

Associated Students, Inc. of California State University San Marcos

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018



ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS
Financial Statements and Supplemental Information
Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 a Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this 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 14-21 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 26, 2019

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

June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 301,857	\$ 63,681
Restricted cash	183,911	192,939
Due from related parties	722,088	702,360
Other receivable	-	1,090
	<u>1,207,856</u>	<u>960,070</u>
Total Current Assets	1,207,856	960,070
Property and Equipment, net of accumulated depreciation	10,555	17,005
Deposits	<u>3,000</u>	<u>3,000</u>
Total Assets	<u>\$ 1,221,411</u>	<u>\$ 980,075</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 8,222	\$ 24,237
Due to related parties	370,180	383,631
Deferred revenue	58,017	89,187
Obligations under capital lease, current portion	<u>5,508</u>	<u>5,015</u>
Total Current Liabilities	441,927	502,070
Obligations under capital lease, net of current portion	<u>3,909</u>	<u>9,417</u>
Total Liabilities	445,836	511,487
Net Assets Without Donor Restrictions	<u>775,575</u>	<u>468,588</u>
Total Liabilities and Net Assets	<u>\$ 1,221,411</u>	<u>\$ 980,075</u>

See accompanying notes to financial statements.

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and Support Without Donor Restriction:		
Student tuition fees	\$ 2,200,972	\$ 2,113,392
Interest income	17,797	15,495
Other income	<u>169,539</u>	<u>140,065</u>
Total Revenue and Support Without Donor Restriction:	2,388,308	2,268,952
Expenses:		
Program services:		
ASI Cougar Pantry	76,359	78,024
Board of Directors	274,306	271,160
Marketing and Design	150,109	178,106
Student Life Center	393,039	355,109
Student Programs and Advisors	667,347	726,850
Management and general	<u>520,161</u>	<u>679,563</u>
Total Expenses	<u>2,081,321</u>	<u>2,288,812</u>
Change in Net Assets	306,987	(19,860)
Net Assets Without Donor Restrictions, beginning	<u>468,588</u>	<u>488,448</u>
Net Assets Without Donor Restrictions, ending	<u>\$ 775,575</u>	<u>\$ 468,588</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	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
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
Other rental and lease equipment	2,055	3,000	13,994	8,678	3,000	30,727	265	30,992
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
Total expenses	\$ 76,359	\$ 274,306	\$ 150,109	\$ 393,039	\$ 667,347	\$ 1,561,160	\$ 520,161	\$ 2,081,321

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,141	\$ 174,141
Benefits	-	-	-	-	39,411	39,411	1,953	41,364
Contract services	-	-	-	-	-	-	14,319	14,319
Contract services admin fee	-	-	-	-	-	-	72,808	72,808
Depreciation	-	-	-	-	-	-	15,210	15,210
Insurance	-	-	-	-	-	-	8,460	8,460
Office and other supplies	-	-	-	-	-	-	28,071	28,071
Interest	-	-	-	885	-	885	720	1,605
Other	-	133	-	-	13,993	14,126	22,191	36,317
Payroll	27,995	146,713	122,824	280,098	160,633	738,263	176,247	914,510
Professional development	-	-	-	410	-	410	10,597	11,007
Programming and student activities	33,090	82,434	29,091	56,598	423,918	625,131	16,949	642,080
Other rental and lease equipment	-	-	9,252	52	-	9,304	89,563	98,867
Rent	16,939	16,939	16,939	16,939	16,938	84,694	1,728	86,422
Salaries	-	-	-	-	71,957	71,957	24,299	96,256
Telephone	-	-	-	127	-	127	6,742	6,869
Transportation and conference	-	24,941	-	-	-	24,941	15,565	40,506
Total expenses	\$ 78,024	\$ 271,160	\$ 178,106	\$ 355,109	\$ 726,850	\$ 1,609,249	\$ 679,563	\$ 2,288,812

See accompanying notes to financial statements.

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 306,987	\$ (19,860)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,450	15,210
Changes in operating assets and liabilities:		
Due from related parties	(19,728)	104,191
Other receivable	1,090	(1,090)
Accounts payable	(16,015)	(4,793)
Due to related parties	(13,451)	6,497
Deferred revenue	(31,170)	(97,635)
Net Cash Provided by Operating Activities	234,163	2,520
Cash Flows Used by Financing Activities:		
Payments on capital lease obligation	(5,015)	(4,569)
Net Increase (Decrease) in Cash	229,148	(2,049)
Cash and Restricted Cash, beginning	256,620	258,669
Cash and Restricted Cash, ending	<u>\$ 485,768</u>	<u>\$ 256,620</u>
Cash and Restricted Cash, beginning:	\$ 256,620	\$ 258,669
Net increase (decrease) in unrestricted cash	238,176	(26,211)
Net increase (decrease) in restricted cash	(9,028)	24,162
Cash and Restricted Cash, ending	<u>\$ 485,768</u>	<u>\$ 256,620</u>
Cash	\$ 301,857	\$ 63,681
Restricted Cash	183,911	192,939
Total Cash and Restricted Cash	<u>\$ 485,768</u>	<u>\$ 256,620</u>
Supplemental Disclosures of Cash Flow Information:		
Cash payments for interest	<u>\$ 1,159</u>	<u>\$ 1,604</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

During 2019 the University adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

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 U.S. generally accepted accounting principles (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, 2019 and 2018.

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

Use of Estimates

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Income Taxes

The Organization is a qualified non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions as of June 30, 2019 and 2018 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

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, 2019 and 2018. 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.

Fair Value Measurements

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2019 and 2018, due to the relative short maturities of these instruments.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications. Certain expenses were reclassified from management and general to program.

Subsequent Events

The Organization has evaluated subsequent events through September 26, 2019, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 3 – Financial Assets and Liquidity Resources

Board Designations

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

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 127,800	\$ -
Board designated:		
Reserved working capital and current operations	401,850	268,488
Reserved for equipment	45,000	60,000
Reserved for program development	<u>200,925</u>	<u>140,100</u>
	<u>\$ 775,575</u>	<u>\$ 468,588</u>

Liquidity

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 301,857	\$ 63,681
Restricted cash	183,911	192,939
Due from related parties	722,088	702,360
Other receivable	-	1,090
Total financial assets	<u>1,207,856</u>	<u>960,070</u>
Less amounts not available for general use within one year:		
Restricted funds held on behalf of others	(183,911)	(192,939)
Board designated	<u>(647,775)</u>	<u>(468,588)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 376,170</u>	<u>\$ 298,543</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, 2019 and 2018

Note 4 – Property and Equipment

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 47,779	\$ 47,779
Less accumulated depreciation	<u>(37,224)</u>	<u>(30,774)</u>
	<u>\$ 10,555</u>	<u>\$ 17,005</u>

The total cost basis of equipment under capital leases as of June 30, 2019 and 2018 was \$24,103. Accumulated depreciation associated with these assets as of June 30, 2019 and 2018 was \$14,398 and \$9,829, respectively.

Note 5 – Operating Leases

The Organization entered into a sublease with UCorp as of January 2014 to lease spaces in the University Student Union, which expired June 30, 2017 and was subsequently renewed with the University. 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, 2019 and 2018 was \$87,805 and \$86,422, 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>	
2020	\$ 6,174
2021	4,052
Thereafter	<u>-</u>
Total minimum lease payments	10,226
Less amount representing interest (10.3%)	<u>(809)</u>
Present value of net minimum lease payments	9,417
Less current portion	<u>(5,508)</u>
Capital lease obligation, net of current portion	<u>\$ 3,909</u>

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.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 7 – Transactions with Related Parties, continued

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.

Related party transactions are as follows:

<u>Related Party</u>	<u>Description</u>	<u>Reported in</u>	<u>2019</u>	<u>2018</u>
Expenses to:				
University	Accounting, personnel services, and reimbursed costs	Various expenses	\$ 496,462	\$ 677,739
SM Corp	Payroll processing, administrative expenses and other expenses	Payroll and admin fee	1,070,169	995,195
Foundation	Student program costs	Various expenses	2,094	7,294
			<u>\$ 1,568,725</u>	<u>\$ 1,680,228</u>
Revenues from:				
University	Services, space, and programs	Other income	\$ 47,296	\$ 65,743
University	Proportionate share of investment return	Investment income	17,797	15,495
Foundation	Various student organizations	Other income	30,421	11,615
SM Corp	Student program costs	Other income	5,800	6,925
			<u>\$ 101,314</u>	<u>\$ 99,778</u>
Due from:				
University	Pooled investment account, Level 1 investments	Due from related party	\$ 704,587	\$ 699,266
University	Cost reimbursements	Due from related party	15,076	2,484
SM Corp	Cost reimbursements	Due from related party	2,425	-
Foundation	Cost reimbursements	Due from related party	-	610
			<u>\$ 722,088</u>	<u>\$ 702,360</u>
Due to:				
University	Reimbursed services and cash held for student organizations	Due to related party	\$ 205,957	\$ 242,301
SM Corp	Payroll processing and administration fees	Due to related party	164,223	141,330
			<u>\$ 370,180</u>	<u>\$ 383,631</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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 interest and rent, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

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, 2019
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 301,857
Short-term investments	-
Accounts receivable, net	722,088
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>1,023,945</u>
Noncurrent assets:	
Restricted cash and cash equivalents	183,911
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	10,555
Other assets	3,000
Total noncurrent assets	<u>197,466</u>
Total assets	<u>1,221,411</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	378,402
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenue	58,017
Capital lease obligations, current portion	5,508
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>441,927</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capital lease obligations, net of current portion	3,909
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>3,909</u>
Total liabilities	<u>445,836</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	1,138
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	774,437
Total net position	<u>\$ 775,575</u>

Associated Students, Inc. of California State University San Marcos
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2019
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 2,200,972
Scholarship allowances	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances	-
Other operating revenues	169,539
Total operating revenues	<u>2,370,511</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,561,160
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	513,711
Depreciation and amortization	6,450
Total operating expenses	<u>2,081,321</u>
Operating income (loss)	<u>289,190</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	17,797
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Other nonoperating revenues (expenses) - interagency transfers	-
Net nonoperating revenues (expenses)	<u>17,797</u>
Income (loss) before other revenues (expenses)	<u>306,987</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>306,987</u>
Net position:	
Net position at beginning of year, as previously reported	468,588
Restatements	-
Net position at beginning of year, as restated	<u>468,588</u>
Net position at end of year	<u>\$ 775,575</u>

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1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	\$ 183,911
Noncurrent restricted cash and cash equivalents	183,911
Current cash and cash equivalents	301,857
	<u>\$ 485,768</u>

2.1 Composition of investments:

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

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2.2 Fair value hierarchy in investments:

	Total	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 (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

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3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
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:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
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	47,779	-	-	-	47,779	-	-	-	47,779
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	47,779	-	-	-	47,779	-	-	-	47,779
Total capital assets	47,779	-	-	-	47,779	-	-	-	47,779
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(30,774)	-	-	-	(30,774)	(6,450)	-	-	(37,224)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(30,774)	-	-	-	(30,774)	(6,450)	-	-	(37,224)
Total capital assets, net	\$ 17,005	\$ -	\$ -	\$ -	17,005	\$ (6,450)	\$ -	\$ -	10,555

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 6,450
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 6,450

See independent auditors' report.

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4 Long-term liabilities:

	Prior Period		Balance			Balance June 30, 2019	Current Portion	Noncurrent Portion	
	Balance June 30, 2018	Reclassifications	Adjustments/ (Restated)	June 30, 2018	Additions				Reductions
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	
3. Capital lease obligations:									
Gross balance	14,432			14,432		(5,015)	9,417	5,508	3,909
Unamortized net premium/(discount)	-			-		-	-	-	-
Total capital lease obligations	<u>14,432</u>			<u>14,432</u>		<u>(5,015)</u>	<u>9,417</u>	<u>5,508</u>	<u>3,909</u>
4. Long-term debt obligations:									
4.1 Auxiliary revenue bonds (non-SRB related)	-			-		-	-	-	-
4.2 Commercial paper	-			-		-	-	-	-
4.3 Notes payable (SRB related)	-			-		-	-	-	-
4.4 Others:									
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
	-			-		-	-	-	-
Total others	-			-		-	-	-	-
Sub-total long-term debt	-			-		-	-	-	-
4.5 Unamortized net bond premium/(discount)	-			-		-	-	-	-
Total long-term debt obligations	-			-		-	-	-	-
Total long-term liabilities	<u>\$ 14,432</u>	<u>\$ -</u>	<u>\$ 14,432</u>	<u>\$ -</u>	<u>\$ (5,015)</u>	<u>\$ 9,417</u>	<u>\$ 5,508</u>	<u>\$ 3,909</u>	

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal and		Interest	Principal and		Interest	Principal and		Interest
	Principal Only	Interest Only		Principal Only	Interest Only		Principal Only	Interest Only	
Year ending June 30:									
2020	-	-	-	5,508	666	6,174	5,508	666	6,174
2021	-	-	-	3,909	143	4,052	3,909	143	4,052
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,417</u>	<u>\$ 809</u>	<u>\$ 10,226</u>	<u>\$ 9,417</u>	<u>\$ 809</u>	<u>\$ 10,226</u>
Less: amounts representing interest									(809)
Present value of future minimum lease payments									<u>9,417</u>
Unamortized net premium/(discount)									-
Total capital lease obligations									<u>9,417</u>
Less: current portion									(5,508)
Capital lease obligations, net of current portion									<u><u>\$ 3,909</u></u>

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal and		Interest	Principal and		Interest	Principal and		Interest
	Principal Only	Interest Only		Principal Only	Interest Only		Principal Only	Interest Only	
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									<u><u>\$ -</u></u>

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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	326,798
Payments received from University for services, space, and programs	47,296
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	2,123
Accounts (payable to) University	(205,957)
Other amounts (payable to) University	-
Accounts receivable from University	15,076
Other amounts receivable from University	704,587

8 Restatements/Prior period adjustments:

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

		Debit/(Credit)
Transaction #1	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
Transaction #2	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-
	Enter transaction description	-

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	-	-	-	-	-	1,561,160	-	1,561,160
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	513,711	-	513,711
Depreciation and amortization	-	-	-	-	-	-	6,450	6,450
Total operating expenses	\$ -	-	-	-	-	2,074,871	6,450	2,081,321

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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:	
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

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:	
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -