

Child Care Fund of the Associated Students of San Diego State University

Financial and Compliance Report
June 30, 2008

McGladrey & Pullen
Certified Public Accountants

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an affiliation of separate and independent legal entities.

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**Child Care Fund of the Associated Students of
San Diego State University**

General Information

June 30, 2008

Full official name of the agency:

Associated Students of San Diego State University

Child Development Center Program

Project No. 37-H378-00-7 Contract No. CCTR-7316

Type of agency:

Auxiliary Organization of the California State University

Address of agency headquarters:

5500 Campanile Drive
San Diego, California 92182

Officers:

President—J. Poet

Executive Director—D. Cornthwaite

Associate Director—S. Heiser

(All may be reached at the agency headquarters address)

Telephone number:

(619) 594-6487

Period covered by the examination:

July 1, 2007 through June 30, 2008

Number of days of operation:

245

Scheduled hours of operation each day:

For children over the age of 18 months—7:00 a.m. to 6:00 p.m., or 11 hours per day
For infants—8:00 a.m. to 4:00 p.m., or 8 hours per day

**Independent Auditor's Report on the
Financial Statements**

The Board of Directors
Associated Students of San Diego State University
San Diego, California

We have audited the accompanying statement of financial position of the Child Care Fund of the Associated Students of San Diego State University (the Fund) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position and the changes in financial position of only that portion of the Associated Students of San Diego State University that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the Associated Students of San Diego State University, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedule of receipts and expenditures of federal and state awards, listed in the table of contents as supplementary information on page 9, is presented for purposes of additional analysis and is not a required part of the Fund's financial statements. The accompanying supplementary information on pages 9 through 23 is presented for purposes of additional analysis as required by the California Department of Education, 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, which are in conformity with the *Audit Guide for the Audits of Child Development and Nutrition Programs* issued by the California Department of Education, and all other laws, regulations and sub-grant requirements. In our opinion, this additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

San Diego, California
November 12, 2008

Child Care Fund of the Associated Students of
San Diego State University

Statement of Financial Position
June 30, 2008

Assets	
Receivables, net (Note 2)	\$ 40,750
Due from Other Funds of Associated Students of San Diego State University	72,775
Total assets	<u>\$ 113,525</u>
Liabilities and Net Assets	
Deferred revenue	\$ 7,540
Deposits	3,280
Due to State Department of Education	4,337
Total liabilities	<u>15,157</u>
Net Assets, unrestricted	71,868
Net Assets, temporarily restricted	26,500
Total net assets	<u>98,368</u>
Total liabilities and net assets	<u>\$ 113,525</u>

See Notes to Financial Statements.

Child Care Fund of the Associated Students of
San Diego State University

Statement of Activities
Year Ended June 30, 2008

Changes in unrestricted net assets:	
Revenues and other support:	
State apportionments	
Child care food program	
Parent fees, certified children	58,811
Parent fees, noncertified children	25,969
California State University contribution	1,414,273
Other	57,900
	49,829
	<u>2,025,335</u>
Expenses:	
Salaries:	
Certified	782,104
Noncertified	431,539
Employee benefits	384,757
Supplies	42,227
Food services	100,371
Audit fee	17,000
Facility rent (Note 3)	211,200
Other expenses	209,546
	<u>2,178,744</u>
	<u>(153,409)</u>
Transfers:	
Transfers from Associated Students General Fund	163,200
Transfers to Associated Students Designated Fund	(65,517)
	<u>97,683</u>
Decrease in unrestricted net assets	
	<u>(55,726)</u>
Changes in temporarily restricted net assets: Contributions	26,500
Decrease in net assets	(29,226)
Beginning of year	127,594
End of year	<u>\$ 98,368</u>

See Notes to Financial Statements.

Child Care Fund of the Associated Students of
San Diego State University

Statement of Cash Flows
Year Ended June 30, 2008

Cash Flows from Operating Activities	
Decrease in unrestricted net assets	
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Increase in receivables	(1,531)
Decrease in deposits	(12,024)
Increase in liability to State	493
Increase in deferred revenue	1,689
Net cash (used in) operating activities	(67,099)
Cash Flows from Financing Activities	
Net change in due from other funds	40,599
Proceeds from contribution restricted for investment in equipment	26,500
Net cash provided by financing activities	67,099
Net change in cash	-
Cash	
Beginning of year	-
End of year	\$ -

See Notes to Financial Statements.

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

The Child Care Fund (the Fund) is a fund administered by the Associated Students of San Diego State University (Associated Students) (a California not-for-profit auxiliary organization of California State University) and accounts for activities associated with offering child care services to students, faculty, staff and members of the community. These financial statements include only the operating accounts of the Fund and are not intended to present the financial position or results of operations of Associated Students.

Associated Students is exempt from federal and state income taxes. In order to maintain that status, it is precluded from making certain expenditures, principally in support of third parties. Management believes no such expenditures have been made.

The Fund contracts annually with the State of California for aid. These contracts are funded in part by the federal government through the State of California. Support needed to fund the Child Care program beyond any contract revenue, parent fees and any other miscellaneous sources is obtained from the General Fund of Associated Students and reflected as a transfer from the General Fund in the statement of activities. In addition, the Child Care program is provided certain facilities and other services for its operations by Associated Students.

Future facility and equipment replacement funding requirements are provided for and reflected as a transfer to the Designated Fund in the statement of activities.

A summary of significant accounting policies is as follows:

Basis of accounting and reporting: The Fund's financial statements present net assets and revenues classified as unrestricted, temporarily restricted and permanently restricted. These classifications are based on the existence or the absence of donor-imposed restrictions related to contributions and are summarized as follows:

Unrestricted net assets consist of net assets that are neither permanently restricted nor temporarily restricted by external stipulations.

Temporarily restricted net assets consist of unspent amounts that are subject to specific external restrictions that can be fulfilled by actions of the Fund or by the passage of time.

Permanently restricted net assets consist of amounts received with externally imposed stipulations that the funds be held in perpetuity. Generally, the income earned on such amounts is available for use by the Fund for the benefit of the program.

Unrestricted net assets at June 30, 2008 represent funds which are fully available, at the discretion of management and the board of directors, for the Fund to utilize in any of its programs or supporting services.

Temporarily restricted net assets at June 30, 2008 represent funds received from a grant restricted for the purpose of investing in new playground landscaping. These funds will be classified as unrestricted when the expenditures are made for this purpose.

Contributions: Contributions, including unconditional promises to give or to provide services, 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 to unrestricted net assets at such time as the Fund 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.

Note 1. Nature of Organization and Summary of Significant Accounting Policies, Continued

Equipment: Acquisitions of equipment reduce the fund balance of the Fund through a transfer to the Plant Fund of Associated Students. The Plant Fund is not included in the Fund's financial statements.

Deferred employee benefits: Associated Students is a member of the California Public Employees' Retirement System (PERS), a multi-employer pension system which provides a contributory defined-benefit pension and postretirement benefit program for its salaried employees. PERS functions as an investment and administrative agent for participating entities within the State of California.

Further information about the pension and postretirement benefit programs can be obtained from the financial statements of Associated Students for the year ended June 30, 2008.

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. Significant estimates include, but are not limited to, assessing the collectibility of accounts receivable. Actual results could differ from those estimates.

Note 2. Receivables

Child Care Fund receivables, net, consist of the following at June 30, 2008:

State Department of Education Food Program	\$	9,661
Parent fees		18,544
Other receivables		14,475
		<u>42,680</u>
Less allowance for doubtful accounts		1,930
	\$	<u>40,750</u>

Note 3. Facility Rent

The Children's Center operates in a facility of approximately 16,000 square feet which is owned by Associated Students. Associated Students charges the Fund rent at a rate of \$1.10 per square foot on a month-to-month basis.

Supplementary Information

Schedule 1

Year Ended June 30, 2008

N/A = Not applicable

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Unit cost under \$10,000 per item
Unit cost over \$10,000 with CDE approval
Unit cost over \$10,000 without CDE approval

Expenditures under \$7,500 unit cost equipment		
Expenditures under \$7,500 unit cost with CDE approval	\$	23,744
Expenditures over \$7,500 unit cost without CDE approval	\$	23,744

Child Care Fund of the Associated Students of
 San Diego State University
 Child Development Center Program
 Project No. 37-H378-00-7, Contract No. CCTR-7316
 Schedule of Administrative Costs
 Year Ended June 30, 2008

Administrative salaries, office	-	\$
Supervisor salaries, office	-	
Employee benefits	-	
Payroll taxes	-	
Books and supplies	-	
Contractual services	-	
Audit and legal	17,000	
Travel and conference	-	
Rentals	-	
Janitorial equipment and supplies	-	
Insurance	-	
Telephone and utilities	-	
Other operating costs	-	
	<u>17,000</u>	<u>\$</u>

Child Care Fund of the Associated Students of
San Diego State University

Child Development Center Program
Project No. 37-H378-00-7
Schedule of Expenditures by State Categories
Year Ended June 30, 2008

	CCTR-7316	CCAP-7321	CIMS-7525	Non-allowable*	Total
1100 Teachers' salaries	\$ 782,104	\$ -	\$ -	\$ -	\$ 782,104
2100 Salaries of instructional aides	431,539	-	-	-	431,539
3000 Employee benefits	384,757	-	-	-	384,757
4300 Instructional materials and supplies	42,227	-	-	-	42,227
4500 Other supplies	-	-	-	-	-
4700 Food services	100,371	-	-	-	100,371
	1,740,998	-	-	-	1,740,998
5400 Insurance	24,038	-	-	-	24,038
5500 Utilities and housekeeping services	127,322	-	-	-	127,322
5600 Contracts, rents and leases	211,200	-	-	-	211,200
5700 Legal, election and audit	17,000	-	-	-	17,000
5800 Other services and operating expenses	34,443	-	-	-	34,443
	414,003	-	-	-	414,003
4000 Books and supplies	-	2,974	1,449	-	4,423
6400 Equipment (program related)	23,743	-	-	-	23,743
	23,743	2,974	1,449	-	28,166
	2,178,744	2,974	1,449	-	\$ 2,183,167
Total expenditures					

* Allowable expenditures are those expenditures eligible for reimbursement by the California Department of Education subject to the maximum reimbursable amount, as stipulated in the CCTR contract.
Nonallowable expenditures are ineligible for reimbursement per the terms of the CCTR and support contracts.

AUDITED FINAL ATTENDANCE AND FISCAL REPORT		for Child Development Programs	
Agency Name:	Associated Students of San Diego State University	Vendor No.	H378
Fiscal Year Ended:	June 30, 2008	Contract No.	CCTR-7316
Independent Auditor's Name:		McCladrey & Pullen, LLP	

SECTION I - CERTIFIED CHILDREN					EDP NO.	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E						
					101	0		0	2.006	0
Infants (up to 18 months)	Full-time-plus									
	Full-time	103	1,572	1,572				1,572	1.700	2,672
	Three-quarters-time	105	268	268				268	1.275	342
	One-half-time	107	14	14				14	0.935	13
FCCH Infants (up to 18 months)	Full-time-plus	101A	0	0				0	1.652	0
	Full-time	103A	0	0				0	1.400	0
	Three-quarters-time	105A	0	0				0	1.050	0
	One-half-time	107A	0	0				0	0.770	0
Toddlers (18 up to 36 months)	Full-time-plus	101B	0	0				0	1.652	0
	Full-time	103B	3,291	3,291				3,291	1.400	4,607
	Three-quarters-time	105B	276	276				276	1.050	290
	One-half-time	107B	4	4				4	0.770	3
Three Years and Older	Full-time-plus	111	60	60				60	1.180	71
	Full-time	113	4,258	4,258				4,258	1.000	4,258
	Three-quarters-time	115	719	719				719	0.750	539
	One-half-time	117	10	10				10	0.550	6
Exceptional Needs	Full-time-plus	121	0	0				0	1.416	0
	Full-time	123	0	0				0	1.200	0
	Three-quarters-time	125	0	0				0	0.900	0
	One-half-time	127	0	0				0	0.660	0
Limited and Non-English Proficient	Full-time-plus	131	0	0				0	1.298	0
	Full-time	133	0	0				0	1.100	0
	Three-quarters-time	135	0	0				0	0.825	0
	One-half-time	137	0	0				0	0.605	0
Children at Risk of Abuse or Neglect	Full-time-plus	141	0	0				0	1.298	0
	Full-time	143	0	0				0	1.100	0
	Three-quarters-time	145	0	0				0	0.825	0
	One-half-time	147	0	0				0	0.605	0
Severely Handicapped	Full-time-plus	151	0	0				0	1.770	0
	Full-time	153	0	0				0	1.500	0
	Three-quarters-time	155	0	0				0	1.125	0
	One-half-time	157	0	0				0	0.825	0
TOTAL DAYS OF ENROLLMENT		190	10,472	10,472				0	10,472	12,802
DAYS OF OPERATION		169	245	245				0	245	
DAYS OF ATTENDANCE		179	10,191	10,191				0	10,191	

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

AUDITED FINAL ATTENDANCE AND FISCAL REPORT for Child Development Programs Agency Name: Associated Students of San Diego State University Vendor No. H378 Fiscal Year Ended: June 30, 2008 Contract No. CCTR-7316 Commingled Contract No. (If Any)					
SECTION II - NONCERTIFIED CHILDREN					
EDP NO.	Report all children who were not certified but were served at the same site(s) as certified children.				
	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
CUMULATIVE FISCAL YEAR	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT	
201	0	0	2.006	0	Infants (up to 18 months) Full-time-plus
203	2,823	2,823	1,700	4,799	Full-time
205	166		166	1,275	Three-quarters-time
207	0		0	0.935	One-half-time
201A	0		0	1,652	FCCJ Infants (up to 18 months) Full-time-plus
203A	0		0	1,400	Full-time
205A	0		0	1,050	Three-quarters-time
207A	0		0	0.770	One-half-time
201B	0		0	1,652	Toddlers (18 up to 36 months) Full-time-plus
203B	9,078	9,078	1,400	12,709	Full-time
205B	366		366	1,050	Three-quarters-time
207B	1		1	0.770	One-half-time
211	9		9	1,180	Three Years and Older Full-time-plus
213	17,588		1,000	17,588	Full-time
215	555		0.750	416	Three-quarters-time
217	47		0.550	26	One-half-time
221	0		0	1,416	Exceptional Needs Full-time-plus
223	0		0	1,200	Full-time
225	0		0	0.900	Three-quarters-time
227	0		0	0.660	One-half-time
231	0		0	1,298	Limited and Non-English Proficient Full-time-plus
233	0		0	1,100	Full-time
235	0		0	0.825	Three-quarters-time
237	0		0	0.605	One-half-time
241	0		0	1,298	Children at Risk of Abuse or Neglect Full-time-plus
243	0		0	1,100	Full-time
245	0		0	0.825	Three-quarters-time
247	0		0	0.605	One-half-time
251	0		0	1,770	Severely Handicapped Full-time-plus
253	0		0	1,500	Full-time
255	0		0	1,125	Three-quarters-time
257	0		0	0.625	One-half-time
290	30,633	0	30,633		TOTAL DAYS OF ENROLLMENT

AUDITED FINAL ATTENDANCE AND FISCAL REPORT for Child Development Programs	
Agency Name:	Associated Students of San Diego State University
Fiscal Year End:	June 30, 2008
Contract No.	CCTR-7316
Vendor No.	H378

SECTION III - REVENUE			
EDP NO.	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
302	\$58,811	\$0	\$58,811
308	0	0	0
339	0	0	0
312	0	0	0
310	58,811	0	58,811
311	0	0	0
	25,969		25,969
329			
331			
INTEREST EARNED ON CHILD DEVELOPMENT			
		0	0
349			
350			
NON-RESTRICTED INCOME			
356	1,414,273		1,414,273
358	0		0
362	134,229		134,229
390	\$1,633,282	\$0	\$1,633,282
TOTAL REVENUE			

SECTION IV - EXPENSES

401	Direct Payments to Providers (FCH Only)	\$782,104	\$0	\$782,104
402	1000 Certificated Salaries			
404	2000 Classified Salaries	431,539		431,539
406	3000 Employee Benefits	384,757		384,757
408	4000 Books and Supplies	142,598		142,598
412	5000 Services/Other Operating Expenses	420,746		420,746
413	6100/6200 Other Approved Capital Outlay	0		0
414	6400 New Equipment (program-related)	5,074		5,074
416	6500 Replace Equipment (program-related)	18,670		18,670
439	Depreciation or Use Allowance	0		0
447	Start-Up Expenses (service level exemption)	0		0
449	Start-Up/Close-Down Expenses (migrant)	0		0
459	Indirect Costs -- Rate: 0.00%	0		0
479	6100-6500 Nonreimbursable capital outlay	24,387		24,387
489	Other nonreimbursable expenses (specify):	5,645		5,645
490	TOTAL EXPENSES	\$2,215,520	\$0	\$2,215,520
690	TOTAL ADMINISTRATIVE COST (in Sec. IV)	\$17,000	\$0	\$17,000

Independent Auditor's Certifications on meeting the requirements of the California Department of Education, Child Development Division:

Attendance records are being maintained as required (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies:

Attendance data reported in Column C of pages 1 and 2 agree with the original supporting records, such as sign-in/sign-out sheets and daily attendance records (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies:

COMMENTS:

AUDITED FINAL REVENUE AND EXPENDITURE REPORT	
for One-Time-Only Contracts	
Agency Name: Associated Students of San Diego State University	Vendor No. H378
Fiscal Year End: June 30, 2008	Contract No. CCAP-7321
Independent Auditor's Name: McGladrey & Pullen, LLP	

SECTION I - REVENUE			
COLUMN A	COLUMN B	COLUMN C	
CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT	
			RESTRICTED PROGRAM INCOME
			Child Care Food/National School Lunch Program
			Cal Learn Program
			Restricted income for operating costs
			Maintenance of Effort
			Other (specify):
			Subtotal Restricted Program Income
			FAMILY FEES FOR CERTIFIED CHILDREN
			INTEREST EARNED ON CHILD DEVELOPMENT
			CONTRACT PAYMENTS
			NON-RESTRICTED INCOME
			Parent fees for noncertified children
			Other (specify):
			Subtotal Revenue for Current Fiscal Year
			Revenue Earned in Prior Years
			TOTAL REVENUE

SECTION II - EXPENDITURES

			REIMBURSABLE
			1000 Certified Salaries
			2000 Classified Salaries
			3000 Employee Benefits
			4000 Books and Supplies
			5000 Services and Other Operating Expenses
			6100/6200 Other Approved Capital Outlay
			6400 New Equipment (program-related)
			6500 Equipment Replacement (program-related)
			Depreciation or Use Allowance
			Start-Up Expenses (service level exemption)
			Indirect Costs -- Rate:
			NONREIMBURSABLE EXPENSES
			6100-6500 Nonreimbursable capital outlay
			Other nonreimbursable expenses (specify):
			Subtotal Expenses for Current Fiscal Year
			Expenses Incurred in Prior Years
			TOTAL EXPENSES
			TOTAL ADMINISTRATIVE COST (included in section II above)

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report.

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AUDITED FINAL REVENUE AND EXPENDITURE REPORT	
for One-Time-Only Contracts	
Agency Name: _____ Associated Students of San Diego State University Vendor No. H378	Fiscal Year End: _____ June 30, 2008 Contract No. CIMS-7525
Independent Auditor's Name: _____ McGladrey & Pullen, LLP	

SECTION I - REVENUE			
COLUMN A	COLUMN B	COLUMN C	
CUMULATIVE ADJUSTMENT	AUDIT	CUMULATIVE FISCAL YEAR PER AUDIT	
	INCREASE OR (DECREASE)		
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program			
Cal Learn Program			
Restricted income for operating costs			
Maintenance of Effort			
Other (specify):			
Subtotal Restricted Program Income			
FAMILY FEES FOR CERTIFIED CHILDREN			
INTEREST EARNED ON CHILD DEVELOPMENT			
CONTRACT PAYMENTS			
NON-RESTRICTED INCOME			
Parent fees for noncertified children			
Other (specify):			
Subtotal Revenue for Current Fiscal Year			
Revenue Earned in Prior Years			
TOTAL REVENUE			

REIMBURSABLE			
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-Up Expenses (service level exemption)			
Indirect Costs -- Rate:			
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			
Other nonreimbursable expenses (specify):			
Subtotal Expenses for Current Fiscal Year			
Expenses Incurred in Prior Years			
TOTAL EXPENSES			
TOTAL ADMINISTRATIVE COST (included in section II above)			

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report.

[illegible]

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing
Standards**

The Board of Directors
Associated Students of San Diego State University
San Diego, California

We have audited the financial statements of the Child Care Fund of the Associated Students of San Diego State University (the Fund) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item finding number 08-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and the State of California Department of Education, and is not intended to be, and should not be, used by anyone other than those specified parties.

McSherry & Puleo, LLP

San Diego, California
November 12, 2008

A. Significant Deficiencies in Internal Control over Financial Reporting

Finding 08-01, Internal Reporting

Condition: The Fund's financial reporting processes did not include a review of contributions as restricted or unrestricted for the fund. There was also no financial report review by operational personnel responsible for reporting grant revenues and expenditures to the State for consistency and accuracy of reporting.

Effect: The conditions noted above resulted in the misclassification of an unspent restricted contribution as unrestricted in the current year, and an error in recording and reporting grant revenue expended and earned in the prior year as deferred revenue in the prior year.

Recommendation: We recommend that management review its financial reporting procedures as it relates to the Fund to prevent errors in reporting at the Fund level.

Corrective Action Plan: Management will review financial reporting procedures over the Fund to improve the accuracy of financial reporting at the Fund level.

B. Compliance Findings

None noted.

There were no audit findings noted during the year ended June 30, 2007.

