

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

Financial Report  
June 30, 2011

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## Independent Auditor's Report

Board of Directors  
The Associated Students, Inc. of  
California State University San Marcos  
San Marcos, CA

We have audited the accompanying statements of financial position of The Associated Students, Inc. of California State University San Marcos (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Associated Students, Inc. of California State University San Marcos. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Associated Students, Inc. of California State University San Marcos as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, which is presented in accordance with California State University reporting requirements, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, based upon our audits, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

San Diego, CA  
September 14, 2011

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

Statements of Financial Position  
June 30, 2011 and 2010

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash	\$ 48,610	\$ 127,377
Restricted cash (Note 4)	95,242	83,984
Accounts receivable, affiliate (Note 4)	731,025	599,100
Inventory	23,776	21,040
<b>Total current assets</b>	<b>898,653</b>	<b>831,501</b>
<b>Noncurrent Assets</b>		
Property and equipment, net of accumulated depreciation (Note 2)	16,008	2,973
Deposits	3,000	3,000
<b>Total noncurrent assets</b>	<b>19,008</b>	<b>5,973</b>
	<b>\$ 917,661</b>	<b>\$ 837,474</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Funds held for others, affiliates (Note 4)	\$ 95,242	\$ 83,984
Accounts payable (Note 4)	67,638	20,619
Accrued wages and related expenses (Note 4)	-	44,450
Obligations under capital lease (Note 3)	2,750	-
Deferred revenue	122,224	116,191
<b>Total current liabilities</b>	<b>287,854</b>	<b>265,244</b>
Obligations under capital lease, net of current portion (Note 3)	12,586	-
<b>Total liabilities</b>	<b>300,440</b>	<b>265,244</b>
Commitments (Note 3)		
Net Assets, unrestricted	617,221	572,230
	<b>\$ 917,661</b>	<b>\$ 837,474</b>

See Notes to Financial Statements.

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

**Statements of Activities**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
Unrestricted revenue and support:		
Student tuition and fees	\$ 1,240,982	\$ 1,119,963
Less scholarship allowance	<u>(48,050)</u>	<u>(51,325)</u>
<b>Total student tuition and fees</b>	<b>1,192,932</b>	<b>1,068,638</b>
Contributions	-	10,650
Investment income	2,500	1,994
Other income	<u>74,885</u>	<u>69,687</u>
<b>Total unrestricted revenue and support</b>	<b><u>1,270,317</u></b>	<b><u>1,150,969</u></b>
Expenses:		
Program services:		
Committee programs	469,108	164,087
Recreation programs	<u>115,291</u>	<u>288,693</u>
<b>Total program services</b>	<b><u>584,399</u></b>	<b><u>452,780</u></b>
Management and general (Note 4)	<u>640,927</u>	605,962
<b>Total expenses</b>	<b><u>1,225,326</u></b>	<b><u>1,058,742</u></b>
<b>Increase in net assets</b>	<b>44,991</b>	92,227
Net assets, beginning	<u>572,230</u>	480,003
Net assets, ending	<b><u>\$ 617,221</u></b>	<b><u>\$ 572,230</u></b>

See Notes to Financial Statements.

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

Statements of Functional Expenses  
Years Ended June 30, 2011 and 2010

	2011				
	Program Services			Management and General	Total Functional Expenses
	Committee Programs	Recreation Programs	Total		
Accounting and legal	\$ -	\$ -	\$ -	\$ 123,438	\$ 123,438
Advertisements	6,741	-	6,741	-	6,741
Bad debts	-	-	-	2,844	2,844
Bank fees	39	-	39	1,169	1,208
Board of Directors retreat	1,536	-	1,536	826	2,362
Contract services	-	-	-	18,000	18,000
Contract services - Admin Fee-UARSC	-	-	-	56,054	56,054
Depreciation	2,244	-	2,244	1,444	3,688
Equipment rental and maintenance	11,918	-	11,918	14,323	26,241
Food/entertainment	425	448	873	-	873
Gifts and acknowledgement	150	-	150	32	182
Insurance	-	-	-	15,051	15,051
Interest charges	-	-	-	495	495
Membership and dues	5,814	-	5,814	553	6,367
Office and other supplies	3,702	-	3,702	18,369	22,071
Other	-	-	-	2,827	2,827
Payroll processing (Note 4)	297,322	106,525	403,847	335,872	739,719
Postage	8	-	8	665	673
Printing and publications	685	-	685	-	685
Professional development	410	-	410	410	820
Programming/student activities	129,408	7,818	137,226	120	137,346
Recruitment	-	-	-	910	910
Rent	-	-	-	38,836	38,836
Repairs and maintenance	-	500	500	697	1,197
Taxes and licenses	-	-	-	131	131
Telephone	-	-	-	7,274	7,274
Transportation/conference	8,706	-	8,706	587	9,293
	<u>\$ 469,108</u>	<u>\$ 115,291</u>	<u>\$ 584,399</u>	<u>\$ 640,927</u>	<u>\$ 1,225,326</u>

(Continued)

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

Statements of Functional Expenses (Continued)  
Years Ended June 30, 2011 and 2010

	2010				Total Functional Expenses
	Program Services			Management and General	
	Committee Programs	Recreation Programs	Total		
Accounting and legal	\$ -	\$ -	\$ -	\$ 124,633	\$ 124,633
Advertisements	3,664	-	3,664	830	4,494
Bad debts	-	-	-	5,141	5,141
Bank fees	127	-	127	1,742	1,869
Benefits	-	-	-	59,915	59,915
Board of Directors retreat	4,557	-	4,557	1,022	5,579
Contract services	1,500	-	1,500	9,876	11,376
Depreciation	2,244	929	3,173	2,443	5,616
Equipment rental and maintenance	10,007	3,730	13,737	12,251	25,988
Food/entertainment	88	-	88	268	356
Insurance	-	-	-	33,841	33,841
Membership and dues	5,489	150	5,639	537	6,176
Office and other supplies	2,450	1,128	3,578	24,372	27,950
Other	333	-	333	-	333
Payroll processing fees	-	-	-	4,085	4,085
Payroll taxes	6,628	6,780	13,408	25,578	38,986
Postage	28	48	76	585	661
Printing and publications	281	100	381	641	1,022
Professional development	921	-	921	30	951
Programming/student activities	31,161	115,909	147,070	2,131	149,201
Rent	-	-	-	26,147	26,147
Repairs and maintenance	-	337	337	1,634	1,971
Salaries	86,371	159,582	245,953	257,239	503,192
Taxes and licenses	-	-	-	1,015	1,015
Telephone	-	-	-	9,821	9,821
Transportation/conference	6,082	-	6,082	185	6,267
Universal Studios	2,156	-	2,156	-	2,156
	<u>\$ 164,087</u>	<u>\$ 288,693</u>	<u>\$ 452,780</u>	<u>\$ 605,962</u>	<u>\$ 1,058,742</u>

See Notes to Financial Statements.

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

Statements of Cash Flows  
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 44,991	\$ 92,227
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	3,688	5,616
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(131,925)	(194,570)
Inventory	(2,736)	25,961
Prepaid expenses	-	2,528
Increase (decrease) in liabilities:		
Accounts payable	47,019	9,392
Accrued wages and related expenses	(44,450)	(13,532)
Deferred revenue	6,033	(1,866)
<b>Net cash used in operating activities</b>	<b>(77,380)</b>	<b>(74,244)</b>
Cash Flows from Investing Activities		
Purchases of equipment	(526)	-
<b>Net cash used in investing activities</b>	<b>(526)</b>	<b>-</b>
Cash Flows from Financing Activities		
Payments on capital lease obligation	(861)	-
<b>Net cash used in financing activities</b>	<b>(861)</b>	<b>-</b>
<b>Net decrease in cash</b>	<b>(78,767)</b>	<b>(74,244)</b>
Cash, beginning	127,377	201,621
Cash, ending	<b>\$ 48,610</b>	<b>\$ 127,377</b>
Cash and Restricted Cash, beginning	\$ 211,361	\$ 295,246
Net decrease in unrestricted cash	(78,767)	(74,244)
Increase (decrease) in funds held for others	11,258	(9,641)
Cash and Restricted Cash, ending	<b>\$ 143,852</b>	<b>\$ 211,361</b>
Cash, operating	\$ 48,610	\$ 127,377
Restricted Cash	95,242	83,984
<b>Cash and restricted cash</b>	<b>\$ 143,852</b>	<b>\$ 211,361</b>
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	\$ 495	\$ -
Supplemental Schedule of Noncash Investing and Financing Activities		
Property and equipment financed through capital lease	\$ 16,197	\$ -

See Notes to Financial Statements.

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

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies

**Nature of operations:** 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 the State of California. The Organization administers various student programs and activities. Student activity 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 which apply to the University.

**Affiliated organizations:** The Organization is related to other auxiliaries of the University, including University Auxiliary and Research Services Corporation (UARSC) and San Marcos University Corporation. These auxiliaries and the University periodically provide various services to one another.

#### A summary of significant accounting policies is as follows:

**Basis of accounting and reporting:** The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. At June 30, 2011 and 2010, all of the Organization's net assets were classified as unrestricted. Unrestricted net assets represent funds which are fully available, at the discretion of management and the Associated Students Council, for the Organization to utilize in any of its programs or services. In order to ensure observance of limitations and possible restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar objectives and characteristics have been combined into fund groups. Amounts due to or from other funds are eliminated in total in the financial statements.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made, as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted contributions. Temporarily restricted net assets are reclassified as unrestricted net assets at such time as the Organization has fulfilled the donor-imposed restriction. Contributions where donor-imposed restrictions both arose and expired in the same fiscal year are reported as unrestricted contributions. As of and for the years ended June 30, 2011 and 2010, all contributions received by the Organization were classified as unrestricted and are included in Revenue and Other Support.

Noncash contributions are recorded at their fair value at the date of donation as established by either appraisal or the value anticipated in the subsequent resale of an item.

**Cash:** The Organization maintains an account with 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. On October 3, 2008, when the Troubled Asset Relief Program (TARP) became law, FDIC-insured limits on deposits increased from \$100,000 to \$250,000 and FDIC insurance coverage was expanded to provide unlimited insurance on accounts that do not pay interest, including most checking accounts. These changes to deposit insurance expire December 31, 2013. At June 30, 2011, the Organization's cash balance was fully insured.

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

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Inventory:** Inventory consists of tickets purchased by the Organization to local theme parks and movie theaters. The tickets are sold to the students so that they can benefit from group discounts. The tickets are recorded at cost.

**Property and equipment:** Acquisitions of property and equipment of \$500 or more are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of five to 10 years.

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

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include assessing the lives and methods for recording depreciation and amortization of property and equipment.

**Deferred revenue:** The Organization recognizes revenue related to student activity fees during the semester. Accordingly, certain student activity fees received in advance of the semester are included in deferred revenue.

**Revenue and support:** Each matriculated student of California State University San Marcos was required to pay \$50 per semester during the spring and fall semesters for an associated student body fee for the years ended June 30, 2011 and 2010, respectively. Extended education students pay \$45 per semester. During the summer semester, each student is required to pay \$50. 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. A portion of the student activity fees, based on anticipated student withdrawals, is maintained by the University Business Office for refunds. Each matriculated student is also required to pay \$35 per semester as a recreation fee. The Organization receives \$12 out of the \$35 on a reimbursement basis, at which time it is recorded as revenue.

Revenue from grants/contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant/contract authorized. Deferred revenue results from grant awards received that are applicable to the subsequent period.

Program service fees are reported as revenue when earned. Revenue from grants is recognized in program support as expenditures are made.

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

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Fair value of financial instruments:** The carrying amounts of financial instruments are recorded at fair value.

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes:** The Organization is a qualified nonprofit organization that is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, if any. In order to maintain that status, the Organization is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made. The Organization is not a private foundation.

The Organization adopted accounting guidance relating to accounting for uncertainty in income taxes, which is primarily codified in FASB ASC 740. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to the Organization include such matters as the tax-exempt status of the entity and various positions relative to potential sources of unrelated business taxable income (UBI). UBI is reported on Form 990-T, as appropriate. The benefit of tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption and as of June 30, 2011 and 2010, the Organization has addressed uncertainty in its income tax position under the guidance, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Forms 990 and 990-T filed by the Organization are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Management believes Forms 990 and 990-T have been filed appropriately. Forms 990 and 990-T filed by the Organization are no longer subject to examination for the fiscal years ended June 30, 2006 and prior.

**Subsequent events:** The organization has evaluated subsequent events through September 14, 2011, the completion date of this report, and has determined that there were no subsequent events to recognize in these financial statements.

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

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Reclassification:** Certain items on the financial statements as of and for the year ended June 30, 2010 have been reclassified, with no effect on the total net assets, to be consistent with the classifications adopted as of and for the year ended June 30, 2011.

**Recent accounting pronouncements:** In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This update requires new fair value measurement disclosures about transfers in and out of Levels 1 and 2, and activity in Level 3 fair value measurements (purchases, sales, issuances and settlements on a gross basis). The update also clarifies existing disclosures about the level of disaggregation and about inputs and valuation techniques. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Organization is in the process of assessing the effect that the implementation of the new guidance will have on its financial position and results of operations. The adoption of this standard is not expected to have a material impact on the Organization's financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820)* to provide clarifications for ASC 820. The update also describes some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with United States generally accepted accounting principles and International Financial Reporting Standards. The guidance provided in this ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Organization is in the process of assessing the effect that the implementation of the new guidance will have on its financial position and results of operations. The adoption of this standard is not expected to have a material impact on the Organization's financial position, results of operations or cash flows.

#### Note 2. Property and Equipment

Property and equipment consist of the following at June 30:

	2011	2010
Furniture and fixtures	\$ 19,076	\$ 61,383
Machinery and equipment	48,941	52,874
	68,017	114,257
Less accumulated depreciation	(52,009)	(111,284)
	<u>\$ 16,008</u>	<u>\$ 2,973</u>

The total cost basis of equipment under capital leases was \$16,197 at June 30, 2011. There were no capital leases as of June 30, 2010. Accumulated depreciation associated with this asset at June 30, 2011 was \$1,080.

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

### Notes to Financial Statements

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#### Note 3. Commitments

**Operating leases:** The Organization leases office space from the University with annual rent of \$38,836. The lease expires in June 2014. Total rent for the years ended June 30, 2011 and 2010 was \$38,836 and \$26,147, respectively.

The Organization leases equipment under noncancellable leases expiring at various times through November 2014. The Organization also leases equipment under month-to-month lease agreements. Rent expense associated with equipment leases was \$26,241 and \$25,382 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease payments for these operating leases at June 30, 2011 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2012	\$ 43,973
2013	43,973
2014	43,973
2015	2,140
	<u>\$ 134,059</u>

**Capital leases:** The Organization has acquired certain equipment under capital leases. The future minimum lease payments at June 30, 2011 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2012	\$ 4,068
2013	4,068
2014	4,068
2015	4,068
Thereafter	2,712
	<u>18,984</u>
Less: the amount representing interest (9.35% average effective interest rate)	<u>(3,648)</u>
Present value of minimum lease payments	15,336
Less: current portion	<u>(2,750)</u>
Obligations under capital lease, net of current portion	<u>\$ 12,586</u>

#### Note 4. Transactions With Affiliates

The Organization received accounting and other personnel services and reimbursed costs from the University during the years ended June 30, 2011 and 2010. Fees paid to the University for these services during the years ended June 30, 2011 and 2010 totaled \$198,645 and \$194,300, respectively. Related accounts payable for reimbursed services due to the University at June 30, 2011 and 2010 totaled \$701 and \$4,671, respectively. Payments received from the University for services, space and programs during the years ended June 30, 2011 and 2010 totaled \$119,237 and \$79,901, respectively.

The Organization had a receivable due from the University for cost reimbursements at June 30, 2011 in the amount of \$5,330. The amount was included in accounts receivable in the statements of financial position. There was no amount due at June 30, 2010.

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

### Notes to Financial Statements

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#### Note 4. Transactions With Affiliates (Continued)

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 accounts receivable. At June 30, 2011 and 2010, the amount held by the University in the pooled investment account was \$722,705 and \$599,100, respectively. This account is made up of Level 1 investments, in its entirety. The Organization's proportionate share of the investment return for the years ended June 30, 2011 and 2010 was \$2,500 and \$1,944, respectively.

At June 30, 2011 and 2010, the Organization was holding funds for various student organizations in the amount of \$95,242 and \$83,984, respectively. The Organization has recorded a liability for these funds held for others and has classified the related cash as restricted in the statements of financial position.

On July 1, 2010, the Organization entered into a payroll and employment services agreement with the University Auxiliary and Research Services Corporation under which all of the Organization's personnel became employees of UARSC. The Organization pays UARSC 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 month's written notice. Amounts paid to UARSC for payroll processing, administrative fees and supplies during the year ended June 30, 2011 totaled \$699,897, \$56,054 and \$1,041, respectively. At June 30, 2011, the Organization had a payable due to UARSC in the amount of \$56,160. The amount was included in accounts payable in the statements of financial position.

The Organization had a receivable due from UARSC for cost reimbursements at June 30, 2011 in the amount of \$2,990. The amount was included in accounts receivable in the statements of financial position.

## **Supplemental Schedules**

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

Schedule of Net Assets

June 30, 2011

(for inclusion in the California State University)

**Assets**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 48,610
Short-term investments	-
Accounts receivable, net	731,025
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	23,776
<b>Total current assets</b>	<u>803,411</u>
<b>Noncurrent Assets</b>	
Restricted cash and cash equivalents	95,242
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	16,008
Other assets	3,000
<b>Total noncurrent assets</b>	<u>114,250</u>
<b>Total assets</b>	<u>\$ 917,661</u>

**Liabilities**

<b>Current Liabilities</b>	
Accounts payable	\$ 67,638
Accrued salaries and benefits payable	-
Accrued compensated absences, current portion	-
Deferred revenue	122,224
Capitalized lease obligations, current portion	2,750
Long-term debt obligations, current portion	-
Self-insurance claims liability, current portion	-
Other liabilities	95,242
<b>Total current liabilities</b>	<u>287,854</u>
<b>Noncurrent Liabilities</b>	
Accrued compensated absences, net of current portion	-
Deferred revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	12,586
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<u>12,586</u>
<b>Total liabilities</b>	<u>\$ 300,440</u>

(Continued)

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

**Schedule of Net Assets (Continued)**

**June 30, 2011**

**(for inclusion in the California State University)**

**Net Assets**

---

Invested in capital assets, net of related debt	\$	672
Restricted for:		
Nonexpendable, endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Other		-
Unrestricted		616,549
<b>Total net assets</b>	<b>\$</b>	<b>617,221</b>

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

Schedule of Revenues, Expenses, and Changes in Net Assets  
 Year Ended June 30, 2011  
 (for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$48,050)	\$ 1,192,932
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	74,885
Other operating revenues	-
<b>Total operating revenues</b>	<u>1,267,817</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	137,346
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,084,292
Depreciation and amortization	3,688
<b>Total operating expenses</b>	<u>1,225,326</u>
<b>Operating income (loss)</b>	<u>42,491</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	-
Gifts, noncapital	-
Investment income (loss), net	2,500
Endowment income	-
Interest expenses	-
Other nonoperating revenues	-
<b>Net operating revenues</b>	<u>2,500</u>
<b>Income before other additions</b>	<u>44,991</u>
State appropriations, capital	
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net assets</b>	<u>44,991</u>
Net assets:	
Net assets at beginning of year, as previously reported	572,230
Restatements	-
Net assets at beginning of year, as restated	<u>572,230</u>
Net assets at end of year	<u>\$ 617,221</u>

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
 June 30, 2011  
 (for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2011:**

Portion of restricted cash and cash equivalents related to endowments	\$	—	
All other restricted cash and cash equivalents		95,242	
Total restricted cash and cash equivalents	\$	95,242	

**2.1 Composition of investments at June 30, 2011:**

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Wachovia Short Term Fund	—	—	—	—	—	—	—
Wachovia Medium Term Fund	—	—	—	—	—	—	—
Wachovia Equity Fund	—	—	—	—	—	—	—
US Bank SWIFT pool	—	—	—	—	—	—	—
Common Fund - Short Term Fund	—	—	—	—	—	—	—
Common Fund - Others	—	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Fixed income securities (Treasury notes, GNMA's)	—	—	—	—	—	—	—
Land and other real estate	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Notes receivable	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Collateralized mortgage obligations:							
Inverse floaters	—	—	—	—	—	—	—
Interest-only strips	—	—	—	—	—	—	—
Agency pass-through	—	—	—	—	—	—	—
Private pass-through	—	—	—	—	—	—	—
Other major investments							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
 June 30, 2011  
 (for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2011:  
 Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011.

— — — — — — — —

2.3 Restricted current investments at June 30, 2011 related to:

Amount

Add description	\$	—
Add description		—
<b>Total restricted current investments at June 30, 2011</b>	<b>\$</b>	<b><u>—</u></b>

2.4 Restricted noncurrent investments at June 30, 2011 related to:

Amount

Endowment investment	\$	—
Add description		—
<b>Total restricted noncurrent investments at June 30, 2011</b>	<b>\$</b>	<b><u><u>—</u></u></b>

**The Associated Students, Inc. of California State University San Marcos**  
**Other Information**  
**June 30, 2011**  
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2011:

	Balance June 30, 2010	Prior Period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable/nonamortizable 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	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—				

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
 June 30, 2011  
 (for inclusion in the California State University)

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:**

Depreciation and amortization expense related to capital assets	\$	3,688
Amortization expense related to other assets		<u>—</u>
Total depreciation and amortization	\$	<u>3,688</u>

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2010	Prior Period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current Portion	Long-Term Portion
Accrued compensated absences	\$ —	—	—	—	—	—	—	—	—
Capitalized lease obligations									
Gross balance	—	—	—	—	16,197	(861)	15,336	2,750	12,586
Unamortized premium/(discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	16,197	(861)	15,336	2,750	12,586
Long-term debt obligations									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium/(discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	16,197	(861)	15,336	2,750	12,586

**The Associated Students, Inc. of California State University San Marcos**  
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**5 Future minimum lease payments - capital lease obligations:**

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30, 2011			
2012	\$ 2,750	1,318	4,068
2013	3,018	1,050	4,068
2014	3,313	755	4,068
2015	3,636	432	4,068
2016	2,619	93	2,712
2017 - 2021	—	—	—
2022 - 2026	—	—	—
2027 - 2031	—	—	—
2032 - 2036	—	—	—
2037 - 2041	—	—	—
2042 - 2046	—	—	—
2047 - 2051	—	—	—
2052 - 2056	—	—	—
2057 - 2061	—	—	—
Total minimum lease payments			18,984
Less amounts representing interest			<u>(3,648)</u>
Present value of future minimum lease payments			15,336
Less: current portion			<u>(2,750)</u>
<b>Capitalized lease obligation, net of current portion</b>			<u><u>\$ 12,586</u></u>

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
 June 30, 2011  
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6 Long-term debt obligation schedule

Year ending June 30	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	2012	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—
2017 - 2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	—	—	—	—	—	—



**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
 June 30, 2011  
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**8 Transactions with related entities**

	<b>Amount</b>
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	198,645
Payments received from University for services, space, and programs	119,237
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(701)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	5,330
Other amounts receivable from University	—

**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
		—
Increase (decrease) in net OPEB obligation (NOO)		—
NOO - beginning of year		—
NOO - end of year	\$	—

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
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**10 Pollution remediation liabilities under GASB Statement No. 49:**

Description	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
	—
Pollution remediation liabilities, net of current portion	—

**11 The nature and amount of the prior period adjustment(s) recorded to beginning net assets**

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2010, as previously reported	\$	572,230
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
		—
Net assets as of June 30, 2010, as restated	\$	572,230

**The Associated Students, Inc. of California State University San Marcos**  
 Other Information  
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Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net asset class _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net asset class _____ 2 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 3 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 4 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 5 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 6 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 7 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 8 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 9 (breakdown of adjusting journal entry)	—	—
Net asset class _____ 10 (breakdown of adjusting journal entry)	—	—