

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

Financial and Compliance Report
June 30, 2012

Contents

General Information	1
Independent Auditor's Report on the Financial Statements and Supplementary Information	2-3
Financial Statements	
Statement of financial position	4
Statement of activities	5
Statement of cash flows	6
Notes to financial statements	7-9
Supplementary Information	
Schedule of Expenditures of Federal and State Awards	10
Combining Statement of Activities	11
Schedule of Expenditures by State Categories	12
Reconciliation of CDE and GAAP Expense Reporting	13
Schedule of Reimbursable Equipment Expenditures	14
Schedule of Reimbursable Expenditures for Renovations and Repairs	15
Schedule of Reimbursable Administrative Costs	16
AUD 9500—Audited attendance and fiscal report for child development programs— Contract No. CCTR-1238	17-18
AUD 8501—Audited attendance and fiscal report for California state preschool programs— Contract No. CSPP-1442	19-20
AUD 9500—Audited attendance and fiscal report for child development programs— Contract Nos. CCTR-1238 and CSPP-1442	21
AUD 9529—Audited fiscal report for child development support contracts— Contract No. CRPM-0097	22
AUD 9530-A—Audited reserve account activity report	23
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 <i>Government Auditing Standards</i>	24-25
Schedule of Child Care Findings and Responses	26
Summary Schedule of Prior Audit Findings	27

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

General Information

June 30, 2012

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-1238 and CSPP-1442

Type of agency:

Auxiliary Organization of the California State University

Address of agency headquarters:

5500 Campanile Drive
San Diego, CA 92182

Officers:

President—Cody Barbo
Executive Director—D. Cornthwaite
Executive Director Designate—C. Brown
(All may be reached at the agency headquarters address)

Telephone number:

(619) 594-6487

Period covered by the examination:

July 1, 2011 through June 30, 2012

Number of days of operation:

203

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
Child Care Fund of the 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, 2012, and 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 opinions 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 (U.S. GAAP).

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Fund as of June 30, 2012, and the changes in its net assets and cash flows for the year then ended, in conformity with U.S. GAAP.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012 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 taken as a whole. The accompanying schedule of expenditures of federal and state awards, as required by the *Government Auditing Standards*, listed in the table of contents as supplementary information on page 10, 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 10 through 23 is presented for purposes of additional analysis as required by the California Department of Education, and is not a required part of the Fund's financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and is 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 schedule of expenditures of federal and state awards and the other supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

McGladrey LLP

Irvine, CA
November 13, 2012

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

**Statement of Financial Position
June 30, 2012**

Assets

Receivables, net (Note 2)	\$ 42,447
Due From Other Funds of Associated Students of San Diego State University	<u>127,083</u>
Total assets	<u>\$ 169,530</u>

Liabilities and Net Assets

Deferred Revenue	\$ 3,186
Due to State Department of Education	<u>42,396</u>
Total liabilities	<u>45,582</u>

Commitment (Note 3)

Net Assets, unrestricted	<u>123,948</u>
Total liabilities and net assets	<u>\$ 169,530</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, 2012**

Changes in unrestricted net assets:

Unrestricted support:	
State apportionments	\$ 274,950
Child care food program	61,984
California State University contribution	57,900
Other unrestricted revenues:	
Parent fees, certified children	9,978
Parent fees, noncertified children	1,695,542
Other	35,326
Total unrestricted revenues and support, net of direct benefits	<u>2,135,680</u>

Expenses:

Salaries:	
Certified	794,403
Noncertified	429,463
Employee benefits	433,075
Supplies	47,750
Food supplies	102,217
Audit fee	14,850
Facility rent (Note 3)	211,200
Other operating expenses	200,929
Total expenses	<u>2,233,887</u>
Expenses over revenue and other support	<u>(98,207)</u>

Transfers:

Transfers from Associated Students General Fund	159,132
Transfers to Associated Students Designated Fund	(46,898)
Total transfers	<u>112,234</u>
Increase in unrestricted net assets	<u>14,027</u>

Net Assets at Beginning of Year	109,921
Net Assets at End of Year	<u>\$ 123,948</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, 2012**

Cash Flows From Operating Activities	
Increase in net assets	\$ 14,027
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Receivables	(8,112)
Deposits	(60)
Liability to State	27,755
Deferred revenue	(1,218)
Net cash provided by operating activities	32,392
Cash Flows From Financing Activities	
Net change in due from other funds	(32,392)
Net cash used in financing activities	(32,392)
Net change in cash	-
Cash	
Beginning of year	-
End of year	\$ -

See Notes to Financial Statements.

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

Notes to Financial Statements

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 Associated Students 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 Associated Students 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, 2012 represent funds that 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. There are no temporarily restricted or permanently restricted net assets as of June 30, 2012.

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 restricted 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

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.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The Fund does not charge interest on past due accounts.

Deferred revenue: The Fund recognizes revenue related to child care services as the services are provided. Accordingly, certain child service fees are received in advance of the service being provided and are included in deferred revenue.

Due from other funds of Associated Students of San Diego State University: The amount represents the cash held by Associated Students on behalf of the Fund.

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 that 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, 2012.

Due to the state Department of Education: The Fund performs an annual earnings calculation as prescribed by the California Department of Education (CDE) to determine the actual revenues earned for the year. The maximum reimbursable amount is adjusted by the percentage of actual operational days to calculate the actual amount earned. The excess amounts received from the state over the actual amount earned is the amount due to the CDE from the Fund.

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 receivables. Actual results could differ from those estimates.

Subsequent events: The Fund has evaluated subsequent events through November 13, 2012, 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.

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

Notes to Financial Statements

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

Income taxes: The Fund adopted the provisions of Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*. The Fund files a 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, 2012, the Fund has addressed uncertainty in its income tax position, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Forms 990 and 990-T filed by the Fund are subject to examination by the Internal Revenue Service 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, 2008 and prior.

Note 2. Receivables

The Fund's receivables, net, consist of the following at June 30, 2012:

State Department of Education Food Program	\$ 4,558
Parent fees	10,639
San Diego State University	28,950
	<hr/> 44,147
Less allowance for doubtful accounts	1,700
	<hr/> <hr/> \$ 42,447

Note 3. Facility Rent

The SDSU Child Care Center operates in a facility of approximately 16,000 square feet, which is leased by Associated Students through June 30, 2014. The rental commitment through the expiration of the lease is \$422,400. Associated Students charges the Fund rent at a rate of \$1.10 per square foot on a month-to-month basis. Rent expense during the year ended June 30, 2012 was \$211,200.

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, 2012**

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	
Federal								
U.S. Department of Agriculture:								
Passed through State of California Department of Education:								
Child Care food program	10.558	H37-1548-6A	\$ 59,635	\$ -	\$ 59,635	\$ 59,635	\$ -	-
U.S. Department of Health and Human Services:								
Passed through State of California Department of Education:								
Child Care and Development Fund (CCDF):								
CCDF Renovation and Repair Project	93.575	CRPM-0097	20,000	-	20,000	5,400	-	-
Total expenditures of federal awards			79,635	-	79,635	65,035	-	-
State								
Child Development Center Program:								
CCDF General Center Child Care	N/A	CCTR-1238	-	149,227	149,227	-	-	-
CCDF General Center Child Care (preschool only)	N/A	CSPP-1442	-	120,323	120,323	-	-	-
CCDF General Center Child Care	N/A	CCTR-1238/CSPP-1442	-	-	-	-	-	2,166,503
Child Care Food Program	N/A	H37-1548-6A	-	2,349	2,349	-	-	2,349
Total expenditures of state awards			-	271,899	271,899	-	-	2,168,852
Total expenditures of federal and state awards			\$ 79,635	\$ 271,899	\$ 351,534	\$ 65,035	\$ 2,168,852	\$ 2,168,852

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, 2012

CCTR-1238									
CSP-1442									
Combined									
CRPM-0097									
CD Contracts									
Non-CDE									
Programs									
Total									
Revenue and Support									
Government contracts:									
Child care programs:	\$ 149,227	\$ 120,323	\$ 269,550	\$ 5,400	\$ 274,950	\$ -	\$ 274,950		
Child Care Food Program, #H37-1548-6A	61,984	-	61,984	-	61,984	-	61,984		
Subtotal government contracts	211,211	120,323	331,534	5,400	336,934	-	336,934		
Other support:									
Unrestricted contributions and other income	93,226	-	93,226	-	93,226	-	93,226		
Transfers from CD reserves	-	-	-	-	-	-	-		
Family fees - certified children	4,513	5,465	9,978	-	9,978	-	9,978		
Family fees - noncertified children	1,695,542	-	1,695,542	-	1,695,542	-	1,695,542		
Interest income	-	-	-	-	-	-	-		
Subtotal other support	1,793,281	5,465	1,798,746	-	1,798,746	-	1,798,746		
Total revenue and support	2,004,492	125,788	2,130,280	5,400	2,135,680	-	2,135,680		
Expenses									
Provider payments	-	-	-	-	-	-	-		
Salaries	-	-	1,223,866	-	1,223,866	-	1,223,866		
Employee benefits	-	-	433,075	-	433,075	-	433,075		
Books and supplies	-	-	149,967	-	149,967	-	149,967		
Facility rent	-	-	211,200	-	211,200	-	211,200		
Other operating expenses	-	-	181,198	-	181,198	-	181,198		
Building repairs and maintenance	-	-	23,346	5,400	28,746	-	28,746		
Equipment expense	-	-	5,835	-	5,835	-	5,835		
Depreciation	-	-	-	-	-	-	-		
In-kind contributions expense	-	-	-	-	-	-	-		
General, administrative and indirect	-	-	-	-	-	-	-		
Total expenses	-	-	2,228,487	5,400	2,233,887	-	2,233,887		
Expenses over revenue and other support	\$ 2,004,492	\$ 125,788	\$ (98,207)	\$ -	\$ (98,207)	\$ -	\$ (98,207)		

**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, 2012

Expenditures	CCTR-1238 CSPP-1442 Combined	CRPM-0097	Total CDE CD Contracts
Direct payments to providers	\$ -	\$ -	\$ -
1100 Certificated salaries	794,403	-	794,403
2000 Classified salaries	429,463	-	429,463
3000 Employee benefits	433,075	-	433,075
4000 Books and supplies	149,967	-	149,967
5000 Services and other operating expenses	392,398	-	392,398
6100/6200 Other approved capital outlay	23,346	5,400	28,746
6400 New equipment	-	-	-
6500 Replacement equipment	5,835	-	5,835
Depreciation on assets not purchased with public funds	-	-	-
Start-up expenses—service level exemption	-	-	-
Indirect costs	-	-	-
Total expenses claimed for reimbursement	2,228,487	5,400	2,233,887
Supplemental expenses	-	-	-
Total expenditures	\$ 2,228,487	\$ 5,400	\$ 2,233,887

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

**Reconciliation of CDE and GAAP Expense Reporting
Year Ended June 30, 2012**

Expenses	CCTR-1238 CSPP-1442 Combined	CRPM-0097	Total CDE CD Contracts
Schedule of Expenditures by State Categories (CDE)	\$ 2,228,487	\$ 5,400	\$ 2,233,887
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)	-	-	-
Subtotal	-	-	-
Combining Statement of Activities (GAAP)	\$ 2,228,487	\$ 5,400	\$ 2,233,887

**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, 2012**

	CCTR-1238 CSPP-1442 Combined	CRPM-0097	Total CDE CD Contracts
Unit Cost Under \$7,500 Per Item			
Computers/classroom supplies	\$ 5,835	\$ -	\$ 5,835
Subtotal	5,835	-	5,835
Unit Cost Over \$7,500 Per Item	-	-	-
With Prior Written Approval	-	-	-
None			
Subtotal	-	-	-
Unit Cost Over \$7,500 Per Item	-	-	-
Without Prior Approval	-	-	-
None			
Subtotal	-	-	-
Total	\$ 5,835	\$ -	\$ 5,835

**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, 2012

	CCTR-1238 CSPP-1442 Combined	CRPM-0097	Total CDE CD Contracts
Unit Cost Under \$10,000 Per Item			
Leasehold improvements	\$ 23,346	\$ 5,400	\$ 28,746
Subtotal	23,346	5,400	28,746
Unit Cost \$10,000 or More Per Item	-	-	-
With Prior Written Approval	-	-	-
None			-
Subtotal	-	-	-
Unit Cost \$10,000 or More Per Item	-	-	-
Without Prior Approval	-	-	-
None			-
Subtotal	-	-	-
Total	\$ 23,346	\$ 5,400	\$ 28,746

**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, 2012

Reimbursable Administrative Costs	CCTR-1238 CSPP-1442	CRPM-0097	Total CDE CD Contracts
	Combined		
Salaries	\$ 1,223,866	\$ -	\$ 1,223,866
Employee benefits	433,075	-	433,075
Books and supplies	149,967	-	149,967
Services and other operating expense	392,398	-	392,398
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
Total	\$ 2,199,306	\$ -	\$ 2,199,306

**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, 2012 Contract No. CCTR-1238

Independent Auditor's Name: McGladrey LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-	-	-	2.006	-
Full-time	887	-	887	1.700	1,507.90
Three-quarters-time	7	-	7	1.275	8.93
One-half-time	4	-	4	0.935	3.74
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
One-half-time	-	-	-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-	-	-	1.652	-
Full-time	1,657	-	1,657	1.400	2,319.80
Three-quarters-time	27	-	27	1.050	28.35
On-half-time	18	-	18	0.770	13.86
<i>Three Years and Older</i>					
Full-time-plus	-	-	-	1.180	-
Full-time	313	-	313	1.000	313.00
Three-quarters-time	-	-	-	0.750	-
One-half-time	-	-	-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.416	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.770	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.125	-
One-half-time	-	-	-	0.825	-
TOTAL DAYS OF ENROLLMENT	2,913	-	2,913		4,195.58
DAYS OF OPERATION	203	-	203		
DAYS OF ATTENDANCE	2,895	18	2,913		

☐ **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, 2012 Contract No. CCTR-1238

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-	-	-	2.006	-
Full-time	3,569	-	3,569	1.700	6,067.30
Three-quarters-time	22	-	22	1.275	28.05
One-half-time	-	-	-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
One-half-time	-	-	-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-	-	-	1.652	-
Full-time	9,077	-	9,077	1.400	12,707.80
Three-quarters-time	301	-	301	1.050	316.05
On-half-time	43	-	43	0.770	33.11
<i>Three Years and Older</i>					
Full-time-plus	-	-	-	1.180	-
Full-time	-	-	-	1.000	-
Three-quarters-time	-	-	-	0.750	-
One-half-time	-	-	-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.416	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.770	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.125	-
One-half-time	-	-	-	0.825	-
TOTAL DAYS OF ENROLLMENT	13,012	-	13,012		19,152.31

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

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

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

Fiscal Year Ended: June 30, 2012 Contract No. CSPP-1442

Independent Auditor's Name: McGladrey LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-	-	-	1.1800	-
Full-time	3,523	-	3,523	1.0000	3,523
Three-quarters-time	167	-	167	0.7500	125.25
One-half-time	17	-	17	0.6172	10.49
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.4160	-
Full-time	-	-	-	1.2000	-
Three-quarters-time	-	-	-	0.9000	-
One-half-time	-	-	-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.7700	-
Full-time	-	-	-	1.5000	-
Three-quarters-time	-	-	-	1.1250	-
One-half-time	-	-	-	0.6172	-
TOTAL DAYS OF ENROLLMENT	3,707	-	3,707		3,658.74
DAYS OF OPERATION	203	-	203		
DAYS OF ATTENDANCE	3,689	18	3,707		

☐ **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 California State Preschool Programs**

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

Fiscal Year Ended: June 30, 2012 Contract No. CSPP-1442

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-	-	-	1.1800	-
Full-time	21,641	-	21,641	1.0000	21,641
Three-quarters-time	175	-	175	0.7500	131.25
One-half-time	-	-	-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.4160	-
Full-time	-	-	-	1.2000	-
Three-quarters-time	-	-	-	0.9000	-
One-half-time	-	-	-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.7700	-
Full-time	-	-	-	1.5000	-
Three-quarters-time	-	-	-	1.1250	-
One-half-time	-	-	-	0.6172	-
TOTAL DAYS OF ENROLLMENT	21,816	-	21,816		21,772.25

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, 2012 Contract No. CCTR-1238 & CSPP-1442

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$63,179	(\$1,195)	\$61,984
County Maintenance of Effort (EC § 8279)	0	0	0
Other (Specify):	0	0	0
Subtotal	\$ 63,179	\$ (1,195)	\$61,984
Transfer from Reserve Contract #	0	0	0
Contract #	0	0	0
Family Fees for Certified Children Contract # CCTR-1238	4,513	0	4,513
Contract # CSPP-0449	5,465	0	5,465
Interest Earned on Apportionments Contract #	0	0	0
Contract #	0	0	0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	1,695,542	0	1,695,542
Other (Specify):	105,184	(11,958)	93,226
TOTAL REVENUE	\$1,873,883	(\$13,153)	\$1,860,730
SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	826,631	(32,228)	794,403
2000 Classified Salaries	428,002	1,461	429,463
3000 Employee Benefits	432,810	265	433,075
4000 Books and Supplies	157,011	(7,044)	149,967
5000 Services and Other Operating Expenses	179,353	213,045	392,398
6100/6200 Other Approved Capital Outlay	9,957	13,389	23,346
6400 New Equipment (program-related)	5,693	(5,693)	0
6500 Replacement Equipment (program-related)	27,059	(21,224)	5,835
Depreciation or Use Allowance	0	0	0
Start-Up Expenses (service level exemption)	0	0	0
Budget Impasse Credit Contract #	0	0	0
Contract #	0	0	0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)	0	0	0
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$2,066,516	\$161,971	\$2,228,487
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$0	\$0	\$0

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 exceptions

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

☐ YES

☐ NO - Explain any exceptions

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, 2012 Contract No. CRPM-0097

Multi-Year Contract? (Check "No" Box ☐ or Enter Contract Period): No: ☐ or Period: 07/01/10-06/30/13

Independent Auditor's Name: McGladrey LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)	0	0	0	0
Other (Specify):	0	0	0	0
Subtotal	0	0	0	0
INTEREST EARNED ON APPORTIONMENTS	0	0	0	0
UNRESTRICTED INCOME				
Other (Specify):	0	0	0	0
TOTAL REVENUE	\$0	\$0	\$0	\$0
SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries	0	0	0	0
3000 Employee Benefits	0	0	0	0
4000 Books and Supplies	0	0	0	0
5000 Services and Other Operating Expenses	0	0	0	0
6100/6200 Other Approved Capital Outlay	0	9,957	(9,957)	0
6400 New Equipment (<i>program-related</i>)	14,600	5,693	(293)	20,000
6500 Replacement Equipment (<i>program-related</i>)	0	0	0	0
Depreciation or Use Allowance	0	0	0	0
Indirect Costs. Rate: 0.00%	0	0	0	0
NONREIMBURSABLE (STATE USE ONLY)				
Subtotal expenses for current year	14,600	15,650	(10,250)	20,000
EXPENSES INCURRED IN PRIOR YEARS	0	0	0	0
TOTAL REIMBURSABLE EXPENSES	\$14,600	\$15,650	(\$10,250)	\$20,000
TOTAL ADMINISTRATIVE COSTS (included in section II above)	\$0	\$0	\$0	\$0

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Associated Students of San Diego State University

Fiscal Year End: June 30, 2012

Vendor No. H378

Independent Auditor's Name: McGladrey LLP

RESERVE ACCOUNT TYPE (Check One):		COLUMN A	COLUMN B	COLUMN C
<input checked="" type="checkbox"/> Center Based				
<input type="checkbox"/> Resource and Referral				
<input type="checkbox"/> Alternative Payment				
		PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
LAST YEAR:				
1. Ending Balance on Last Year's AUD 9530-A				\$0
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):				
Contract No.	\$0	\$0		\$0
Contract No.	0	0		0
Contract No.	0	0		0
Contract No.	0	0		0
Contract No.	0	0		0
Contract No.	0	0		0
Total Transferred from Contracts to Reserve Account	0	0		0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0	\$0		\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$0	\$0		\$0
THIS YEAR:				
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$0	\$0		\$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):				
Regular Transfer to: Contract No.	\$0	\$0		\$0
Contract No.	0	0		0
Contract No.	0	0		0
Special Funds Transfer to: Contract No.	0	0		0
Contract No.	0	0		0
Contract No.	0	0		0
Total Transferred to Contracts from Reserve Account	0	0		0
7. Ending Balance on June 30, 2012 (column A must agree with this year's CDFS 9530-A, Section IV)	\$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
Child Care Fund of the 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, 2012, and have issued our report thereon dated November 13, 2012. 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

Management of the Fund is responsible for establishing and maintaining effective 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 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 previously.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying Schedule of Child Care Findings and Responses as Findings 12-01 and 12-02.

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

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 these specified parties.

McGladrey LLP

Irvine, CA
November 13, 2012

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

**Schedule of Child Care Findings and Responses
Year Ended June 30, 2012**

A. Significant Deficiencies in Internal Control Over Financial Reporting

No matters were reported.

B. Compliance Findings

Finding 12-01, Certified Parent Fees for General Child Care & Development Programs (CCTR) and California State Preschool Program (CSPP) Calculation of Income

Condition: There was an instance in which the Fund incorrectly calculated total countable income and adjusted monthly income in the family data file.

Effect: Although the correct parent fee was charged, the condition noted above resulted in noncompliance with the CCTR and CSPP as the Fund incorrectly calculated total countable income within the income calculation worksheet understating gross income.

Recommendation: We recommend that management implement a second review process for reviewing all income calculation worksheets to reconcile to the parent's sources of income.

Corrective Action Taken: On a forward basis, once the total countable income and adjusted monthly income is calculated from the family data file by one of the three SDSU Child Care Center certifying agents, a second review will be conducted by at least one other certifying agent to review the calculation against the income calculation worksheet and the family data files to ensure that the correct amount of income is being charged the respective State contracts.

Finding 12-02, Certified Parent Fees for CCTR and CSPP Programs on Emergency Closure Occurrence

Condition: On September 9, 2011, the SDSU Child Care Center was closed due to a countywide power outage. The Fund submitted a declaration of emergency closure and was reviewed and approved pursuant to California Education Code, Section 8271. The Fund received correspondence from the California Department of Education, Child Development Division allowing one day of credit for the facility closure due to emergency conditions. During the period of closure, parent fees were not to be collected from families certified for full-day subsidized services for the CCTR and CSPP Program.

Effect: It was noted on September 9, 2011 that parent fees from six certified families were collected on the facility closure date.

Recommendation: We recommend that management implement a second review process to ensure proper accounting of facility closures in accordance with state or federal correspondence.

Corrective Action Taken: These types of outages are rare in San Diego, but on a forward basis, when there is any type of situation that creates a day when the facility needs to be closed on a normally operative day, the billing department will be made aware that fees should not be charged to families certified for full-day subsidy on State contracts. In addition, all billings will be reviewed by the SDSU Child Care Center Director before being sent to ensure billing is correct.

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

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

The following compliance finding was identified during the Fund's financial and compliance audit for the year ended June 30, 2011:

A. Compliance Findings

Finding 11-01, Attendance Record Maintenance for California State Preschool Program (CSPP)

Condition: There was a missing parent's signature on the sign-in/sign-out sheet and the child was counted as having attended.

Effect: The condition noted above resulted in noncompliance with the CSPP reporting requirements as specified by the California Department of Education (CDE). There were no questioned costs relating to submission of the incorrect forms during the fiscal year ended June 30, 2011.

Recommendation: We recommend that the management implement a process for reviewing sign-in/sign-out sheets to ensure all required signatures reconcile to the monthly attendance summaries. We also recommend that each teacher should review the sign-in/sign-out sheets for his/her classroom to make sure the necessary signatures are obtained at the end of each day.

Actual Resolution: Master Teachers ensured that families sign in and out daily as they greeted children at the beginning and end of each day. They reviewed the sign-in/sign-out sheets for their classroom at the end of the day and ensured both in/out times and full signatures were present for each child in the classroom daily. They talked directly to any family who missed a signature. All members of the Front Desk team were assigned a specific classroom to monitor for attendance. They conducted monthly reviews of all sign-in/sign-out sheets and reconciled attendance records. Any family with a missing or incomplete signature was issued a written warning with a reminder of the importance of signing in/out daily as required by our state-funded contract. An additional review of attendance records for each classroom was conducted by another Front Desk team member who highlighted missing signatures that may not have been picked up on during the previous review. Any page with a missing or incomplete signature was copied for review by the office supervisor who removed the day from attendance and ensured that the CDE was not billed. Attendance summaries were reviewed at monthly Front Desk staff meetings and families who continued to miss signatures were identified. Meetings were scheduled with the cottage supervisor and the office supervisor to reinforce the importance of signing in and out each day in compliance with the CDE and discussions with both families and teachers were held.