

# Associated Students, Inc. of California State University San Marcos

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**  
**Financial Statements and Supplemental Information**  
Years Ended June 30, 2020 and 2019

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Aldrich CPAs + Advisors LLP  
7676 Hazard Center Drive, #1300  
San Diego, California 92108

## INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc. of California State University San Marcos as of June 30, 2020 and 2019, 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.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### Emphasis-of-Matter Regarding COVID-19

As described in Note 1 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to that matter.

### Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 16-23 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.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 29, 2020

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

June 30, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 101,862	\$ 301,857
Restricted cash	237,465	183,911
Due from related parties	<u>2,003,273</u>	<u>722,088</u>
Total Current Assets	2,342,600	1,207,856
Property and Equipment, net of accumulated depreciation	32,744	10,555
Deposits	<u>-</u>	<u>3,000</u>
Total Assets	<u>\$ 2,375,344</u>	<u>\$ 1,221,411</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 9,607	\$ 8,222
Due to related parties	361,196	370,180
Deferred revenue	42,549	58,017
Obligations under capital lease, current portion	<u>3,909</u>	<u>5,508</u>
Total Current Liabilities	417,261	441,927
Obligations under capital lease, net of current portion	<u>-</u>	<u>3,909</u>
Total Liabilities	417,261	445,836
Net Assets Without Donor Restrictions	<u>1,958,083</u>	<u>775,575</u>
Total Liabilities and Net Assets	<u>\$ 2,375,344</u>	<u>\$ 1,221,411</u>

See accompanying notes to financial statements.

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

Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Revenue and Support Without Donor Restriction:		
Student tuition fees	\$ 2,199,712	\$ 2,200,972
Interest income	33,943	17,797
Grants	330,000	-
Other income	<u>302,497</u>	<u>169,539</u>
Total Revenue and Support Without Donor Restriction:	2,866,152	2,388,308
Expenses:		
Program Services:		
ASI Cougar Pantry	133,294	76,359
Board of Directors	350,107	274,306
Marketing and Design	204,968	150,109
Student Life Centers	-	393,039
Student Programs and Activities	562,475	667,347
Supporting Services:		
Management and general	<u>432,800</u>	<u>520,161</u>
Total Expenses	<u>1,683,644</u>	<u>2,081,321</u>
Change in Net Assets	1,182,508	306,987
Net Assets Without Donor Restrictions, beginning	<u>775,575</u>	<u>468,588</u>
Net Assets Without Donor Restrictions, ending	<u>\$ 1,958,083</u>	<u>\$ 775,575</u>

See accompanying notes to financial statements.

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

**Statement of Functional Expenses**

Year Ended June 30, 2020

	Program Services					Total Programs	Supporting Services	Total
	ASI Cougar Pantry	Board of Directors	Marketing and Design	Student Life Centers	Student Programs and Activities		Management and General	
Accounting and legal	\$ -	\$ 2,283	\$ -	\$ -	\$ 358	\$ 2,641	\$ 149,843	\$ 152,484
Contract services admin fee	-	-	-	-	-	-	66,050	66,050
Depreciation	-	-	-	-	-	-	8,386	8,386
Insurance	-	-	-	-	-	-	7,319	7,319
Interest	-	-	-	-	-	-	666	666
Office and other supplies	-	24	-	-	-	24	7,485	7,509
Other	460	-	14,708	-	1,403	16,571	5,877	22,448
Other rental and lease equipment	-	-	966	-	12,151	13,117	-	13,117
Payroll	81,669	187,311	129,409	-	289,510	687,899	160,815	848,714
Professional development	-	-	-	-	-	-	9,766	9,766
Programming and student activities	28,757	117,672	38,029	-	237,197	421,655	3,344	424,999
Rent	21,856	21,856	21,856	-	21,856	87,424	1,784	89,208
Telephone	-	-	-	-	-	-	6,879	6,879
Transportation and conference	552	20,961	-	-	-	21,513	4,586	26,099
<b>Total expenses</b>	<b>\$ 133,294</b>	<b>\$ 350,107</b>	<b>\$ 204,968</b>	<b>\$ -</b>	<b>\$ 562,475</b>	<b>\$ 1,250,844</b>	<b>\$ 432,800</b>	<b>\$ 1,683,644</b>

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

**Statement of Functional Expenses**

Year Ended June 30, 2019

	Program Services					Supporting Services		Total
	ASI Cougar Pantry	Board of Directors	Marketing and Design	Student Life Centers	Student Programs and Activities	Total Programs	Management and General	
Accounting and legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	183,440	\$ 183,440
Contract services admin fee	-	-	-	9,317	-	9,317	68,298	77,615
Depreciation	-	-	-	-	-	-	6,450	6,450
Insurance	-	-	-	-	-	-	6,259	6,259
Interest	-	-	-	1,159	-	1,159	-	1,159
Office and other supplies	-	-	-	-	-	-	4,744	4,744
Other	31	-	34	356	19	440	79,504	79,944
Other rental and lease equipment	2,055	3,000	13,994	8,678	3,000	30,727	265	30,992
Payroll	37,180	152,925	98,640	302,430	283,628	874,803	149,738	1,024,541
Professional development	-	-	-	1,113	-	1,113	6,408	7,521
Programming and student activities	19,379	76,300	20,231	51,013	363,491	530,414	2,231	532,645
Rent	17,210	17,210	17,210	17,210	17,209	86,049	1,756	87,805
Telephone	-	-	-	1,743	-	1,743	5,955	7,698
Transportation and conference	504	24,871	-	20	-	25,395	5,113	30,508
<b>Total expenses</b>	<b>\$ 76,359</b>	<b>\$ 274,306</b>	<b>\$ 150,109</b>	<b>\$ 393,039</b>	<b>\$ 667,347</b>	<b>\$ 1,561,160</b>	<b>\$ 520,161</b>	<b>\$ 2,081,321</b>

See accompanying notes to financial statements.



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

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,182,508	\$ 306,987
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,386	6,450
Changes in operating assets and liabilities:		
Due from related parties	(1,281,185)	(19,728)
Other receivable	-	1,090
Deposits	3,000	-
Accounts payable	1,385	(16,015)
Due to related parties	(8,984)	(13,451)
Deferred revenue	(15,468)	(31,170)
	<u>(110,358)</u>	<u>234,163</u>
Net Cash Provided (Used) by Operating Activities		
	(110,358)	234,163
Cash Flows Used by Investing Activities:		
Purchase of property and equipment	(30,575)	-
Cash Flows Used by Financing Activities:		
Payments on capital lease obligation	(5,508)	(5,015)
	<u>(5,508)</u>	<u>(5,015)</u>
Net Increase (Decrease) in Cash and Restricted Cash	(146,441)	229,148
Cash and Restricted Cash, beginning	<u>485,768</u>	<u>256,620</u>
Cash and Restricted Cash, ending	<u>\$ 339,327</u>	<u>\$ 485,768</u>
Cash and Restricted Cash Consist of the Following:		
Cash	\$ 101,862	\$ 301,857
Restricted Cash	<u>237,465</u>	<u>183,911</u>
Total Cash and Restricted Cash	<u>\$ 339,327</u>	<u>\$ 485,768</u>
Supplemental Disclosures of Cash Flow Information:		
Cash payments for interest	<u>\$ 666</u>	<u>\$ 1,159</u>

See accompanying notes to financial statements.

# ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies

#### Nature of Activities

The Associated Students, Inc. of California State University San Marcos (Organization) is a non-profit California corporation organized in 1994 as an auxiliary organization to California State University San Marcos (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.

#### New Accounting Pronouncement

In June 2018, the Financial Accounting Standard Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard update clarifies and improves the scope and the accounting guidance for contributions received and contributions made under accounting standards generally accepted in the United States of America (US GAAP). Effective January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Management has analyzed the provisions of ASU 2018-08 and concluded that no changes were necessary to conform with the new standard.

#### 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 (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 US 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, where by 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, 2020 and 2019.

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 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.

# ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Income Taxes, continued

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, 2020 and 2019 and therefore no amounts have been accrued.

#### 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.

#### 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.

#### Revenue

*Student fees* - Each enrolled student of the University was required to pay \$75 per semester for an associated student body fee for the years ended June 30, 2020 and 2019. These payments support the Organization's operations and are collected by the University Business Office and remitted to the Organization, at which time they are recorded as revenue or deferred revenue. Deferred revenue represents the portion of student body fees collected for the summer and fall sessions applicable to the next fiscal year.

*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.

#### Fair Value Measurements

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2020 and 2019, due to the relative short maturities of these instruments.

# ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Future Accounting Standards

FASB has issued two substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Organization is in the process of assessing how this new ASU and subsequent updates will affect the Organization's reporting of revenues, effective July 1, 2020. This assessment includes determining the effect of the new standard on the Organization's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Organization does not currently expect adoption to have a material effect on its revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the balance sheet a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. In May 2020, FASB voted to propose delaying the effective date until years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

#### Subsequent Events

The Organization has evaluated subsequent events through September 29, 2020, which is the date the financial statements were available to be issued.

As of the date through which the Organization has evaluated events occurring subsequent to the statement of financial position date June 30, 2020, the Organization believes it understands the risk associated with Covid-19. The Organization is in the process of implementing risk mitigation tactics for the Organization as to the risk of the impact, if any, of Covid-19 related to all aspects of the Organization's business transactions with customers and vendors and human interaction within and outside of the Organization.

### 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.

# ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 3 – Financial Assets and Liquidity Resources

#### Board Designations

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

	<u>2020</u>	<u>2019</u>
Undesignated	\$ -	\$ 127,800
Board designated:		
Reserved for working capital and current operations	602,341	401,850
Reserved for capital equipment replacement and acquisition	78,354	45,000
Reserved for planned future growth	301,388	200,925
Reserved for SB84 cougar pantry remodel	330,000	-
Reserved for student emergency fund	350,000	-
Reserved for cougar pantry remodel construction contingency	100,000	-
Reserved for refrigerated lockers installation	10,000	-
Reserved for technology fund	100,000	-
Reserved for cougar care network support	80,000	-
Reserved for student transportation support	6,000	-
	<u>\$ 1,958,083</u>	<u>\$ 775,575</u>

#### Liquidity

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 101,862	\$ 301,857
Restricted cash	237,465	183,911
Due from related parties	2,003,273	722,088
Total financial assets	<u>2,342,600</u>	<u>1,207,856</u>
Less amounts not available for general use within one year:		
Restricted funds held on behalf of others	(237,465)	(183,911)
Board designated	<u>(1,958,083)</u>	<u>(647,775)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 147,052</u>	<u>\$ 376,170</u>

Associated Students, Inc. of California State University San Marcos is substantially supported by student fees which are unrestricted. 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 able 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 student organizations and may be drawn at any time by the student organizations. These funds are also recognized as a liability due to the University under due to related parties.

# ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 4 – Property and Equipment

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 78,354	\$ 47,779
Less accumulated depreciation	<u>(45,610)</u>	<u>(37,224)</u>
	<u>\$ 32,744</u>	<u>\$ 10,555</u>

The total cost basis of equipment under capital leases as of June 30, 2020 and 2019 was \$24,103. Accumulated depreciation associated with these assets as of June 30, 2020 and 2019 was \$18,967 and \$14,398, respectively.

### Note 5 – Operating Leases

The Organization entered into a sublease with SM Corp as of January 2014 to lease spaces in the University Student Union, which expired June 30, 2017 and was subsequently renewed with the University for 10 years. As consideration for the leased space, the Organization operates student programs with the space leased in the University Student Union. This relationship is recognized as in-kind revenue and expense shown within other income, program services and management and general expenses on the statements of activities. Total in-kind rent revenue and expense for the years ended June 30, 2020 and 2019 was \$89,210 and \$87,805, respectively.

### Note 6 – Capital Leases

The Organization has acquired certain equipment under capital leases. The future minimum lease payments are due as follows:

<u>Year Ending June 30,</u>	
2021	\$ <u>4,053</u>
Total minimum lease payments	4,053
Less amount representing interest (10.3%)	<u>(144)</u>
Present value of net minimum lease payments	3,909
Less current portion	<u>(3,909)</u>
Capital lease obligation, net of current portion	<u>\$ -</u>

## **ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**

### **Notes to Financial Statements**

Years Ended June 30, 2020 and 2019

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#### **Note 7 – Transactions with Related Parties**

The Organization receives services from and provides services to the University and related parties including Foundation and SM Corp. In July 2010, the Organization entered into 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 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, 2020 and 2019

**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>2020</u>	<u>2019</u>
Expenses to:				
University	Accounting, personnel services, and reimbursed costs	Programs / Student activities	\$ 634,158	\$ 496,462
SM Corp	Payroll processing, administrative expenses and other expenses	Various expenses	1,053,939	1,070,169
Foundation	Student program costs	Various expenses	10,429	2,094
			<u>\$ 1,698,526</u>	<u>\$ 1,568,725</u>
Revenues from:				
University	Services, space, and programs	Other income	\$ 590,211	\$ 47,296
University	Proportionate share of investment return	Interest income	33,943	17,797
Foundation	Various student organizations	Other income	81,491	30,421
SM Corp	Student program costs	Student program costs	5,525	5,800
			<u>\$ 711,170</u>	<u>\$ 101,314</u>
Due from:				
University	Pooled investment account, Level 1 investments	Due from related parties	\$ 1,822,773	\$ 704,587
University	Cost reimbursements	Due from related parties	180,500	15,076
SM Corp	Cost reimbursements	Due from related parties	-	2,425
			<u>\$ 2,003,273</u>	<u>\$ 722,088</u>
Due to:				
University	Reimbursed services	Due to related parties	\$ 235,799	\$ 205,957
SM Corp	Payroll processing and administration fees	Due to related parties	125,397	164,223
			<u>\$ 361,196</u>	<u>\$ 370,180</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, 2020 and 2019

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**Note 9 – 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.

During the year ended June 30, 2019, management identified some irregularities in accounting records. These transactions were expensed in Other Expenses in the statement of functional expenses, and are currently being investigated.

**SUPPLEMENTAL INFORMATION**

**Associated Students, Inc. of California State University San Marcos**  
**Schedule of Net Position**  
**June 30, 2020**  
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 101,862
Short-term investments	-
Accounts receivable, net	2,003,273
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>2,105,135</u>
Noncurrent assets:	
Restricted cash and cash equivalents	237,465
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	32,744
Other assets	-
Total noncurrent assets	<u>270,209</u>
Total assets	<u>2,375,344</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	370,803
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenue	42,549
Capital lease obligations, current portion	3,909
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>417,261</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims Liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>417,261</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	28,835
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	1,929,248
Total net position	<u>\$ 1,958,083</u>

**Associated Students, Inc. of California State University San Marcos**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020  
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 2,199,712
Scholarship allowances	-
Grants and contracts, noncapital:	
Federal	-
State	330,000
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances	-
Other operating revenues	302,497
Total operating revenues	<u>2,832,209</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,250,844
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	424,414
Depreciation and amortization	8,386
Total operating expenses	<u>1,683,644</u>
Operating income (loss)	<u>1,148,565</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	33,943
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Net nonoperating revenues (expenses)	<u>33,943</u>
Income (loss) before other revenues (expenses)	<u>1,182,508</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>1,182,508</u>
Net position:	
Net position at beginning of year, as previously reported	775,575
Restatements	-
Net position at beginning of year, as restated	<u>775,575</u>
Net position at end of year	<u>\$ 1,958,083</u>

**Associated Students, Inc. of California State University San Marcos**  
Other Information  
June 30, 2020  
(for inclusion in the California State University)

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	\$ 237,465
Noncurrent restricted cash and cash equivalents	237,465
Current cash and cash equivalents	101,862
Total	<u>\$ 339,327</u>

**2.1 Composition of investments:**

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

**Associated Students, Inc. of California State University San Marcos**

Other Information

June 30, 2020

(for inclusion in the California State University)

**2.2 Fair value hierarchy in investments:**

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

**Investments held by the University under contractual agreements:**

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

See independent auditors' report.









**Associated Students, Inc. of California State University San Marcos**  
Other Information  
June 30, 2020  
(for inclusion in the California State University)

**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

**2. Deferred Inflows of Resources**

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>