payable to) University (enter as negative number)

Other amounts (payable to) University (enter as negative number) (148,179)

Accounts receivable from University (enter as positive number) 22,525

Other amounts receivable from University (enter as positive number)

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8 Restatements

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

| | | Debit/(Credit) |
|----------------|-------------------------------|----------------|
| Restatement #1 | Enter transaction description | |
| | | - |
| Restatement #2 | Enter transaction description | |
| | | - |

9 Natural classifications of operating expenses:

| | Salaries | Benefits - Other | Benefits - Pension | Benefits - OPEB | Scholarships and fellowships | Supplies and other services | Depreciation and amortization | Total operating expenses |
|------------------------------------|---------------------|------------------|--------------------|-----------------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| Instruction | - | - | - | - | - | - | - | - |
| Research | - | - | - | - | - | - | - | - |
| Public service | - | - | - | - | - | - | - | - |
| Academic support | - | - | - | - | - | - | - | - |
| Student services | 7,081,914 | 1,760,626 | 225,312 | 127,173 | - | 4,614,553 | - | 13,809,578 |
| Institutional support | - | - | - | - | - | - | - | - |
| Operation and maintenance of plant | - | - | - | - | - | - | - | - |
| Student grants and scholarships | - | - | - | - | - | - | - | - |
| Auxiliary enterprise expenses | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | 264,041 | 264,041 |
| Total operating expenses | \$ 7,081,914 | 1,760,626 | 225,312 | 127,173 | - | 4,614,553 | 264,041 | 14,073,619 |

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10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability

Deferred outflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

Total deferred outflows - others

Total deferred outflows of resources

\$ - -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability

Deferred inflows - unamortized gain on debt refunding(s)

Deferred inflows - nonexchange transactions

Deferred inflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

Total deferred inflows - others

Total deferred inflows of resources

\$ - -

See independent auditors' report.