

Financial Statements and Report of
Independent Certified Public
Accountants

**Associated Students of San Diego State
University**
(a Component Unit of San Diego State University)

June 30, 2021 and 2020

Contents

	Page
Report of Independent Certified Public Accountants	3
Report of Independent Certified Public Accounts on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	5
Financial Statements	
Statements of financial position	7
Statements of activities	8
Statements of functional expenses	9
Statements of cash flows	10
Notes to financial statements	11
Supplementary Information	
Schedule of net position	29
Schedule of revenues, expenses and changes in net position	32
Other supplementary information	34

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Associated Students Council
Associated Students of San Diego State University

Report on the financial statements

We have audited the accompanying financial statements of Associated Students of San Diego State University, (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statements 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 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.

Auditor's 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 Organization'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 Organization'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 that 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 Associated Students of San Diego State University 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.

Other matters*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as required by the California State University on pages 29-42, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary 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 13, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 the Organization's internal control over financial reporting and compliance.

Report on 2020 summarized comparative information

We have previously audited the Organization's 2020 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 11, 2020. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Associated Students Council
Associated Students of San Diego State University

We have audited, 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, the financial statements of Associated Students of San Diego State University, (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the "Organization"), which comprise the statements of financial position as of June 30, 2021, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements, and have issued our report thereon dated September 13, 2021.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design of 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Organization's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

San Diego, California
September 13, 2021

Associated Students of San Diego State University

STATEMENTS OF FINANCIAL POSITION

June 30,

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 560,131	\$ -
Cash held for others, student organizations (Note 3)	871,107	832,236
Short-term investments (Note 2)	23,987,867	18,642,415
Receivables, net (Note 3)	411,399	918,979
Prepaid expenses and other	36,599	86,119
Deposits	295,809	288,593
Total current assets	26,162,912	20,768,342
Building improvements and equipment, net (Note 4)	4,615,492	5,566,491
Total noncurrent assets	4,615,492	5,566,491
Total assets	\$ 30,778,404	\$ 26,334,833
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable (Note 3)	\$ 1,141,884	\$ 809,087
Accrued liabilities (Notes 1 and 3)	1,196,343	2,559,832
Note payable (Note 1)	1,900,000	-
Deferred revenue	812,171	125,185
Accrued compensated absences, current portion	450,000	450,000
Total current liabilities	5,500,398	3,944,104
Accrued compensated absences, net of current portion	150,657	156,244
Accrued employee benefit costs (Note 5)	4,016,585	3,324,261
Total liabilities	9,667,640	7,424,609
Commitments and contingencies (Notes 5 and 6)		
Net assets, without donor restrictions (Note 7)	20,239,657	18,077,988
Net assets, with donor restrictions (Note 1)	871,107	832,236
Total net assets	21,110,764	18,910,224
Total liabilities and net assets	\$ 30,778,404	\$ 26,334,833

The accompanying notes are an integral part of these financial statements.

Associated Students of San Diego State University

STATEMENTS OF ACTIVITIES

Years ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Changes in unrestricted net assets:				
Revenue and other support (Note 3):				
Activities and programming revenue	\$ 2,695,584	\$ -	\$ 2,695,584	\$ 2,554,968
Facility operations and maintenance revenue	9,038,519	-	9,038,519	6,842,530
Investment income (Note 2)	103,233	-	103,233	383,330
Administrative	63,997	-	63,997	97,746
Program revenue and user fees:				
Aztec Recreation	4,246,644	-	4,246,644	4,358,891
Children's Center	1,212,328	-	1,212,328	1,887,311
Cultural Arts	179,200	-	179,200	273,601
Daily Aztec	69,355	-	69,355	49,220
Mission Bay Aquatic Center	1,907,689	-	1,907,689	2,117,365
Student Government	55,000	-	55,000	59,194
Student Organizations	-	-	-	6,242
KCR Radio	32,989	-	32,989	8,192
Facility revenue and user fees (Note 6):				
Aztec Center/Scripps Cottage	763,732	-	763,732	1,804,770
Viejas Arena	936,880	-	936,880	5,924,154
Revenue with donor restrictions collected (Note 1)	-	225,074	225,074	607,268
Release of restrictions (Note 1)	186,203	(186,203)	-	-
Total revenue and other support	21,491,353	38,871	21,530,224	26,974,782
Expenses and deductions (Notes 1, 3, 5, and 6):				
General and administrative	2,959,724	-	2,959,724	2,767,090
Program expenses:				
Aztec Recreation	4,476,378	-	4,476,378	5,592,058
Children's Center	2,061,436	-	2,061,436	2,603,696
College Councils	27,687	-	27,687	22,909
Cultural Arts	534,063	-	534,063	702,346
Daily Aztec	77,548	-	77,548	177,118
Imperial Valley Campus	91,204	-	91,204	108,812
Mission Bay Aquatic Center	2,219,152	-	2,219,152	2,372,479
Student Government	648,898	-	648,898	1,400,536
Student Organizations	77,751	-	77,751	64,488
KCR Radio	13,701	-	13,701	6,416
Recognized Student Organizations	186,203	-	186,203	534,863
Facility expenses:				
Aztec Center/Scripps Cottage	3,123,286	-	3,123,286	4,796,030
Viejas Arena	2,806,067	-	2,806,067	5,804,794
Imperial Valley Campus facilities	26,586	-	26,586	31,304
Total expenses and deductions	19,329,684	-	19,329,684	26,984,939
NET CHANGE IN NET ASSETS	2,161,669	38,871	2,200,540	(10,157)
Net assets, beginning of year	18,077,988	832,236	18,910,224	18,920,381
Net assets, end of year	<u>\$ 20,239,657</u>	<u>\$ 871,107</u>	<u>\$ 21,110,764</u>	<u>\$ 18,910,224</u>

The accompanying notes are an integral part of these financial statements.

Associated Students of San Diego State University

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021	Program Expenses	Facility Expenses	General and Administrative	Total Expenses
Full-time salaries and benefits	\$ 4,377,837	\$ 2,863,091	\$ 2,440,971	\$ 9,681,899
Part-time salaries and benefits	1,938,031	324,285	20,475	2,282,791
Supplies	320,860	33,027	18,913	372,800
Utilities	231,875	374,453	27,220	633,548
Insurance	109,752	224,731	-	334,483
Professional fees	33,259	-	234,512	267,771
Depreciation	301,760	552,297	42,690	896,747
Travel	10,202	528	2,381	13,111
Outside services	417,939	331,878	122,283	872,100
Reimbursed event services	61,742	92,405	-	154,147
Repairs and maintenance	1,441,223	1,004,869	22,588	2,468,680
Student programming & support	754,279	16,917	-	771,196
Other expenses	415,262	137,458	27,691	580,411
Total expenses	\$ 10,414,021	\$ 5,955,939	\$ 2,959,724	\$ 19,329,684

Year Ended June 30, 2020	Program Expenses	Facility Expenses	General and Administrative	Total Expenses
Full-time salaries and benefits	\$ 4,406,518	\$ 3,189,943	\$ 2,108,223	\$ 9,704,684
Part-time salaries and benefits	3,200,780	2,055,295	102,121	5,358,196
Supplies	594,205	60,415	25,743	680,363
Utilities	254,340	591,790	21,262	867,392
Insurance	134,228	209,906	-	344,134
Professional fees	36,590	-	195,501	232,091
Depreciation	344,038	555,313	50,411	949,762
Travel	108,247	24,270	33,433	165,950
Outside services	465,619	433,190	115,048	1,013,857
Reimbursed event services	75,413	1,887,969	-	1,963,382
Repairs and maintenance	1,036,893	1,356,319	90,661	2,483,873
Student programming & support	2,424,101	141,564	-	2,565,665
Other expenses	504,749	126,154	24,687	655,590
Total expenses	\$ 13,585,721	\$ 10,632,128	\$ 2,767,090	\$ 26,984,939

The accompanying notes are an integral part of these financial statements.

Associated Students of San Diego State University

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,200,540	\$ (10,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net periodic postretirement benefit costs	692,324	121,032
Depreciation and amortization	896,747	949,762
Net realized/unrealized gain on investments	(95,452)	(373,326)
Net gain on disposal of equipment	(35,502)	-
Bad debt expense	261	37,657
Changes in operating assets and liabilities:		
Receivables	507,319	(68,927)
Prepaid expenses and other	49,519	110,838
Deposits	(7,216)	-
Accounts payable	365,937	(64,681)
Accrued liabilities	(1,351,229)	1,088,563
Deferred revenue	686,986	(892,776)
Accrued compensated absences	(5,587)	129,318
	<u>3,904,647</u>	<u>1,027,303</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from matured certificates of deposit	-	498,000
Purchase of investments	(13,300,000)	(8,650,000)
Redemption of investments	8,050,000	9,300,000
Purchases of equipment	(709,301)	(2,138,506)
Disposals of equipment	715,031	-
Proceeds from sale of equipment	38,625	-
	<u>(5,205,645)</u>	<u>(990,506)</u>
Net cash (used in) investing activities		
Cash flows from financing activities		
Proceeds from note payable	1,900,000	-
	<u>1,900,000</u>	<u>-</u>
Net cash provided by financing activities		
NET INCREASE IN CASH	599,002	36,797
Cash		
Beginning of year	832,236	795,439
End of year	<u>\$ 1,431,238</u>	<u>\$ 832,236</u>
Cash and cash equivalents	\$ 560,131	\$ -
Cash held for others, student organizations	871,107	832,236
	<u>\$ 1,431,238</u>	<u>\$ 832,236</u>
Cash and cash equivalents and cash held for others, student organizations		
Supplemental disclosures of non-cash information		
Building improvements and equipment purchased on accounts payable	<u>\$ 14,092</u>	<u>\$ 59,493</u>

The accompanying notes are an integral part of these financial statements.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2021 and 2020

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Associated Students of San Diego State University (the Organization or Associated Students) is a California not-for-profit auxiliary organization of The California State University (CSU), organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations, and is a component unit of San Diego State University (the University). The function of the Organization is to provide essential activities that are an integral part of the University's campus programs. Such activities include student government, cultural programs and various other services.

The operations of the Organization combine the activities of two funds without donor restrictions: General Activities and Student Union. The General Activities fund accounts for activities provided by the student government and its boards and committees, and student organizations. The Student Union fund accounts for the facilities, programs and services provided by the Associated Students, which include Cultural Arts, Aztec Center, Viejas Arena, Aztec Recreation, Mission Bay Aquatic Center, Children's Center, KCR Radio, etc. The Organization extends credit to the University and its auxiliary organizations in the form of unsecured receivables. The Organization also receives funding from the University and its auxiliary organizations to support the Organization's operations.

Affiliated Organizations

The Organization is related to other auxiliaries of the University, including Aztec Shops, Ltd. (Shops), the Campanile Foundation and the San Diego State University Research Foundation. These auxiliaries and the University periodically provide various services for one another and collaborate on projects.

Reclassification of Net Assets

During a prior fiscal year, in accordance with CSU directives, the Organization assumed additional responsibilities with regard to overseeing and reporting the financial activities of the campus registered student organizations (RSOs). As such, the activity of the RSOs is reported within the net asset with donor restrictions net asset category, with net assets with donor restrictions representing the amount of cash held by the Organization on behalf of the RSOs.

Basis of Accounting and Reporting

The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, and are recorded on the accrual basis of accounting, in accordance accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets without donor restrictions represent funds that are fully available, at the discretion of management and the Associated Students Board of Directors, for the Organization to utilize in any of its programs or services. In order to ensure observance of limitations and possible restrictions placed on the use of available resources, for internal purposes the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar objectives and characteristics have been combined into fund groups. Amounts due to or from other funds are eliminated in total in the financial statements.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made, as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as contributions within net assets with donor restrictions. Net assets with donor restrictions are reclassified as net assets at such time as the Organization has fulfilled the donor-imposed restriction. Contributions where donor-imposed restrictions both arose and expired in the same fiscal year are reported as contributions without donor restrictions within net assets without donor restrictions. At June 30, 2021 and 2020, the Organization had no outstanding pledges.

Net assets with donor restrictions include gifts in which donors have stipulated that the principle be invested in perpetuity. At June 30, 2021 and 2020, the Organization had no such net assets.

Noncash contributions are recorded at their fair value at the date of donation as established by either appraisal or the value anticipated in the subsequent resale of an item. There were no noncash contributions for the years ended June 30, 2021 and 2020.

Allocation of Expenses

The statements of activities summarize expenses according to program costs and other activities. Included in the program costs and other activities are the allocable depreciation, amortization and gains or losses from the disposal of equipment. All other expenses are allocated based upon direct costs related to each program. Indirect costs are included in general and administrative expense. In the statements of activities, the expenses related to depreciation, amortization and gain or loss from the disposal of equipment have been allocated by asset location among the programs and activities presented for the years ended June 30, as follows:

	2021		2020	
	Depreciation and Amortization	Loss (Gain) from Disposal of Equipment	Depreciation and Amortization	Loss (Gain) from Disposal of Equipment
General and administrative	\$ 104,639	\$ -	\$ 199,440	\$ -
Program expenses:				
Aztec Recreation	155,463	(31,896)	180,008	-
Children's Center	21,002	-	32,339	-
Cultural Arts	1,309	-	1,364	-
Daily Aztec	135	-	68	-
Imperial Valley Campus	15,997	-	16,862	-
Mission Bay Aquatic Center	112,993	(3,606)	118,754	-
Student Government	3,537	-	3,274	-
KCR Radio	993	-	1,040	-
Facility expenses:				
Aztec Center/Scripps Cottage	188,905	-	174,350	-
Viejas Arena	291,774	-	222,263	-
	<u>\$ 896,747</u>	<u>\$ (35,502)</u>	<u>\$ 949,762</u>	<u>\$ -</u>

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

Cash and Cash Equivalents and Cash Held for Others, Student Organizations

The Organization maintains accounts with a financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Organization had a cash balance at June 30, 2021 and 2020 that exceeded the balance insured by the FDIC by \$1,163,000 and \$154,000, respectively. The Organization has not experienced any losses in such accounts.

Trade Accounts Receivable

Trade and other accounts receivable primarily consist of amounts due from customers in the normal course of the Organization's operations. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Total bad debt expense for the years ended June 30, 2021 and 2020 amounted to approximately \$0 and \$37,700, respectively. Recoveries of trade receivables previously written off are recorded when received. The Organization does not charge interest on past due accounts.

Short-term Investments

Investments, including the Local Agency Investment Fund (LAIF), are recorded at their fair value in the statements of financial position. Investment income or losses (including realized gains and losses on investments, interest and dividends) are included in the statements of activities as increases or decreases in investment income, net.

Building Improvements and Equipment

Building improvements and equipment are recorded at cost, if purchased, or at the fair value of the contribution, if donated. Building improvements and equipment are depreciated using the straight-line method over the estimated useful lives of the underlying assets, generally three to 20 years. Improvements on leased facilities and facilities under operating agreements are amortized over the lesser of the related lease or operating agreement, or the estimated assets' lives.

Repairs and maintenance to buildings leased from the trustees of CSU are considered expenditures on behalf of the University and, accordingly, are expensed in the year incurred.

Long-lived Assets

The Organization evaluates the carrying value of the long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected future undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. Management has determined that no impairment of long-lived assets currently exists.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

Vacation Policy

The Organization accrues earned vacation based on whether the employee is salaried or hourly and the employee's length of service. Salaried and hourly employees can accrue a maximum of between 272 and 385 hours based on the length of service. Accrued vacation is calculated at the employee's current wage rate. Vacation liabilities of approximately \$601,000 and \$606,000 are included in accrued liabilities at June 30, 2021 and 2020, respectively.

Note Payable

The Organization obtained a Payroll Protection Program loan totaling \$1,900,000 in March 2021. The loan bears interest at 1.0% per annum and is due in monthly principal and interest payments beginning July 2022 through March 2026 if the loan is not forgiven. The Organization will submit the application for forgiveness in fiscal year 2022.

Retirement and Postretirement Healthcare Benefits

The Organization is a member of the California Public Employees' Retirement System (PERS), a multiemployer pension system that provides a contributory defined benefit pension and postretirement benefit program for its salaried employees. PERS functions as an investment and administrative agent for participating entities within California.

The PERS plan provides retirement, survivor, and death and disability benefits based upon employees' years of service, age and final compensation, and also provides contributions toward medical insurance. Vesting occurs after five years of credited service. Employees who retire at or after age 50 with five or more years of service are entitled to a retirement benefit, payable monthly for the remainder of their lives, and may elect to continue payment of participant premiums for medical benefit coverage. Several survivor benefit options are available that reduce a retiree's unmodified benefit.

PERS issued a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the California PERS website at www.calpers.ca.gov.

While actuarial information is not available for the Organization on a standalone basis, the Organization's pension plan information is included in the University's financial statements on an aggregate basis. The University's financial statements can be obtained from the CSU.

The Organization also provides certain postretirement healthcare benefits for all retired employees that meet eligibility requirements through contracts with PERS. The Organization's share of the estimated healthcare costs that will be paid after retirement is generally being accrued by charges to expense over the employees' active service periods to the dates they are fully eligible for benefits.

The Organization obtains an actuarial valuation of the accumulated postretirement health care obligations on a periodic basis (see Note 5).

Tax Deferred Annuity Plan

The Organization sponsors a defined contribution retirement plan for eligible hourly employees. For the years ended June 30, 2021 and 2020, the Organization contributed 7% of the eligible compensation of the qualified employees, amounting to approximately \$178,000 and \$199,250, respectively.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

Revenue Recognition

Activity fees and Student Union Fees are assessed by the University upon student registration. Certain of those amounts are passed through to the Organization for purposes of activities and programming as well as facility operations and maintenance. In March 2020, A.S. and the University were notified that the CSU had re-financed debt on the Aztec Student Union, resulting in lowered debt payments and one-time re-funding of borrowed funds. The 2020-21 impact of this exercise was an increase in the facility operations and maintenance revenue of \$2,001,000. Future impacts vary depending on student enrollment levels.

Aztec Recreation fees are primarily assessed as monthly membership fees, which provide students access to recreational facilities operated by the Organization. Aztec Recreation members who choose the option to pay monthly by electronic funds transfer must make a four-month membership commitment. In May 2021, the University returned \$2,580,000 of A.S.'s contribution to the renovation of the Aztec Recreation Center. These one-time funds will be used during fiscal 2021-22 to purchase equipment for the renovated facility.

Revenue from the Children's Center is assessed monthly and recognized as services are provided. Daily Aztec revenues are generated from advertising and are recognized as the advertisements are published. Mission Bay Aquatic Center revenues are generated from program participants' fees and recognized in the period that the services are provided. Aztec Student Union/Scripps Cottage fees are earned from subleased space and on a per-event basis. Viejas Arena revenues are earned at the time events are held.

Included in facility revenues and user fees, the Organization has an exclusive license agreement with Shops that expires on December 31, 2022. The agreement grants Shops an exclusive license to conduct concessions for food, beverages and novelty items bearing the imprint or emblem of the University in the Organization's venues on the campus. The license requires monthly license fees based on various percentages of adjusted gross receipts, as defined, and amounted to approximately \$0 and \$709,000 during the years ended June 30, 2021 and 2020, respectively.

During the fiscal year ended June 30, 2021, revenue from this agreement was impacted by the Covid-19 pandemic. Large scale events, which drive this revenue were not allowed to occur in A.S. facilities due to health and safety protocols.

Deferred Revenue

The Organization recognizes revenue related to activities and programming revenue, student program fees and sponsorships during the semester or as the programs and sponsorships are provided. Accordingly, certain student activity fees, student program fees and sponsorship received in advance of the semester or prior to the program are included in deferred revenue.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable, the lives and methods for recording depreciation and amortization on property, improvements and equipment, and assumptions used to calculate accrued employee benefits and accrued pension costs. Actual results could differ from the estimates used by management.

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2021, the date the financial statements were available to be issued, and has determined that there were no subsequent events to recognize or disclose in these financial statements.

Income Taxes

The Organization follows the guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. The Organization has also been recognized by the California Franchise Tax Board as an organization that is exempt from California franchise and income taxes under Section 23701d of the California Revenue and Taxation Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which impacts the way in which some entities recognized revenue for certain types of transactions. The new standards are effective for annual reporting periods beginning after December 15, 2019. The Organization has evaluated the impact of this accounting standard and determined that there was no material impact on the Organizations revenue recognition policy.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”), which amends the guidance for the accounting and disclosure of leases. This new standard requires that lessees recognize the assets and liabilities that arise from leases on the balance sheet and disclose qualitative and quantitative information about their leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact that this new standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance will help entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance will also help in determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2019. The Organization has evaluated the impact of this accounting standard and determined that there was no material impact on the Organizations revenue recognition policy.

Summarized Information

The financial statements include certain prior-year summarized financial information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 - SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

Short-term investments consisted of the following at June 30:

	2021	2020
Investments, current:		
LAIF	\$ 23,987,867	\$ 18,642,415
	\$ 23,987,867	\$ 18,642,415

Investment income, consisted of approximately \$95,000 and \$383,000 for the years ended June 30, 2021 and 2020, respectively.

Fair Value Measurements

LAIF is an investment pool managed by the California State Treasurer (the State). LAIF's investments are short term and follow the investment requirements of the State. LAIF is allowed by the state statutes, bond resolutions and investment policy resolutions to invest in United States government securities, federal agency securities, negotiable CDs, bankers' acceptances, commercial paper, corporate bonds, bank notes, other debt securities, repurchase agreements, reverse repurchase agreements and other investments.

Investments are presented in the financial statements at fair value in accordance with U.S. GAAP. The fair value of securities in the State's pooled investment program generally is based on quoted market prices. The State's office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State's office performs a monthly fair market valuation of all securities held against carrying cost. As of June 30, 2021 and 2020, the weighted-average maturity of the securities in the pooled investment program administered by the State's Office was approximately 291 days and 191 days, respectively. Weighted-average maturity is the average number of days, given a dollar-weighted value of individual investments, that the securities in the portfolio have remaining from evaluation date to stated maturity. The default credit risk of LAIF is considered minimal.

The Pooled Money Investment Board (the Board) provides oversight of the State's pooled investment program. The purpose of the Board is to design an effective cash management and investment program, using all monies flowing through the State's office bank accounts and keeping all available funds invested in a manner consistent with the goals of safety, liquidity and yield. The Board comprises the State Treasurer as chair, the State Controller and Director of Finance. The Board designates the amounts of money available for investment. The State is charged with making the actual investment transactions for this program. This investment program is not registered with the Securities and Exchange Commission as an investment company.

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

FASB ASC 820 establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- Level 1 - Observable inputs such as quoted market prices in active markets.
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Level 3 classifications currently include pooled funds that include multiple investments in which the Organization does not have individual ownership of the specific assets and the Organization has an interest in the pooled investment. For these pooled investments, there is no daily pricing on an active exchange but where a substantial portion of a fund's fair value could be determined based on quoted market prices of underlying investments held by the fund and the estimated fair values of certain investments of the underlying investment pool, which may include private placements and other securities for which prices are not readily available, and are determined by the State or sponsor of the respective other investment pool and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Investments measured using a Net Asset Value (NAV) per share, or its equivalent, are not classified in the fair value hierarchy above because they may or may not be redeemed at the NAV or because the redemption at NAV is uncertain due to lock-up periods or other investment restrictions. At June 30, 2021 and 2020, the Organization had no such investments.

As of June 30, 2021 and 2020, the Organization's investments in LAIF of \$23,987,867 and \$18,642,415, respectively, are categorized as Level 3 investments. There were no transfers between the different levels for the years ended June 30, 2021 and 2020.

The following table reflects a reconciliation of beginning and ending balances for the Organization's total investments in LAIF at June 30:

	2021	2020
Beginning balance	\$ 18,642,415	\$ 18,919,089
Total realized and unrealized gains, net, included in change in net assets	95,452	373,326
Net transfers	5,250,000	(650,000)
Ending balance	\$ 23,987,867	\$ 18,642,415

NOTE 3 - RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, AND RELATED-AFFILIATE BALANCES

The Organization provides services to and received reimbursements from other auxiliaries of the University, primarily for the rental of facilities in which the Organization operates. In addition, the Organization purchases goods and services from, and may make reimbursements to, other auxiliaries of the University.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

The Organization recorded revenues for services rendered from auxiliaries during the years ended June 30 as follows:

	<u>2021</u>	<u>2020</u>
The Campanile Foundation	\$ 130,148	\$ 216,135
Aztec Shops, Ltd.	768,378	1,888,237
San Diego State University Research Foundation	18,991	142,268
San Diego State University	<u>1,424,539</u>	<u>2,451,043</u>
	<u>\$ 2,342,056</u>	<u>\$ 4,697,683</u>

The Organization recorded expenses for services to auxiliaries during the years ended June 30 as follows:

	<u>2021</u>	<u>2020</u>
The Campanile Foundation	\$ -	\$ 227,501
Aztec Shops, Ltd.	107,044	589,320
San Diego State University Research Foundation	-	1,800
San Diego State University	<u>1,292,751</u>	<u>2,184,238</u>
	<u>\$ 1,399,795</u>	<u>\$ 3,002,859</u>

The components of the Organization's receivables and customer concentrations as of June 30 are as follows:

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Other advertising and services	\$ 178,184	42%	\$ 218,405	23%
Customer A	-	-	335,988	36%
Related-party receivables:				
The Campanile Foundation	-	-	16,599	2%
Aztec Shops, Ltd.	28,398	7%	20,513	2%
San Diego State University				
Research Foundation	150	-	18,819	2%
San Diego State University	<u>219,649</u>	51%	<u>323,637</u>	35%
	426,381		933,961	
Less allowance for doubtful accounts	<u>(14,982)</u>		<u>(14,982)</u>	
	<u>\$ 411,399</u>		<u>\$ 918,979</u>	

As of June 30, 2021 and 2020, accounts payable and accrued liabilities include approximately \$6,000 and \$59,000, respectively, owed to Shops and approximately \$756,000 and \$661,000, respectively, owed to the University.

Associated Students of San Diego State University

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Years ended June 30, 2021 and 2020

The amount of net assets with donor restrictions represents the amount of cash held by the Organization on behalf of the RSOs. At June 30, 2021 and 2020, the Organization recorded a liability for these funds held for others and has classified the related cash as cash held for others, student organizations in the statements of financial position in the amount of \$871,107 and \$832,236, respectively.

NOTE 4 - BUILDING IMPROVEMENTS AND EQUIPMENT

Building improvements in leased facilities and equipment consisted of the following at June 30:

	2021	2020
Building improvements	\$ 576,648	\$ 576,648
Leasehold improvements	7,450,234	7,205,814
Equipment	8,543,648	8,495,463
Construction in progress	290,694	867,856
	16,861,224	17,145,781
Less accumulated depreciation and amortization	(12,245,732)	(11,579,290)
	\$ 4,615,492	\$ 5,566,491

NOTE 5 - PERS BENEFIT PLANS

Cost-sharing Multiemployer Pension Plan

The Organization contracts with PERS to provide its salaried employees retirement and disability benefits, through the Miscellaneous Plan of the San Diego State University Associated Students and the PEPRA Miscellaneous Plan of the San Diego State University Associated Students, which are paid by the State of California. Through June 30, 2003, the PERS retirement and disability plan was an agent multiemployer retirement plan; therefore, the provisions of ASC 715, *Employers' Accounting for Pensions*, were applicable.

The unfunded pension liabilities at June 30, 2021 and 2020 were derived from the most recent Accounting Valuation Reports provided by PERS. The measurement dates for the reports were June 30, 2020 and 2019, respectively.

Effective July 1, 2003, the Organization began participating in a PERS cost-sharing multiemployer pension plan, whereby other entities with benefits similar to the Organization participate in the same cost-sharing plan. At the date the Organization began participating in the cost-sharing plan, a liability was determined by PERS for each of the cost-sharing plan participants, called a "side-fund liability," which was established to account for each Organization's share of the pool's unfunded liability. The side-fund liability is calculated by PERS annually and includes liability calculations for the subsequent two years using estimated employer payroll and estimated return on plan assets in accordance with ASC 450, *Accounting for Contingencies*. The Organization prepaid the amount owed in the prior year so there is no side fund liability at June 30, 2021.

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

The following table sets forth the calculation of the Organization's side-fund liability as of June 30:

	2021	2020
Side-fund liability at beginning of year	\$ -	\$ (213)
Service cost	-	-
Actual contributions	-	-
Amount allocated to interest on side-fund liability	-	213
	\$ -	\$ -
Side-fund liability at end of year	\$ -	\$ -

Service cost was calculated using 11.6% and 11.7% of actual payroll for the years ended June 30, 2021 and 2020, respectively. Contribution rates to PERS were 26.9% and 24.8% of actual payroll for the years ended June 30, 2021 and 2020, respectively. Actual payroll was approximately \$3,667,172 and \$3,458,772 for the years ended June 30, 2021 and 2020, respectively.

Postretirement Healthcare Benefit Plan

In addition, the Organization contracts with PERS to provide its salaried employees group health insurance through PERS under a postretirement healthcare benefit plan. The contract requires the Organization to pay a minimum portion of the health insurance premiums of retirees after certain required periods of employment. The postretirement healthcare benefit plan requires retirees and active employees to pay a portion of the monthly health insurance premium costs. For the years ended June 30, 2021 and 2020, the Organization paid employees' health insurance premiums as they came due.

The following table set forth the funded status of the postretirement healthcare benefits and the amounts recognized in the accompanying statements of the financial position as of June 30:

	2021	2020
Projected benefit obligation	\$ 4,183,218	\$ 3,620,374
Plan asset, at fair value	-	-
	(4,183,218)	(3,620,374)
Deficiency of plan assets (under) project benefit obligation	(4,183,218)	(3,620,374)
Prior service cost (credit)	166,633	296,113
	(4,016,585)	(3,324,261)
Accrued employee benefit cost	\$ (4,016,585)	\$ (3,324,261)
	787,150	223,305
Benefit cost	\$ 787,150	\$ 223,305
	543,171	532,758
Employer contribution	\$ 543,171	\$ 532,758
Weighted-average discount rate	2.75%	2.60%

For measurement purposes on the postretirement healthcare benefit plan, a 3% health care cost trend rate for the years ended June 30, 2021 and 2020 was used to calculate the expected cost increases.

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

The Organization pays monthly premiums for the postretirement healthcare benefit plan. Approximate future premiums to be paid at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 98,000
2023	103,000
2024	109,000
2025	115,000
2026	121,000
Thereafter	<u>647,000</u>
	<u>\$ 1,193,000</u>

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

The plan's proportionate share of the fiduciary's unfunded accumulated net pension liability as of June 30, 2021 and June 30, 2020 (the measurement dates) were \$4,445,430 and \$4,005,306, respectively, for the Miscellaneous Plan. For the PEPRA Miscellaneous Plan the fiduciaries unfunded accumulated net pension liability as of June 30, 2021 and June 30, 2020 (the measurement dates) were \$95,055 and \$44,250, respectively.

Pension Plan	Plan Number	Pension Plan Funding Status		FIP/RP Status	Employer Contributions			Surcharge Imposed
		2021	2020		2022-23	2024-25	2026-27	
Miscellaneous Plan of the San Diego State University Associated Students	2950717597	75-80%	75-80%	N/A	\$340,000	\$385,000	\$451,000	No
PEPRA Miscellaneous Plan of the San Diego State University Associated Students	2950717597	>90%	>90%	N/A	\$ 4,300	\$ 6,400	\$ 6,600	No

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Operating Expenses

Under a master operating agreement, which was renewed indefinitely until either Party gives a 30-day written termination notice, the Organization operates the Aztec Center, Viejas Arena, Aztec Recreation Center, Children's Center, Open Air Theatre, Scripps and Cottage, Daily Aztec and a portion of the Peterson Gym for the benefit of the student body on behalf of the University. The use of the facilities are governed by the terms of the agreement, and the agreement requires the Organization to promote, staff, insure, repair, maintain and improve the facilities when needed, and cover the cost of utilities program expenses, including the costs to operate these facilities. For the years ended June 30, 2021 and 2020, the Organization incurred approximately \$2,099,000 and \$2,199,000, respectively, of employee-related costs, insurance, repair, maintenance, facility improvements and utilities costs, which are included in the programs' expenses and deductions and facility expenses.

Commitments and Contingencies

The Organization operates the Mission Bay Aquatic Center for the benefit of the student body on behalf of the University and the community of the City of San Diego. During 2009, the Organization amended its contract and entered into a long-term agreement with the City of San Diego for the Mission Bay Aquatic Center. The operating agreement runs through August 31, 2023, has a 10-year renewal option and requires payment of an annual fee based on gross income from certain activities, as defined in the agreement, conducted during the previous 12 months. The use of the facilities is governed by the terms of the agreement, and the agreement requires the Organization to promote, staff, insure, repair, maintain and improve the facility when needed, and cover the cost of utilities. For the years ended June 30, 2021 and 2020, the Organization incurred approximately \$109,000 and \$104,000, respectively, of employee-related costs, insurance, repair, maintenance and utilities costs, which are included in the program's expenses and deductions.

In a prior year, the Organization entered into a usage agreement for certain athletic facilities owned by the University for the purpose of conducting intramural programs for students through June 2020. The usage fee charge is negotiated annually, by July 1 for the upcoming year. The Organization paid \$0 and \$20,000 to the University for years ended June 30, 2021 and 2020, respectively, which was recorded as a component of Aztec Recreation program expenses.

The Organization leases administrative space under a master lease agreement from the University and recognized rent expense of approximately \$148,000 during each of the years ended June 30, 2021 and 2020. The Organization recognized approximately \$74,000 of rent expense under a parking lot lease with the University during each of the years ended June 30, 2021 and 2020. The approximate future minimum lease payments due under non-cancelable operating leases at June 30, 2020 is \$75,000 for the year ending June 30, 2021 and \$62,000 for the year ending June 30, 2022, for total future minimum lease payments of \$82,000.

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

Rental Income

During the year ended June 30, 2014, the Organization entered into a memorandum of understanding to lease retail food space at Aztec Student Union to Shops. Effective July 1, 2014, the memorandum of understanding was finalized into an agreement. The lease term is an initial 10 years, which expires on June 30, 2024, with the Organization having the option to extend for two additional five-year periods. Rental income is \$600,000 annually and subject to negotiation at the end of each lease year. The Organization also funded \$250,000 of tenant improvements to Shops, which is being amortized straight-line over the initial 10 years of the lease. The unamortized rent receivable balance at June 30, 2021 and 2020 is \$93,750 and \$118,750, respectively.

Sponsorship Revenues

In December 2006, the Organization entered into a sponsorship agreement with the University, granting the University the right to rent signage space for the benefit of the Organization. Under the terms of the agreement, the Organization will receive sponsorship revenue related to Viejas Arena and other campus venues through June 30, 2017 under agreements entered into by the University with individual sponsors.

During the year ended June 30, 2009, the University and the Organization signed an amendment to the December 2006 sponsorship agreement. Under the terms of the amendment, the Organization will receive sponsorship revenue related to Viejas Arena through June 30, 2019 under the agreement entered into by the University with the sponsor. As the Organization paid for a portion of these costs incurred, the University will reimburse the Organization for such costs until they are fully reimbursed under the stipulation the Organization fulfills its commitment to the sponsorship agreement with the University. The University will deduct all costs incurred relating to the sponsorship revenue earned and distribute 50% of the remaining balance to the Organization.

During the year ended June 30, 2018, the University and the Organization signed an amendment to the December 2006 sponsorship extending the agreement. Under the terms of the amendment, the Organization will receive sponsorship revenue related to Viejas Arena through June 30, 2029 under the agreement entered into by the University with the sponsor.

During the years ended June 30, 2021 and 2020, the Organization recognized revenue of approximately \$201,000 and \$446,000, respectively, under the sponsorship agreements.

Approximate future income from sponsorship revenue agreements at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 255,000
2023	268,000
2024	285,000
2025	377,000
2026	<u>391,000</u>
	<u>\$ 1,576,000</u>

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

Booking Agreement

Effective January 1, 2018 and amended April 1, 2020 the Organization entered into a booking agreement with a third party to receive rental compensation for the ability to use Viejas Arena through December 31, 2027. Under the terms of the agreement, the Organization will receive an annual guaranteed payment of \$750,000 per year. During years ended June 30, 2021 and 2020, the Organization recognized revenue of \$0 and \$575,000, respectively, relating to this agreement. The payment for fiscal year ended June 30, 2021 was not made and revenue not recognized as the two parties are in the process of renegotiating the agreement.

Approximate future income from booking agreement in place as of June 30, 2021 is as follows:

<u>Year Ending June 30,</u>	
2022	\$ 750,000
2023	750,000
2024	750,000
2025	750,000
2026	750,000
Thereafter	<u>750,000</u>
	<u>\$ 4,500,000</u>

Contingencies

The Organization is subject to legal processing and claims that arise in the normal course of business. While the outcome of the proceedings and claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Organization's financial position and results of operations.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization has designated all if its net assets without donor restrictions at June 30, as follows:

	<u>2021</u>	<u>2020</u>
General activities	\$ 942,374	\$ 736,555
Various programs	2,374,984	2,891,101
Equipment replacement	11,696,744	8,512,912
Future facility	610,062	370,929
Building improvements and equipment, net	<u>4,615,492</u>	<u>5,566,491</u>
	<u>\$ 20,239,657</u>	<u>\$ 18,077,988</u>

Associated Students of San Diego State University
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Years ended June 30, 2021 and 2020

NOTE 8 - LIQUIDITY

The following represents Associated Student's financial assets at June 30, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 560,131	\$ -
Short-term investments (Note 2)	23,987,867	18,642,415
Receivables, net (Note 3)	411,399	918,979
Financial assets available to meet general expenditures over next 12 months	\$ 24,959,397	\$ 19,561,394

The Organization maintains cash balances to meet weekly obligations with excess funds being invested in LAIF. The Organization's by-laws contain policies regarding net assets. The policy is reviewed annually by the Associated Students Board of Directors and it defines the purpose and amounts for excess cash balances. The policy divides excess funds into three primary types.

Working Capital (Facility & General) - To be used for unexpected operating expense overages, to offset unexpected revenue shortfalls and for purchases of any other equipment or maintenance not previously scheduled. Minimum reserve balances shall be 5% and maximum of 10% of the current year's operating budget.

Future Facility - To be used to fund Associated Student's facility expansion and/or major facility modifications, in excess of \$25,000.

Repair and Equipment Replacement - To be funded annually through an allocation from the operating budget based on average annual costs for projected repair and replacement needs.

NOTE 9 - RISKS

The duration and impact of the COVID-19 pandemic, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Associated Students for future periods. Associated Students refers the reader to Note 8 Liquidity, at this time management believes the organization has adequate reserves to operate for the foreseeable future.

SUPPLEMENTARY INFORMATION

Associated Students of San Diego State University

SCHEDULE OF NET POSITION

June 30, 2021

(for inclusion in the California State University)

ASSETS

Current assets:

Cash and cash equivalents	\$ 560,131
Short-term investments	23,987,867
Accounts receivable, net	411,399
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	332,408

Total current assets 25,291,805

Noncurrent assets:

Restricted cash and cash equivalents	871,107
Accounts receivable, net	-
Leases 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	4,615,492
Other assets	-

Total noncurrent assets 5,486,599

Total assets 30,778,404

Deferred outflows of resources:

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

Total deferred outflows of resources \$ -

Associated Students of San Diego State University

SCHEDULE OF NET POSITION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

LIABILITIES

Current liabilities:

Accounts payable	\$ 1,141,884
Accrued salaries and benefits	794,323
Accrued compensated absences, current portion	450,000
Unearned revenue	812,171
Capitalized lease obligations, current portion	-
Long-term debt obligations, current portion	1,900,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	402,020

Total current liabilities 5,500,398

Noncurrent liabilities:

Accrued compensated absences, net of current portion	150,657
Unearned revenue	-
Grants refundable	-
Capitalized 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	-
Other postemployment benefits obligations	-
Net pension liability	4,016,585
Other liabilities	-

Total noncurrent liabilities 4,167,242

Total liabilities 9,667,640

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-

Total deferred inflows of resources \$ -

Associated Students of San Diego State University

SCHEDULE OF NET POSITION - CONTINUED

June 30, 2021

(for inclusion in the California State University)

NET POSITION

Net investment in capital assets	\$	4,615,492
Restricted for:		
Nonexpendable - endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		871,107
Unrestricted		<u>15,624,165</u>
Total net position	\$	<u><u>21,110,764</u></u>

Associated Students of San Diego State University

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30, 2021

(for inclusion in the California State University)

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ -
Grants and contracts, noncapital:	
Federal	26,543
State	57,745
Local	111,152
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	-
Other operating revenues	<u>16,658,332</u>
Total operating revenues	<u>16,853,772</u>

Expenses:

Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	18,432,937
Depreciation and amortization	<u>896,747</u>
Total operating expenses	<u>19,329,684</u>
Operating income (loss)	<u>\$ (2,475,912)</u>

Associated Students of San Diego State University

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED

Years ended June 30, 2021

(for inclusion in the California State University)

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	95,452
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	4,581,000
Net nonoperating revenues (expenses)	<u>4,676,452</u>
Income (loss) before other revenues (expenses)	2,200,540
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	2,200,540
Net position:	
Net position at beginning of year, as previously reported	18,910,224
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>18,910,224</u>
Net position at end of year	<u><u>\$ 21,110,764</u></u>

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(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		871,107
Current cash and cash equivalents		560,131
		<u>1,431,238</u>
Total	\$	<u>1,431,238</u>

2.1 Composition of investments:

	Current	Noncurrent	Total
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 types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	23,987,867	-	23,987,867
State of California Surplus Money Investment Fund (SMIF)	-	-	-
	<u>23,987,867</u>	<u>-</u>	<u>23,987,867</u>
Total investments	23,987,867	-	23,987,867
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u>\$ 23,987,867</u>	<u>\$ -</u>	<u>\$ 23,987,867</u>

2.2 Investments held by the University under contractual agreements:

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

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

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	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)	867,856	-	-	-	867,856	137,871	(715,032)	-	290,695
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	867,856	-	-	-	867,856	137,871	(715,032)	-	290,695
Depreciable/amortizable capital assets:									
Buildings and building improvements	576,648	-	-	-	576,648	-	-	-	576,648
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	7,205,814	-	-	-	7,205,814	244,420	-	-	7,450,234
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	7,715,629	-	-	-	7,715,629	281,613	(233,429)	-	7,763,813
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	779,834	-	-	-	779,834	-	-	-	779,834
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	779,834	-	-	-	779,834	-	-	-	779,834
Total depreciable/amortizable capital assets	16,277,925	-	-	-	16,277,925	526,033	(233,429)	-	16,570,529
Total capital assets	17,145,781	-	-	-	17,145,781	663,904	(948,461)	-	16,861,224
Less accumulated depreciation/amortization:									
Buildings and building improvements	(576,648)	-	-	-	(576,648)	-	-	-	(576,648)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(3,712,287)	-	-	-	(3,712,287)	(592,141)	-	-	(4,304,428)
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	(6,560,635)	-	-	-	(6,560,635)	(282,972)	230,305	-	(6,613,302)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	(729,720)	-	-	-	(729,720)	(21,634)	-	-	(751,354)
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(729,720)	-	-	-	(729,720)	(21,634)	-	-	(751,354)
Total accumulated depreciation/amortization	(11,579,290)	-	-	-	(11,579,290)	(896,747)	230,305	-	(12,245,732)
Total capital assets, net	\$ 5,566,491	\$ -	\$ -	\$ -	\$ 5,566,491	\$ (232,843)	\$ (718,156)	\$ -	\$ 4,615,492

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	896,747
Amortization expense related to other assets		-
		<hr/>
Total depreciation and amortization	\$	<u>896,747</u>

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 606,244	\$ -	\$ 606,244	\$ 481,243	\$ (486,830)	\$ 600,657	\$ 450,000	\$ 150,657
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:								
Payroll Protection Program	-	-	-	1,900,000	-	1,900,000	1,900,000	-
Total others	-	-	-	1,900,000	-	1,900,000	1,900,000	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>\$ 606,244</u>	<u>\$ -</u>	<u>\$ 606,244</u>	<u>\$ 2,381,243</u>	<u>\$ (486,830)</u>	<u>\$ 2,500,657</u>	<u>\$ 2,350,000</u>	<u>\$ 150,657</u>

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 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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									<u>\$ -</u>

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary Revenue Bonds (Non-SRB Related)			All Other Long-term Debt Obligations			Total Long-term Debt 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	\$ -	\$ -	\$ -	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000	\$ -	\$ 1,900,000
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									<u>1,900,000</u>
Less: current portion									<u>1,900,000</u>
Long-term debt obligations, net of current portion									<u>\$ -</u>

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

7 Transactions with related entities:	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 550,965
Payments to University for other than salaries of University personnel	741,786
Payments received from University for services, space, and programs	1,424,539
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	(755,736)
Other amounts (payable to) University	-
Accounts receivable from University	219,649
Other amounts receivable from University	-

8 Restatements/Prior period adjustments:

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

Transaction #1

Enter transaction description

Debit/(Credit)

Transaction #2

Enter transaction description

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	<u>Salaries</u>	<u>Benefits - Other</u>	<u>Benefits - Pension</u>	<u>Benefits - OPEB</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	8,310,749	3,051,749	-	-	-	7,070,439	-	18,432,937
Depreciation and amortization	-	-	-	-	-	-	896,747	896,747
	<u>\$ 8,310,749</u>	<u>\$ 3,051,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,070,439</u>	<u>\$ 896,747</u>	<u>\$ 19,329,684</u>
Total operating expenses	\$ 8,310,749	\$ 3,051,749	\$ -	\$ -	\$ -	\$ 7,070,439	\$ 896,747	\$ 19,329,684

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

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:		-
		<hr/>
Total deferred outflows - others		-
Total deferred outflows of resources	\$	-
		<hr/> <hr/>
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:		-
		<hr/>
Total deferred inflows - others		-
Total deferred inflows of resources	\$	-
		<hr/> <hr/>

Associated Students of San Diego State University

OTHER INFORMATION

June 30, 2021

(for inclusion in the California State University)

11 Other nonoperating revenues (expenses)	
Other nonoperating revenues	\$ 4,581,000
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	<u>\$ 4,581,000</u>