

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

Financial and Compliance Report
June 30, 2009

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, 2009

Full official name of the agency:

Associated Students of San Diego State University

Child Development Center Program

Project No. 37-H378-00-8 Contract No. CCTR-8307

Type of agency:

Auxiliary Organization of the California State University

Address of agency headquarters:

5500 Campanile Drive

San Diego, California 92182

Officers:

President—T. Boden

Executive Director—D. Cornthwaite

Associate Director—C. Brown

(All may be reached at the agency headquarters address)

Telephone number:

(619) 594-6487

Period covered by the examination:

July 1, 2008 through June 30, 2009

Number of days of operation:

246

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 and Supplementary Information

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

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, 2009, 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 and the *Audit Guide for the Audits of Child Development and Nutrition Programs* issued by the California Department of Education (CDE). 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, 2009, 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 December 4, 2009 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 20 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

Irvine, CA
December 4, 2009

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

Statement of Financial Position
June 30, 2009

Assets

Receivables, net (Note 2)	\$ 33,495
Due from Other Funds of Associated Students of San Diego State University	<u>143,732</u>
Total assets	<u><u>\$ 177,227</u></u>

Liabilities and Net Assets

Deferred Revenue	\$ 5,222
Deposits	8,460
Due to State Department of Education	<u>11,096</u>
Total liabilities	<u>24,778</u>

Net Assets, unrestricted	150,747
Net Assets, temporarily restricted	<u>1,702</u>
Total net assets	<u>152,449</u>
Total liabilities and net assets	<u><u>\$ 177,227</u></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, 2009

Changes in unrestricted net assets:	
Revenues and other support:	
State apportionments	\$ 358,498
Child care food program	59,434
Parent fees, certified children	18,563
Parent fees, noncertified children	1,660,018
California State University contribution	57,900
Other	27,645
Net assets released from restrictions:	
Satisfaction of required spending	24,798
Total unrestricted revenues and other support	<u>2,206,856</u>
Expenses:	
Salaries:	
Certified	793,869
Noncertified	435,304
Employee benefits	409,522
Supplies	43,155
Food services	113,492
Audit fee	18,670
Facility rent (Note 3)	211,200
Other expenses	237,862
	<u>2,263,074</u>
Expenses over revenue and other support	<u>(56,218)</u>
Transfers:	
Transfers from Associated Students General Fund	138,402
Transfers to Associated Students Designated Fund	(3,305)
	<u>135,097</u>
Increase in unrestricted net assets	<u>78,879</u>
Net assets released from restrictions, decrease in temporarily restricted net assets	<u>(24,798)</u>
Increase in net assets	54,081
Beginning of year	98,368
End of year	<u>\$ 152,449</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, 2009

Cash Flows From Operating Activities	
Increase in net assets	\$ 54,081
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in receivables	7,255
Increase in deposits	5,180
Increase in liability to State	6,759
(Decrease) in deferred revenue	(2,318)
Net cash provided by operating activities	<u>70,957</u>
Cash Flows From Financing Activities	
Net change in due from other funds	<u>(70,957)</u>
Net cash used in financing activities	<u>(70,957)</u>
Net change in cash	-
Cash	
Beginning of year	-
End of year	<u>\$ -</u>

See Notes to Financial Statements.

Notes to Financial Statements

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

Nature of organization: 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.

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, 2009 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, 2009 represent funds received from a grant restricted for the purpose of investing in new playground landscaping. These funds are 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.

Notes to Financial Statements

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

Revenues: The Fund generates a significant amount of revenue from providing child care services through state and federally funded programs. Revenues are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any restrictions and are then reclassified to unrestricted net assets upon satisfaction of any restrictions.

Equipment: Acquisitions of equipment reduce the net assets 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, 2009.

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.

Recent accounting pronouncements: In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of financial position, interest and penalties, accounting in interim periods, disclosure and transition.

In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Fund has elected this deferral and accordingly will be required to adopt FIN 48 in its financial statements ending June 30, 2010. Prior to the adoption of FIN 48, the Fund will continue to evaluate its uncertain tax positions and related income tax contingencies under SFAS No. 5, *Accounting for Contingencies*. SFAS No. 5 requires the Fund to accrue for losses it believes are probable and can be reasonably estimated. Management is currently assessing the impact of FIN 48 on its consolidated financial position and results of operations and has not yet determined if the adoption of FIN 48 will have a material effect on its financial statements.

Notes to Financial Statements

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

The FASB has issued SFAS No. 165, *Subsequent Events*. SFAS No. 165 establishes general standards of accounting and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. Specifically, SFAS No. 165 provides the period after the statement of financial position date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements; and the disclosure that an entity should make about events or transactions that occurred after the statement of financial position date. SFAS No. 165 is effective for interim or annual financial periods ended after June 15, 2009. Management has evaluated subsequent events through December 4, 2009, the date the financial statements were available to be issued.

Note 2. Receivables

Child Care Fund receivables, net, consist of the following at June 30, 2009:

State Department of Education Food Program	\$	8,555
Parent fees		15,766
Other receivables		14,475
		<hr/> 38,796
Less allowance for doubtful accounts		5,301
	\$	<hr/> <hr/> 33,495

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 of Receipts and Expenditures of Federal and State Awards
Year Ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantors' Number/ Contract Number	Program or Award Amount	Receipts	Expenditures
Federal					
U.S. Department of Agriculture:					
Passed through State of California Department of Education:					
Child Care food program	10.558	37-1548-6A	57,054	\$ 48,780	\$ 57,054
U.S. Department of Health and Human Services:					
Passed through State of California Department of Education:					
Child development division:					
One-time-only instructional materials grant	93.575	CIMS-8495	1,467	1,467	1,467
Facilities renovation and repair	93.575	CRPM-8120	20,000	5,000	-
Child care and development facilities—capacity project	93.575	CCAP-8306	3,070	3,070	3,070
Total federal awards			\$ 81,591	\$ 58,317	\$ 61,591
State					
Child development center program:					
Private	N/A	CCTR-8307	418,467	348,961	\$ 2,258,537
Child Care food program	N/A	37-1548-6A	2,380	2,099	2,380
Total state awards			\$ 420,847	\$ 351,060	\$ 2,260,917

N/A = Not applicable

Expenditures per this schedule are reported using the same basis of accounting as that used for the Statement of Activities on page 5 of the financial statements.

Child Development Center Program
Project No. 37-H378-00-8, Contract No. CCTR-8307
Schedule of Renovation and Repair Expenditures
Year Ended June 30, 2009

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

Child Development Center Program
Project No. 37-H378-00-8, Contract No. CCTR-8307
Schedule of Equipment Expenditures
Year Ended June 30, 2009

Expenditures under \$7,500 unit cost equipment	\$	56,695
Expenditures under \$7,500 unit cost with CDE approval		-
Expenditures over \$7,500 unit cost without CDE approval		-
	\$	<u>56,695</u>

Child Development Center Program
Project No. 37-H378-00-8, Contract No. CCTR-8307
Schedule of Administrative Costs
Year Ended June 30, 2009

Administrative salaries, office	\$	-
Supervisor salaries, office		-
Employee benefits		-
Payroll taxes		-
Books and supplies		-
Contractual services		-
Audit and legal		18,670
Travel and conference		-
Rentals		-
Janitorial equipment and supplies		-
Insurance		-
Telephone and utilities		-
Other operating costs		-
	\$	<u>18,670</u>

Child Development Center Program
Project No. 37-H378-00-8
Schedule of Expenditures by State Categories
Year Ended June 30, 2009

	CCTR-8307 Allowable*	CCAP-8306 Allowable*	CRPM-8120 Allowable*	CIMS-8495 Allowable*	Total
1100 Teachers' salaries	\$ 793,869	\$ -	\$ -	\$ -	\$ 793,869
2100 Salaries of instructional aides	435,304	-	-	-	435,304
3000 Employee benefits	409,522	-	-	-	409,522
4300 Instructional materials and supplies	19,419	-	-	-	19,419
4500 Other supplies	19,199	-	-	-	19,199
4700 Food services	113,492	-	-	-	113,492
	<u>1,790,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790,805</u>
5400 Insurance	26,913	-	-	-	26,913
5500 Utilities and housekeeping services	121,621	-	-	-	121,621
5600 Contracts, rents and leases	211,200	-	-	-	211,200
5700 Legal, election and audit	18,670	-	-	-	18,670
5800 Other services and operating expenses	32,633	-	-	-	32,633
	<u>411,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,037</u>
5000 Services and other operating expenses	-	3,070	-	1,467	4,537
6400 Equipment (program-related)	56,695	-	-	-	56,695
	<u>56,695</u>	<u>3,070</u>	<u>-</u>	<u>1,467</u>	<u>61,232</u>
Total expenditures	<u>\$ 2,258,537</u>	<u>\$ 3,070</u>	<u>\$ -</u>	<u>\$ 1,467</u>	<u>\$ 2,263,074</u>

* 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 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, 2009

Contract No. CCTR-8307

Independent Auditor's Name: McGladrey & Pullen, LLP

SECTION I - CERTIFIED CHILDREN	EDP NO.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT						
Infants (up to 18 months)						
Full-time-plus	101	0	0	0	2.006	0
Full-time	103	1,577	0	1,577	1.700	2,681
Three-quarters-time	105	41	0	41	1.275	52
One-half-time	107	0	0	0	0.935	0
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 to 36 months)						
Full-time-plus	101B	0	0	0	1.652	0
Full-time	103B	2,920	0	2,920	1.400	4,088
Three-quarters-time	105B	40	0	40	1.050	42
One-half-time	107B	0	0	0	0.770	0
Three Years and Older						
Full-time-plus	111	0	0	0	1.180	0
Full-time	113	3,751	0	3,751	1.000	3,751
Three-quarters-time	115	102	0	102	0.750	77
One-half-time	117	0	0	0	0.550	0
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	8,431	0	8,431		10,691
DAYS OF OPERATION	169	246	0	246		
DAYS OF ATTENDANCE	179	8,431	0	8,431		



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, 2009 Contract No. CCTR-8307

Commingled Contract No. (If Any)

SECTION II - NONCERTIFIED CHILDREN		COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
Report all children who were not certified but were served at the same site(s) as certified children.		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
EDP NO.						
DAYS OF ENROLLMENT						
Infants (up to 18 months)						
Full-time-plus	201	0	0	0	2.006	0
Full-time	203	3,026	0	3,026	1.700	5,144
Three-quarters-time	205	0	0	0	1.275	0
One-half-time	207	0	0	0	0.935	0
FCCH Infants (up to 18 months)						
Full-time-plus	201A	0	0	0	1.652	0
Full-time	203A	0	0	0	1.400	0
Three-quarters-time	205A	0	0	0	1.050	0
One-half-time	207A	0	0	0	0.770	0
Toddlers (18 to 36 months)						
Full-time-plus	201B	0	0	0	1.652	0
Full-time	203B	11,642	0	11,642	1.400	16,299
Three-quarters-time	205B	0	0	0	1.050	0
One-half-time	207B	0	0	0	0.770	0
Three Years and Older						
Full-time-plus	211	0		0	1.180	0
Full-time	213	19,044		19,044	1.000	19,044
Three-quarters-time	215	0		0	0.750	0
One-half-time	217	0		0	0.550	0
Exceptional Needs						
Full-time-plus	221	0		0	1.416	0
Full-time	223	0		0	1.200	0
Three-quarters-time	225	0		0	0.900	0
One-half-time	227	0		0	0.660	0
Limited and Non-English Proficient						
Full-time-plus	231	0		0	1.298	0
Full-time	233	0		0	1.100	0
Three-quarters-time	235	0		0	0.825	0
One-half-time	237	0		0	0.605	0
Children at Risk of Abuse or Neglect						
Full-time-plus	241	0		0	1.298	0
Full-time	243	0		0	1.100	0
Three-quarters-time	245	0		0	0.825	0
One-half-time	247	0		0	0.605	0
Severely Handicapped						
Full-time-plus	251	0		0	1.770	0
Full-time	253	0		0	1.500	0
Three-quarters-time	255	0		0	1.125	0
One-half-time	257	0		0	0.625	0
TOTAL DAYS OF ENROLLMENT		290	33,712	0	33,712	40,487

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: Associated Students of San Diego State University Vendor No. H378
 Fiscal Year End: June 30, 2009 Contract No. CCTR-8307
 Independent Auditor's Name: McGladrey & Pullen, LLP

SECTION III - REVENUE	EDP NO.	COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
CCF/National School Lunch Program	302	\$59,434	\$0	\$59,434
Restricted income for operating costs	308	0		0
Maintenance of Effort	339	0		0
Other (specify):	312	0		0
SUBTOTAL	310	59,434	0	59,434
TRANSFER FROM RESERVE FUND	311	0		0
FAMILY FEES FOR CERTIFIED CHILDREN		18,563		18,563
State General Fund	329			
Federal Fund	331			
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS		0		0
State General Fund	349			
Federal Fund	350			
NONRESTRICTED INCOME				
Parent fees for noncertified children	356	1,660,018		1,660,018
Cal Learn Program	358	0		0
Other (specify):	362	85,545		85,545
TOTAL REVENUE	390	\$1,823,560	\$0	\$1,823,560

SECTION IV - EXPENSES

REIMBURSABLE EXPENSES				
Direct Payments to Providers (FCCH Only)	401			
1000 Certificated Salaries	402	\$793,869	\$0	\$793,869
2000 Classified Salaries	404	435,304		435,304
3000 Employee Benefits	406	409,522		409,522
4000 Books and Supplies	408	152,110		152,110
5000 Services/Other Operating Expenses	412	411,037		411,037
6100/6200 Other Approved Capital Outlay	413	0		0
6400 New Equipment (program-related)	414	0		0
6500 Replace Equipment (program-related)	416	56,695		56,695
Depreciation or Use Allowance	439	0		0
Start-Up Expenses (service level exemption)	447	0		0
Start-Up/Close-Down Expenses (migrant)	449	0		
Indirect Costs -- Rate: 0.00%	459	0		0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479	0		0
Other nonreimbursable expenses (specify):				
Fundraising expenses	489	0		0
TOTAL EXPENSES	490	\$2,258,537	\$0	\$2,258,537
TOTAL ADMINISTRATIVE COST (in Sec. IV)	690	\$18,670	\$0	\$18,670

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, 2009 Contract No. CCAP-8306
 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			\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (<i>specify</i>):			0
Subtotal Restricted Program Income	\$0	\$0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NONRESTRICTED INCOME			
Parent fees for noncertified children			0
Other (<i>specify</i>):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries			\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	3,070		3,070
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Equipment Replacement (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (<i>specify</i>):			0
Subtotal Expenses for Current Fiscal Year	3,070	0	3,070
Expenses Incurred in Prior Years	0	0	0
TOTAL EXPENSES	3,070	\$0	3,070
TOTAL ADMINISTRATIVE COST (<i>included in section II above</i>)	\$0		\$0

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

**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, 2009 Contract No. CRPM-8120

Independent Auditor's Name: McGladrey & Pullen, LLP

	COLUMN A	COLUMN B	COLUMN C
SECTION I - REVENUE	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			\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income			0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NONRESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries			\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	0		0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (specify):			0
Subtotal Expenses for Current Fiscal Year	0	0	0
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$0	\$0	\$0
TOTAL ADMINISTRATIVE COST (included in section II above)	\$0		\$0

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

**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, 2009 Contract No. CIMS-8495
 Independent Auditor's Name: McGladrey & Pullen, LLP

	COLUMN A	COLUMN B	COLUMN C
SECTION I - REVENUE	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			\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income			0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NONRESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries			\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	1,467	0	1,467
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (specify):			0
Subtotal Expenses for Current Fiscal Year	1,467	0	1,467
Expenses Incurred in Prior Years	0	0	0
TOTAL EXPENSES	\$1,467	\$0	\$1,467
TOTAL ADMINISTRATIVE COST (included in section II above)	\$0		\$0

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

**AUDITED FINAL RESERVE ACCOUNT AND CASH ACTIVITY REPORT
FOR CENTER BASED PROGRAMS**

Agency Name: Associated Students of San Diego State University Vendor No. H378
 Fiscal Year End: June 30, 2009
 Federally Insured Bank Name: Wells Fargo
 Independent Auditor's Name: McGladrey & Pullen, LLP

CENTER BASED RESERVE ACCOUNT	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY'S ACCOUNTING LEDGER	PER ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
BEGINNING CASH BANK BALANCE - Last Fiscal Year's Ending Cash Bank Balance (Not from CDFS 9530)	\$0	\$0	\$0
PLUS CASH DEPOSITED TO RESERVE ACCOUNT FROM CONTRACT(S) - During Fiscal Year Being Audited:			
Contract No.	0	0	0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account	0	0	0
SUBTOTAL	0	0	0
PLUS INTEREST DEPOSITED TO RESERVE ACCOUNT CONTRACT(S) - During Fiscal Year Being Audited:			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account	0	0	0
ENDING CASH BANK BALANCE - Fiscal Year Being Audited	\$0	\$0	\$0

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

**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, CA

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, 2009, and have issued our report thereon dated December 4, 2009. 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, and the *Audit Guide for the Audits of Child Development and Nutrition Programs* issued by the California Department of Education.

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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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*. However, we noted certain immaterial instances of noncompliance that have been reported in the accompanying Schedule of Findings and Responses as items 09-01, 09-02 and 09-03.

We noted certain matters that we reported to management of the Fund in a separate letter dated December 4, 2009.

The Fund's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Fund's response and, accordingly, we express no opinion on it.

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.

McGladrey & Pullen, LLP

Irvine, CA
December 4, 2009

Schedule of Child Care Findings and Responses
Year Ended June 30, 2009

A. Significant Deficiencies in Internal Control over Financial Reporting

No matters were reported.

B. Compliance Findings

Finding 09-01, Internal Record Retention

Criteria: Child Care and Development Center-Based Program Requirements Fiscal Year 2008-09, I. Eligibility and Need Criteria and Documentation, E. Contents of Family Data File: Contractors shall establish and maintain a family data file for each family receiving child care and development services.

Condition: The Fund's personnel could not locate one of the family's files, which includes supporting documentation for the eligibility of two certified children at the Child Care Center.

Questioned Costs: Unknown.

Context: Two children selected out of twelve children tested in eligibility/revenue testing.

Effect: The conditions noted above resulted in noncompliance with the CCTR Funding Terms and Conditions.

Recommendation: We recommend that management implement a more secure filing and record keeping system by securing files in a locked cabinet with limited access. A sign-out sheet should be used to record when files are removed from the cabinet in order to allow for tracking of files.

Corrective Action Plan: Management will designate one locking filing cabinet in the office manager's office to secure all funding files. A check out/in system will be implemented whenever a file is removed for review. A monthly review of all files will be conducted by the office manager to ensure each file is complete and in its proper place within the file cabinet.

Finding 09-02, Fee Calculation

Criteria: Child Care and Development Center-Based Program Requirements Fiscal Year 2008-09, I. Eligibility and Need Criteria and Documentation, B. Eligibility Criteria: Family is income eligible. When the number of family members and the amount of family income have been determined, eligibility may be established by reference to the family fee schedule

Condition: The Fund undercharged a family for its portion of the child care fee. The income was calculated based on an incorrect income figure, resulting in an improper fee being charged.

Questioned Costs: Totaled \$36.80. We calculated the difference between the actual total fees charges for the fiscal year June 30, 2009 and the correct total fees based on total days attended.

Context: One child selected out of twelve children tested in revenue testing.

Effect: The conditions noted above resulted in lower revenues collected from parent fees.

Schedule of Child Care Findings and Responses
Year Ended June 30, 2009

Recommendation: We recommend that management implement a review process for completed income calculation worksheets. An individual independent of the calculation process should review the calculation for accuracy and use of proper income data.

Corrective Action Plan: The office manager will complete income calculation worksheets for each family at enrollment. This form will then be reviewed and signed off by either the center director or the assistant center director to ensure that the correct fee is being assessed for the family based on the income data that has been provided by the family.

Finding 09-03, Attendance Record Maintenance

Criteria: Child Care and Development Center-Based Program Requirements Fiscal Year 2008-09, VI. Accounting and Reporting Requirements, C. Enrollment and Attendance Accounting Contractors shall use daily sign-in/sign-out sheets as a primary source document for audit and reimbursement purposes. 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, shall sign the sheet using their full signature: (1) The parent or other adult authorized by the parent to drop off/pick up a child; or (2) 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.

Condition: The Fund did not obtain a manual signature from the parent for the sign-in and sign-out of a child for one day. The Fund did obtain an electronic sign-in and sign-out, and therefore, the child did not have an unexcused absence. The Fund, however, did not retain records in compliance with CCTR funding terms and conditions, which require a full signature of a parent or guardian.

Questioned Costs: Unknown.

Context: One day for one child selected out of twelve children selected tested in attendance testing.

Effect: The conditions noted above resulted in noncompliance with the CCTR funding terms and conditions.

Recommendation: We recommend that Fund personnel compare the electronic sign-ins and sign-outs to the manual sign-ins and sign-outs on a regular basis to ensure that all required signatures have been obtained.

Corrective Action Plan: Management will assign the front desk staff the task of weekly review of attendance books for all funded families, noting that all required signatures are in place in the sign-in/out books. If a signature is missing, it will be tagged and a written request will be made to the family requesting that it sign in/out as appropriate. An additional monthly review will be made of all sign-up sheets to ensure full compliance for all families enrolled.

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

Summary Schedule of Child Care Prior Year Audit Findings
Year Ended June 30, 2009

The following significant deficiency was identified during the Fund's financial and compliance audit for the year ended June 30, 2008.

A. Significant Deficiencies in Internal Control over Financial Reporting

Finding 08-01, Internal Reporting

Audit Finding: 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.

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