

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

## Financial and Compliance Report

June 30, 2010



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

General Information

June 30, 2010

Full official name of the agency:

Associated Students of San Diego State University System

Child Development Center Program

Project No. 37-H378-00-9 Contract Nos. CCTR-9244 and CSPP-9457

Type of agency:

Auxiliary Organization of the California State University

Address of agency headquarters:

5500 Campanile Drive  
San Diego, California 92182

Officers:

President—G. Mack

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, 2009 through June 30, 2010

Number of days of operation:

247

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, 2010, 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, 2010, 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 October 21, 2010 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 basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards, listed in the table of contents as supplementary information on page 11, 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 11 through 24 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, the 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  
October 21, 2010

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

**Statement of Financial Position  
June 30, 2010**

**Assets**

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Receivables, net (Note 2)	\$ 48,897
Due from Other Funds of Associated Students of San Diego State University	145,133
<b>Total assets</b>	<u><u>\$ 194,030</u></u>

**Liabilities and Net Assets**

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Deferred Revenue	\$ 4,533
Deposits	9,870
Due to State Department of Education	27,197
<b>Total liabilities</b>	<u>41,600</u>

Commitment (Note 3)

Net Assets, unrestricted	152,430
<b>Total liabilities and net assets</b>	<u><u>\$ 194,030</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, 2010**

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**Changes in unrestricted net assets:**

Unrestricted support:

State apportionments	\$ 360,758
Child care food program	63,734
California State University contribution	57,900

Other unrestricted revenues:

Parent fees, certified children	22,934
Parent fees, noncertified children	1,647,752
Other	23,039

Net assets released from restrictions:

Satisfaction of required spending	1,702
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<b>Total unrestricted revenues and support, net of direct benefits</b>	<b>2,177,819</b>
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Expenses:

Salaries:

Certified	799,976
Noncertified	488,540

Employee benefits	402,295
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Supplies	42,794
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Food supplies	109,126
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Audit fee	17,000
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Facility rent (Note 3)	211,200
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Other operating expenses	343,955
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<b>Total expenses</b>	<b>2,414,886</b>
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<b>Expenses over revenue and other support</b>	<b>(237,067)</b>
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Transfers:

Transfers from Associated Students General Fund	270,916
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Transfers to Associated Students Designated Fund	(32,166)
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<b>Total transfers</b>	<b>238,750</b>
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<b>Increase in unrestricted net assets</b>	<b>1,683</b>
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Net assets released from restrictions, decrease in temporarily restricted net assets	(1,702)
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<b>Decrease in net assets</b>	<b>(19)</b>
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Net Assets at Beginning of Year	152,449
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Net Assets at End of Year	<b>\$ 152,430</b>
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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, 2010**

<b>Cash Flows From Operating Activities</b>	
Decrease in net assets	\$ (19)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in receivables	(15,402)
Increase in deposits	1,410
Increase in liability to State	16,101
Decrease in deferred revenue	(689)
<b>Net cash provided by operating activities</b>	<u>1,401</u>
<b>Cash Flows From Financing Activities</b>	
Net change in due from other funds	<u>(1,401)</u>
<b>Net cash used in financing activities</b>	<u>(1,401)</u>
<b>Net change in cash</b>	-
<b>Cash</b>	
Beginning of year	-
End of year	<u>\$ -</u>

See Notes to Financial Statements.



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

**Notes to Financial Statements**

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

**Nature of organization:** The Child Care Fund (the Fund), d/b/a SDSU Child Care Center, 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, 2010 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.

**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.

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

**Notes to Financial Statements**

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**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 (CalPERS), a multiemployer pension system which provides a contributory defined-benefit pension and postretirement benefit program for its salaried employees. CalPERS 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, 2010.

**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.

**Subsequent events:** The Fund has evaluated subsequent events through October 21, 2010, the date the financial statements were available to be issued, and has determined that there were no subsequent events to recognize in these financial statements.

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

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon adoption and as of June 30, 2010, the Fund has addressed uncertainty in its income tax position, and there are no unrecognized/derecognized tax benefits requiring an accrual.

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

**Notes to Financial Statements**

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

Forms 990 and 990-T filed by the Fund are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Management believes Forms 990 and 990-T have been filed appropriately. Forms 990 and 990-T filed by the Fund are no longer subject to examination for the fiscal years ended June 30, 2006 and prior.

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. The Fund adopted this guidance for the fiscal year beginning July 1, 2008, except for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, for which delayed application is permitted until the fiscal year beginning July 1, 2009. The adoption of the remaining provisions of this guidance did not have a material impact on the Fund's financial position, results of operations or cash flows.

In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2009-01, *Generally Accepted Accounting Principles*, and approved the FASB ASC as the single source of authoritative nongovernmental U.S. GAAP. The ASC does not change previous U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All prior accounting standard documents will be superseded and all other literature not included in the ASC will be considered nonauthoritative. ASU 2009-001 is effective for interim and annual periods ending after September 15, 2009. The adoption of the ASC did not impact the Fund's practice of preparing financial statements in conformity with U.S. GAAP.

In August 2009, the FASB issued ASU 2009-05, *Measuring Liabilities at Fair Value*, which provides amendments to the Fair Value Measurement and Disclosures—Overall Subtopic of the FASB ASC for the fair value measurement of liabilities. This Update provides clarification for the fair value measurement of liabilities in which a quoted market price in an active market for an identical liability is not available. The amendments in this Update clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this Update also clarify that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market, when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements. The guidance provided in this Update is effective for the first reporting period (including interim periods) beginning after issuance. The adoption of this Update did not have a material impact on the Fund's financial statements.

ASU 715, *Employers' Disclosures about Postretirement Benefit Plan Assets*, requires more detailed disclosures about employers' plan assets in a defined-benefit pension or other postretirement plan, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and inputs and valuation techniques used to measure the fair value of plan assets. This guidance also requires, for fair value measurements using significant unobservable inputs (Level 3), disclosure of the effect of the measurements on changes in plan assets for the period. The disclosures about plan assets required by this guidance must be provided for fiscal years ending after December 15, 2009. As this guidance is only disclosure-related and the Fund does not have any postretirement benefit plan assets, it did not have an impact on the financial position and results of operations.

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

**Notes to Financial Statements**

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**Note 2. Receivables**

The Fund's receivables, net, consist of the following at June 30, 2010:

State Department of Education Food Program	\$	10,715
State Department of Education Facilities Renovation and Repair Program		15,000
Parent fees		10,407
Other receivables		14,475
		<hr/>
		50,597
Less allowance for doubtful accounts		1,700
		<hr/>
	\$	<u>48,897</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**

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

**Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2010**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number/ Contract Number	Program or Award Amount			Expenditures	
			Federal	State	Total	Federal	State
<b>Federal</b>							
<b>U.S. Department of Agriculture:</b>							
Passed through State of California Department of Education:							
Child Care food program	10.558	37-1548-6A	\$ 61,146	\$ -	\$ 61,146	\$ 61,146	\$ -
<b>U.S. Department of Health and Human Services:</b>							
Passed through State of California Department of Education:							
Child Care and Development Fund (CCDF):							
CCDF One-time-only instructional materials grant	93.575	CIMS-9501	745	-	745	745	-
CCDF Renovation and Repair Project	93.575	CRPM-8120	20,000	-	20,000	20,000	-
			20,745	-	20,745	20,745	-
			81,891	-	81,891	81,891	-
<b>Total expenditures of federal awards</b>							
<b>State</b>							
<b>Child development center program:</b>							
CCDF General Center Child Care	N/A	CCTR-9244	-	268,171	268,171	-	-
CCDF General Center Child Care (preschool only)	N/A	CSPP-9457	-	150,296	150,296	-	-
CCDF General Center Child Care	N/A	CCTR-9244/ CSPP-9457	-	-	-	-	2,330,407
Child Care food program	N/A	37-1548-6A	-	2,588	2,588	-	2,588
<b>Total expenditures of state awards</b>			-	421,055	421,055	-	2,332,995
<b>Total expenditures of federal and state awards</b>			\$ 81,891	\$ 421,055	\$ 502,946	\$ 81,891	\$ 2,332,995

N/A = Not applicable

CFDA = Catalog of Federal Domestic Assistance

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 Care Fund of the Associated Students of  
San Diego State University

Combining Statement of Activities  
Year Ended June 30, 2010

	CCTR-9244	CSP-9457	Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts	Non-CDE Programs	Total
<b>Revenue and Support</b>								
Government contracts:								
Child care programs:								
Child Care Food Program, #H37 1548-6A	\$ 227,440	\$ 118,128	\$ 345,568	\$ 15,000	\$ 190	\$ 360,758	\$ -	\$ 360,758
	63,734	-	63,734	-	-	63,734	-	63,734
<b>Subtotal government contracts</b>	<b>291,174</b>	<b>118,128</b>	<b>-</b>	<b>15,000</b>	<b>190</b>	<b>424,492</b>	<b>-</b>	<b>424,492</b>
<b>Other Support</b>								
Unrestricted contributions and other income	80,939	-	80,939	-	-	80,939	-	80,939
Transfers from CD reserves	-	-	-	-	-	-	-	-
Family fees - certified children	20,644	2,290	22,934	-	-	22,934	-	22,934
Family fees - noncertified children	1,647,752	-	1,647,752	-	-	1,647,752	-	1,647,752
Interest income	-	-	-	-	-	-	-	-
<b>Subtotal other support</b>	<b>1,749,335</b>	<b>2,290</b>	<b>1,751,625</b>	<b>-</b>	<b>-</b>	<b>1,751,625</b>	<b>-</b>	<b>1,751,625</b>
<b>Total revenue and support</b>	<b>2,040,509</b>	<b>120,418</b>	<b>1,751,625</b>	<b>15,000</b>	<b>190</b>	<b>2,176,117</b>	<b>-</b>	<b>2,176,117</b>
<b>Expenses</b>								
Provider payments								
Salaries	-	-	1,288,516	-	-	1,288,516	-	1,288,516
Employee benefits	-	-	402,295	-	-	402,295	-	402,295
Books and supplies	-	-	151,175	-	745	151,920	-	151,920
Facility rent	-	-	211,200	-	-	211,200	-	211,200
Other operating expenses	-	-	194,588	-	-	194,588	-	194,588
Building repairs and maintenance	-	-	130,447	20,000	-	150,447	-	150,447
Equipment expense	-	-	15,920	-	-	15,920	-	15,920
Depreciation	-	-	-	-	-	-	-	-
In-kind contributions expense	-	-	-	-	-	-	-	-
General, administrative and indirect	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>2,394,141</b>	<b>20,000</b>	<b>745</b>	<b>2,414,886</b>	<b>-</b>	<b>2,414,886</b>
<b>Change in net assets</b>	<b>\$ 2,040,509</b>	<b>\$ 120,418</b>	<b>\$ (642,516)</b>	<b>\$ (5,000)</b>	<b>\$ (555)</b>	<b>\$ (238,769)</b>	<b>\$ -</b>	<b>\$ (238,769)</b>

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

**Child Development Center Program**

**Project No. 37-H378-00-9**

**Schedule of Expenditures by State Categories**

**Year Ended June 30, 2010**

Expenditures	CCTR-9244 CSPP-9457 Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts
Direct payments to providers:				
1100 Certificated salaries	\$ 799,976	\$ -	\$ -	\$ 799,976
2000 Classified salaries	488,540	-	-	488,540
3000 Employee benefits	402,295	-	-	402,295
4000 Books and supplies	151,175	-	745	151,920
5000 Services and other operating expenses	405,788	-	-	405,788
6100/6200 Other approved capital outlay	130,447	20,000	-	150,447
6400 New equipment	-	-	-	-
6500 Replacement equipment	15,920	-	-	15,920
Depreciation on assets not purchased with public funds	-	-	-	-
Start-up expenses - service level exemption	-	-	-	-
Indirect costs	-	-	-	-
<b>Total expenses claimed for reimbursement</b>	<b>2,394,141</b>	<b>20,000</b>	<b>745</b>	<b>2,414,886</b>
Supplemental expenses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,394,141</b>	<b>\$ 20,000</b>	<b>\$ 745</b>	<b>\$ 2,414,886</b>



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

**Reconciliation of CDE and GAAP Expense Reporting  
Year Ended June 30, 2010**

Expenses	CCTR-9244 CSPP-9457 Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts
Schedule of Expenditures by State Categories (CDE)	\$ 2,394,141	\$ 20,000	\$ 745	\$ 2,414,886
Adjustments to Reconcile Differences in Reporting				
Depreciation on assets funded by CDE-CD1	-	-	-	-
Capitalized renovation and repairs expensed on AUD forms	-	-	-	-
Capitalized lease expensed on AUD form	-	-	-	-
Capitalized carpeting expensed on supplemental AUD form	-	-	-	-
Capitalized equipment expensed on AUD form	-	-	-	-
Audit fees expensed on AUD forms (in advance of services)	-	-	-	-
<b>Subtotal</b>	-	-	-	-
<b>Combining Statement of Activities (GAAP)</b>	<u>\$ 2,394,141</u>	<u>\$ 20,000</u>	<u>\$ 745</u>	<u>\$ 2,414,886</u>

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

**Child Development Center Program**

**Project No. 37-H378-00-9**

**Schedule of Reimbursable Equipment Expenditures**

**Year Ended June 30, 2010**

	CCTR-9244 CSPP-9457 Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts
<b>Unit Cost Under \$7,500 Per Item</b>				
Computers/classroom supplies	\$ 15,920	\$ -	\$ -	\$ 15,920
Subtotal	15,920	-	-	15,920
<b>Unit Cost Over \$7,500 Per Item With Prior Written Approval</b>				
None	-	-	-	-
Subtotal	-	-	-	-
<b>Unit Cost Over \$7,500 Per Item Without Prior Approval</b>				
None	-	-	-	-
Subtotal	-	-	-	-
<b>Total</b>	<b>\$ 15,920</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,920</b>

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

**Child Development Center Program**

**Project No. 37-H378-00-9**

**Schedule of Reimbursable Expenditures for Renovations and Repairs**

**Year Ended June 30, 2010**

	CCTR-9244 CSPP-9457 Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts
<b>Unit Cost Under \$10,000 Per Item</b>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-
<b>Unit Cost \$10,000 or More Per Item With Prior Written Approval</b>				
Leasehold improvements	13,722	20,000	-	33,722
Subtotal	13,722	20,000	-	33,722
<b>Unit Cost \$10,000 or More Per Item Without Prior Approval</b>				
Leasehold improvements	116,725	-	-	116,725
Subtotal	116,725	-	-	116,725
<b>Total</b>	<b>\$ 130,447</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 150,447</b>

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

**Child Development Center Program**

**Project No. 37-H378-00-9**

**Schedule of Reimbursable Administrative Costs**

**Year Ended June 30, 2010**

Reimbursable Administrative Costs	CCTR-9244 CSPP-9457 Combined	CRPM-8120	CIMS-9501	Total CDE CD Contracts
Salaries	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Books and supplies	-	-	-	-
Services and other operating expense	17,000	-	-	17,000
Depreciation on non-CDE-funded assets used in program	-	-	-	-
Indirect costs	-	-	-	-
<b>Total</b>	<b>\$ 17,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,000</b>

**AUDITED 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, 2010 Contract No. CCTR-9244

Independent Auditor's Name: McGladrey & Pullen, LLP

<b>SECTION I - CERTIFIED CHILDREN</b>	<b>COLUMN A CUMULATIVE FISCAL YEAR PER AGENCY</b>	<b>COLUMN B AUDIT ADJUSTMENTS</b>	<b>COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT</b>	<b>COLUMN D ADJUSTMENT FACTOR</b>	<b>COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT</b>
<b>DAYS OF ENROLLMENT</b>					
Infants (up to 18 months)					
Full-time-plus	-	-	-	2.006	
Full-time	1,350	-	1,350	1.700	2,295
Three-quarters-time	30	-	30	1.275	38
One-half-time	-	-	-	0.935	-
FCCH Infants (up to 18 months)					
Full-time plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
One-half-time	-	-	-	0.770	-
Toddlers (18 up to 36 months)					
Full-time-plus	-	-	-	1.652	-
Full-time	3,256	-	3,256	1.400	4,558
Three-quarters-time	96	-	96	1.050	101
On-half-time	22	-	22	0.770	17
Three Years and Older					
Full-time-plus	-	-	-	1.180	-
Full-time	350	-	350	1.000	350
Three-quarters-time	-	-	-	0.750	-
One-half-time	-	-	-	0.550	-
Exceptional Needs					
Full-time-plus	-	-	-	1.416	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.660	-
Limited and Non-English Proficient					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
At Risk of Abuse or Neglect					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
Severely Disabled					
Full-time-plus	-	-	-	1.770	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.125	-
One-half-time	-	-	-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	5,104	-	5,104		7,359
<b>DAYS OF OPERATION</b>	247	-	247		
<b>DAYS OF ATTENDANCE</b>	5,104	-	5,104		

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

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

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

Agency Name: Associated Students of San Diego State University Vendor No. H378

Fiscal Year Ended: June 30, 2010 Contract No. CCTR-9244

<b>SECTION II - NONCERTIFIED CHILDREN</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
Report all children who were not certified, but who were served at the same sites as certified children.	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<b>DAYS OF ENROLLMENT</b>					
Infants (up to 18 months)					
Full-time-plus	-	-	-	2.006	-
Full-time	3,383	-	3,383	1.700	5,751
Three-quarters-time	53	-	53	1.275	68
One-half-time	-	-	-	0.935	-
FCCH Infants (up to 18 months)					
Full-time plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
One-half-time	-	-	-	0.770	-
Toddlers (18 up to 36 months)					
Full-time-plus	-	-	-	1.652	-
Full-time	9,965	-	9,965	1.400	13,951
Three-quarters-time	88	-	88	1.050	92
On-half-time	-	-	-	0.770	-
Three Years and Older					
Full-time-plus	-	-	-	1.180	-
Full-time	-	-	-	1.000	-
Three-quarters-time	-	-	-	0.750	-
One-half-time	-	-	-	0.550	-
Exceptional Needs					
Full-time-plus	-	-	-	1.416	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.660	-
Limited and Non-English Proficient					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
At Risk of Abuse or Neglect					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
Severely Disabled					
Full-time-plus	-	-	-	1.770	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.125	-
One-half-time	-	-	-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>13,489</b>	<b>-</b>	<b>13,489</b>		<b>19,862</b>

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for State Preschool and Part-Day Prekindergarten Family Literacy Programs**

Agency Name: Associated Students of San Diego State University Vendor No. H378

Fiscal Year End: June 30, 2010 Contract No. CSPP-9457

Independent Auditor's Name: McGladrey & Pullen, LLP

SECTION I - CERTIFIED CHILDREN	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Days of Enrollment	3,408	-	3,408
Days of Operation	247	-	247
Days of Attendance	3,408	-	3,408

**SECTION II - NONCERTIFIED CHILDREN**

☐ **No Noncertified Children** - Check this box and continue to the Independent Auditor's Assurances area below if no noncertified children are enrolled in the program.

Noncertified Children	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Days of Enrollment for Noncertified Children	19,144	-	19,144

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

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

☒ YES

☐ NO - Explain any discrepancies.

Reimbursable expenses claimed on page 2 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies on page 2.

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

**AUDITED 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, 2010 Contract No. CCTR-9244  
Contract No. CSPP-9457

SECTION III - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$63,734	\$0	\$63,734
County Maintenance of Effort (EC § 8279)	0		0
Uncashed Checks to Providers	0		0
Other (Specify):	0		0
<b>Subtotal Restricted Income</b>	\$63,734	\$0	\$63,734
Transfer from Reserve Contract #	0		0
Transfer from Reserve Contract #	0		0
Family Fees for Certified Children Contract # CCTR-9244	20,644		20,644
Family Fees for Certified Children Contract # CSPP-9457	2,290		2,290
Interest on Apportionments Contract #	0		0
Interest on Apportionments Contract #	0		0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	1,647,752		1,647,752
Other (Specify):	85,898	(4,959)	80,939
<b>TOTAL REVENUE</b>	\$1,820,318	(\$4,959)	\$1,815,359
<b>SECTION IV - EXPENSES</b>			
<b>REIMBURSABLE EXPENSES</b>			
<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	799,976		799,976
2000 Classified Salaries	488,540		488,540
3000 Employee Benefits	402,295		402,295
4000 Books and Supplies	151,175		151,175
5000 Services and Other Operating Expenses	410,747	(4,959)	405,788
6100/6200 Other Approved Capital Outlay	130,447		130,447
6400 New Equipment (program-related)	0		0
6500 Replacement Equipment (program-related)	15,920		15,920
Depreciation or Use Allowance	0		0
Start-Up Expenses (service level exemption)	0		0
Indirect Cost Rate Percentage: 0.00%	0		0
<b>FOR CDE-A&amp;I USE ONLY:</b>			
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$2,399,100	(\$4,959)	\$2,394,141
<b>TOTAL ADMINISTRATIVE COST (included in section IV above)</b>	\$17,000	\$0	\$17,000

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

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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



**AUDITED FISCAL REPORT  
for Child Development Support Contracts**

Agency Name: Associated Students of San Diego State University Vendor No. H378

Fiscal Year End: June 30, 2010 Contract No. CRPM-8120

Multi-Year Contract? (Check No Box or Enter Contract Period): No: ☐ or Period: 09/15/08 - 6/30/11

Independent Auditor's Name: McGladrey & Pullen, LLP

SECTION I - REVENUE	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	Cumulative		Audit Adjustment Increase Or (Decrease)	Cumulative Through Current Fiscal Year Per Audit
	Totals From Last Audit	Current Fiscal Year Per Agency		
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
<b>Subtotal Restricted Income</b>	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0	\$0
<b>SECTION II - EXPENSES</b>				
REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$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	20,000			20,000
6400 New Equipment ( <i>program-related</i> )				0
6500 Replacement Equipment ( <i>program-related</i> )				0
Depreciation or Use Allowance				0
Indirect Cost Rate Percentage: 0.00%				0
FOR CDE-A&I USE ONLY:				
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$20,000	\$0	\$0	\$20,000
TOTAL ADMINISTRATIVE COST (included in section II above)	\$0	\$0	\$0	\$0

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

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

**AUDITED FISCAL REPORT  
for Child Development Support Contracts**

Agency Name: Associated Students of San Diego State University Vendor No. H378

Fiscal Year End: June 30, 2010 Contract No. CIMS-9501

Multi-Year Contract? (Check No Box or Enter Contract Period): No: ☒ or Period: \_\_\_\_\_

Independent Auditor's Name: McGladrey & Pullen, LLP

SECTION I - REVENUE	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	Cumulative		Audit Adjustment Increase Or (Decrease)	Cumulative Through Current Fiscal Year Per Audit
	Totals From Last Audit	Current Fiscal Year Per Agency		
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)	0	0	0	0
Other (Specify):	0	0	0	0
<b>Subtotal Restricted Income</b>	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS	0	0	0	0
UNRESTRICTED INCOME				
Other (Specify):	0	0	0	0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0	\$0
<b>SECTION II - EXPENSES</b>				
REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies	745			745
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment ( <i>program-related</i> )				0
6500 Replacement Equipment ( <i>program-related</i> )				0
Depreciation or Use Allowance				0
Indirect Cost Rate Percentage: 0.00%				0
FOR CDE-A&I USE ONLY:				
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$745	\$0	\$0	\$745
TOTAL ADMINISTRATIVE COST (included in section II above)	\$0	\$0	\$0	\$0

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

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

### AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Associated Students of San Diego State University

Fiscal Year End: June 30, 2010

Vendor No. H378

Independent Auditor's Name: McGladrey & Pullen, LLP

**RESERVE ACCOUNT TYPE (Check One):**

- ☒ **Center Based**  
☐ **Resource and Referral**  
☐ **Alternative Payment**

	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
<b>1. Ending Balance on Last Year's AUD 9530-A</b>	\$0	\$0	\$0
<b>2. Plus Transferred to Reserve Account Based on CDFS' Calculations Reported on Last Year's Post-Audit CDFS 9530:</b>			
Contract No.	\$0	\$0	\$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
<b>3. Excess Reserve to be Billed. If Such an Amount is Reported on Last Year's Post-Audit CDFS 9530, enter it here as a Positive Amount. (Not applicable to center based reserve accounts.)</b>	\$0	\$0	\$0
<b>4. Ending Balance from Last Year's Post-Audit CDFS 9530</b>	\$0	\$0	\$0
<b>5. Plus Interest Earned This Year on Reserve Funds (Column A must agree with Section II of this year's CDFS 9530-A)</b>	\$0	\$0	\$0
<b>6. Less Transfers from Reserve to Pay this Year's Expenses for the Following Contracts (Column A must agree with Section III of this year's CDFS 9530-A; and transfer amounts must agree with Transfer from Reserve amounts reported on this year's AUD forms for respective contracts):</b>			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Reserve Account	0	0	0
<b>7. Ending Balance on June 30, 2010 (Column A must agree with Section IV of this year's CDFS 9530-A)</b>	\$0	\$0	\$0

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

**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, 2010, and have issued our report thereon dated October 21, 2010. 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 an 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Child Care Findings and Responses as item 10-01.

The Fund's response to the finding identified in our audit is described in the accompanying Schedule of Child Care 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 management, the audit committee and the 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  
October 21, 2010

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

**Schedule of Child Care Findings and Responses  
Year Ended June 30, 2010**

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**A. Significant Deficiencies in Internal Control Over Financial Reporting**

No matters were reported.

**B. Compliance Findings**

**Finding 10-01, Quarterly Reporting for California State Preschool Program (CSPP)**

**Condition:** The Fund submitted the incorrect quarterly forms for reporting attendance and fiscal reporting for CSPP during the fiscal year ended June 30, 2010. The Fund submitted a 9500 form rather than an 8501 form, which is the required form for CSPP.

**Effect:** The condition noted above resulted in noncompliance with the CSPP reporting requirements as specified by the California Department of Education (CDE). The report submitted contains the attendance information required by the CDE, but in the incorrect format and on the incorrect form based on CDE requirements. There were no questioned costs relating to submission of the incorrect forms during the fiscal year ended June 30, 2010.

**Recommendation:** We recommend that management implement a process for reviewing all grant contracts for applicable compliance requirements. This review should include researching the required reporting and proper forms to be completed for new programs or changes in programs to ensure compliance.

**Corrective Action Plan:** Management will implement a process for reviewing all grant contracts for applicable compliance requirements. Although the Fund did not incur any penalty or fine relating to the submission of these forms during the fiscal year ended June 30, 2010, management will ensure that the correct forms are submitted on a go-forward basis for this program.

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

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010**

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The following compliance findings were identified during the Fund's financial and compliance audit for the year ended June 30, 2009:

**A. Compliance Findings**

**Finding 09-01, Internal Record Retention**

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

**Corrective Action Taken:** Management will designate one locking filing cabinet in the office manager's office to secure all funding files. A check in/out 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**

**Audit Finding:** 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.

**Corrective Action Taken:** 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**

**Audit Finding:** 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.

**Corrective Action Taken:** 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.