

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY,
SACRAMENTO**

Independent Auditor's Report,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2010 and 2009

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

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Board of Directors
Associated Students of
California State University, Sacramento

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of the Associated Students of California State University, Sacramento (ASI), as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of ASI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ASI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students of California State University, Sacramento as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the financial statements, ASI adopted Statement of Financial Accounting Standards (SFAS) No. 157 *Fair Value Measurement* in 2009.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 16 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maclean Hui & O'Connell LLP

Certified Public Accountants

Sacramento, California
September 10, 2010

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 626,936	\$ 1,064,134
Investments	4,892,070	4,199,490
Accounts receivable, net	292,323	242,078
Interest receivable	7,334	19,250
Student activity fees receivable	639,117	1,260,234
Deposits and prepaid expenses	49,541	50,148
Inventory	91,933	47,474
Due from related parties	27,043	36,546
Capital assets, net of accumulated depreciation	979,189	1,019,608
 Total assets	 \$ 7,605,486	 \$ 7,938,962
LIABILITIES		
Accounts payable	\$ 152,109	\$ 329,170
Accrued payroll and related liabilities	189,488	236,018
Due to related parties	68,949	47,354
Funds held for campus organizations	436,202	388,630
Funds held for student organizations	396,181	376,917
Unearned revenue	1,105,512	1,716,621
Notes payable	-	20,711
 Total liabilities	 2,348,441	 3,115,421
 NET ASSETS, UNRESTRICTED	 5,257,045	 4,823,541
 Total liabilities and net assets	 \$ 7,605,486	 \$ 7,938,962

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
REVENUES		
Student activity fees	\$ 3,341,581	\$ 7,098,189
Program service fees	2,694,972	2,523,913
Government grants and contracts	585,477	615,108
Financial service fees	164,726	191,796
Investment income	30,674	101,408
Cash contributions	30,706	3,877
In-kind contributions	17,000	45,000
Gain on sale of capital assets	2,000	210
Fundraising events	4,441	2,021
	Total revenues	10,581,522
	6,871,577	10,581,522
EXPENSES		
ASI managed programs		
Programs	5,412,695	5,544,234
Administration	1,023,321	928,590
Fundraising	2,057	1,775
Total ASI managed programs	6,438,073	6,474,599
ASI non-managed programs		
Programs	-	3,966,967
	Total expenses	10,441,566
	6,438,073	10,441,566
Change in net assets	433,504	139,956
Net assets, beginning of year	4,823,541	4,683,585
Net assets, end of year	\$ 5,257,045	\$ 4,823,541

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 and 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 433,504	\$ 139,956
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	153,644	192,116
Gain on sale of capital assets	(2,000)	(210)
(Increase) decrease in:		
Accounts receivable	(50,245)	(219)
Interest receivable	11,916	12,336
Student activity fees receivable	621,117	(1,260,234)
Deposits and prepaid expenses	607	(17,955)
Inventory	(44,459)	(8,838)
Due from related parties	9,503	128,439
Increase (decrease) in:		
Accounts payable	(177,061)	135,916
Accrued payroll and related liabilities	(46,530)	12,724
Due to related parties	21,595	(382,351)
Funds held for campus organizations	47,572	56,639
Funds held for student organizations	19,264	(42,917)
Unearned revenue	(611,109)	1,247,772
Total adjustments	(46,186)	73,218
Net cash provided by operating activities	387,318	213,174
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(113,225)	(182,952)
Proceeds from disposition of capital assets	2,000	210
Proceeds from the sale of investments	1,600,000	3,231,989
Purchase of investments	(2,292,580)	(3,279,112)
Net cash used for investing activities	(803,805)	(229,865)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(20,711)	(7,309)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(437,198)	(24,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,064,134	1,088,134
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 626,936	\$ 1,064,134

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 - NATURE OF THE ORGANIZATION

The Associated Students of California State University, Sacramento (“ASI”) is a nonprofit, tax-exempt auxiliary organization of California State University, Sacramento (“Sacramento State”), organized to administer various student programs and activities. Student activity fees and other program revenues are collected for the support of student related programs and activities. Programs include the student body leadership and government of Sacramento State, the Aquatic Center, the ASI Office of Business and Administration, Student Services which includes cap and gown sales, the Children’s Center, Peak Adventures and various Student Life and Leadership programs. ASI is a component unit of Sacramento State.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Accounting Standards Board (“FASB”) implemented the FASB Accounting Standards Codification (the “Codification”) effective July 1, 2009. The Codification has become the source of authoritative Generally Accepted Accounting Principles (“GAAP”) recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then-existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (“ASC”).

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force abstracts, but instead will issue Accounting Standards Updates (“ASU”). ASUs will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the conclusions on the changes in the Codification.

Basis of presentation – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958 Subtopics 205, 210, 225 and 230 (Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). ASI is required to classify net assets and revenues, expenses, gains and losses into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted and permanently restricted net assets:

- Unrestricted net assets are those with no donor restrictions.
- Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, and income and gains which can be expended, but for which restrictions have not yet been met. Such restrictions include donor imposed restrictions that have specified the purpose for which the net assets are spent, or time restrictions imposed by donors or implied by the nature of the gift. ASI has no temporarily restricted net assets at June 30, 2010 and 2009.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by ASI. Generally, the donors of these assets permit ASI to use all or part of the income earned on any related investments for general or specific purposes. ASI does not have permanently restricted net assets as of June 30, 2010 and 2009.

Cash and Cash Equivalents

ASI considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

ASI invested its excess cash with the State of California-Local Agency Investment Fund (LAIF). ASI reports its investment in LAIF at fair value.

Accounts Receivable

Accounts receivable is composed of uncollected revenue generated from program activities, grants reimbursements, and administrative fees from ASI's funds held for others. ASI reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. ASI has recorded an allowance for doubtful accounts in the amounts of \$5,830 and \$5,635 as of June 30, 2010 and 2009, respectively.

Student Activity Fees Receivable

Student activity fees receivable consists of the fees collected by Sacramento State during student registration for the 2010 fall semester. These fees will be remitted to ASI during the fiscal year ending June 30, 2011.

Deposits and Prepaid Expenses

These amounts are the result of payments made for goods and services to be utilized in future periods.

Inventory

ASI inventory is reported at cost. Inventory consists of items such as caps, gowns, bike parts, retail clothing and accessories for ASI internal programs including Student Services, Peak Adventures, and Aquatic Center.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from Related Parties

Due from related parties represents amounts owed to ASI from Sacramento State, University Enterprises (“UEI”) and the University Union Operation of California State University, Sacramento, (the “UUOCI”) for goods and services provided by ASI program activities.

Capital Assets

Capital assets are stated at cost. It is the policy of ASI to capitalize all furniture and equipment and leasehold improvements costing \$5,000 or more. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets, typically between 3 and 30 years.

Due to Related Parties

Due to related parties represents outstanding billings for administrative services, space management, and catering services provided to ASI programs from Sacramento State, UEI and UUOCI.

Funds Held for Campus Organizations

ASI acts as a collecting and disbursing agency for several Sacramento State organizations and departments. Funds Held for Campus Organizations are related to deposits received from these organizations and departments.

Funds Held for Student Organizations

As a service to Sacramento State affiliated student organizations and programs, ASI acts as a collecting and disbursing agency for over 200 student organizations. These amounts are related to deposits received from these organizations.

Unearned Revenue

Unearned revenues represents the amount ASI programs have received in advance of providing the related services. To facilitate preparation for the many classes, camps, courses and trips provided by Peak Adventures and the Aquatic Center, ASI requires advance registration and payment. Revenue is recognized on the date of the service. Unearned revenue also consists of student activity fees collected by Sacramento State from students during student registration for the fall 2010 semester.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Activity Fees

Student activity fees represent mandatory fees assessed by Sacramento State students each semester to support ASI programs. The fees are collected by Sacramento State and remitted to ASI. For the fiscal year ended June 30, 2010, student activities for Athletics, Recreational Sports and Alternative Transportation were not administered through ASI as directed by student fee referenda.

Program Service Fees

Program service fees are fees ASI receives for providing child care, cap and gown sales, recreational classes, student services and other activities. The fees are collected by ASI and recognized when earned.

Government Grants and Contracts

ASI receives grants primarily from the State of California and from federal agencies. Grants are generally received by ASI on a reimbursement basis and the related revenue is recognized as eligible expenses are incurred.

Financial Service Fees

Financial service fees are received for providing accounting and financial services to UUOCI, the Central Ticket Office, the State Hornet other campus related programs, clubs and organizations.

Tax Status

ASI qualifies for exemption from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, and similar provisions of state income tax regulations. Accordingly, there is no provision for income taxes in the financial statements. ASI has implemented ASC topic 740-10-25 (Financial Accounting Standards Board (FASB) Interpretation No 48 *Accounting for Uncertainty in Income Taxes*), and has determined there is no material impact on the financial statements.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and administration have been summarized on a functional basis in the statement of activities. Program expenses are tracked on a department basis for ASI managed programs. Expenses that are not directly associated with a program are allocated to administration expenses. Expenses associated with specific student fee referenda (Athletics, Recreational Sports, and Alternative Transportation) are identified as non-managed programs. For the fiscal year ended June 30, 2010, ASI did not incur expenses for non-managed programs since Athletics, Recreational Sports and Alternative Transportation student activities were not administered through ASI as directed by student fee referenda.

Reclassification

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. Such reclassification had no affect on the prior year net assets.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2010 and 2009, the cash book balance was \$626,936 and \$1,064,134, respectively, and the bank balance was \$799,226 and \$1,275,980, respectively, which are entirely insured by the Federal Deposit Insurance Corporation.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

ASI reports its investments at fair value as described in ASC Topic 958 Subtopics 205, 210, 225 and 320 (Formerly SFAS No.157, Fair Value Measurements) SFAS No.157 established a single authoritative definition of fair value, sets out a framework of measuring fair value, and requires additional disclosure about fair value measurement of assets such as investments.

This standard establishes a framework for measuring fair value for the investments held by the ASI. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

Level 1: Inputs to the valuation methodology represent unadjusted quoted prices for identical assets or liabilities in active markets that the ASI has the ability to access.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The investments in LAIF are carried at fair value. The assets are valued at quoted prices for similar assets or liabilities in active markets. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the ASI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the ASI's assets at fair value as of June 30, 2010 and 2009.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Investments at Fair Value as of June 30, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 4,892,070	\$ -	\$4,892,070

Investments at Fair Value as of June 30, 2009

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 4,199,490	\$ -	\$4,199,490

There have been no changes in the methodologies used at June 30, 2010. The provisions of this statement were applied prospectively as of the beginning of the fiscal year ended June 30, 2009, in which this statement was initially applied.

NOTE 5 - CAPITAL ASSETS

Capital assets consist of the following at June 30:

	2010	2009
Furniture and equipment	\$ 1,374,585	\$ 1,345,824
Leasehold improvements	2,151,426	2,099,226
Total	3,526,011	3,445,050
Less: accumulated depreciation	(2,546,822)	(2,425,442)
Capital assets – net	\$ 979,189	\$ 1,019,608

Depreciation expense for the fiscal years ended June 30, 2010 and 2009 was \$153,644 and \$192,116, respectively.

ASI leases a parcel of land from the Trustees of the California State University, Sacramento (“Trustees”), located on its campus for the purpose of operating and maintaining a child care center (“Facility”). The Facility is required to be used primarily to provide day care services for the children of Sacramento State students, staff, and faculty. The lease agreement terminates on December 31, 2028. ASI has no monetary obligation to the Trustees for rental payments under the terms of the lease agreement; however, ASI financed the construction and operation of the Facility. The costs of construction of the Facility were capitalized as leasehold improvements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 6 – LEASE COMMITMENTS

ASI has a lease agreement, renewable annually, with the UUOCI for office space located in the UUOCI building. The total rent expense incurred under this operating lease was \$139,229 and \$140,808 for the fiscal years ended June 30, 2010 and 2009, respectively. ASI also leases various copiers under non-cancellable operating leases and the total lease payments were \$16,464 and \$21,909 for the fiscal years ended June 30, 2010 and 2009, respectively. Future minimum lease payments under the operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 185,531
2012	18,065
2013	20,852
2014	13,149
2015	5,132
Total	<u>\$ 242,729</u>

NOTE 7 - LINE OF CREDIT

ASI has a \$ 500,000 revolving line of credit with First Bank of California, which expires on May 14, 2011, at which time any unpaid principal and accrued interest must be paid. The line of credit bears interest at prime + 0% with a minimum of 7.0%. This line of credit is secured by inventory, receivables and capital assets of ASI. There was no outstanding balance on the line of credit at June 30, 2010 and 2009.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 8 - FUNCTIONAL EXPENSES

The following is a summary of functional expenses for the fiscal year ended June 30, 2010

	<u>Programs</u>	<u>Adminstration</u>	<u>Fundraising</u>	<u>Total</u>
Grants and other assistance	\$ 396,711	\$ -	\$ -	\$ 396,711
Salaries and related expenses	3,277,557	622,479	-	3,900,036
Outside services	287,401	188,018	-	475,419
Advertising and promotion	39,464	737	-	40,201
Occupancy	164,674	36,042	-	200,716
Travel and meeting expense	60,065	5,570	-	65,635
Depreciation	138,436	15,208	-	153,644
Bank fees	32,172	44,133	-	76,305
Purchases for resale	151,795	-	-	151,795
Program supplies and materials	241,462	7,184	-	248,646
Food	79,679	620	-	80,299
Equipment purchases	56,872	28,412	-	85,284
Vehicle and equipment costs	76,184	1,330	-	77,514
Printing	38,703	420	-	39,123
Insurance	109,376	4,825	-	114,201
Grant expenses	59,658	-	-	59,658
Other expenses	202,486	68,343	-	270,829
Fundraising	-	-	2,057	2,057
Total	<u>\$ 5,412,695</u>	<u>\$ 1,023,321</u>	<u>\$ 2,057</u>	<u>\$ 6,438,073</u>

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 8 - FUNCTIONAL EXPENSES (CONTINUED)

The following is a summary of functional expenses for the fiscal year ended June 30, 2009.

	Programs	Administration	Fundraising	Total
Grants and other assistance	\$ 419,397	\$ -	\$ -	\$ 419,397
Salaries and related expenses	3,441,062	549,233	-	3,990,295
Outside services	3,930,119	158,592	-	4,088,711
Advertising and promotion	57,734	-	-	57,734
Occupancy	183,276	34,985	-	218,261
Travel and meeting expense	81,248	12,429	-	93,677
Depreciation	175,692	16,424	-	192,116
Bank fees	31,714	22,994	-	54,708
Purchases for resale	198,686	-	-	198,686
Program supplies and materials	217,558	11,204	-	228,762
Food	73,871	981	-	74,852
Equipment purchases	112,896	34,232	-	147,128
Vehicle and equipment costs	122,876	13,630	-	136,506
Printing	44,642	1,642	-	46,284
Insurance	124,508	5,421	-	129,929
Other expenses	295,922	66,823	-	362,745
Fundraising	-	-	1,775	1,775
Total	<u>\$ 9,511,201</u>	<u>\$ 928,590</u>	<u>\$ 1,775</u>	<u>\$ 10,441,566</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

For fiscal years ended June 30, 2010 and 2009 ASI earned revenues of \$120,000 and \$140,000, respectively, for providing financial services to UUOCI, a component unit of Sacramento State.

For fiscal years ended June 30, 2010 and 2009 ASI earned revenues of \$44,725 and \$51,796, respectively, for providing financial services for Sacramento State organizations which include the State Hornet, the Central Ticket Office, Theatre, Music and the financial administration of Sacramento State's Instructionally Related Activities grants.

Other than those disclosed elsewhere in these financial statements, transactions between the ASI and related organizations during the fiscal years ended June 30, 2010 and 2009, included the payments by ASI to Sacramento State of \$127,757 and \$182,721 for campus cost recovery services which include administration, telephone, postage, IT support, and utilities, and \$125,449 and \$146,801 for personnel cost. Sacramento State made payments totaling \$176,557 and \$193,395 for services, space and programs for the fiscal years ended June 30, 2010 and 2009, respectively. For fiscal years ended June 30, 2010 and 2009, ASI donated, \$32,800 and \$25,000 for gifts in-kind to Sacramento State, and paid Sacramento State \$0 and \$7,804, respectively, for cash gifts received from other auxiliary organizations.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

ASI incurred expenses primarily related to photo reproduction and catering services by UEI, a component unit of Sacramento State, in the amount of \$48,776 and \$29,351 for the years ended June 30, 2010 and 2009, respectively.

The amount due from related entities at June 30 is comprised of the following:

	<u>2010</u>	<u>2009</u>
Sacramento State	\$ 15,973	\$ 27,819
UEI	970	-
UUOCI	<u>10,100</u>	<u>8,727</u>
Total	<u>\$ 27,043</u>	<u>\$ 36,546</u>

The amount due to related entities at June 30 is comprised of the following:

	<u>2010</u>	<u>2009</u>
Sacramento State	\$ 66,293	\$ 45,325
UEI	2,422	1,054
UUOCI	<u>234</u>	<u>975</u>
Total	<u>\$ 68,949</u>	<u>\$ 47,354</u>

NOTE 10 - PENSION PLAN

ASI sponsors a tax sheltered annuity defined contribution retirement plan (the "Plan") under Internal Revenue Code Section 403(b). Participating employees are eligible to join the plan after 1,000 hours of service in each of two consecutive years. Upon joining the Plan, employees are eligible for an employer contribution of 10% of gross salary, subject to certain statutory limits. The Plan provides 100% immediate vesting. Employer contributions to the Plan were \$154,950 and 145,536 for fiscal years ended June 30, 2010 and 2009, respectively.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these statements, ASI has evaluated events and transactions for potential recognition through September 10, 2010, the date the financial statements were available to be issued.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF MANAGED PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Managed Programs								Total managed programs	
	Business and Administration	Student Services	Government	Student Life and Services	Aquatic Center	Children's Center	Peak Adventures	ASI External Grants		
REVENUES										
Student activity fees	\$ 966,788	\$ -	\$ 886,006	\$ 349,502	\$ 185,988	\$ 379,972	\$ 349,422	\$ 223,903	\$	\$ 3,341,581
Program service fees	2,143	244,440	211	30,195	1,489,126	542,985	385,872	-	-	2,694,972
Government grants and contracts	-	-	-	-	55,513	529,964	-	-	-	585,477
Financial service fees	164,726	-	-	-	-	-	-	-	-	164,726
Investment income	30,505	-	-	-	169	-	-	-	-	30,674
Cash contributions	-	-	500	-	22,166	8,040	-	-	-	30,706
In-kind contributions	-	-	-	-	-	17,000	-	-	-	17,000
Gain on sale of fixed assets	-	-	-	-	2,000	-	-	-	-	2,000
Fundraising events	-	-	-	-	1,465	2,976	-	-	-	4,441
Total Revenues	1,164,162	244,440	886,717	379,697	1,756,427	1,480,937	735,294	223,903		6,871,577
EXPENSES										
Salaries and related expenses	622,479	63,318	269,653	213,401	1,008,250	1,163,351	444,314	115,270		3,900,036
Services and supplies	385,634	120,454	539,255	107,501	633,876	272,816	214,167	108,633		2,382,336
Fundraising expenses	-	-	-	-	-	2,057	-	-		2,057
Depreciation	15,208	1,113	-	4,793	99,631	23,409	9,490	-		153,644
Total Expenses	1,023,321	184,885	808,908	325,695	1,741,757	1,461,633	667,971	223,903		6,438,073
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	\$ 140,841	\$ 59,555	\$ 77,809	\$ 54,002	\$ 14,670	\$ 19,304	\$ 67,323	\$ -		\$ 433,504

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO**

Schedule of Net Assets

June 30, 2010

(for inclusion in the California State University Financial Statements)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 626,936
Short-term investments	4,892,070
Accounts receivable, net	938,774
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	168,517
Total current assets	<u>6,626,297</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	979,189
Other assets	-
Total noncurrent assets	<u>979,189</u>
Total assets	<u>7,605,486</u>
Liabilities:	
Current liabilities:	
Accounts payable	152,109
Accrued salaries and benefits payable	91,170
Accrued compensated absences— current portion	9,832
Deferred revenue	1,105,512
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	505,151
Total current liabilities	<u>1,863,774</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	88,486
Deferred revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	396,181
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>484,667</u>
Total liabilities	<u>2,348,441</u>
Net assets:	
Invested in capital assets, net of related debt	979,189
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	4,277,856
Total net assets	<u>\$ 5,257,045</u>

The accompanying note is an intergral part of these supplemental schedules.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO**
Schedule of Revenues, Expenses, and Changes in Net Assets
Fiscal Year Ended June 30, 2010
(for inclusion in the California State University Financial Statements)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 3,341,581
Grants and contracts, noncapital:	
Federal	60,861
State	439,616
Local	-
Nongovernmental	85,000
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	2,694,972
Other operating revenues	169,167
Total operating revenues	<u>6,791,197</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	2,054,336
Institutional support	168,322
Operation and maintenance of plant	-
Student grants and scholarships	139,168
Auxiliary enterprise expenses	3,922,603
Depreciation and amortization	153,644
Total operating expenses	<u>6,438,073</u>
Operating income (loss)	<u>353,124</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	47,706
Investment income (loss), net	30,674
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	2,000
Net nonoperating revenues (expenses)	<u>80,380</u>
Income (loss) before other additions	433,504
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	<u>433,504</u>
Net assets:	
Net assets at beginning of year, as previously reported	4,823,541
Restatements	-
Net assets at beginning of year, as restated	<u>4,823,541</u>
Net assets at end of year	<u>\$ 5,257,045</u>

The accompanying note is an intergral part of these supplemental schedules.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO
Other Information (Continued)
June 30, 2010
(for inclusion in the California State University Financial Statements)**

3.1 Composition of capital assets at June 30, 2010:

	Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2010
Nondepreciable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets								
Depreciable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	2,099,226	-	-	2,099,226	52,200	-	-	2,151,426
Leasehold improvements	1,345,824	-	-	1,345,824	61,025	(32,264)	-	1,374,585
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets								
Total depreciable capital assets	3,445,050	-	-	3,445,050	113,225	(32,264)	-	3,526,011
Total capital assets	3,445,050	-	-	3,445,050	113,225	(32,264)	-	3,526,011
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	(1,447,651)	-	-	(1,447,651)	(45,673)	32,264	-	(1,461,060)
Leasehold improvements	(977,791)	-	-	(977,791)	(107,971)	-	-	(1,085,762)
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets								
Total accumulated depreciation	(2,425,442)	-	-	(2,425,442)	(153,644)	32,264	-	(2,546,822)
Total capital assets, net	1,019,608	-	-	1,019,608	(40,419)	\$ -	-	979,189

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital assets	\$ 153,644
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 153,644

3.3 Detail of intangible assets as of June 30, 2010:

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	\$ -	\$ -	\$ -
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Total Intangible Assets	\$ -	\$ -	\$ -

The accompanying note is an integral part of these supplemental schedules.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO
Other Information (Continued)
June 30, 2010**

(for inclusion in the California State University Financial Statements)

4 Long-term liabilities activity schedule:

	Balance June 30, 2009	Prior period adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Balance June 30, 2010	Current portion	Long-term portion
Accrued compensated absences	\$ 96,008	-	-	\$ 96,008	2,310	-	\$ 98,318	\$ 9,832	\$ 88,486
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other:									
Vehicle loan	20,711	-	-	20,711	-	(20,711)	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	20,711	-	-	20,711	-	(20,711)	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	20,711	-	-	20,711	-	(20,711)	-	-	-
Total long-term liabilities	\$ 116,719	\$ -	\$ -	\$ 116,719	\$ 2,310	\$ (20,711)	\$ 98,318	\$ 9,832	\$ 88,486

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2011	\$ -	\$ -	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016 - 2020	-	-	-
2021 - 2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
2051 - 2055	-	-	-
2056 - 2060	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest	-	-	-
Present value of future minimum lease payments	-	-	-
Less: current portion	-	-	-
Capitalized lease obligation, net of current portion	\$ -	\$ -	\$ -

The accompanying note is an integral part of these supplemental schedules.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO
Other Information (Continued)
June 30, 2010**

(for inclusion in the California State University Financial Statements)

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016 - 2020	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	\$ 979,189	\$ 979,189
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
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	-	-	-
Net assets - invested in capital assets, net of related debt	\$ -	\$ 979,189	\$ 979,189
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	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	\$ -	\$ -	\$ -

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY SACRAMENTO
Other Information (Continued)
June 30, 2010
(for inclusion in the California State University Financial Statements)**

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

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

The accompanying note is an integral part of these supplemental schedules.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTE TO SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. BASIS OF PRESENTATION

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with generally accepted accounting standards applicable to governmental not-for-profit organizations.