

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

Financial Report
June 30, 2014

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Associated Students, Inc. of California State University San Marcos (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 (U.S. GAAP); 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.

Auditor's 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 (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 The Associated Students, Inc. of California State University San Marcos as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. GAAP.

**Report on Schedules to be Included in the California State University System's Financial Report
(Supplementary Information)**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 audits 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McGladrey LLP

San Diego, CA
September 18, 2014

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

Statements of Financial Position
June 30, 2014 and 2013

Assets	2014	2013
Current Assets		
Cash	\$ 1,700	\$ 15,181
Restricted cash (Note 4)	-	99,999
Restricted receivables due from affiliates (Note 4)	98,851	-
Due from affiliates (Note 4)	719,484	681,154
Other receivables	150	-
Inventory	-	26,327
Total current assets	820,185	822,661
Noncurrent Assets		
Property and equipment, net (Note 2)	55,331	35,302
Deposits	3,000	3,000
Total noncurrent assets	58,331	38,302
	\$ 878,516	\$ 860,963
Liabilities and Net Assets		
Current Liabilities		
Funds held for others (Note 4)	\$ 98,851	\$ 99,999
Accounts payable (Note 4)	68,123	37,492
Obligations under capital lease (Notes 2 and 3)	3,636	3,313
Deferred revenue	63,776	81,624
Total current liabilities	234,386	222,428
Obligations Under Capital Lease, net of current portion (Notes 2 and 3)	2,619	6,255
Total liabilities	237,005	228,683
Commitments (Note 3)		
Net Assets, unrestricted	641,511	632,280
	\$ 878,516	\$ 860,963

See Notes to Financial Statements.

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

Statements of Activities
Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted revenue and support:		
Student tuition and fees	\$ 1,177,809	\$ 1,136,289
Less scholarship allowance	(11,190)	(9,790)
Total student tuition and fees	1,166,619	1,126,499
Investment income	4,585	6,561
Other income (Note 4)	79,809	59,979
Total unrestricted revenue and support	1,251,013	1,193,039
Expenses:		
Program services (Notes 3 and 4):		
Committee programs	633,534	721,433
Total program services	633,534	721,433
Management and general (Note 4)	608,248	525,549
Total expenses	1,241,782	1,246,982
Change in net assets	9,231	(53,943)
Net assets, beginning	632,280	686,223
Net assets, ending	\$ 641,511	\$ 632,280

See Notes to Financial Statements.

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

Statements of Functional Expenses
Years Ended June 30, 2014 and 2013

	2014		
	Committee Programs	Management and General	Total Functional Expenses
Accounting and legal	\$ -	\$ 151,692	\$ 151,692
Advertisements	8,479	-	8,479
Bank fees	39	1,799	1,798
Benefits	-	20,647	20,647
Contract services	1,130	-	1,130
Contract services—administrative fee, UARSC (Note 4)	-	48,013	48,013
Depreciation	193	14,125	14,318
Insurance	-	11,271	11,271
Interest charges	-	755	755
Membership and dues	6,897	-	6,897
Office and other supplies	347	10,323	10,670
Other	54	598	652
Payroll processing (Note 4)	383,984	202,457	586,441
Postage	-	522	522
Professional development	1,398	11,782	13,180
Programming/student activities	219,259	-	219,259
Other rental/lease equipment	-	21,501	21,501
Other taxes and licenses	-	193	193
Rent	-	53,366	53,366
Repairs and maintenance	-	587	587
Salaries	-	48,504	48,504
Gifts and acknowledgements	-	96	96
Telephone usage	-	5,355	5,355
Transportation/conference	11,754	4,690	16,444
Other staff parking	-	12	12
	<u>\$ 633,534</u>	<u>\$ 608,248</u>	<u>\$ 1,241,782</u>

(Continued)

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

Statements of Functional Expenses (Continued)
 Years Ended June 30, 2014 and 2013

	2013		
	Committee Programs	Management and General	Total Functional Expenses
Accounting and legal	\$ -	\$ 130,687	\$ 130,687
Advertisements	6,330	-	6,330
Bad debts	-	418	418
Bank fees	-	1,896	1,896
Board of Directors retreat	6,371	-	6,371
Contract services	-	(903)	(903)
Contract services—administrative fee, UARSC (Note 4)	-	55,718	55,718
Depreciation	-	10,597	10,597
Equipment rental and maintenance	5,941	11,222	17,163
Insurance	655	11,942	12,597
Interest charges	-	1,050	1,050
Membership and dues	3,882	500	4,382
Office and other supplies	-	19,157	19,157
Other	-	604	604
Payroll processing (Note 4)	451,216	231,192	682,408
Postage	-	592	592
Professional development	-	8,742	8,742
Programming/student activities	229,005	-	229,005
Rent	-	29,552	29,552
Repairs and maintenance	-	385	385
Taxes and licenses	-	431	431
Telephone	406	5,896	6,302
Transportation/conference	17,627	5,871	23,498
	<u>\$ 721,433</u>	<u>\$ 525,549</u>	<u>\$ 1,246,982</u>

See Notes to Financial Statements.

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

Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	\$ 9,231	\$ (53,943)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,317	10,597
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Other receivables	(150)	20,246
Due from affiliates	(38,330)	55,108
Inventory	26,327	1,195
Increase (decrease) in liabilities:		
Accounts payable	30,631	(13,492)
Deferred revenue	(17,848)	(16,578)
Net cash provided by operating activities	24,178	3,133
Cash Flows From Investing Activities		
Purchases of equipment	(34,346)	(2,722)
Cash Flows From Financing Activities		
Payments on capital lease obligation	(3,313)	(3,018)
Net decrease in cash	(13,481)	(2,607)
Cash, beginning	15,181	17,788
Cash, ending	<u>\$ 1,700</u>	<u>\$ 15,181</u>
Cash and Restricted Cash, beginning	\$ 115,180	\$ 106,108
Net decrease in unrestricted cash	(13,481)	(2,607)
Increase (decrease) in funds held for others	(99,999)	11,679
Cash and Restricted Cash, ending	<u>\$ 1,700</u>	<u>\$ 115,180</u>
Cash, operating	\$ 1,700	\$ 15,181
Restricted Cash	-	99,999
Total cash and restricted cash	<u>\$ 1,700</u>	<u>\$ 115,180</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	<u>\$ 755</u>	<u>\$ 1,050</u>
Supplemental Disclosure of Noncash Activity		
Restricted accounts receivable	<u>\$ 98,851</u>	<u>\$ -</u>

See Notes to Financial Statements.

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

Notes to Financial Statements

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

Nature of operations: The Associated Students, Inc. of California State University San Marcos (the Organization) is a nonprofit California corporation organized in 1994 as an auxiliary organization to California State University San Marcos (the University) operated in accordance with the General Nonprofit Corporation Law of the State of California. The Organization administers various student programs and activities. Student activity fees and other revenues are collected for the support of student-related programs and for the acquisition of assets that benefit the student body.

The Organization's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by government accounting standards that apply to the University.

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

A summary of significant accounting policies is as follows:

Basis of accounting and reporting: The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. At June 30, 2014 and 2013, all of the Organization's net assets were classified as unrestricted. Unrestricted net assets represent funds that are fully available, at the discretion of management and the Associated Students Council, for the Organization to utilize in any of its programs or services. In order to ensure observance of limitations and possible restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar objectives and characteristics have been combined into fund groups. Amounts due to or from other funds are eliminated in total in the financial statements.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made, as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted contributions. Temporarily restricted net assets are reclassified as unrestricted net assets at such time as the Organization has fulfilled the donor-imposed restriction. Contributions where donor-imposed restrictions both arose and expired in the same fiscal year are reported as unrestricted contributions. As of and for the years ended June 30, 2014 and 2013, all contributions received by the Organization were classified as unrestricted and are included in unrestricted revenue and support.

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

Cash: The Organization maintains an account with a financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's account at this institution may, at times, exceed FDIC-insured limits. The Organization has not experienced any such losses in its account.

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

Notes to Financial Statements

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

Inventory: Inventory consists of tickets purchased by the Organization to local theme parks and movie theaters. The tickets are sold to the students so that they can benefit from group discounts. The tickets are recorded at cost. As of January 2014, the local theme parks and movie tickets were transferred from the Organization to UCorp.

Property and equipment: Acquisitions of property and equipment of \$1,500 or more are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of five to 10 years.

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

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

Revenue and support: Each matriculated student of California State University San Marcos was required to pay \$50 per semester during the spring and fall semesters for an associated student body fee for the years ended June 30, 2014 and 2013. Extended education students paid \$50 per semester for the years ended June 30, 2014 and 2013. During the summer semester, each student is required to pay \$50. These payments support the Organization's operations and are collected by the University Business Office and remitted to the Organization, at which time they are recorded as revenue. A portion of the student activity fees, based on anticipated student withdrawals, is maintained by the University Business Office for refunds.

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

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

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

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

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

Notes to Financial Statements

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

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

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

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption and as of June 30, 2014 and 2013, the Organization has addressed uncertainty in its income tax position under the guidance, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Forms 990 and 990-T filed by the Organization are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Management believes Forms 990 and 990-T have been filed appropriately. Forms 990 and 990-T filed by the Organization are no longer subject to examination for the fiscal years ended June 30, 2010 and prior.

Subsequent events: The Organization has evaluated subsequent events through September 18, 2014, the date the financial statements were available to be issued, and has determined that there were no subsequent events that require disclosure in the financial statements.

Recent accounting pronouncement: In April 2013, the FASB issued Accounting Standards Update 2013-06, *Not-for-Profit Entities (Topic 958)—Services Received From Personnel of an Affiliate*. This amendment is effective on a prospective basis for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for profit entity may apply the amendment using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted. The adoption of this Update is not expected to have a material impact on the Organization's financial position, results of operations or cash flows.

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

Notes to Financial Statements

Note 2. Property and Equipment

Property and equipment consist of the following at June 30:

	2014	2013
Furniture and fixtures	\$ -	\$ 16,876
Machinery and equipment	102,604	84,456
	<u>102,604</u>	<u>101,332</u>
Less accumulated depreciation	(47,273)	(66,030)
	<u>\$ 55,331</u>	<u>\$ 35,302</u>

The total cost basis of equipment under capital leases as of June 30, 2014 and 2013 was \$16,197. Accumulated depreciation associated with this asset as of June 30, 2014 and 2013 was \$12,418 and \$8,638, respectively.

Note 3. Commitments

Operating leases: The Organization leased office space from the University, which expired in December 2013. The rent was prorated for the period from July through December 2013 in the amount of \$5,772. The Organization entered a new lease with UCorp as of January 2014 to lease spaces in the Student Union with prorated lease expense of \$38,082 for the period from January 2014 to June 2014. The lease with UCorp expires June 30, 2016. As consideration for the leased space from UCorp, the Organization operates student programs with the space leased in the Student Union. This relationship is recognized as \$38,028 of in-kind revenue and expense shown within other income and management and general expense, respectively on the statement of activities. Total rent for each of the years ended June 30, 2014 and 2013 was \$43,854 and \$29,552, respectively.

The Organization leases equipment under noncancelable leases expiring at various times through November 2014. The Organization also leases equipment under month-to-month lease agreements. Rent expense associated with equipment leases was \$8,811 and \$9,908 for the years ended June 30, 2014 and 2013, respectively.

Future minimum lease payments for these operating leases at June 30, 2014 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2015	\$ 4,771
2016	3,578
	<u>\$ 8,349</u>

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

Notes to Financial Statements

Note 3. Commitments (Continued)

Capital leases: The Organization has acquired certain equipment under capital leases. The future minimum lease payments at June 30, 2014 are as follows:

Years Ending June 30,	Amount
2015	\$ 4,068
2016	2,712
	6,780
Less the amount representing interest (9.35% average effective interest rate)	(525)
Present value of minimum lease payments	6,255
Less current portion	(3,636)
Obligations under capital lease, net of current portion	\$ 2,619

Note 4. Transactions With Affiliates

The Organization received accounting and other personnel services and reimbursed costs from the University during the years ended June 30, 2014 and 2013. Fees paid to the University for these services during the years ended June 30, 2014 and 2013 totaled \$219,009 and \$159,866 respectively. Related accounts payable for reimbursed services due to the University at June 30, 2014 and 2013 totaled \$17,144 and \$5,751, respectively. Payments received from the University for services, space and programs during the years ended June 30, 2014 and 2013 totaled \$10,120 and \$16,203, respectively. The amounts were included in other income and expenses in the statements of activities and within various expense classifications in the statements of functional expenses.

Receivables due from the University for cost reimbursements at June 30, 2014 was \$550. The amount was included in due from affiliates in the statement of financial position. There were no amounts due from the University for cost reimbursements at June 30, 2013.

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 amounts due from affiliates. At June 30, 2014, \$98,851 of the receivable shown is in restricted amounts due from affiliates on the statement of financial position as a portion of the receivable is due to various student organizations as described in the following paragraph. There were no receivable amounts restricted at June 30, 2013. At June 30, 2014 and 2013, the total amount held by the University in the pooled investment account was \$817,785 and \$678,238, respectively. This account is made up of Level 1 investments in its entirety. The Organization's proportionate share of the investment return for the years ended June 30, 2014 and 2013 was \$4,585 and \$6,561, respectively, which is shown as investment income on the statements of activities.

At June 30, 2014 and 2013, the Organization was holding assets for various student organizations in the amount of \$98,851 and \$99,999, respectively. The \$98,851 and \$99,999 are shown as restricted accounts receivable due from affiliates and restricted cash for the years ended June 30, 2014 and 2013, respectively. The Organization has recorded a liability for these assets held for others and has classified the related amounts due from affiliates and cash as restricted in the statements of financial position.

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

Notes to Financial Statements

Note 4. Transactions With Affiliates (Continued)

On July 1, 2010, the Organization entered into a payroll and employment services agreement with UARSC under which all of the Organization's personnel became employees of UARSC. The Organization pays UARSC the costs and fees of providing payroll and benefits along with an administrative fee. The original term of the agreement was one year, but it renews automatically unless either party gives three months' written notice. Expense incurred related for payroll processing, administrative fees and other expenses during the year ended June 30, 2014 totaled \$586,441 and \$48,013, respectively. Expense incurred for payroll processing and administrative fees during the year ended June 30, 2013 totaled \$682,408 and \$55,718, respectively. At June 30, 2014 and 2013, the Organization had a payable due to UARSC in the amount of \$40,694 and \$31,239, respectively. The amounts were included in accounts payable in the statements of financial position.

The Organization had a receivable due from UARSC for cost reimbursements at June 30, 2013 in the amount \$2,916. The amount was included in due from affiliates in the statement of financial position. There were no amounts due from UARSC for cost reimbursements at June 30, 2014.

In addition to the in-kind rental revenue and expense described in Note 3, the Organization reimbursed UCorp for certain student program costs and other services during the years ended June 30, 2014 and 2013. Expenses incurred to UCorp for these costs during the years ended June 30, 2014 and 2013 totaled \$64,961 and \$58,810, respectively. Related accounts payable for reimbursed services due to the University at June 30, 2014 and 2013 totaled \$7,087 and \$5,638, respectively.

Supplemental Schedules

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

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,700
Short-term investments	-
Accounts receivable, net	818,485
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	-
Total current assets	<u>820,185</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	55,331
Other assets	3,000
Total noncurrent assets	<u>58,331</u>
Total assets	<u>878,516</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	68,123
Accrued salaries and benefits payable	-
Accrued compensated absences, current portion	-
Unearned revenue	63,776
Capitalized lease obligations, current portion	3,636
Long-term debt obligations, current portion	-
Claims liability for losses and LAE, current portion	-
Depository accounts	-
Other liabilities	98,851
Total current liabilities	<u>234,386</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	2,619
Long-term debt obligations, net of current portion	-
Claims liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>2,619</u>
Total liabilities	<u>237,005</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants and others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	49,076
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	592,435
Total net position	<u>\$ 641,511</u>

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

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$11,190)	\$ 1,166,619
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	79,809
Other operating revenues	-
Total operating revenues	<u>1,246,428</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	219,259
Institutional support	-
Operation and maintenance of plant	1,008,205
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	14,318
Total operating expenses	<u>1,241,782</u>
Operating income	<u>4,646</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, net	4,585
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues	<u>4,585</u>
Income before other additions	9,231
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase in net position	<u>9,231</u>
Net position:	
Net position at beginning of year, as previously reported	632,280
Restatements	-
Net position at beginning of year, as restated	<u>632,280</u>
Net position at end of year	<u>\$ 641,511</u>

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1 Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	817,785	-	817,785	-	-	-	817,785
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMMAs)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	817,785	-	817,785	-	-	-	817,785
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	\$ 817,785	-	817,785	-	-	-	817,785

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014	\$ 817,785
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2.3 Restricted current investments at June 30, 2014 related to:		<u>Amount</u>
Add description	\$	-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Total restricted current investments at June 30, 2014	\$	<u>-</u>

2.4 Restricted noncurrent investments at June 30, 2014 related to:		<u>Amount</u>
Endowment investment	\$	-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Total restricted noncurrent investments at June 30, 2014	\$	<u>-</u>

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$ 14,318
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 14,318</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Balance June 30, 2014	Current Portion	Long-Term Portion
Accrued compensated absences	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:									
Gross balance	9,568	-	-	9,568	-	(3,313)	6,255	3,636	2,619
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	<u>9,568</u>	<u>-</u>	<u>-</u>	<u>9,568</u>	<u>-</u>	<u>(3,313)</u>	<u>6,255</u>	<u>3,636</u>	<u>2,619</u>
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-revenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Note payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 9,568</u>	<u>-</u>	<u>-</u>	<u>9,568</u>	<u>-</u>	<u>(3,313)</u>	<u>6,255</u>	<u>3,636</u>	<u>2,619</u>

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5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2015	\$ 3,636	432	4,068
2016	2,619	93	2,712
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020 - 2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
2050 - 2054	-	-	-
2055 - 2059	-	-	-
2060 - 2064	-	-	-
Total minimum lease payments	<u>\$ 6,255</u>	<u>525</u>	<u>6,780</u>
Less amounts representing interest			<u>(525)</u>
Present value of future minimum lease payments			6,255
Less: current portion			<u>(3,636)</u>
Capitalized lease obligation, net of current portion			<u>\$ 2,619</u>

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6 Long-term debt obligation schedule:

	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

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7 Calculation of net position

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
7.1 Calculation of net position - Net investment in capital assets:			
Capital assets, net of accumulated depreciation	\$ -	55,331	55,331
Capitalized lease obligations, current portion	-	(3,636)	(3,636)
Capitalized lease obligations, net of current portion	-	(2,619)	(2,619)
Long-term debt obligations, current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments (please list):			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	49,076	49,076

7.2 Calculation of net assets - Restricted for nonexpendable - endowments:

Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments (please list):			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	-	-

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8 Transactions with related entities:

	Amount
Payments to University for salaries of University personnel working on contracts, grants and other programs	\$ 57,400
Payments to University for other than salaries of University personnel	161,609
Payments received from University for services, space and programs	10,120
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(17,144)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	550
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB):

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

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10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2013, as previously reported	\$	632,280
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2013, as restated	\$	632,280

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Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ -	-
Net position class: _____ 2 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 3 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 4 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 5 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 6 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 7 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 8 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 9 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 10 (breakdown of adjusting journal entry)	-	-