

Associated Students, Inc. of California State University San Marcos

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2024 and 2023



ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	16
Schedule of Revenues, Expenses, and Changes in Net Position	17
Other Information	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Associated Students, Inc. of California State University San Marcos

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Associated Students, Inc. of California State San Marcos (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc. of California State University San Marcos as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students, Inc. of California State San Marcos and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc. of California State San Marcos' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Associated Students, Inc. of California State San Marcos' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc. of California State San Marcos' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 16-24 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 25, 2024, on our consideration of Associated Students, Inc. of California State University San Marcos' 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. of California State University San Marcos' 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. of California State University San Marcos internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**Statements of Financial Position**

June 30, 2024 and 2023

ASSETS	2024	2023
Current Assets:		
Cash	\$ 114,055	\$ 83,349
Restricted cash	337,115	308,999
Due from related parties	<u>3,318,153</u>	<u>3,274,896</u>
Total Current Assets	3,769,323	3,667,244
Property and Equipment, net of accumulated depreciation	51,436	30,599
Right-of-Use Assets - Finance Lease, net of accumulated amortization	<u>4,206</u>	<u>5,955</u>
Total Assets	<u>\$ 3,824,965</u>	<u>\$ 3,703,798</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 88,831	\$ 18,708
Due to related parties	546,957	499,320
Current portion of lease liability - finance lease	<u>1,691</u>	<u>1,630</u>
Total Current Liabilities	637,479	519,658
Lease Liability - Finance Lease, net of current portion	<u>2,656</u>	<u>4,347</u>
Total Liabilities	640,135	524,005
Net Assets Without Donor Restrictions	<u>3,184,830</u>	<u>3,179,793</u>
Total Liabilities and Net Assets	<u>\$ 3,824,965</u>	<u>\$ 3,703,798</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**Statements of Activities**

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and Support Without Donor Restriction:		
Other program revenue	\$ 2,099,553	\$ 2,064,607
Contributed nonfinancial assets (Note 6)	79,490	77,174
Other income	55,632	201,951
Interest income	48,259	14,091
Grants	-	6,000
	<u>2,282,934</u>	<u>2,363,823</u>
Total Revenue and Support Without Donor Restriction		
Expenses:		
Program Services:		
ASI Cougar Pantry	367,444	300,869
Board of Directors	336,909	347,670
Promotion and Design	284,602	278,129
Student Programs and Activities	853,369	744,115
Supporting Services:		
Management and general	435,573	406,150
	<u>2,277,897</u>	<u>2,076,933</u>
Total Expenses		
Change in Net Assets	5,037	286,890
Net Assets Without Donor Restrictions, beginning	<u>3,179,793</u>	<u>2,892,903</u>
Net Assets Without Donor Restrictions, ending	<u>\$ 3,184,830</u>	<u>\$ 3,179,793</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services					Supporting Services	Total
	ASI Cougar Pantry	Board of Directors	Promotion and Design	Student Programs and Activities	Total Programs	Management and General	
Payroll	\$ 233,818	\$ 162,527	\$ 235,089	\$ 408,474	\$ 1,039,908	\$ 87,407	\$ 1,127,315
Programming and student activities	111,674	105,906	22,094	384,262	623,936	3,608	627,544
Accounting and legal	-	-	-	-	-	199,902	199,902
Contract services admin fee	-	-	-	-	-	89,011	89,011
In-kind rent (Note 6)	19,475	19,475	19,475	19,475	77,900	1,590	79,490
Travel	2,477	33,896	7,944	10,519	54,836	7,242	62,078
Other rental and lease equipment	-	-	-	25,359	25,359	997	26,356
Depreciation and amortization	-	-	-	-	-	16,598	16,598
Scholarships	-	15,064	-	-	15,064	-	15,064
Insurance	-	-	-	-	-	9,121	9,121
Office and other supplies	-	-	-	5,099	5,099	3,267	8,366
Telephone	-	-	-	-	-	7,261	7,261
Other	-	41	-	181	222	6,315	6,537
Professional development	-	-	-	-	-	3,254	3,254
Total expenses	\$ 367,444	\$ 336,909	\$ 284,602	\$ 853,369	\$ 1,842,324	\$ 435,573	\$ 2,277,897

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services					Supporting Services	Total
	ASI Cougar Pantry	Board of Directors	Promotion and Design	Student Programs and Activities	Total Programs	Management and General	
Payroll	\$ 200,433	\$ 110,302	\$ 229,173	\$ 371,423	\$ 911,331	\$ 82,742	\$ 994,073
Programming and student activities	80,063	195,792	26,538	304,528	606,921	18,426	625,347
Accounting and legal	-	-	-	-	-	170,910	170,910
In-kind rent (Note 6)	-	-	-	-	-	77,560	77,560
Contract services admin fee	18,908	18,908	18,908	18,908	75,632	1,542	77,174
Other rental and lease equipment	-	-	-	41,463	41,463	1,843	43,306
Other	970	13,168	3,510	-	17,648	5,482	23,130
Depreciation and amortization	-	-	-	-	-	14,229	14,229
Financial aid student scholarships	-	9,500	-	-	9,500	-	9,500
Office and other supplies	125	-	-	-	125	8,413	8,538
Telephone	370	-	-	7,793	8,163	352	8,515
Professional development	-	-	-	-	-	8,466	8,466
Insurance	-	-	-	-	-	8,191	8,191
Transportation and conference	-	-	-	-	-	7,994	7,994
Total expenses	\$ 300,869	\$ 347,670	\$ 278,129	\$ 744,115	\$ 1,670,783	\$ 406,150	\$ 2,076,933

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**Statements of Cash Flows**

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 5,037	\$ 286,890
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,598	14,229
Loss on disposals of property and equipment	6,115	-
Changes in operating assets and liabilities:		
Due from related parties	(43,257)	(578,001)
Other receivable	-	144,377
Accounts payable	70,189	(9,037)
Due to related parties	47,637	44,575
	<u>102,319</u>	<u>(96,967)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	(41,867)	(5,509)
Cash Flows Used by Financing Activities:		
Payments on finance lease obligation	(1,630)	(1,594)
	<u>58,822</u>	<u>(104,070)</u>
Net Increase (Decrease) in Cash and Restricted Cash		
Cash and Restricted Cash, beginning	<u>392,348</u>	<u>496,418</u>
Cash and Restricted Cash, ending	<u>\$ 451,170</u>	<u>\$ 392,348</u>
Cash and Restricted Cash Consist of the Following:		
Cash	\$ 114,055	\$ 83,349
Restricted Cash	<u>337,115</u>	<u>308,999</u>
	<u>\$ 451,170</u>	<u>\$ 392,348</u>
Total Cash and Restricted Cash		
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest from finance lease	\$ 206	\$ 247
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new finance lease liabilities	<u>\$ -</u>	<u>\$ 7,572</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The Associated Students, Inc. of California State University San Marcos (the Organization) is a non-profit California corporation organized in 1994 as an auxiliary organization to California State University San Marcos (the University) operated in accordance with the General Nonprofit Corporation Law of the State of California. The Organization administers various student programs and activities. Student fees and other revenues are collected for the support of student-related programs and for the acquisition of assets that benefit the student body.

The Organization's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by government accounting standards that apply to the University.

Related Parties

The Organization is related to other auxiliaries of the University, including California State University San Marcos Corporation (SM Corp), and California State University San Marcos Foundation (the Foundation). These auxiliaries and the University periodically provide various services to one another.

New Accounting Standard

Effective July 1, 2023, the Organization adopted the Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This update requires the use of forward-looking expected credit loss model for instruments within its scope, including accounts receivable, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management has analyzed provisions contained in Topic 326 and determined that there is no impact on net assets as of July 1, 2023 due to the adoption of the new policy.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP), which require the Organization 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 the Organization. These net assets may be used at the discretion of the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2024 and 2023.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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

Income Taxes

The Organization is a qualified non-profit 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, the Organization 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.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions as of June 30, 2024 and 2023, and therefore no amounts have been accrued.

Restricted Cash

The Organization holds funds for on-campus student organizations to fund activities. These funds can be drawn upon at any time by the on-campus student organizations and are recognized as a liability to the University under due to related parties.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for credit losses to provide for the estimated amount of receivables that may not be collected. As of June 30, 2024 and 2023, management determined that no allowance for credit losses was considered necessary.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift, if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 5 years.

Revenue Recognition

The Organization's main source of revenue is from payments from the University for the administrative oversight of the Student Body Organization, which is shown as other program revenue on the statements of activities. These payments support the Organization's operations and are recognized as revenue over the course of each semester term. The Organization recognizes revenue from contracts with customers in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. Discounts provided to customers are recognized as a reduction in fees as the goods or services are transferred or discounts are granted. The Organization recognizes revenue from contracts with customers when its performance obligations are satisfied, regardless of the period in which it is billed. This is typically the point in time in which the customer partakes of the service, or the goods are transferred.

Grants and Contributions – Revenues from grants and contracts are recognized to the extent of eligible costs incurred up to an amount not to exceed the *total* grant or contract authorized. Deferred revenue results from grant awards and contracts received (or in accounts receivable) that are applicable to the subsequent period. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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

Fair Value Measurements

The carrying value of cash and payables approximates fair value as of June 30, 2024 and 2023, due to the relative short maturities of these instruments.

Subsequent Events

The Organization has evaluated subsequent events through September 25, 2024, which is the date the financial statements were available to be issued.

Note 2 - Concentrations of Credit Risk

The Organization maintains an account at a financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's account at this institution may, at times, exceed FDIC-insured limits of up to \$250,000. The Organization has not experienced any such losses in these accounts.

Note 3 - Financial Assets and Liquidity Resources

Board Designations

The Organization's net assets without donor restrictions are Board designated reserve funds for specific purposes. These funds can be re-designated upon the approval of the Board of Directors should the funds be needed for other purposes.

Net assets without donor restrictions are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Board designated:		
Reserved for working capital and current operations	\$ 1,442,735	\$ 602,341
Reserved for future inflation gaps	969,102	-
Reserved for general programs and services support	392,570	175,015
Reserved for planned future growth	288,698	301,388
Reserved for capital equipment replacement and acquisition	78,063	66,771
Reserved for cougar pantry support	13,662	284,278
Reserved for wellness and recreation building	-	1,750,000
	<u>\$ 3,184,830</u>	<u>\$ 3,179,793</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 3 - Financial Assets and Liquidity Resources, continued

Liquidity

The following represents the Organization's liquidity at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 114,055	\$ 83,349
Restricted cash	337,115	308,999
Due from related parties	3,318,153	3,274,896
Total financial assets	<u>3,769,323</u>	<u>3,667,244</u>
Less amounts not available for general use within one year:		
Restricted funds held on behalf of others	(337,115)	(308,999)
Board designated, net of working capital and current operations	<u>(1,742,095)</u>	<u>(2,577,452)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,690,113</u>	<u>\$ 780,793</u>

The Organization is substantially supported by student fees collected by the University and these fees are subsequently transferred to the Organization as program fee revenue for the administrative oversight of the Student Body Organization. The fees carry no donor restrictions. The Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. Excess cash is invested in the California State University's investment pool and is recognized as due from related parties in the financial statements. Amounts are available to be drawn down from the University at any time in order to meet the needs of the Organization. The Organization holds funds on behalf of various on-campus recognized student organizations and may be drawn at any time by the recognized student organizations. These funds are also recognized as a liability due to the University under due to related parties.

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 78,063	\$ 66,771
Less accumulated depreciation	<u>(26,627)</u>	<u>(36,172)</u>
	<u>\$ 51,436</u>	<u>\$ 30,599</u>

Note 5 - Revenue Recognition

Contract Balances

Accounts receivable balances from contracts with customers are as follows:

	<u>Accounts Receivable</u>	
	<u>2024</u>	<u>2023</u>
Beginning of year	\$ 3,274,896	\$ 2,841,272
End of year	\$ 3,318,153	\$ 3,274,896

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 5 - Revenue Recognition, continued

Significant Judgments

The Organization 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. The Organization 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 revenue 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. The Organization 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.

Note 6 - Operating Lease and Contributed Nonfinancial Assets

The Organization entered into a lease for spaces in the University Student Union with the University for 10 years. As consideration for the leased space, the Organization operates student programs within the space leased in the University Student Union. The Organization records this as contributed nonfinancial assets and in-kind rent expense shown within program services and management and general expenses on the statements of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities. Total contributed nonfinancial activity for the years ended June 30, 2024 and 2023, was \$79,490 and \$77,174, respectively.

Note 7 - Transactions with Related Parties

The Organization receives services from, and provides services to, the University and related parties including the Foundation and SM Corp. The Organization has a payroll and employment services agreement with SM Corp under which all of the Organization's personnel became employees of SM Corp. The Organization pays SM Corp the costs and fees of providing payroll and benefits along with an administrative fee.

The original term of the agreement was one year, but it renews automatically unless either party gives three months' written notice.

The Organization holds assets for various student organizations as well. The activity for these student organizations is recorded with the University. Therefore, the Organization only records cash and a liability due to the University.

Excess money of the Organization is held by the University in a pooled investment account. The amount held on behalf of the Organization and its proportional share of investment income is included in due from related parties.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 7 - Transactions with Related Parties, continued

Related party transactions are as follows:

<u>Related Party</u>	<u>Description</u>	<u>Reported in</u>	<u>2024</u>	<u>2023</u>
Expenses to:				
University	Accounting, personnel services, and reimbursed costs	Programs / Student activities	\$ 452,891	\$ 513,388
SM Corp	Payroll processing, administrative and other expenses	Payroll Expenses	1,216,900	1,072,152
Foundation	Student program costs	Various expenses	9,358	-
			<u>\$ 1,679,149</u>	<u>\$ 1,585,540</u>
Revenues from:				
University	Services, space, and programs	Other income and expenses	\$ 10,559	\$ 18,737
University	Proportionate share of investment return	Interest income	48,259	14,091
University	Management fee from campus	Other program revenue	2,099,553	2,064,607
Foundation	Various student organizations	Other income	113,316	229,104
SM Corp	Student program costs	Student program costs	-	375
			<u>\$ 2,271,687</u>	<u>\$ 2,326,914</u>
Due from:				
University	Pooled investment account	Due from related parties	\$ 3,318,153	\$ 3,270,341
University	Cost reimbursements	Due from related parties	-	430
SM Corp	Cost reimbursements	Due from related parties	-	4,125
			<u>\$ 3,318,153</u>	<u>\$ 3,274,896</u>
Due to:				
University	Reimbursed services	Due to related parties	\$ 334,873	\$ 311,072
SM Corp	Payroll processing and administration fees	Due to related parties	212,084	188,248
			<u>\$ 546,957</u>	<u>\$ 499,320</u>

Note 8 - Functional Allocation of 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 rent, which is allocated on a square-footage basis, as well as payroll, which are allocated on the basis of estimates of time and effort.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 9 - Leasing Arrangements

The Organization leases a copier under a finance lease agreement that expires in December 2026. Aggregate base monthly rental payments were \$152 as of June 30, 2024.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g. maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate or an index are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. These are estimated using actual borrowing costs and making necessary adjustments.

The following summarizes the finance right-of-use asset as of June 30, 2024:

	2024	2023
<u>Finance Lease</u>		
Property and equipment	\$ 7,572	\$ 7,656
Accumulated amortization	(3,366)	(1,701)
	<u>\$ 4,206</u>	<u>\$ 5,955</u>

The amounts contractually due on lease liabilities as of June 30, 2024, were as follows:

Year Ending June 30,	Finance
2025	\$ 1,823
2026	1,823
2027	911
Total lease payments	<u>4,557</u>
Less amount representing imputed interest	<u>(210)</u>
Present value of lease liabilities	<u>\$ 4,347</u>

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended June 30, 2024:

	2024	2023
Finance lease:		
Amortization of lease assets, included in operating expenses	\$ 1,683	\$ 1,701
Interest on lease liabilities, included in interest expense	206	247
Total lease cost	<u>\$ 1,889</u>	<u>\$ 1,948</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 9 - Leasing Arrangements, continued

Supplemental statement of financial position information related to the lease as of June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term - Finance lease	2.5	3.5
Weighted average discount rate - Finance lease	3.69%	3.69%

Note 10 - Contingencies

From time to time, the Organization is subject to litigation as a result of its ongoing activities. Management believes that the outcomes of such litigation will not have a material adverse effect on the Organization's financial position, results of operations or liquidity.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 114,055
Short-term investments	-
Accounts receivable, net	3,318,153
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	3,432,208
Noncurrent assets:	
Restricted cash and cash equivalents	337,115
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	55,642
Other assets	-
Total noncurrent assets	392,757
Total assets	3,824,965
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	635,788
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenue	-
Lease liabilities, current portion	1,691
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	637,479
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Lease liabilities, net of current portion	2,656
SBITA liabilities, net of current portion	-
P3 liabilities, 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	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	2,656
Total liabilities	640,135
Deferred inflows of resources:	
P3 service concessions arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net Position:	
Net investment in capital assets	51,436
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,133,394
Total net position	\$ 3,184,830

See independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	-
Scholarship allowances		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances		-
Other operating revenues		2,234,675
		<u>2,234,675</u>
Total operating revenues		<u>2,234,675</u>
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		1,842,324
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		418,975
Depreciation and amortization		16,598
		<u>2,277,897</u>
Total operating expenses		<u>2,277,897</u>
		<u>(43,222)</u>
Operating income (loss)		<u>(43,222)</u>
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		48,259
Endowment income (loss), net		-
Interest expenses		-
Other nonoperating revenues (expenses)		-
		<u>48,259</u>
Net nonoperating revenues (expenses)		<u>48,259</u>
		<u>5,037</u>
Income (loss) before other revenues (expenses)		<u>5,037</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
		<u>5,037</u>
Increase (decrease) in net position		<u>5,037</u>
Net position:		
Net position at beginning of year, as previously reported		3,179,793
Restatements		-
		<u>3,179,793</u>
Net position at beginning of year, as restated		<u>3,179,793</u>
		<u>\$ 3,184,830</u>
Net position at end of year		<u>\$ 3,184,830</u>

See independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information

June 30, 2024

(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	337,115
Noncurrent restricted cash and cash equivalents	<u>337,115</u>
Current cash and cash equivalents	<u>114,055</u>
Total	\$ <u>451,170</u>

2.1 Composition of investments: Not Applicable

2.2 Fair value hierarchy in investments: Not Applicable

2.3 Investments held by the University under contractual agreements: Not Applicable

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	66,773	-	-	-	66,773	41,867	(30,575)	-	78,065
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	66,773	-	-	-	66,773	41,867	(30,575)	-	78,065
Total capital assets	66,773	-	-	-	66,773	41,867	(30,575)	-	78,065
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(36,174)	-	-	-	(36,174)	(14,915)	24,460	-	(26,629)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(36,174)	-	-	-	(36,174)	(14,915)	24,460	-	(26,629)
Total capital assets, net excluding ROU assets	\$ 30,599	\$ -	\$ -	\$ -	\$ 30,599	\$ 26,952	\$ (6,115)	\$ -	\$ 51,436

See independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	7,656	-	-	-	7,656	-	(84)	-	7,572
Total depreciable/amortizable lease assets	7,656	-	-	-	7,656	-	(84)	-	7,572
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(1,701)	-	-	-	(1,701)	(1,683)	18	-	(3,366)
Total accumulated depreciation/amortization	(1,701)	-	-	-	(1,701)	(1,683)	18	-	(3,366)
Total capital assets - lease ROU, net	\$ 5,955	\$ -	\$ -	\$ -	5,955	\$ (1,683)	\$ (66)	\$ -	4,206

Composition of capital assets - SBITA ROU, net

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets, net including ROU assets									\$ 55,642
3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense related to capital assets	\$ 14,915								
Amortization expense - Lease ROU	1,683								
Amortization expense - SBITA ROU	-								
Amortization expense - P3 ROU	-								
Depreciation and Amortization expense - Others	-								
Total depreciation and amortization	\$ 16,598								

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Balance June 30, 2023	Prior Period Adjustments/Recl assifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	\$ 5,977	\$ -	\$ -	\$ -	\$ (1,630)	\$ 4,347	\$ 1,691	\$ 2,656
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 5,977	\$ -	\$ -	\$ -	\$ (1,630)	\$ 4,347	\$ 1,691	\$ 2,656
Total long-term liabilities						\$ 4,347	\$ 1,691	\$ 2,656

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA Liabilities			Public-Private or Public-Public Partnerships			Total capital lease obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:												
2024	\$ 1,691	\$ 132	\$ 1,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,691	\$ 132	\$ 1,823
2025	1,754	68	1,822	-	-	-	-	-	-	1,754	68	1,822
2026	902	10	912	-	-	-	-	-	-	902	10	912
Total minimum payments	\$ 4,347	\$ 210	\$ 4,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,347	\$ 210	\$ 4,557
Less: amounts representing interest												(210)
Present value of future minimum payments												4,347
Total Leases, SBITA, P3 liabilities												4,347
Less: current portion												(1,691)
Leases, SBITA, P3 liabilities, net of current portion												\$ 2,656

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

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	354,527
Payments received from University for services, space, and programs	2,110,112
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	98,364
Accounts (payable to) University	(334,873)
Other amounts (payable to) University	-
Accounts receivable from University	-
Other amounts receivable from University	3,318,153

8 Restatements: Not Applicable

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2024

(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	-	-	-	-	-	1,842,324	-	1,842,324
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	418,975	-	418,975
Depreciation and amortization	-	-	-	-	-	-	16,598	16,598
Total operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,261,299	\$ 16,598	\$ 2,277,897

10 Deferred outflows/inflows of resources: Not Applicable

11 Other nonoperating revenues (expenses): Not Applicable

INDEPENDENT AUDITOR'S 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. of California State University San Marcos

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. of California State University San Marcos (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students, Inc. of California State University San Marcos' 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. of California State University San Marcos' internal control. Accordingly, we do not express an opinion on the effectiveness of the Associated Students, Inc. of California State University San Marcos 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students, Inc. of California State University San Marcos' 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 AUDITOR'S 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**

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. of California State University San Marcos 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. of California State University San Marcos' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024