

Associated Students, Inc. of California State University San Marcos

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2026 and 2025



ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS
Financial Statements and Supplemental Information
Years Ended June 30, 2026 and 2025

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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 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, 2026 and 2025, 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 accompanying 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, 2026 and 2025, 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 (GAAS) 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's ability to continue as a going concern 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 GAAS 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 GAAS 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's 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's 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 23, 2026, on our consideration of Associated Students, Inc. of California State University San Marcos's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc. of California State University San Marcos's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc. of California State University San Marcos internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 23, 2026

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

June 30, 2026 and 2025

ASSETS	<u>2026</u>	<u>2025</u>
Current Assets:		
Cash	\$ 395,945	\$ 387,486
Restricted cash	470,471	427,503
Due from related parties	<u>3,098,410</u>	<u>3,045,006</u>
Total Current Assets	3,964,826	3,859,995
Property and Equipment, net of accumulated depreciation	32,241	51,040
Right-of-Use Assets - Finance Lease, net of accumulated amortization	<u>841</u>	<u>2,523</u>
Total Assets	<u>\$ 3,997,908</u>	<u>\$ 3,913,558</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 23,494	\$ 17,269
Due to related parties	703,126	684,964
Current portion of lease liability - finance lease	<u>902</u>	<u>1,754</u>
Total Current Liabilities	727,522	703,987
Lease Liability - Finance Lease, net of current portion	<u>-</u>	<u>902</u>
Total Liabilities	727,522	704,889
Net Assets Without Donor Restrictions	<u>3,270,386</u>	<u>3,208,669</u>
Total Liabilities and Net Assets	<u>\$ 3,997,908</u>	<u>\$ 3,913,558</u>

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

Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Revenue and Support Without Donor Restriction:		
Student programs and services fees	\$ 2,316,413	\$ 2,204,848
Interest income	103,406	101,538
Contributed nonfinancial assets (Note 6)	84,493	81,636
Other income	59,559	73,343
Grants	<u>3,000</u>	<u>-</u>
Total Revenue and Support Without Donor Restriction	2,566,871	2,461,365
Expenses:		
Program Services:		
ASI Cougar Pantry	438,913	397,765
Board of Directors	384,842	430,439
Promotion and Design	280,968	280,075
Student Programs and Activities	890,075	865,026
Supporting Services:		
Management and general	<u>510,356</u>	<u>464,221</u>
Total Expenses	<u>2,505,154</u>	<u>2,437,526</u>
Change in Net Assets	61,717	23,839
Net Assets Without Donor Restrictions, beginning	<u>3,208,669</u>	<u>3,184,830</u>
Net Assets Without Donor Restrictions, ending	\$ <u><u>3,270,386</u></u>	\$ <u><u>3,208,669</u></u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2026

	Program Services					Supporting Services	
	ASI Cougar Pantry	Board of Directors	Promotion and Design	Student Programs and Activities	Total Programs	Management and General	Total
Payroll	\$ 303,011	\$ 225,015	\$ 231,933	\$ 381,853	\$ 1,141,812	\$ 98,332	\$ 1,240,144
Programming and student activities	113,315	107,843	23,034	422,200	666,392	3,726	670,118
Accounting and legal	-	-	-	-	-	241,544	241,544
Contract services admin fee	-	-	-	-	-	99,379	99,379
In-kind rent (Note 6)	20,701	20,701	20,701	20,701	82,804	1,689	84,493
Travel	1,886	19,007	5,300	19,108	45,301	8,734	54,035
Contractual services	-	-	-	32,998	32,998	-	32,998
Depreciation and amortization	-	-	-	-	-	19,651	19,651
Scholarships	-	12,258	-	-	12,258	-	12,258
Insurance	-	-	-	-	-	12,190	12,190
Other rental and lease equipment	-	-	-	11,200	11,200	915	12,115
Office and other supplies	-	-	-	-	-	10,789	10,789
Other	-	18	-	2,015	2,033	8,383	10,416
Telephone	-	-	-	-	-	5,024	5,024
Total expenses	<u>\$ 438,913</u>	<u>\$ 384,842</u>	<u>\$ 280,968</u>	<u>\$ 890,075</u>	<u>\$ 1,994,798</u>	<u>\$ 510,356</u>	<u>\$ 2,505,154</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services					Supporting Services	
	ASI Cougar Pantry	Board of Directors	Promotion and Design	Student Programs and Activities	Total Programs	Management and General	Total
Payroll	\$ 269,878	\$ 223,887	\$ 241,265	\$ 435,468	\$ 1,170,498	\$ 98,418	\$ 1,268,916
Programming and student activities	105,194	154,220	14,495	376,464	650,373	4,243	654,616
Accounting and legal	-	-	-	-	-	204,727	204,727
Contract services admin fee	-	-	-	-	-	99,251	99,251
In-kind rent (Note 6)	20,001	20,001	20,001	20,001	80,004	1,632	81,636
Travel	1,033	21,573	4,314	2,770	29,690	7,169	36,859
Depreciation and amortization	-	-	-	-	-	17,554	17,554
Other rental and lease equipment	-	-	-	14,404	14,404	899	15,303
Contractual services	-	-	-	14,508	14,508	-	14,508
Insurance	-	-	-	-	-	11,638	11,638
Scholarships	-	10,758	-	-	10,758	-	10,758
Other	140	-	-	232	372	6,856	7,228
Office and other supplies	1,400	-	-	1,179	2,579	3,840	6,419
Telephone	-	-	-	-	-	5,335	5,335
Professional development	119	-	-	-	119	2,659	2,778
Total expenses	<u>\$ 397,765</u>	<u>\$ 430,439</u>	<u>\$ 280,075</u>	<u>\$ 865,026</u>	<u>\$ 1,973,305</u>	<u>\$ 464,221</u>	<u>\$ 2,437,526</u>

See accompanying notes to financial statements.

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

Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 61,717	\$ 23,839
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,651	17,554
Loss on disposals of property and equipment	830	-
Changes in operating assets and liabilities:		
Due from related parties	(53,404)	273,147
Accounts payable	6,225	(71,562)
Due to related parties	<u>18,162</u>	<u>138,007</u>
Net Cash Provided by Operating Activities	53,181	380,985
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	-	(15,475)
Cash Flows Used by Financing Activities:		
Payments on finance lease obligation	<u>(1,754)</u>	<u>(1,691)</u>
Net Increase in Cash and Restricted Cash	51,427	363,819
Cash and Restricted Cash, beginning	<u>814,989</u>	<u>451,170</u>
Cash and Restricted Cash, ending	\$ <u><u>866,416</u></u>	\$ <u><u>814,989</u></u>
Cash and Restricted Cash Consist of the Following:		
Cash	\$ 395,945	\$ 387,486
Restricted Cash	<u>470,471</u>	<u>427,503</u>
Total Cash and Restricted Cash	\$ <u><u>866,416</u></u>	\$ <u><u>814,989</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest from finance lease	\$ <u><u>63</u></u>	\$ <u><u>127</u></u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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 nonprofit 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 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.

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, 2026 and 2025.

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.

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, 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 U.S. GAAP 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, 2026 and 2025, and therefore no amounts have been accrued.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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

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 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, 2026 and 2025, 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 five 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 a 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.

Fair Value Measurements

The carrying value of cash and payables approximates fair value as of June 30, 2026 and 2025, due to the relative short maturities of these instruments.

Subsequent Events

The Organization has evaluated subsequent events through September 23, 2026, which is the date the financial statements were available to be issued.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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 redesignated 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>2026</u>	<u>2025</u>
Board designated:		
Reserved for working capital and current operations	\$ 1,442,735	\$ 1,442,735
Reserved for future inflation gaps	532,000	836,993
Reserved for general programs and services support	891,666	510,776
Reserved for planned future growth	315,979	324,626
Reserved for capital equipment replacement and acquisition	88,006	93,539
	<u>\$ 3,270,386</u>	<u>\$ 3,208,669</u>

Liquidity

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

	<u>2026</u>	<u>2025</u>
Cash	\$ 395,945	\$ 387,486
Restricted cash	470,471	427,503
Due from related parties	<u>3,098,410</u>	<u>3,045,006</u>
Total financial assets	3,964,826	3,859,995
Less amounts not available for general use within one year:		
Restricted funds held on behalf of others	(470,471)	(427,503)
Board designated, net of working capital and current operations	<u>(1,827,651)</u>	<u>(1,765,934)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,666,704</u>	<u>\$ 1,666,558</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

Note 3 - Financial Assets and Liquidity Resources, continued

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>2026</u>	<u>2025</u>
Equipment	\$ 88,006	\$ 93,538
Less accumulated depreciation	<u>(55,765)</u>	<u>(42,498)</u>
	<u>\$ 32,241</u>	<u>\$ 51,040</u>

Note 5 - Revenue Recognition

Contract Balances

Accounts receivable balances from contracts with customers are as follows:

	<u>2026</u>	<u>2025</u>
Beginning of year	\$ 3,045,006	\$ 3,318,153
End of year	\$ 3,098,410	\$ 3,045,006

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.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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 ten 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, 2026 and 2025, was \$84,493 and \$81,636, 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, 2026 and 2025

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>2026</u>	<u>2025</u>
Expenses to:				
University	Accounting, personnel services, and reimbursed costs	Programs / Student	\$ 514,706	\$ 467,951
SM Corp	Payroll processing, administrative and other expenses	Payroll expenses	1,339,525	1,374,874
Foundation	Cost reimbursements	Other expenses	7,200	10,960
			<u>\$ 1,861,431</u>	<u>\$ 1,853,785</u>
Revenues from:				
University	Services, space, and programs	Other income and expenses	\$ 5,879	\$ 15,417
University	Proportionate share of investment return	Investment income	103,406	101,538
University	Management fee from campus	Other program revenue	2,316,413	2,204,848
Foundation	Various student organizations	Other income	162,023	174,224
			<u>\$ 2,587,721</u>	<u>\$ 2,496,027</u>
Due from:				
University	Pooled investment account	Due from related parties	\$ 3,094,358	\$ 3,024,539
University	Cost reimbursements	Due from related parties	2,467	2,637
Foundation	Cost reimbursements	Due from related parties	1,585	17,830
			<u>\$ 3,098,410</u>	<u>\$ 3,045,006</u>
Due to:				
University	Reimbursed services	Due to related parties	\$ 468,764	\$ 427,626
SM Corp	Payroll processing and administration fees	Due to related parties	232,937	250,138
Foundation	Cost reimbursements	Due to related parties	1,425	7,200
			<u>\$ 703,126</u>	<u>\$ 684,964</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 is 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, 2026 and 2025

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 at June 30, 2026 and 2025.

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:

	2026	2025
<u>Finance Lease</u>		
Property and equipment	\$ 7,572	\$ 7,572
Accumulated amortization	(6,731)	(5,049)
	<u>\$ 841</u>	<u>\$ 2,523</u>

The amounts contractually due on lease liabilities as of June 30, 2026, were as follows:

<u>Year Ending June 30,</u>	<u>Finance</u>
2027	\$ 911
Less amount representing imputed interest	(9)
Present value of lease liabilities	<u>\$ 902</u>

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

	2026	2025
Finance lease:		
Amortization of lease assets, included in depreciation and amortization expenses	\$ 1,682	\$ 1,683
Interest on lease liabilities, included in other rental and equipment expenses	63	127
Total lease cost	<u>\$ 1,745</u>	<u>\$ 1,810</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

Note 9 - Leasing Arrangements, continued

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

	2026	2025
Weighted average remaining lease term - Finance lease	0.5	1.5
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, 2026

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 395,945
Short-term investments	-
Accounts receivable, net	3,098,410
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net, current portion	-
Prepaid expenses and other current assets	-
Total current assets	3,494,355
Noncurrent assets:	
Restricted cash and cash equivalents	470,471
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	33,082
Other assets	-
Total noncurrent assets	503,553
Total assets	3,997,908
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	726,620
Accrued salaries and benefits payable	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	902
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 - current portion	-
Other liabilities, current	-
Total current liabilities	727,522
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities - net of current portion	-
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	-
Total liabilities	727,522
Deferred inflows of resources:	
Service concessions arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding(s)	-
Nonexchange transactions	-
Leases	-
P3	-
Others	-
Total deferred inflows of resources	-
Net Position:	
Net investment in capital assets	32,241
Restricted for:	-
Endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,238,145
Total net position	\$ 3,270,386

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, 2026
(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student Tuition & Fees, gross	\$	-
Scholarship allowances		-
Student Financial Aid Grants:		
Federal Financial Aid Grants		-
State Financial Aid Grants		-
Local Financial Aid Grants		-
Nongovernmental and Other Financial Aid Grants		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances for sales of auxiliary enterprises		-
Other operating revenues		2,463,465
Total operating revenues		2,463,465
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		1,994,798
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		490,642
Depreciation and amortization		19,651
Total operating expenses		2,505,091
NonCapital Subsidies:		
State appropriations		-
Gifts		-
Other Noncapital Subsidies received/(provided)		-
Federal Noncapital Subsidies received/(provided)		-
Total NonCapital Subsidies Provided:		-
Operating Income (Loss) and NonCapital Subsidies:		(41,626)
Nonoperating revenues (expenses):		
Federal Subsidies, capital received/(provided)		-
State appropriations, capital		-
Capital Subsidy received/(provided)		-
Grants and gifts, capital		-
Investment income (loss), net		103,406
Endowment income (loss), net		-
Interest Revenue		-
Interest Expense		(63)
Gains or losses on capital assets		-
Additions/reductions to permanent endowments		-
Total nonoperating revenues (expenses)		103,343
Increase (decrease) in net position		61,717
Net position:		
Net position at beginning of year, as previously reported		3,208,669
Restatements		-
Net position at beginning of year, as restated		3,208,669
Net position at end of year	\$	3,270,386

See independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information

June 30, 2026

(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	470,471
Noncurrent restricted cash and cash equivalents	470,471
Current cash and cash equivalents	395,945
Total	\$ 866,416

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, 2026

(for inclusion in the California State University)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2025	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2025 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2026
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	93,540	-	-	-	93,540	-	(5,533)	-	88,007
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	93,540	-	-	-	93,540	-	(5,533)	-	88,007
Total capital assets	93,540	-	-	-	93,540	-	(5,533)	-	88,007
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(42,500)	-	-	-	(42,500)	(17,969)	4,703	-	(55,766)
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	(42,500)	-	-	-	(42,500)	(17,969)	4,703	-	(55,766)
Total capital assets, net excluding ROU assets	\$ 51,040	\$ -	\$ -	\$ -	\$ 51,040	\$ (17,969)	\$ (830)	\$ -	\$ 32,241

Does the component unit have any capital assets held for sale?

No

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2026

(for inclusion in the California State University)

Capital Assets - Right of Use, net

Composition of capital assets - Lease ROU, net:

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

Total depreciable/amortizable lease 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 - lease ROU, net

	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	7,572	-	-	-	7,572	-	-	-	7,572
	7,572	-	-	-	7,572	-	-	-	7,572
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	(5,049)	-	-	-	(5,049)	(1,682)	-	-	(6,731)
	(5,049)	-	-	-	(5,049)	(1,682)	-	-	(6,731)
\$	2,523	\$ -	\$ -	\$ -	2,523	\$ (1,682)	\$ -	\$ -	841

Composition of capital assets - SBITA ROU, net

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

	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2026

(for inclusion in the California State University)

Composition of capital assets - P3 ROU, net:	Balance June 30, 2025	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
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	\$ 53,563								\$ 33,082
3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense related to capital assets	\$ 17,969								
Amortization expense - Lease ROU	1,682								
Amortization expense - SBITA ROU	-								
Amortization expense - P3 ROU	-								
Depreciation and Amortization expense - Others	-								
Total depreciation and amortization	\$ 19,651								

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2026

(for inclusion in the California State University)

4 Long-term liabilities: Not Applicable

5. Lease, SBITA, P3 liabilities:	Balance	Prior Period				Balance	Current	Noncurrent
	June 30, 2025	Adjustments/Recl assifications	Additions	Remeasurements	Reductions	June 30, 2026	Portion	Portion
Lease liabilities	\$ 2,656	\$ -	\$ -	\$ -	\$ (1,754)	\$ 902	\$ 902	\$ -
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	<u>\$ 2,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,754)</u>	<u>\$ 902</u>	<u>\$ 902</u>	<u>\$ -</u>
Total long-term liabilities						<u>\$ 902</u>	<u>\$ 902</u>	<u>\$ -</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2026

(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 Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	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:												
2027	\$ 902	\$ 9	\$ 911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902	\$ 9	\$ 911
Total minimum payments	\$ 902	\$ 9	\$ 911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902	\$ 9	\$ 911
Less: amounts representing interest												(9)
Present value of future minimum payments												902
Total Leases, SBITA, P3 liabilities												902
Less: current portion												(902)
Leases, SBITA, P3 liabilities, net of current portion												\$ -

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	445,910
Payments received from University for services, space, and programs	2,322,292
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	68,796
Accounts (payable to) University	(468,764)
Other amounts (payable to) University	-
Accounts receivable from University	2,467
Other amounts receivable from University	3,094,358

8 Restatements: Not Applicable

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**Other Information, continued**

June 30, 2026

(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	-	-	-	-	-	1,994,798	-	1,994,798
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	490,642	-	490,642
Depreciation and amortization	-	-	-	-	-	-	19,651	19,651
Total operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,485,440	\$ 19,651	\$ 2,505,091

10 Deferred outflows/inflows of resources: Not Applicable**11 Other nonoperating revenues (expenses): Not Applicable**

**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***
INDEPENDENT AUDITOR'S REPORT

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, 2026, 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 23, 2026.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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
INDEPENDENT AUDITOR'S REPORT, 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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc. of California State University San Marcos's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 23, 2026