

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

Financial Statements and Supplemental Information

Year Ended June 30, 2021



ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Financial Statements and Supplemental Information
Year Ended June 30, 2021

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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, 2021, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021, 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.

Correction of Error

As described in Note 12 to the financial statement, the June 30, 2020 financial statements were restated in order to record an adjustment to fee revenue and accounts receivable. This restatement decreased assets and decreased net assets without donor restriction by \$1,186,826. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Change in Accounting Principle

As described in Note 1 to the financial statements, the Associated Students, Inc., California State Polytechnic University, Pomona has adopted Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. Our opinion is not modified with respect to that matter.

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 21-31 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of Associated Students, Inc., California State Polytechnic University, Pomona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc., California State Polytechnic University, Pomona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc., California State Polytechnic University, Pomona's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 14, 2021

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

June 30, 2021

ASSETS	ASI & Club Funds	Instructionally Related Activities Fund	Facilities & Operations Fund	Total
Cash	\$ 203,434	\$ 94,869	\$ 171,021	\$ 469,324
Investments	8,444,774	-	26,492,171	34,936,945
Accounts Receivable	7,181	-	21,979	29,160
Accounts Receivable - Related Party	720,090	59,033	-	779,123
Prepaid Expenses and Other Assets	-	-	32,721	32,721
Property and Equipment, net of accumulated depreciation	8,529	-	1,098,390	1,106,919
Total Assets	<u>\$ 9,384,008</u>	<u>\$ 153,902</u>	<u>\$ 27,816,282</u>	<u>\$ 37,354,192</u>
LIABILITIES				
Accounts Payable	\$ 85,140	\$ 36,421	\$ 77,133	\$ 198,694
Accounts Payable - Related Party	1,134	25,203	2,031,096	2,057,433
Accrued Expenses	93,765	26,146	822,238	942,149
Funds Held for Others	-	66,132	-	66,132
Unfunded Pension Liability	394,515	-	2,217,944	2,612,459
Postretirement Benefit Payable	1,294,951	-	2,025,436	3,320,387
Total Liabilities	<u>1,869,505</u>	<u>153,902</u>	<u>7,173,847</u>	<u>9,197,254</u>
NET ASSETS				
Net Assets, Without Donor Restrictions:				
Reserves	5,204,207	-	6,427,287	11,631,494
Designated	2,310,296	-	-	2,310,296
Undesignated	-	-	14,215,148	14,215,148
Total Net Assets	<u>7,514,503</u>	<u>-</u>	<u>20,642,435</u>	<u>28,156,938</u>
Total Liabilities and Net Assets	<u>\$ 9,384,008</u>	<u>\$ 153,902</u>	<u>\$ 27,816,282</u>	<u>\$ 37,354,192</u>

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

Year Ended June 30, 2021

	ASI & Club Funds	Facilities & Operations Fund	Total
REVENUES			
Other Operating Revenue	\$ 1,718,605	\$ 15,940,000	\$ 17,658,605
Program:			
Club fundraising	107,914	-	107,914
BRIC program fees	-	9,486	9,486
Student services	4,088	16,205	20,293
Rental Income	-	47,522	47,522
Administrative Fees	-	140,000	140,000
Other Income	18,352	39,240	57,592
Total Revenues	<u>1,848,959</u>	<u>16,192,453</u>	<u>18,041,412</u>
EXPENSES			
Programs:			
BRIC	-	2,150,170	2,150,170
Clubs and organizations	602,190	-	602,190
Student Center	140,162	3,755,386	3,895,548
Children's Center	167,706	-	167,706
Athletics	115,487	-	115,487
Total Programs	<u>1,025,545</u>	<u>5,905,556</u>	<u>6,931,101</u>
Supporting Services - Management and General:			
Rental expenses	-	136,722	136,722
General and administrative	(196,152)	4,153,825	3,957,673
Total Expenses	<u>829,393</u>	<u>10,196,103</u>	<u>11,025,496</u>
Income from Operations - Without Donor Restrictions	1,019,566	5,996,350	7,015,916
Non-Operating Income			
Pension and Postretirement Related Changes Other than Service Costs	385,749	451,353	837,102
Interest Income	29,208	123,806	153,014
Total Non-Operating Income	<u>414,957</u>	<u>575,159</u>	<u>990,116</u>
Change in Net Assets Without Donor Restrictions	1,434,523	6,571,509	8,006,032
Net Assets, Without Donor Restrictions, beginning (as previously stated)	7,266,806	14,070,926	21,337,732
Restatement (Note 12)	<u>(1,186,826)</u>	<u>-</u>	<u>(1,186,826)</u>
Net Assets, Without Donor Restrictions, beginning (restated)	<u>6,079,980</u>	<u>14,070,926</u>	<u>20,150,906</u>
Net Assets, Without Donor Restrictions, ending	<u>\$ 7,514,503</u>	<u>\$ 20,642,435</u>	<u>\$ 28,156,938</u>

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year Ended June 30, 2021

	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	\$ 4,536	\$ -	\$ 405	\$ -	\$ -	\$ 4,941	\$ -	\$ 9,113	\$ 14,054
Benefits	314,038	10,108	314,562	59,468	266	698,442	2,629	1,198,395	
Capital expenditures	-	-	-	-	-	-	-	18,646	18,646
Depreciation	70,453	-	81,924	-	-	152,377	51,212	42,260	245,849
General expenses	-	269,523	2,698	-	27,750	299,971	-	-	299,971
In kind donations expense - supplies	-	-	8,282	-	-	8,282	-	-	8,282
Insurance	3,062	-	-	-	-	3,062	-	1,899,969	94,031
Marketing and public relations	4,093	6,069	-	-	-	10,162	-	32,087	42,249
Other expenses	2,161	96,486	32,283	-	82,862	213,792	44,649	240,335	498,776
Postage	-	-	72	20	-	92	-	2,750	2,842
Professional services	55,076	-	85,818	-	-	140,894	-	130,552	271,446
Recruitment	-	-	-	-	-	-	-	1,507	1,507
Repairs and maintenance	11,035	-	5,001	-	-	16,036	-	118,519	134,555
Salaries	1,284,050	175,335	997,353	92,686	4,609	2,554,033	-	1,758,889	
Scholarships	-	4,500	135,000	-	-	139,500	-	102,520	242,020
Small equipment	45,227	-	3,321	5,119	-	53,667	2,441	74,002	130,110
Software and licenses	52,733	-	4,424	8,243	-	65,400	383	67,998	133,781
Supplies	73,246	40,169	2,065,260	1,372	-	2,180,047	-	38,507	2,219,103
Telecommunications	5,552	-	2,198	-	-	7,750	2,545	4,346,266	16,656
Training	35,273	-	8,687	798	-	32,347,58	-	24,263	69,021
Utilities	189,635	-	148,260	-	-	337,895	-	-	337,895
Total Operating Expenses	2,150,170	602,190	3,895,548	167,706	115,487	6,931,101		3,957,673	
Pension and postretirement						549			
related changes other than service cost	(250,488)	(34,204)	(194,561)	(7,527)	(899)	(487,679)	(6,304)	(343,119)	(837,102)
Total Expenses	\$ 1,899,682	\$ 567,986	\$ 3,700,987	\$ 160,179	\$ 114,588	\$ 6,443,422	\$ 130,418	\$ 3,604,546	\$ 10,188,394
						136,722			

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flow from Operating Activities:	
Change in net assets	\$ 8,006,032
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	245,849
Change in operating assets and liabilities:	
Accounts receivable	113,702
Accounts receivable - related party	(614,515)
Prepaid expenses and other assets	4,532
Accounts payable	6,007
Accounts payable - related party	1,904,207
Accrued expenses	250,782
Funds held for others	(33,743)
Unfunded pension liability	384,347
Postretirement benefit payable	<u>(2,178,765)</u>
Net Cash Provided by Operating Activities	8,088,435
Cash Flow from Investing Activities:	
Purchase of property and equipment	(119,355)
Purchase of investments	<u>(8,318,571)</u>
Net Cash Used by Investing Activities	<u>(8,437,926)</u>
Net Decrease in Cash	(349,491)
Cash, beginning	<u>818,815</u>
Cash, ending	\$ <u><u>469,324</u></u>

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

Notes to Financial Statements

Year Ended June 30, 2021

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 (the 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, 2021.

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, 2021

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, game 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 Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). During the year ended June 30, 2021, ASI adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), effective July 1, 2020.

The new guidance was applied retrospectively to all contracts that were not completed as of the adoption date.

Management has analyzed the provisions of the FASB's ASC Topic 606, and has concluded that no changes are necessary to conform with the new standard.

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, ASI's deposits may exceed federally insured limits. ASI has not experienced any such losses in these accounts and believes it is not exposed to any significant credit risk on cash.

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.

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

Notes to Financial Statements

Year Ended June 30, 2021

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

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, 2021 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.

Revenue Recognition

Other Operating Revenue - 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.

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

Notes to Financial Statements

Year Ended June 30, 2021

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

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, 2021 and therefore, no amounts have been accrued.

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 GAAP. 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.

The Local Agency Investment Fund (LAIF) is valued using NAV and is managed by the State of California Treasurer's Office with oversight provided by the Local Investment Advisory Board (LIAB).

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, 2021, due to the relative short maturities of these instruments.

Subsequent Events

ASI has evaluated subsequent events through September 14, 2021, 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, 2021

Note 2 - Liquidity and Availability

The following represents ASI's financial assets at June 30, 2021:

Financial assets at year end:

Cash	\$ 469,324
Investments	34,936,945
Accounts receivable	29,160
Accounts receivable - related party	779,123
Total financial assets	<u>36,214,552</u>

Less amounts not available to be used within one year:

Cash - IRA	94,869
Accounts receivable - related party - IRA	59,033
Reserve funds	11,631,493
Designated funds	2,310,297
Total amounts unavailable for use within one year	<u>14,095,692</u>

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

\$ 22,118,860

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 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 NAV are as follows:

Description	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Local Agency Investment Fund	\$ 34,936,945	\$ -	n/a	n/a

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Notes to Financial Statements**Year Ended June 30, 2021

Note 4 - Property and Equipment

The following is a summary of property and equipment as of June 30, 2021:

Equipment	\$ 1,618,801
Leasehold improvements	938,391
Construction in progress	95,387
	<u>2,652,579</u>
Less accumulated depreciation	(1,545,660)
	<u>\$ 1,106,919</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, 2021:

	General	Bronco Student Center	Total
Capital improvement reserve	\$ -	\$ 4,156,397	\$ 4,156,397
New programs and augmentations reserve	1,876,309	-	1,876,309
Investment in fixed assets reserve	8,529	1,098,390	1,106,919
Building reserve	-	1,000,000	1,000,000
Facilities and equipment reserve	925,021	-	925,021
Special programs reserve	969,399	-	969,399
The Green Initiative Fund reserve	562,802	-	562,802
Emergency reserve	430,021	-	430,021
Post retirement medical obligations	354,626	-	354,626
Medicare reserve	77,500	172,500	250,000
Total designations	<u>\$ 5,204,207</u>	<u>\$ 6,427,287</u>	<u>\$ 11,631,494</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, 2021

Note 6 - Revenue Recognition

Contract Balances

Accounts receivable from contracts with customers were as follows:

	<u>2021</u>
Beginning of year	\$ 307,470
End of year	\$ 808,283

Significant Judgments

ASI analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. ASI has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Significant judgment is also required to assess collectability. ASI assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer's assessed collectability.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA**Notes to Financial Statements**

Year Ended June 30, 2021

Note 7 - Related Parties

ASI entered into transactions during the fiscal year with the University, Cal Poly Pomona Foundation, Inc. (Foundation), and Cal Poly Pomona Philanthropic Foundation, Inc (Philanthropic). All 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, 2021 were:

<u>Related Party</u>	<u>Description</u>	<u>Reported in</u>	
Revenues from:			
University	Various services	Various revenue	\$ 17,544,278
Foundation	Various services	Various revenue	487,093
Philanthropic	Various services	Various revenue	20,104
			<u>\$ 18,051,475</u>
Transfers from:			
University	IRA - Funds held for others	Funds held for others	\$ <u>365,204</u>
Expenses to:			
University	Various services	Various expenses	\$ 825,129
Foundation	Various services	Various expenses	233,273
Foundation	IRA Services	Various expenses	20,211
Foundation	Agency	Various expenses	7,548
Philanthropic	Various services	Various expenses	2,874
			<u>\$ 1,089,035</u>
Transfers to:			
University	IRA - Funds held for others	Funds held for others	\$ <u>146,462</u>
<u>Related Party</u>	<u>Description</u>	<u>Reported in</u>	
Due from:			
University	Various services	Accounts receivable - related party	\$ 272,327
University	IRA - Funds held for others	Accounts receivable - related party	59,033
Foundation	Various services	Accounts receivable - related party	447,763
			<u>\$ 779,123</u>
Due to:			
University	Various services	Accounts payable - related party	\$ 2,015,550
University	IRA services	Accounts payable - related party	26,001
Foundation	Various services	Accounts payable - related party	15,883
			<u>\$ 2,057,434</u>
IRA Revenue (Receipts)			1,141,321
IRA Expense (Disbursements)			534,448

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 7 - 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, 2021 were \$1,141,321 and \$534,448, respectively. ASI receives an administrative fee from the University for managing the IRA funds. For the year ended June 30, 2021, this fee was \$140,000 and is included in the statement of activities as administration fees.

In a master operating agreement between the Trustees of the California State University and ASI, ASI is contracted with the University to perform the associated students program and utilizes the Student Center and BRIC (property of the University) to do so.

Note 8 - 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 they 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.

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.

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Pension Plan, continued

Benefits Provided, continued

The Plan provisions and benefits in effect at June 30, 2021, 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, 2021 are presented above and the total ASI contributions were \$295,992.

Pension Liabilities and Pension Expense

As of June 30, 2021, ASI reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$2,612,549. The net pension liability was measured as of June 30, 2020. 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, 2020, ASI's proportion was 0.07%.

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The June 30, 2020 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

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Pension Plan, continued

Actuarial Methods and Assumptions, continued

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 10+</u>
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.

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. This reflects 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%)	\$	4,645,086
Current discount rate (7.00%)	\$	2,612,459
1% increase (8.00%)	\$	960,100

Sensitivity to the Price Inflation:

1% decrease (6.00%)	\$	3,409,802
Current discount rate (7.00%)	\$	2,612,459
1% increase (8.00%)	\$	1,601,780

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Pension Plan, continued

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 9 - 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, 2021.

Projected benefit obligation at June 30, 2021	\$ (7,141,051)
Plan assets at fair value at June 30, 2021	<u>3,820,664</u>
Funded status at end of year	<u>\$ (3,320,387)</u>
Employer contributions	<u>\$ 1,000,000</u>
Postretirement benefit payable	<u>\$ 3,320,387</u>
Amounts recognized in the statement of activities at June 30, 2021 consist of:	
Employer contributions	\$ -
Benefits paid	(184,094)
Actual return of plan assets	655,028
Service cost	(266,971)
Interest cost	(204,981)
Actuarial gain	<u>793,836</u>
Total postretirement related benefits other than net periodic benefit cost	<u>\$ 792,818</u>
Net periodic benefit	<u>\$ 1,069,370</u>

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	\$ (1,017,094)
Transition obligation	<u>(52,276)</u>
Total amounts not yet recognized in the net periodic postretirement benefit cost	<u>\$ (1,069,370)</u>

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 9 - Post Retirement Health Benefit Plan, continued

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit costs over the 2020-2021 fiscal year:

Net actuarial loss	\$	17,443
Transition obligation		8,699

Weighted-average assumptions used to determine benefit obligations as of June 30, 2020:

Discount rate	2.85%
Expected long-term return on plan assets	7.00%
Rate of compensation	N/A
Health care cost trend rate assumed for next year	4.89%
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	3 years

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:

<u>Year Ending June 30,</u>		
2022	\$	176,000
2023		191,000
2024		201,000
2025		213,000
2026		240,000
2027		262,000
2028		285,000
2029		282,000
2030		318,000
2031		320,000

Note 10 - 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, 2021. 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, 2021, including month-to-month and related party leases, was \$47,522.

Future lease income to be received is as follows:

<u>Year Ending June 30,</u>		
2022	\$	<u>14,520</u>

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

Notes to Financial Statements

Year Ended June 30, 2021

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.

Coronavirus

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, including California, where the organization is located.

Management has initiated several changes to the operations of the programs, events and administrative functions in order to protect the health of staff and club members and to mitigate the financial effects of the virus and its resultant economic slowdown. The Organization will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of students and staff.

Note 12 - Prior Period Restatement

At June 30, 2020, ASI had recorded as revenue and receivable the difference between the amount of Student Fees collected by the University and the amount they had been paid through seeking reimbursement for services performed. During the course of the audit, it was determined that this treatment had overstated the accounts receivable and revenue balances by \$1,186,826, as ASI had not yet performed the services necessary to recognize this revenue. This was corrected by recognizing actual revenue earned in the prior period which resulted in reducing beginning net assets without donor restrictions by \$1,186,826. The change in net assets without donor restrictions for the year ended June 30, 2020 was revised from \$5,454,761 to \$4,267,935 as a result of this correction.

SUPPLEMENTAL INFORMATION

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

June 30, 2021

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	469,324
Short-term investments	34,936,945
Accounts receivable, net	808,283
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	32,721
	<hr/>
Total current assets	36,247,273
	<hr/>
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	1,106,919
Other assets	-
	<hr/>
Total noncurrent assets	1,106,919
	<hr/>
Total assets	37,354,192
	<hr/>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
	<hr/>
Total deferred outflows of resources	-

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

June 30, 2021

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	2,256,127
Accrued salaries and benefits	343,551
Accrued compensated absences, current portion	377,995
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	66,132
Other liabilities	94,605

Total current liabilities 3,138,410

Noncurrent liabilities:

Accrued compensated absences, net of current portion	125,998
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	3,320,387
Net pension liability	2,612,459
Other liabilities	-

Total noncurrent liabilities 6,058,844

Total liabilities 9,197,254

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	1,106,919
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	27,050,019

Total net position 28,156,938

See independent auditors' report.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
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	185,215
Scholarship allowances (enter as negative)	-
Other operating revenues	17,856,197
Total operating revenues	18,041,412
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	10,779,647
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	245,849
Total operating expenses	11,025,496
Operating income (loss)	7,015,916
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	153,014
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	837,102
Net nonoperating revenues (expenses)	990,116
Income (loss) before other revenues (expenses)	8,006,032
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	8,006,032
Net position:	
Net position at beginning of year, as previously reported	21,337,732
Restatements	(1,186,826)
Net position at beginning of year, as restated	20,150,906
Net position at end of year	28,156,938

See independent auditors' report.

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
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)	34,936,945	-	-	-	34,936,945
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	34,936,945	-	-	-	34,936,945

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g - CSU Consolidated Investment Pool (formerly SWIFT):			\$ -

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:					\$ -			\$ -	
Land and land improvements									
Works of art and historical treasures									
Construction work in progress (CWIP)									95,387
Intangible assets:									
Rights and easements									
Patents, copyrights and trademarks	-					95,387			-
Intangible assets in progress (PWIP)									
Licenses and permits									
Other intangible assets:									
Total Other intangible assets									
Total intangible assets									
Total non-depreciable/non-amortizable capital assets	\$ -				\$ -				\$ 95,387
Depreciable/Amortizable capital assets:									
Buildings and building improvements						95,387			
Improvements, other than buildings									
Infrastructure									
Leasehold improvements	965,221				965,221		(26,830)		938,391
Personal property:									
Equipment	1,594,833				1,594,833	23,968			1,618,801
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 depreciable/amortizable capital assets	2,560,054				2,560,054		(26,830)		2,557,192
Total capital assets	\$ 2,560,054				\$ 2,560,054		(26,830.0)		\$ 2,652,579
						289,685.0			

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassification s	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 501,891		501,891	289,170	(287,068)	\$	\$ 377,995	\$ 125,998
2. Claims liability for losses and loss adjustment expenses						503,993		-
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	\$ 501,891		501,891	289,170	(287,068)	\$	377,995	\$ 125,998
						503,993		

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

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:									
2022									-
2023									-
2024									-
2025									-
2026			-			-			-
2027 - 2031			-			-			-
2032 - 2036			-			-			-
2037 - 2041			-			-			-
2042 - 2046			-			-			-
2047 - 2051			-			-			-
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:									
2022									-
2023									-
2024									-
2025									-
2026			-			-			-
2027 - 2031			-			-			-
2032 - 2036			-			-			-
2037 - 2041			-			-			-
2042 - 2046			-			-			-
2047 - 2051			-			-			-
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									\$

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

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 971,591

Payments received from University for services, space, and programs 17,909,482

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

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

Accounts (payable to) University (enter as negative number) (2,041,551)

Other amounts (payable to) University (enter as negative number)

Accounts receivable from University (enter as positive number) 331,360

Other amounts receivable from University (enter as positive number)

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	Correct Over-recognition of Other Revenue in FY 20	
	Restricted expendable: Others	1,186,826
	Accounts receivable, net of current portion	(1,186,826)
		-
Restatement #2	Enter transaction description	
		-

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

Other Information

Year Ended June 30, 2021

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	4,345,236	1,652,087	219,489	27,890	-	4,534,945	-	10,779,647
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	245,849	245,849
Total operating expenses	\$ 4,345,236	1,652,087	219,489	27,890	-	4,534,945	245,849	11,025,496

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 \$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues 837,102
 Other nonoperating (expenses) -
Total other nonoperating revenues (expenses) \$ 837,102

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, Inc., California State Polytechnic University, Pomona (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

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

Associated Students, Inc., California State Polytechnic University, Pomona's Response to Findings

Associated Students, Inc., California State Polytechnic University, Pomona's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Associated Students, Inc., California State Polytechnic University, Pomona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 14, 2021

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

Schedule of Findings and Responses

Year Ended June 30, 2021

Financial Statement Findings:

2021-001

Criteria:	Management should have controls in place to ensure that revenue is fairly stated at year end.
Condition:	For the year ended June 30, 2020, Associated Students, Inc., California State Polytechnic University, Pomona (ASI) improperly recognized accounts receivable and revenue of \$1,186,826 resulting from the difference between fees collected by California State Polytechnic University, Pomona (the University), and the amount paid to ASI through reimbursement of expenses from providing services to students during the year.
Cause:	ASI is only entitled to fees collected by the University to fund student services only after providing these services to students.
Effect:	Prior period adjustment to beginning net assets for the overstatement was necessary in current year.
Recommendation:	We recommend that management review revenue activity at year end to ensure ASI only recognizes revenue related to amounts billed to the University for services performed.
Response:	We concur. Our past practice of accruing the difference between fees collected by Campus and the amount reimbursed to ASI is not accurate. The University confirmed that the ASI Fee is a contract between the University and students, not between ASI and students. Therefore, ASI is not entitled to the fees held by the University until services are provided to students. Moving forward, ASI will no longer recognize the outstanding balance held by the University as ASI's revenue and accounts receivable at year-end.

2021-002

Criteria:	Management should have proper controls in place to ensure accurate financial information is presented at year-end closing.
Condition:	For the year ended June 30, 2021, financial information presented for the audit was not recorded in accordance with US GAAP. There were errors in recording receivables, construction in progress, accrued expenses, net assets, revenue, and expenses.
Context:	Several key employees were out of the office during close of year ended June 30, 2021. This resulted in accounting errors that were not timely identified and corrected by management.
Effect:	There were 6 audit adjustments posted during the 2021 audit that reduced receivables by \$3,403,431, increased construction in progress by \$95,387, decreased accrued expenses by \$675,446, decreased Net Assets by \$1,186,826, decreased revenue by \$2,216,605, and decreased expenses by \$770,883.
Recommendation:	We recommend that management implement a policy to ensure that if key personnel are out of office around key reporting times, proper control structure will be in place to timely detect and correct errors in financial reporting.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Schedule of Findings and Responses
Year Ended June 30, 2021

Financial Statement Findings, continued:

2021-002, continued

Response: We concur. Due to unforeseen circumstances and a long-standing position vacancy, key management employees were out and unavailable to provide the necessary checks and balances during the critical year-end closing time. 3 of the 6 adjusting entries (reduced receivable by \$3,403,431, decreased Net Assets by \$1,186,826, and decreased revenue by \$2,216,605) were due to our past practice of accruing the difference between fees collected by the University and the amount reimbursed to ASI, as explained in the note above. We will provide training to key employees to minimize errors on the front end. Also, we will implement additional levels of review to enhance control, so the accuracy of our financial reporting is not adversely affected if key personnel are out of office during year-end.