

Associated Students, Inc. of California State University San Marcos

Financial Statements and Supplemental Information

Years Ended June 30, 2022 and 2021



ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS
Financial Statements and Supplemental Information
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc. of California State University San Marcos as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students, Inc. of California State San Marcos and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Associated Students, Inc. of California State San Marcos' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc. of California State San Marcos' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 16-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of Associated Students, Inc. of California State University San Marcos, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc. of California State University San Marcos internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc. of California State University San Marcos internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 28, 2022

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

June 30, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 219,681	\$ 288,475
Restricted cash	276,737	262,156
Due from related parties	2,696,895	2,217,287
Other receivable	<u>144,377</u>	<u>-</u>
Total Current Assets	3,337,690	2,767,918
Property and Equipment, net of accumulated depreciation	<u>47,953</u>	<u>36,088</u>
Total Assets	<u>\$ 3,385,643</u>	<u>\$ 2,804,006</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 27,745	\$ 14,380
Due to related parties	454,745	433,916
Obligations under capital lease, current portion	<u>2,222</u>	<u>-</u>
Total Current Liabilities	484,712	448,296
Obligations under capital lease, net of current portion	<u>8,028</u>	<u>-</u>
Total Liabilities	492,740	448,296
Net Assets Without Donor Restrictions	<u>2,892,903</u>	<u>2,355,710</u>
Total Liabilities and Net Assets	<u>\$ 3,385,643</u>	<u>\$ 2,804,006</u>

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

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and Support Without Donor Restriction:		
Other program revenue	\$ 2,200,500	\$ 2,249,398
Other income	156,025	29,631
In-kind rental income (note 6)	74,927	94,028
Grants	61,400	47,652
Interest income	<u>24,855</u>	<u>36,665</u>
Total Revenue and Support Without Donor Restriction:	2,517,707	2,457,374
Expenses:		
Program Services:		
ASI Cougar Pantry	327,491	487,581
Board of Directors	388,369	368,089
Marketing and Design	247,474	226,361
Student Programs and Activities	687,774	567,590
Supporting Services:		
Management and general	<u>329,406</u>	<u>410,126</u>
Total Expenses	<u>1,980,514</u>	<u>2,059,747</u>
Change in Net Assets	537,193	397,627
Net Assets Without Donor Restrictions, beginning	<u>2,355,710</u>	<u>1,958,083</u>
Net Assets Without Donor Restrictions, ending	<u>\$ 2,892,903</u>	<u>\$ 2,355,710</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Total Programs	Supporting Services	Total
	ASI Cougar Pantry	Board of Directors	Marketing and Design	Student Programs and Activities		Management and General	
Accounting and legal	\$ -	\$ -	\$ -	\$ -	\$ -	150,829	\$ 150,829
Contract services admin fee	-	-	-	-	-	72,882	72,882
Depreciation	-	-	-	-	-	14,476	14,476
Financial aid student scholarships	-	12,561	-	-	12,561	-	12,561
In-kind rent (note 6)	18,357	18,357	18,357	18,357	73,428	1,499	74,927
Insurance	-	-	-	-	-	4,073	4,073
Office and other supplies	-	-	-	-	-	10,002	10,002
Other	-	-	-	-	-	17,114	17,114
Other rental and lease equipment	-	-	-	24,194	24,194	-	24,194
Payroll	171,663	175,620	194,279	307,488	849,050	40,034	889,084
Professional development	-	-	-	-	-	4,075	4,075
Programming and student activities	137,338	181,831	34,838	336,385	690,392	4,045	694,437
Telephone	-	-	-	-	-	8,469	8,469
Transportation and conference	133	-	-	1,350	1,483	1,908	3,391
Total expenses	\$ 327,491	\$ 388,369	\$ 247,474	\$ 687,774	\$ 1,651,108	\$ 329,406	\$ 1,980,514

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Total Programs	Supporting Services	Total
	ASI Cougar Pantry	Board of Directors	Marketing and Design	Student Programs and Activities		Management and General	
Accounting and legal	\$ -	\$ 413	\$ -	\$ -	\$ 413	\$ 143,428	\$ 143,841
Contract services admin fee	-	-	-	-	-	63,851	63,851
Depreciation	-	-	-	-	-	17,129	17,129
Financial aid student scholarships	-	20,143	-	-	20,143	-	20,143
Food pantry renovation	317,801	-	-	-	317,801	-	317,801
In-kind rent (note 6)	23,037	23,037	23,037	23,037	92,148	1,881	94,029
Insurance	-	-	-	-	-	6,081	6,081
Office and other supplies	944	-	-	1,237	2,181	2,923	5,104
Other	-	-	-	-	-	3,332	3,332
Other rental and lease equipment	-	-	-	16,016	16,016	-	16,016
Payroll	105,222	167,872	180,015	295,376	748,485	72,835	821,320
Professional development	-	-	-	-	-	3,868	3,868
Programming and student activities	40,577	156,624	23,309	231,924	452,434	80,000	532,434
Telephone	-	-	-	-	-	8,798	8,798
Transportation and conference	-	-	-	-	-	6,000	6,000
Total expenses	\$ 487,581	\$ 368,089	\$ 226,361	\$ 567,590	\$ 1,649,621	\$ 410,126	\$ 2,059,747

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

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 537,193	\$ 397,627
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,476	17,129
Loss on disposals of property and equipment	15,696	-
Changes in operating assets and liabilities:		
Due from related parties	(479,608)	(214,014)
Other receivable	(144,377)	-
Accounts payable	13,365	4,773
Due to related parties	20,829	72,720
Deferred revenue	-	(42,549)
Net Cash Provided (Used) by Operating Activities	(22,426)	235,686
Cash Flows Used by Investing Activities:		
Purchase of property and equipment	(30,772)	(20,473)
Cash Flows Used by Financing Activities:		
Payments on capital lease obligation	(1,015)	(3,909)
Net Increase (Decrease) in Cash and Restricted Cash	(54,213)	211,304
Cash and Restricted Cash, beginning	550,631	339,327
Cash and Restricted Cash, ending	<u>\$ 496,418</u>	<u>\$ 550,631</u>
Cash and Restricted Cash Consist of the Following:		
Cash	\$ 219,681	\$ 288,475
Restricted Cash	<u>276,737</u>	<u>262,156</u>
Total Cash and Restricted Cash	<u>\$ 496,418</u>	<u>\$ 550,631</u>
Supplemental Disclosures of Cash Flow Information:		
Cash payments for interest	<u>\$ 63</u>	<u>\$ 143</u>
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Property and Equipment financed with long-term debt	<u>\$ 11,265</u>	<u>\$ -</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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 September 2020, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization. During the year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*.

Management has analyzed the provisions of the FASB's ASU Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* and has included the necessary disclosure in Note 6.

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 accounting standards generally accepted in the United States of America (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, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2022 and 2021.

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, 2022 and 2021

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, 2022 and 2021 and therefore no amounts have been accrued.

Restricted Cash

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experience in the past, and establish a price concession for uncollectible amounts. For the year ended June 30, 2022, no price concession for uncollectible amounts are considered necessary.

Property and Equipment

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

Revenue Recognition

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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

Revenue Recognition, continued

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, 2022 and 2021, due to the relative short maturities of these instruments.

Future Accounting Standards

FASB has issued a substantial ASU, which will become effective in a future year.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position 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, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered 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 28, 2022, 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, 2022 and 2021

Note 3 - Financial Assets and Liquidity Resources

Board Designations

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

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

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 144,377	\$ -
Board designated:		
Reserved for wellness and recreation building	1,200,000	982,942
Reserved for working capital and current operations	602,341	602,341
Reserved for planned future growth	301,388	301,388
Reserved for program support	240,490	-
Reserved for student emergency fund	160,000	252,350
Reserved for cougar pantry grants	119,000	-
Reserved for capital equipment replacement and acquisition	87,307	74,724
Reserved for student leadership funds	30,000	-
Reserved for ASI 30 year timeline project	8,000	-
Reserved for cougar pantry remodel construction contingency	-	83,000
Reserved for Calfresh outreach	-	47,652
Reserved for refrigerated lockers installation	-	9,528
Reserved for San Diego bank grants	-	1,225
Reserved for giving day funds	-	560
	<u>2,748,526</u>	<u>2,355,710</u>
	<u>\$ 2,892,903</u>	<u>\$ 2,355,710</u>

Liquidity

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

	<u>2022</u>	<u>2021</u>
Cash	\$ 219,681	\$ 288,475
Restricted cash	276,737	262,156
Due from related parties	2,696,895	2,217,287
Other receivable	144,377	-
Total financial assets	<u>3,337,690</u>	<u>2,767,918</u>
Less amounts not available for general use within one year:		
Restricted funds held on behalf of others	(276,737)	(262,156)
Board designated, net of working capital and current operations	<u>(2,146,185)</u>	<u>(1,753,369)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 914,768</u>	<u>\$ 752,393</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 3 - Financial Assets and Liquidity Resources, continued

Liquidity, continued

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

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>2022</u>		<u>2021</u>
Equipment	\$ 87,308	\$	74,724
Less accumulated depreciation	<u>(39,355)</u>		<u>(38,636)</u>
	<u>\$ 47,953</u>	\$	<u>36,088</u>

Included in equipment assets under the total cost basis of equipment under capital leases as of June 30, 2022 and 2021 was \$10,250 and \$0, respectively. Accumulated depreciation associated with these assets as of June 30, 2022 and 2021 was \$1,015 and \$0, respectively.

Note 5 - Revenue Recognition

Contract Balances

Accounts receivable and contract liabilities balances from contracts with customers are as follows:

	<u>Accounts Receivable</u>		<u>Contract Liabilities, Deferred Revenue</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 2,217,287	\$ 2,003,273	\$ -	\$ 42,549
End of year	\$ 2,841,272	\$ 2,217,287	\$ -	-

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 5 - Revenue Recognition, continued

Significant Judgments

The Organization analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Organization has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct revenue stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Significant judgment is also required to assess collectability. The Organization assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer's assessed collectability.

Note 6 - Operating Leases and Contributed Nonfinancial Assets

The Organization entered into a lease for spaces in the University Student Union, with the University for 10 years. As consideration for the leased space, the Organization operates student programs with the space leased in the University Student Union. The Organization records this as contributed nonfinancial assets (in-kind rental income) and in-kind rent expense shown within program services and management and general expenses on the statements of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities. Total contributed nonfinancial activity for the years ended June 30, 2022 and 2021 was \$74,927 and \$94,028, respectively.

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. The Organization has a payroll and employment services agreement with SM Corp under which all of the Organization's personnel became employees of SM Corp. The Organization pays SM Corp the costs and fees of providing payroll and benefits along with an administrative fee.

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

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

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Expenses to:				
University	Accounting, personnel services, and reimbursed costs	Programs / Student activities	\$ 524,530	\$ 827,131
SM Corp	Payroll processing, administrative expenses and other expenses	Payroll Expenses	991,663	885,235
Foundation	Student program costs	Various expenses	-	6,000
			<u>\$ 1,516,193</u>	<u>\$ 1,718,366</u>
Revenues from:				
University	Services, space, and programs	Other income and expenses	\$ 67,665	\$ 47,652
University	Proportionate share of investment return	Investment income	24,855	36,665
University	Management fee from campus	Other program revenue	2,200,500	2,249,398
Foundation	Various student organizations	Other income	24,239	21,905
SM Corp	Student program costs	Student program costs	3,662	2,500
			<u>\$ 2,320,921</u>	<u>\$ 2,358,120</u>
Due from:				
University	Pooled investment account	Due from affiliates	\$ 2,691,642	\$ 2,216,287
SM Corp	Cost reimbursements	Due from affiliates	-	1,000
Foundation	Cost reimbursements	Due from affiliates	5,253	-
			<u>\$ 2,696,895</u>	<u>\$ 2,217,287</u>
Due to:				
University	Reimbursed services	Accounts payable	\$ 311,505	\$ 262,809
SM Corp	Payroll processing and administration fees	Accounts payable	143,240	171,107
			<u>\$ 454,745</u>	<u>\$ 433,916</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, 2022 and 2021

Note 9 - Capital Lease

The Organization has acquired certain equipment under capital lease. The future minimum lease payments as of June 30, 2022 are due as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ 2,352
2024	2,352
2025	2,352
2026	2,352
2027	1,176
Total minimum lease payments	10,584
Less amount representing interest (1.5%)	<u>(334)</u>
Present value of net minimum lease payments	10,250
Less current portion	<u>(2,222)</u>
Capital lease obligation, net of current portion	<u>\$ 8,028</u>

Note 10 - Contingencies

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

Coronavirus

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the Organization is located.

Management has initiated several changes to the operations of the programs, events and administrative functions in order to protect the health of staff and club members and to mitigate the financial effects of the virus and its resultant economic slowdown. The Organization will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of students and staff.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Schedule of Net Position

June 30, 2022

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 219,681
Short-term investments	-
Accounts receivable, net	2,841,272
Lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>3,060,953</u>
Noncurrent assets:	
Restricted cash and cash equivalents	276,737
Accounts receivable, net	-
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	47,953
Other assets	-
Total noncurrent assets	<u>324,690</u>
Total assets	<u>3,385,643</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	482,490
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenue	-
Lease liabilities, current portion	2,222
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>484,712</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Lease liabilities, net of current portion	8,028
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>8,028</u>
Total liabilities	<u>492,740</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Leases	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	37,703
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>2,855,200</u>
Total net position	<u>\$ 2,892,903</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2022

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	-
Scholarship allowances		-
Grants and contracts, noncapital:		
Federal		-
State		61,400
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances		-
Other operating revenues		2,431,452
Total operating revenues		<u>2,492,852</u>
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		1,651,108
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		314,930
Depreciation and amortization		14,476
Total operating expenses		<u>1,980,514</u>
Operating income (loss)		<u>512,338</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		24,855
Endowment income (loss), net		-
Interest expenses		-
Other nonoperating revenues (expenses)		-
Net nonoperating revenues (expenses)		<u>24,855</u>
Income (loss) before other revenues (expenses)		<u>537,193</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		<u>537,193</u>
Net position:		
Net position at beginning of year, as previously reported		2,355,710
Restatements		-
Net position at beginning of year, as restated		<u>2,355,710</u>
Net position at end of year	\$	<u><u>2,892,903</u></u>

See independent auditor's report.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information

June 30, 2022

(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	276,737
Noncurrent restricted cash and cash equivalents	<u>276,737</u>
Current cash and cash equivalents	<u>219,681</u>
Total	<u>\$ 496,418</u>

2.1 Composition of investments:

	Current	Noncurrent	Total
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	-	-	-
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	<u>-</u>	<u>-</u>	<u>-</u>
Total investments, net of endowments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2022

(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	-	-	-	-	-
Total investments	\$ -	\$ -	\$ -	\$ -	-

2.3 Investments held by the University under contractual agreements:

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2022

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2022
Non-depreciable/Non-amortizable capital assets:									
Works of art and historical treasures	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction work in progress (CWIP)									
Intangible assets:									
Rights and easements									
Patents, copyrights and trademarks									
Intangible assets in progress (PWIP)									
Licenses and permits									
Other intangible assets:									
Total other intangible assets									
Total intangible assets									
Total non-depreciable/non-amortizable capital assets									
Depreciable/Amortizable capital assets:									
Buildings and building improvements									
Improvements, other than buildings									
Infrastructure									
Leasehold improvements									
Personal property:									
Equipment	74,724				74,724	42,037	(29,453)		87,308
Library books and materials									
Intangible assets:									
Software and websites									
Rights and easements									
Patents, copyrights and trademarks									
Licenses and permits									
Other intangible assets:									
Total other intangible assets									
Total intangible assets									
Total depreciable/amortizable capital assets	74,724				74,724	42,037	(29,453)		87,308
Total capital assets	74,724				74,724	42,037	(29,453)		87,308
Less accumulated depreciation/amortization:									
Buildings and building improvements									
Improvements, other than buildings									
Infrastructure									
Leasehold improvements									
Personal property:									
Equipment	(38,636)				(38,636)	(14,476)	13,757		(39,355)
Library books and materials									
Intangible assets:									
Software and websites									
Rights and easements									
Patents, copyrights and trademarks									
Licenses and permits									
Other intangible assets:									
Total intangible assets									
Total accumulated depreciation/amortization	(38,636)				(38,636)	(14,476)	13,757		(39,355)
Total capital assets, net excluding lease assets	\$ 36,088	\$ -	\$ -	\$ -	\$ 36,088	\$ 27,561	\$ (15,696)	\$ -	\$ 47,953
Lease assets, net									
Total capital assets, net									\$ 47,953

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2022

(for inclusion in the California State University)

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
Composition of lease assets:					
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-
Depreciable/Amortizable lease assets:					
Land and land improvements					
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Personal property:	-	-	-	-	-
Equipment	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-
Less accumulated depreciation/amortization:					
Land and land improvements					
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Personal property:	-	-	-	-	-
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-
Total lease assets, net	\$ -	\$ -	\$ -	\$ -	-
3.2 Detail of depreciation and amortization expense:					
Depreciation and amortization expense related to capital assets	\$ 14,476				
Amortization expense related to other assets	-				
Total depreciation and amortization	\$ 14,476				

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2022

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments/ Reclassifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	10,250	-	10,250	2,222	8,028
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	10,250	-	10,250	2,222	8,028
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 debt obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

5 Lease Liabilities:

Total long-term liabilities

	-	-
	\$ -	\$ -

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

5 Lease Liabilities schedule:

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2023	-	-	-	2,222	130	2,352	2,222	130	2,352
2024	-	-	-	2,254	98	2,352	2,254	98	2,352
2025	-	-	-	2,285	67	2,352	2,285	67	2,352
2026	-	-	-	2,318	34	2,352	2,318	34	2,352
2027	-	-	-	1,171	5	1,176	1,171	5	1,176
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	\$ -	\$ -	\$ 10,250	\$ 334	\$ 10,584	\$ 10,250	\$ 334	\$ 10,584
Less: amounts representing interest									(334)
Present value of future minimum lease payments									10,250
Total lease liabilities									10,250
Less: current portion									(2,222)
Lease liabilities, net of current portion									\$ 8,028

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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									\$ -

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY SAN MARCOS

Other Information, continued

June 30, 2022

(for inclusion in the California State University)

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	237,559
Payments received from University for services, space, and programs	2,268,165
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	286,971
Accounts (payable to) University	(311,505)
Other amounts (payable to) University	-
Accounts receivable from University	-
Other amounts receivable from University	2,691,642

8 Restatements:

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

Restatement #1	Enter transaction description	Debit/(Credit)
		-
		-
		-
		-
		-
Restatement #2	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	-	-	-	-	-	1,651,108	-	1,651,108
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	314,930	-	314,930
Depreciation and amortization	-	-	-	-	-	-	14,476	14,476
Total operating expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,966,038</u>	<u>\$ 14,476</u>	<u>\$ 1,980,514</u>

See independent auditor's report.

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

June 30, 2022

(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 - leases	-
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	-
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 - leases	-
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	-
Total deferred inflows of resources	\$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating expenses	-
Total other nonoperating revenues (expenses)	\$ -

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Audit Committee
Associated Students, Inc. of California State University San Marcos

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, Inc. of California State University San Marcos (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students, Inc. of California State University San Marcos financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*, CONTINUED**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc. of California State University San Marcos internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc. of California State University San Marcos internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 28, 2022