

ASSOCIATED STUDENTS OF
SAN FRANCISCO STATE UNIVERSITY

JUNE 30, 2014



CHILD DEVELOPMENT FUND REPORT

**Associated Students of
San Francisco State University**

**Child Development Fund Report
Fiscal Year Ended June 30, 2014**

GENERAL SUMMARY

Full official name of the Agency: Associated Students, Inc. of SFSU

Type of Agency: Non-Profit Corporation

Project Number: 38-V131-00-0

Program Numbers: State Preschool: CSPP – 3456

Address of Agency Headquarters: Associated Students, Inc. of SFSU
1650 Holloway Avenue, M102
San Francisco, CA 94132

Names and address of Executive Director, Center Director and Accountant: ASI Executive Director, Peter Koo
Associated Students, Inc. (ASI)
San Francisco State University
1650 Holloway Avenue, M102
San Francisco, CA 94132

ASI Center Director, Sarah Johnson
ASI Children's Center
San Francisco State University
South State Drive
San Francisco, CA 94132

Accountant – Tammie Ridgell, Director
San Francisco State University
Auxiliary Business Services
1600 Holloway Avenue, Adm 254J
San Francisco, CA 94132

Period Covered by Audit: July 1, 2013 through June 30, 2014

Number of Days of Agency Operation: 157 days

Scheduled Hours of Operation, Each Day: ASI Children's Center 7:30AM – 5:30PM, 10 hours per day
State Preschool Contract 7:30AM - 12:30PM, 5 hours per day
ASI Business Office 9:00AM - 5:00PM

**Associated Students of
San Francisco State University**

Child Development Fund Report

General Summary	
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activity and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 - 13
Schedule of Child Development Awards	14
Combining Statement of Activities	15
Schedule of Expenditures by State Categories	16
Schedule of Capital Outlay	17
Schedule of Administrative Costs	18
State Preschool Audited Attendance and Fiscal Report (CSPP-3456)	19 - 22
Schedule of Findings and Questioned Costs	23 - 24
Summary Schedule of Prior Year Audit Findings	25 - 26

Independent Auditors' Report

THE BOARD OF DIRECTORS
ASSOCIATED STUDENTS OF
SAN FRANCISCO STATE UNIVERSITY
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of **ASSOCIATED STUDENTS OF SAN FRANCISCO STATE UNIVERSITY (the Associated Students)** which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Associated Student'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.

Consultants and

Business Advisors

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

60 S. Market Street

Suite 200

San Jose

CA 95113

408.998.8400

fax 408.998.8485



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 as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

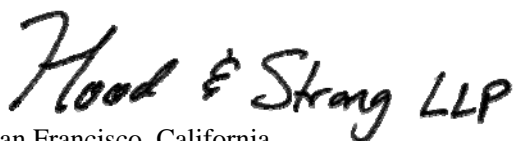
We have previously audited the Associated Students' June 30, 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 on our consideration of the Associated Students' 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 for the year ended June 30, 2014. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules on pages 12 through 26 are presented for purposes of additional analyses as required by the California Department of Education's Guide for Auditing Child Development, Nutrition and Adult Education Programs, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



San Francisco, California
September 16, 2014

**Associated Students of
San Francisco State University**

Statement of Financial Position

<i>June 30, 2014 (with comparative totals for June 30, 2013)</i>	2014	2013
Assets		
Cash and cash equivalents	\$ 36,480	\$ 110,950
Investments	4,990,724	4,445,544
Accounts receivable, net of allowance for doubtful accounts	63,175	40,987
Student activity fees receivable	2,981,266	2,973,726
Prepaid expenses and other assets	21,598	19,740
Property and equipment, net	20,638	37,317
Capitalized leasehold improvements, net	604,845	896,236
Total assets	\$ 8,718,726	\$ 8,524,500
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 221,129	\$ 155,959
Deferred revenue	317,953	174,478
Total liabilities	539,082	330,437
Net Assets:		
Unrestricted:		
General Fund	3,214,333	3,045,171
Designated:		
General Fund	4,048,352	3,858,352
Children's Center Facility	785,208	1,076,599
Total unrestricted net assets	8,047,893	7,980,122
Temporarily restricted	131,751	213,941
Total net assets	8,179,644	8,194,063
Total liabilities and net assets	\$ 8,718,726	\$ 8,524,500

The accompanying notes are an integral part of this statement.

Associated Students of San Francisco State University

Statement of Activity and Changes in Net Assets

Year Ended June 30, 2014 (with comparative totals for June 30, 2013)

	2014				2013 Total
	Unrestricted		Temporarily Restricted	Total	
	General	Children's Center Facility			
Revenue and Support:					
Student activity fees	\$ 3,088,616	\$	\$	\$ 3,088,616	\$ 3,012,800
Program fees	881,450			881,450	829,303
Interest income	26,319			26,319	41,592
Contribution and grants	80,736		486,458	567,194	826,750
Net assets released from restrictions:	-			-	
Satisfaction of program restrictions	568,648		(568,648)	-	
Total revenue and support	4,645,769		(82,190)	4,563,579	4,710,445
Expenses:					
Student services	2,609,903			2,609,903	2,556,757
Student government	287,440			287,440	271,065
Community services	219,432			219,432	151,822
Student organizations	113,640			113,640	109,903
Management and general	1,056,192	291,391		1,347,583	1,272,268
Total expenses	4,286,607	291,391		4,577,998	4,361,815
Change in Net Assets	359,162	(291,391)	(82,190)	(14,419)	348,630
Net Assets - Beginning of year	6,903,523	1,076,599	213,941	8,194,063	7,845,433
Net Assets - End of year	\$ 7,262,685	\$ 785,208	\$ 131,751	\$ 8,179,644	\$ 8,194,063

The accompanying notes are an integral part of this statement.

**Associated Students of
San Francisco State University**

Statement of Cash Flows

Year Ended June 30, 2014 (with comparative totals for June 30, 2013)

	2014	2013
Operating Activities:		
Change in net assets	\$ (14,419)	\$ 348,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	308,070	297,928
Changes in:		
Receivables, net	(29,728)	177,586
Prepaid expenses and other assets	(1,858)	(1,682)
Accounts payable and accrued expenses	65,170	(13,615)
Deferred revenue	143,475	(7,732)
Net cash provided by operating activities	470,710	801,115
Investing Activities:		
Purchase of investments	(2,790,180)	(2,912,551)
Proceeds from sale of investments	2,245,000	2,270,000
Purchase of property, equipment and leasehold improvements	-	(71,485)
Net cash used by investing activities	(545,180)	(714,036)
(Decrease) Increase in Cash and Cash Equivalents	(74,470)	87,079
Cash and Cash Equivalents, beginning of year	110,950	23,871
Cash and Cash Equivalents, end of year	\$ 36,480	\$ 110,950

The accompanying notes are an integral part of this statement.

Associated Students of San Francisco State University

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies:

The Associated Students of San Francisco State University (the “Associated Students”) is a not-for-profit organization that functions as an auxiliary organization for San Francisco State University. The Associated Students operates student programs and activities for the benefit of the students of San Francisco State University. Such programs and activities are funded primarily from student activity and program fees.

Significant accounting policies include the following:

a. Basis of Presentation

The financial statements of the Associated Students are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and the accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting purposes into funds that are in accordance with specific activities or objectives. For financial statement purposes, all financial transactions are reported by the following classes of net assets as prescribed for not-for-profit organizations by the Financial Accounting Standards Board.

Description of Net Assets

Unrestricted Net Assets – Unrestricted net assets consist of all resources of the Associated Students that have not been restricted by a donor. Unrestricted resources have been recorded in the following funds:

- General Fund – Represents unrestricted net assets available for student-related programs, activities and operations of Associated Students.
- Children’s Center Facility – Represents unrestricted net assets from and for the operations of the Children’s Center Facility.

Temporarily Restricted Net Assets – Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of donated assets. When a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

b. Revenue Recognition

The Associated Students is required under Title 5 Section 42403(a) to have the student activity fees retained by the University in a campus trust account. Periodically, the Associated Students may request reimbursement. At June 30, 2014 and 2013, the student activity fees receivable were \$2,981,266 and \$2,973,726, respectively.

**Associated Students of
San Francisco State University**

Notes to Financial Statements

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Associated Students consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash on hand and cash in banks.

d. Investments

Investments consist of funds invested in the Local Agency Investment Fund ("LAIF"), which are carried at fair value.

e. Fair Value Measurement

The Associated Students classifies their financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Associated Students' determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

f. Property and Equipment and Capitalized Leasehold Improvements

Property and equipment are capitalized at cost when purchased, or if donated, at estimated fair market value at the date of donation. Depreciation has been calculated using the straight-line method over the estimated useful life of the assets, ranging from three to ten years. Capitalized leasehold improvements are amortized over the lesser of their service life or remaining lease term, which is six years.

g. Income Taxes

The Associated Students is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3) and the California tax code.

Management evaluated the Associated Student's tax positions and concluded that the Associated Student had maintained its tax exempt status and had taken no uncertainty tax positions that requires adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Associated Students is no longer subject to income tax examinations by the Internal Revenue Service for the tax fiscal years ended 2010 and before, and by the California Franchise Tax Board for the tax fiscal years ended 2009 and before.

Associated Students of San Francisco State University

Notes to Financial Statements

h. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services that are benefited based on management estimates.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

j. Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by detail activity. For comparative analysis, the financial statements for the year ended June 30, 2013, from which the summarized information was derived, should be read.

k. Subsequent Events

The Associated Students evaluated subsequent events through September 16, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements, except as disclosed in Note 11.

Note 2 - Investments and Fair Value Measurement:

Local Area Investment Funds (LAIF) investments at June 30, 2014 and 2013 were \$4,990,724 and \$4,445,544, respectively. The LAIF investment for the Associated Students is classified as Level 2.

LAIF is a voluntary program created by statute that began in 1977 as an investment for California's local governments and special districts. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the Treasurer's office investment staff. Participating agencies can withdraw their funds from the LAIF at any time.

**Associated Students of
San Francisco State University**

Notes to Financial Statements

Note 3 - Property and Equipment:

Property and equipment at June 30, 2014 and 2013 consist of:

	2014	2013
Equipment, furniture and fixtures	\$ 83,508	\$ 88,880
Leasehold improvements	12,580	12,580
Equipment under capital lease	13,111	13,111
	109,199	114,571
Less: accumulated depreciation	(88,561)	(77,254)
	\$ 20,638	\$ 37,317

Note 4 - Retirement Plan:

All salaried employees are covered under an employer-sponsored annuity plan, administered by the Variable Annuity Life Insurance Company. Contributions made by the Associated Students to this plan during the years ended June 30, 2014 and 2013 were \$170,569 and \$153,141, respectively.

Note 5 - Capitalized Leasehold Improvements and Lease Obligation:

Prior to July 1, 2007, Associated Students had entered into a capitalized loan obligation transaction with related parties, the Franciscan Shops, Inc. and San Francisco State University Foundation, who financed the transaction as lessors with Associated Students as lessee. To finance the transaction, the related parties assumed revenue bond financed debt which compounded to the amount of the capital lease obligation assumed by Associated Students. The capitalized lease related to the construction costs (accounted for as leasehold improvements) of the Children's Center on land that was leased from the Board of Trustees of the California State University (the Trustees). There was also a Site Lease and Sublease with the related parties associated with the capitalized lease obligation transaction.

Additionally, prior to July 1, 2007 Associated Students paid off its capital lease obligation (which also paid off the remaining revenue bond financed debt). Since the previously mentioned Ground Lease, Site Lease and Sublease terminated with the payoff of the bonds, the Associated Students entered into a new facility lease with the Trustees for the facility of the Children's Center. While the term of the new lease is for five years, ending in December 2011, Associated Students expects that the Trustees will extend the lease through 2017.

Total capitalized leasehold improvements were \$5,063,677 and \$5,063,677 at June 30, 2014 and 2013, respectively. Accumulated amortization relating to the capitalized leasehold improvements was \$4,458,832 and \$4,167,441 at June 30, 2014 and 2013, respectively.

Associated Students of San Francisco State University

Notes to Financial Statements

Note 6 - Related Parties:

The Auxiliary Business Services Office of San Francisco State University maintains the accounting records of the Associated Students and other campus auxiliary organizations. Operating costs of Auxiliary Business Services are allocated between such organizations based on usage. Fees for accounting services were \$240,990 and \$227,361 for fiscal years 2014 and 2013, respectively.

In the normal course of business, Associated Students conducts various transactions with San Francisco State University and the other auxiliary organizations. Expense transactions amounted to approximately \$140,979 and \$303,421 for the years ended June 30, 2014 and 2013, respectively.

Note 7 - Concentration of Risk:

The Associated Students has defined its financial instruments which are potentially subject to risk as cash and investments in the Local Agency Investment Fund ("LAIF"). The LAIF is a special fund in the State Treasury created for the purpose of pooled investment of idle funds for local governmental and quasi-governmental entities. These funds are neither insured nor guaranteed by the United States or California governments. The Associated Students investments in LAIF were \$4,990,724 and \$4,445,544 at June 30, 2014 and 2013 respectively. At June 30, 2014, the Associated Students had no cash deposits in excess of federally insured limits.

Note 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2014 of \$131,751 relate to the Children's Center operation.

Temporarily restricted net assets as of June 30, 2013 of \$89,697 relate to the Children's Center operations and Project Rebound at San Francisco State University.

Net assets of \$568,648 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended June 30, 2014.

Note 9 - Governing Board Transactions:

Compensation paid to student members of the Associated Students Governing Board for the years ended June 30, 2014 and 2013 was \$133,100 and \$128,250, respectively. These payments, which range from \$500 to \$925 per month, are included in the Statement of Activity as Student Government expenses.

**Associated Students of
San Francisco State University**

Notes to Financial Statements

Note 10 - Assets and Liabilities Relating to Children’s Center Facility:

Assets and liabilities as of June 30, 2014 and 2013 relating to the Children’s Center operations consist of the following:

	2014	2013
Assets:		
Investments	\$ 180,363	\$ 180,363
Capitalized leasehold improvements	604,845	896,236
	\$ 785,208	\$ 1,076,599
 Unrestricted Net Assets:		
Designated Children’s Center Facility	\$ 785,208	\$ 1,076,599
	\$ 785,208	\$ 1,076,599

Note 11 - Subsequent Events:

On June 5, 2014, the Board of the Associated Students and the Board of the Student Center of San Francisco State University (the Student Center), a related party, adopted a resolution to combine both the Associated Students and the Student Center entities and operations. The necessary actions and plans, including addressing legal, accounting, tax and operational requirements and implications have been identified or developed by both the Boards and managements of the Associated Students and the Student Center.

Effective July 1, 2014, various student program activities under the Student Center will be transferred to the Associated Students.

As of July 1, 2014 various assets and liabilities will be transferred to the Associated Students from the Student Center as follows: \$5,547,000.

Subsequent to June 30, 2014, the Associated Students will assume the operating agreement and lease (Master Lease) with the Board of Trustees of the California State University (Trustees), for the facilities and space that it will utilize in the Cesar Chavez Student Center. The term of the master lease is anticipated July 1, 2014 to June 30, 2019. The Associated Students will share usage of University Corporation, San Francisco State. For lease costs, the Associated Students will be required to pay its share of common area and facilities upkeep costs.



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*

THE BOARD OF DIRECTORS
ASSOCIATED STUDENTS OF
SAN FRANCISCO STATE UNIVERSITY
San Francisco, California

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 OF SAN FRANCISCO STATE UNIVERSITY (the Associated Students)**, which comprise the statement of financial position as of June 30, 2014, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Associated Student's internal control over financial reporting (internal control) to determine the 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 the Associated Student's internal control. Accordingly, we do not express an opinion on the effectiveness of the Associated Student's 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 Associated Student'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.

Consultants and

Business Advisors

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

60 S. Market Street

Suite 200

San Jose

CA 95113

408.998.8400

fax 408.998.8485



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Associated Students' financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Associated Students in a separate letter dated November 13, 2014.

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 result of that testing, and not to provide an opinion on the effectiveness of the Associated Student's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Associated Student's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood & Strang LLP

San Francisco, California
November 13, 2014

**Associated Students of
San Francisco State University**

Schedule of Child Development Awards

June 30, 2014

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
STATE AWARDS:								
State of California Child Development Services:								
State Preschool		CSPP - 3456		\$ 61,355	\$ 61,355		\$ 529,804	\$ 529,804
State Preschool - Federal	93.596	CSPP - 3456	\$ 9,737		9,737	\$ 9,737		9,737
State Preschool - Federal	93.575	CSPP - 3456	4,644		4,644	4,644		4,644
TOTAL STATE AWARDS			\$ 14,381	\$ 61,355	\$ 75,736	\$ 14,381	\$ 529,804	\$ 544,185
 (1) Reconciliation to Total Reimbursable Expenditures:								
Grant Expenditures							\$ 544,185	
Non-Grant Expenditures								
Total Reimbursable Expenditures							544,185	
 (2) Reconciliation to Grant Revenue Recognition:								
Apportionments by CDE							\$ 65,020 *	
Amounts due from / (to) CDE							10,716	
Total Grant Revenue Recognition							\$ 75,736	

* This amount represents cash receipts received and process by the Associate Struden fo San Francisco State University as of June 30, 2014

**Associated Students of
San Francisco State University
Combining Statement of Activities**

June 30, 2014

	State Preschool CSPP-3456	Other Student Services	Total
Revenues:			
Student activity fees		\$ 3,088,616	\$ 3,088,616
Program fees	\$ 353,546	527,904	881,450
Interest income		26,319	26,319
California Department of Education	75,736		75,736
Contributions and grants	5,000	486,458	491,458
	434,282	4,129,297	4,563,579
Expenses:			
Teachers	128,828	275,830	404,658
Supervisors	119,761	125,065	244,826
Instructional aides	89,977	472,560	562,537
Clerical and other personnel		908,046	908,046
Student assistance		233,546	233,546
Auxiliary expense		240,990	240,990
Social security	23,637	123,444	147,081
Health and welfare	40,314	306,928	347,242
State unemployment	791	4,657	5,448
Worker's compensation insurance	5,368	12,387	17,755
Other benefits	43,358	157,138	200,496
Instructional supplies	7,282	55,918	63,200
Other supplies		151,909	151,909
Food supplies	3,059	4,698	7,757
Contracts for personal services	24,168	187,071	211,239
Travel and conferences	13,627	84,762	98,389
Student activities		130,370	130,370
Insurance	4,948	19,300	24,248
Utilities and housekeeping services	7,277	35,817	43,094
Advertising		21,125	21,125
Maintenance and repairs	1,524	2,564	4,088
Communication		14,243	14,243
Bank service fees	12,892	14,558	27,450
Other services and expenses	17,374	450,887	468,261
	544,185	4,033,813	4,577,998
Change in Net Assets	(109,903)	95,484	(14,419)
Transfer of Deficit	109,903	(109,903)	-
Net Assets, beginning of year		8,194,063	8,194,063
Net Assets, end of year	\$ -	\$ 8,179,644	\$ 8,179,644

**Associated Students of
San Francisco State University**

Schedule of Expenditures by State Categories

June 30, 2014

	State Preschool CSPP-3456	Other Student Services	Total
1000 Certified Salaries	\$ 248,590	\$ 407,394	\$ 655,985
1100 Teacher's Salaries	125,032	275,830	400,862
1300 Supervisor's Salaries	119,762	119,762	239,524
Overtime	3,797	11,802	15,599
2000 Classified Salaries	89,977	893,652	983,629
2100 Instructional Aides' Salaries/Wages	89,977	446,780	536,757
2300 Clerical & Other Office Personnel		446,872	446,872
3000 Employee Benefits	113,466	363,741	477,209
3300 FICA	23,637	72,262	95,899
3840 VALIC (Retirement)	32,308	90,716	123,024
3400 Health and Dental Benefits	40,314	184,003	224,317
3500 State Unemployment Insurance	791	1,743	2,534
3600 Workers Compensation Insurance	5,368	11,731	17,099
3900 Other Benefits	11,050	3,286	14,336
4000 Books, Supplies & Equipment Repl.	10,341	77,147	87,488
4300 Instructional Materials and Supplies	7,282	46,649	53,931
4400 Non-capitalized Equipment			-
4500 Other Supplies		25,800	25,800
4710 Food	3,059	4,698	7,757
5000 Contracted Services & Other Operating Expenses	81,811	323,784	405,595
5100 Contracts for Personal Services (including vendor payments)	24,168	24,168	48,336
5200 Travel, Conference and Other Expenses	13,627	8,121	21,748
5300 Dues	688	8,453	9,141
5400 Insurance	4,948	9,100	14,048
5500 Utilities	7,277	11,649	18,926
5600 Contracts, Rents & Leases	1,524	20,080	21,604
5700 Direct Costs from Interprog. Services			-
5800 Other Services and Operating Expenses	29,579	242,213	271,792
5900 Communications			-
6000 Capital Outlay	-	-	-
6400 New Equipment			-
Total Expenditures	\$ 544,185	\$ 2,065,718	\$ 2,609,903

Total Student Services Expenses Page 4

\$ 2,609,903

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

**Associated Students of
San Francisco State University**

**Schedule of Capital Outlay
Expenditures for CDE Child Grants**

June 30, 2014

State
Preschool
CSPP-3456

Renovation and Repairs over \$10,000

Unit Cost with CDE Approval:

Item:

\$ -

Total

-

Renovation and Repairs under \$10,000

Unit Cost without CDE Approval:

Item:

Total

-

Unit Cost Under \$7,500:

Item:

Total

-

Unit Cost Over \$7,500

With CDE Approval:

Item:

Total

-

Total Equipment Expenditures

\$ -

**Associated Students of
San Francisco State University**

Schedule of Administrative Costs

June 30, 2014

	<u>State Preschool CSPP-3456</u>
Salaries	\$ -
Employee Benefits	-
Books and Supplies	-
Services and Other Operating Expenses	-
<hr/>	
Total Administrative Costs	\$ -

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN FRANCISCO PILOT

Agency Name: Associated Students, Inc. SFSU Vendor No. V131

Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3456

Independent Auditor's Name: Hood & Strong, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SF	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	2,573		2,573	0.7500	1,929.750
One-half-time	-		-	0.6749	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6749	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	471		471	0.8250	388.575
One-half-time	-		-	0.6749	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6749	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6749	-
TOTAL DAYS OF ENROLLMENT	3,044	-	3,044		2,318.325
DAYS OF OPERATION	157		157		
DAYS OF ATTENDANCE	3,044		3,044		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN FRANCISCO PILOT**

Agency Name: Associated Students, Inc. SFSU Vendor No. V131

Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3456

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SF	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT					
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	4,039		4,039	0.7500	3,029.250
One-half-time	-		-	0.6749	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6749	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6749	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6749	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6749	-
TOTAL DAYS OF ENROLLMENT	4,039	-	4,039		3,029.250

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN FRANCISCO PILOT

Agency Name: Associated Students, Inc. SFSU Vendor No. V131

Fiscal Year End: June 30, 2014 Contract No. CSPP-3456

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SF	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs			\$0
County Maintenance of Effort (EC § 8279)			0
Other (Specify): Child Care Grant		5,000	5,000
Other (Specify):			0
Subtotal	\$0	\$5,000	\$5,000
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program			0
Family Fees for Certified Children Part-Day Program	8,708		8,708
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children		344,838	344,838
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$8,708	\$349,838	\$358,546

SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$237,895	\$10,695	\$248,590
2000 Classified Salaries	88,564	1,413	89,977
3000 Employee Benefits	94,980	18,486	113,466
4000 Books and Supplies	1,308	9,033	10,341
5000 Services and Other Operating Expenses	101,894	(20,083)	81,811
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$524,641	\$19,544	\$544,185
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$0	\$0	\$0

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- YES
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES
 NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN FRANCISCO PILOT**

Agency Name: Associated Students, Inc. SFSU Vendor No. V131

Fiscal Year End: June 30, 2014 Contract No. CSPP-3456

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SF	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$286,320	\$0	\$286,320
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$286,320	\$0	\$286,320
SECTION VI - SUPPLEMENTAL EXPENSES			
EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$27,001	\$0	\$27,001
2000 Classified Salaries	202,016		202,016
3000 Employee Benefits	49,795		49,795
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	7,508		7,508
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$286,320	\$0	\$286,320

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**Associated Students of
San Francisco State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Yes No

Internal control over financial reporting:

Material weakness(es) identified? X

Significant deficiency(ies) identified? *None Reported*

Noncompliance material to financial statements noted? X

**Associated Students of
San Francisco State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

B. Findings – Financial Statements

None.

C. Findings and Questioned Costs for Federal Awards

None.

**Associated Students of
San Francisco State University**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014**

2013-01 Sign-In / Sign-Out Sheets

Criteria

The California State Preschool Part-Day and Full-Day CSPP Funding Terms and Conditions and Program Requirements established by the California Department of Education (CDE) summarize the requirements for maintaining records for certified families and children enrolled in the state preschool program. Section VI Accounting and Reporting Requirement, Part C and D indicate the following:

- (i) Enrollment and Attendance Accounting
 - a. A child shall not be enrolled in more than one program for the same time period on the same day.
 - b. Contractors shall use daily sign-in/sign-out sheets as a primary source document for audit and reimbursement purposes.
 - c. One of the following persons shall enter the time of arrival and departure on a sign-in/sign-out sheet and, except as specified below, and shall sign the sheet using their full signature: for both arrival and departure times:
 - i. The parent or other adult authorized by the parent to drop off/pick up a child; or
 - ii. The staff person designated by the contractor as the person responsible for entering the times of arrival and departure if the child is not dropped off/picked up by a parent or other adult authorized by the parent
 - d. First and last initials of the contractor's authorized representative along with a notation of the time are required to document when a school-age child departs for and returns from school during the day.
- (ii) General Record Keeping Requirements
 - a. All records shall be retained for a minimum period of five (5) years. Claims for reimbursement shall not be paid unless there are documents to support the claims. The contractor has the burden of supporting claims for reimbursement.
 - b. If the contractor has more than one CDE program, then the method used to allocate administrative costs must be documented.
 - c. If an employee is multi-funded on a time accounting basis, then the employee's time sheet must indicate the actual amount of time spent in each program per day.
 - d. State employees or representatives shall be allowed access to all program related or fiscal records during normal work hours.

**Associated Students of
San Francisco State University**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014**

Condition

The Associated Students of San Francisco State University – ASI Children's Center (the Center) was not able to provide the sign-in / sign-out sheets for four (4) certified children in the month of August 2012, in which the Center operated for five (5) days.

Context

The sign-in / sign-out sheets are the support for the days of attendance for each certified child; without the sheets the Center cannot provide adequate documentation for the days of attendance reported for reimbursement for the California State Preschool Program.

Questioned Cost

There is no questioned cost regarding this finding.

Cause

The Center did not retain the sign-in / sign-out sheets for four (4) certified children in the month of August 2012, in which the Center operated for five (5) days. These children were concentrated in one classroom and those sheets were not retained by the Center personnel.

Effect

During August 2012, the Center operated for five (5) days for a total enrollment of seventy-four (74) regular certified and ten (10) ELS Certified Children. The Center was not able to provide the sign-in/sign-out sheets for four (4) certified children which reduced the total days of attendance (Regular + ELS) for the month by 18.

Recommendation

We recommend the Center ensure that all families adhere to the CDE's policy of providing their signature on daily sign-in/sign-out sheets and Center personnel ensure the sheets are completed as required as a primary source document for audit and reimbursement purposes.

Views of Responsible Officials

We agree with the above findings.

Auditor's Comments

Based on procedures performed for the year ended June 30, 2014, it appears that the Associated Students has implemented our recommendation through its corrective action plan.