



**ASSOCIATED STUDENTS
INCORPORATED OF CALIFORNIA
STATE UNIVERSITY, STANISLAUS**

Report to the Board of Directors

Years Ended June 30, 2014 and 2013



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EXECUTIVE SUMMARY

To assist you in your responsibilities as a member of the Board of Directors, this section summarizes the most significant conclusions reached and issues addressed during our audit of Associated Students Incorporated of California State University, Stanislaus for the year ended June 30, 2014.

Significant Conclusions and Issues

We have completed our audit and will issue our report, dated September 18, 2014, once accepted by the Board. Based on our work performed:

- Our audit scope was in accordance with that communicated in our engagement letter dated June 16, 2014.
- We rendered an unmodified opinion on the June 30, 2014 financial statements.
- We identified no conditions which we consider to be material weaknesses in internal controls.
- Audit areas designated as greater than normal risk have been addressed and resolved to our satisfaction, in the context of the overall fairness of the presentation of the financial statements.
- We received the full cooperation of management and staff throughout the audit and were kept informed as to developments and plans affecting our audit scope.

The following report includes required communications and additional information for the benefit of the Board of Directors.



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September 18, 2014

To the Board of Directors
Associated Students Incorporated of California State University, Stanislaus

In planning and performing our audit of the financial statements of Associated Students Incorporated of California State University, Stanislaus (Organization) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

AKT LLP

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September 18, 2014

To the Board of Directors
Associated Students Incorporated of California State University, Stanislaus

We have audited the financial statements of Associated Students Incorporated of California State University, Stanislaus (Organization) for the year ended June 30, 2014, and will issue our report thereon dated September 18, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No significant new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is:

Management's estimate of the actuarial present value of the other post-employment benefits is determined by an actuary. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. We evaluated the key factors and assumptions used to develop the actuarial present value of accumulated plan benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that no misstatements were identified during the audit.

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To the Board of Directors
Associated Students Incorporated of California State University, Stanislaus

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 18, 2014. A copy of the letter, beginning on page 7, is included for your reference.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the information to the underlying accounting records used to prepare the financial statements or to those statements themselves.

This information is intended solely for the use of the Board of Directors and management of Associated Students Incorporated of California State University, Stanislaus and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

AKT LLP

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TREND AND RATIO ANALYSIS

A summary of key financial statement information is presented below:

Summary of Statements of Financial Position

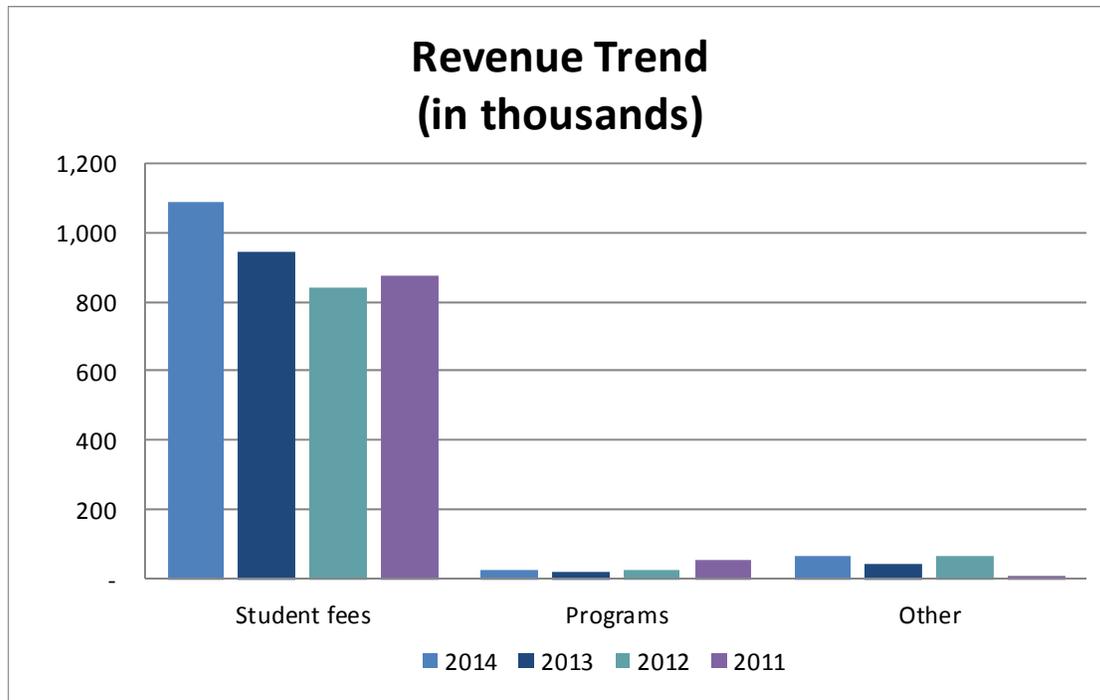
	2014		2013		2012		2011					
ASSETS												
Cash and cash equivalents	\$	1,276,656	80%	\$	1,215,970	81%	\$	1,185,215	82%	\$	1,050,581	89%
Due from related parties		311,657	19%		270,859	18%		227,559	16%		130,337	11%
Other assets		14,475	1%		19,024	1%		29,759	2%		4,319	0%
Total Assets	\$	<u>1,602,788</u>	<u>100%</u>	\$	<u>1,505,853</u>	<u>100%</u>	\$	<u>1,442,533</u>	<u>100%</u>	\$	<u>1,185,237</u>	<u>100%</u>
LIABILITIES AND NET ASSETS												
Current liabilities	\$	162,255	10%	\$	110,694	7%	\$	196,918	14%	\$	125,074	11%
Unearned revenue		103,064	6%		187,179	12%		164,340	11%		23,083	2%
Post-retirement benefits		256,301	16%		223,236	15%		160,905	11%		206,823	17%
Total Liabilities		<u>521,620</u>	<u>33%</u>		<u>521,109</u>	<u>35%</u>		<u>522,163</u>	<u>36%</u>		<u>354,980</u>	<u>30%</u>
Net Assets		<u>1,081,168</u>	<u>67%</u>		<u>984,744</u>	<u>65%</u>		<u>920,370</u>	<u>64%</u>		<u>830,257</u>	<u>70%</u>
Liabilities and Net Assets	\$	<u>1,602,788</u>	<u>100%</u>	\$	<u>1,505,853</u>	<u>100%</u>	\$	<u>1,442,533</u>	<u>100%</u>	\$	<u>1,185,237</u>	<u>100%</u>

Summary of Net Assets

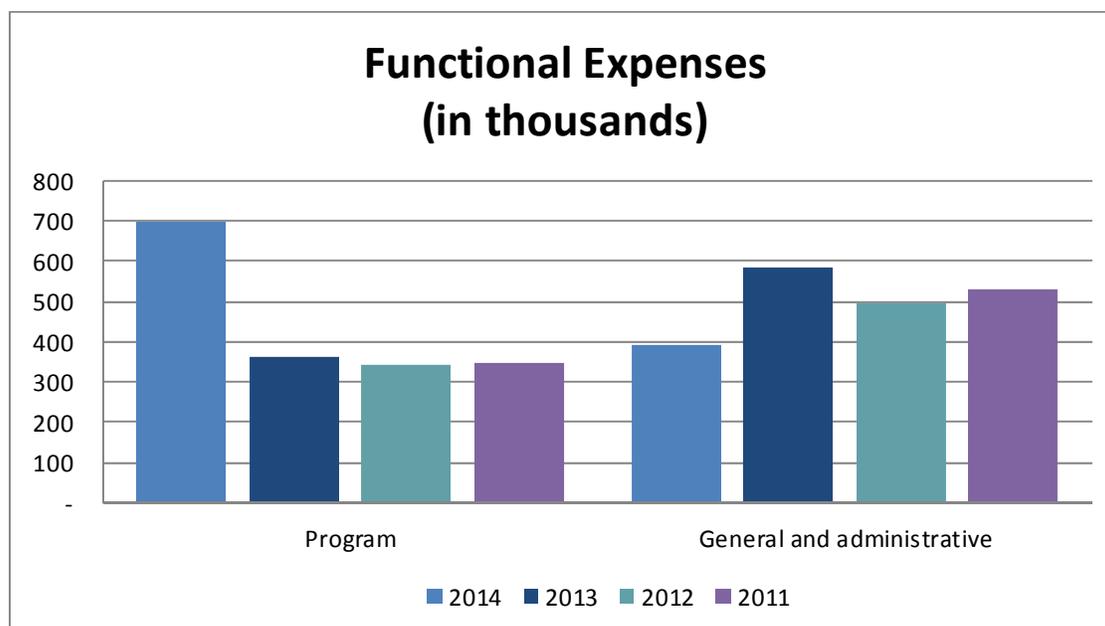
	2014		2013		2012		2011				
Unrestricted:											
Undesignated	\$	286,168		\$	39,744		\$	80,370		\$	40,257
Board designated		750,000			900,000			790,000			790,000
Temporarily Restricted		45,000			45,000			50,000			-
	\$	<u>1,081,168</u>		\$	<u>984,744</u>		\$	<u>920,370</u>		\$	<u>830,257</u>

TREND AND RATIO ANALYSIS

Summary Revenue Trend



Summary of Functional Expenses



September 18, 2014

AKT LLP
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San Diego, CA 92108

This representation letter is provided in connection with your audits of the financial statements of Associated Students Incorporated of California State University, Stanislaus (Organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 18, 2014, the following representations made to you during your audits.'

Financial Statements'

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 16, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.'
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- Completeness and availability of all minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes were not yet prepared.
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We have complied with all the restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- Associated Students Incorporated of California State University, Stanislaus, is an exempt organization under Section 501 (C)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- In regard to the preparation of the financial statements and related notes and the Federal and state informational return preparation services performed by you, we have—
 - Assumed all management responsibilities.
 - Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.

- We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signed: _____

Name: Cesar Rumayor

Title: Executive Director, Associated Students Incorporated of California State University, Stanislaus

Signed: _____

Name: Regan Linderman

Title: Controller, California State University, Stanislaus

Signed: _____

Name: Briquel Hutton

Title: Director of Audit Services, California State University, Stanislaus