

**ASSOCIATED STUDENTS, INCORPORATED
OF SONOMA STATE UNIVERSITY**

ROHNERT PARK, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2006

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Associated Students, Incorporated of Sonoma State University
Child Development Programs
GENERAL INFORMATION
For the Year Ended June 30, 2006

Organization Name: Associated Students, Incorporated of Sonoma State University -
Children's School

Type of Organization: Campus without match

<u>Contract Numbers</u>	<u>Program Numbers</u>	<u>Program Name</u>
CCTR-5445	49-Y421-00-5	General Center Child Care
CCAP-4376	49-Y421-00-4	Capacity Project
CRPM-4121	49-Y421-00-4	Facilities Renovation and Repair
CIMS-5698	49-Y421-00-5	Instructional Materials
CPKR-5735	49-Y421-00-5	Pre-Kindergarten Resource
N/A	49-1784-7A	Child Care Food Program

Address of Organization: 1801 East Cotati Avenue
Rohnert Park, CA 94928

Telephone: (707) 664-2230

Executive Director: Erik Dickson

Program Director: Lia Thompson-Clark

Associate Vice President,
Administration and Finance: Letitia Coate

Report Period: Year ended June 30, 2006

Scheduled daily hours: 7:30 am - 5:30 pm

Number of days operating: 214 days

R. J. RICCIARDI, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

1000 FOURTH STREET • SUITE 400 • SAN RAFAEL, CALIFORNIA 94901 • TEL (415) 457-1215 • FAX (415) 457-6735 • www.rjrcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Associated Students, Incorporated of Sonoma State University
Rohnert Park, California

We have audited the accompanying basic financial statements of the business-type activities and the major fund of the Associated Students, Incorporated of Sonoma State University (the Organization) as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2005 financial statements and, in our report dated August 2, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and specific requirements prescribed by the California State University Chancellor's Office and the California Department of Education. 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.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the business-type activities and the major fund of the Organization as of June 30, 2006, and the respective changes in financial position and cash flow and the respective budgetary comparison listed as part of the basic financial statements for the year then ended, in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit this information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2006, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and 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 read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules 1 through 19 of the California Department of Education supplementary information for the year ended June 30, 2006, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional 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 Audits of Child Development and Nutrition Programs* issued by the California Department of Education, and all other laws, regulations and sub-grant requirements. In our opinion, this additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
August 2, 2006



Management's Discussion and Analysis

This section of the Associated Students, Incorporated of Sonoma State University's annual financial report presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2006. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's audited financial statements, which are comprised of the basic financial statements (pages 8-11) and the footnotes and supplemental schedules (pages 12-46). This annual report is prepared in accordance with the Governmental Accounting Standards Board Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The Business-Type Activity (BTA) reporting model is used which best represents the activities of the University and its auxiliaries. The Associated Students, Incorporated of Sonoma State University is one of four non-profit auxiliaries on the Sonoma State University campus.

The required financial statements include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements are supported by notes to the financial statements, supplementary detail and/or statistical information, and this summary. All sections must be considered together to obtain a complete understanding of the financial picture of the organization.

Statement of Net Assets: This statement includes all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Assets"; this section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of the organization as a whole.

Statement of Revenues, Expenses and Changes in Net Assets: This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under accrual basis, all increases or decreases in net assets are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently revenues and/or expenditures reported during this fiscal year may result in changes to cash flow in a future period.

Statement of Cash Flows: This statement reflects inflows and outflows of cash, summarized by operating, capital, financing and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to the Financial Statements: This additional information is essential to a full understanding of the data reported in the basic financial statements.

Supplemental Information: This is offered to support the required financial statements, to fulfill California Department of Education requirements, and to assist the reader in a clearer understanding of the operating units within the organization.



Management's Discussion and Analysis

Reporting Entity

The financial statements of Sonoma State University will be separated between the University and its component units. The latter are separate I.R.C. 501(c)(3) non-profit auxiliary organizations whose financial information will be presented in a discrete column and in the footnotes of the University's financial statements. Consequently, these auxiliaries must comply with the same governmental rulings and must present their individual separate audited financial statements in the same format.

Analytical Overview

Summary

Total assets of the organization have increased this year by \$166,977. This classification is comprised of Current Assets (Cash, Accounts Receivable, Prepaid Expenses, and Investments), which increased \$175,594, and Capital Assets, which decreased \$8,617. The decrease in the latter category is comprised entirely of depreciation.

Liabilities have also increased this year, in this case by \$61,663, primarily due to higher accrued reimbursed and non-reimbursed payroll liabilities at year-end and funds held for clubs.

The overall change to Net Assets is an increase of \$105,314 (a 16% increase from the prior year), resulting in a 6/30/06 balance of \$750,681.

Condensed Summary of Net Assets

	2006	2005
Assets:		
Current assets	\$ 958,865	\$ 783,271
Noncurrent assets	36,932	45,549
Total assets	995,797	828,820
Liabilities:		
Current liabilities	242,020	179,427
Noncurrent liabilities	3,096	4,026
Total liabilities	245,116	183,453
Net assets:		
Invested in capital assets	36,932	45,549
Unrestricted	713,749	599,818
Total net assets	\$ 750,681	\$ 645,367



Management's Discussion and Analysis

Condensed Summary of Revenue and Expenses

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase (Decrease)</u>	
Revenues and expenses:				
Operating revenues	\$ 1,415,494	\$ 1,369,469	\$ 46,025	Note 1
Operating expenses	<u>1,387,029</u>	<u>1,341,636</u>	<u>45,393</u>	Note 2
Net operating revenue (loss)	<u>28,465</u>	<u>27,833</u>	<u>632</u>	
Non-operating revenues (expenses)				
Gifts, noncapital	2,500	9,702	(7,202)	
Investment income, net	<u>74,349</u>	<u>9,620</u>	<u>64,729</u>	Note 3
Net nonoperating revenues	<u>76,849</u>	<u>19,322</u>	<u>57,527</u>	
Increase in net assets	<u>\$ 105,314</u>	<u>\$ 47,155</u>	<u>\$ 58,159</u>	

Note #1 – Student fees increased due to an increase in the fee collected from each student and were 3% higher than last year.

Note #2 – The expenses for all funds increased over last year: ASP by 11%, Children's School by 4%, General Fund by 1%, JUMP by 25%, and the Senate by less than 1%.

Note #3 – The net investment income increase is attributed to the MetWest investment unrealized gain of \$48,124, added to income of \$25,387 from MetWest and \$838 from checking and savings accounts.

Restricted Resources

The Associated Student's Children's School receives restricted resources in the form of grants from outside agencies. These grant activities have no net effect at year-end on net asset balances, as the revenues are equal to the expenses. All other Funds are unrestricted, but are internally designated by the Board's Reserve Policy. See Note 12.

Organizational Highlights

The Associated Students, Inc. of Sonoma State University had several happenings of note.

The JUMP program expanded an existing program, adding another trip to its Alternative Breaks program. The additional break program provided an opportunity for students to use their Winter break time to volunteer for a week with AIDS Project: LA.

The ASP program continued its operational change using student assistants rather than a board of officers. The program sponsored nearly 100 events with total attendance well over 12,000 students.

The organization added two new appointed executive officer positions: the Marketing Affairs Director and the Environmental Affairs Director.



Management's Discussion and Analysis

Budgetary Highlights

The Associated Students, Inc. of Sonoma State University saw an increase in collected student fees from 2004/2005 to 2005/2006. This increase was due to an increase in the fee ASI collects from each student.

The ASP program saw a significant increase in its budget this year (19%) from last year, in order to provide a larger number and array of campus programming.

Operating revenue exceeded operating expenses by \$28,465 and the corporation saw a \$74,349 return on investments.

Factors Impacting Future Periods

The Associated Students, Inc. of Sonoma State University has had an increase approved for the fee collected from student members. The fee will increase \$5 per year for four years beginning with the 2005/06 fiscal year. This increase is in addition to the previously approved adjustment to the Associated Students, Inc. fee based on the Consumer Price Index of the San Francisco Bay Area.

Contacting the Associated Students, Inc. of Sonoma State University Financial Management

These basic financial statements are intended to provide students, taxpayers, investors, and creditors with a general overview of the organization's finances. Questions about this Report should be directed to the Associated Students, Inc. of Sonoma State University at 1801 East Cotati Avenue, Rohnert Park, CA 94928.

Erik Dickson
Executive Director
Associated Students, Inc.

Associated Students, Incorporated of Sonoma State University

STATEMENTS OF NET ASSETS

June 30, 2006

(With Comparative Totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets:		
Current assets		
Cash and cash equivalents	\$ 207,572	\$ 127,927
Short-term investments	720,762	627,251
Accounts receivable, net	11,857	13,458
Prepaid expenses and other assets	18,674	14,635
Total current assets	<u>958,865</u>	<u>783,271</u>
Noncurrent assets		
Capital assets, net	<u>36,932</u>	<u>45,549</u>
Total assets	<u>995,797</u>	<u>828,820</u>
Liabilities:		
Current liabilities		
Accounts payable	109,420	66,901
Accrued salaries and benefits payable	9,540	6,748
Accrued compensated absences	10,989	8,986
Deferred revenue	-	90
Other liabilities	112,071	96,702
Total current liabilities	<u>242,020</u>	<u>179,427</u>
Noncurrent liabilities		
Accrued compensated absences, net of current portion	<u>3,096</u>	<u>4,026</u>
Total liabilities	<u>245,116</u>	<u>183,453</u>
Net assets:		
Invested in capital assets, net of related debt	36,932	45,549
Unrestricted	713,749	599,818
Total net assets	<u>\$ 750,681</u>	<u>\$ 645,367</u>

The accompanying notes are an integral part of these financial statements.

Associated Students, Incorporated of Sonoma State University Exhibit A
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2006
 (With Comparative Totals for the Year Ended June 30, 2005)

	2006	2005
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 985,952	\$ 915,083
Grants and contracts, noncapital		
Federal	28,865	39,316
State and local	211,580	197,012
Sales and services of auxiliary enterprises	141,003	153,630
Other operating revenues	48,094	64,428
Total operating revenues	1,415,494	1,369,469
Expenses:		
Operating expenses:		
Student services	1,378,412	1,327,980
Depreciation	8,617	13,656
Total operating expenses	1,387,029	1,341,636
Operating income (loss)	28,465	27,833
Nonoperating revenues (expenses):		
Gifts, noncapital	2,500	9,702
Investment income, net	74,349	9,620
Net nonoperating revenues (expenses)	76,849	19,322
Change in net assets	105,314	47,155
Net assets:		
Net assets at beginning of period	645,367	598,212
Net assets at end of period	\$ 750,681	\$ 645,367

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2006

(With Comparative Totals for the Year Ended June 30, 2005)

	2006	2005
Cash flows from operating activities:		
Student tuition and fees	\$ 985,952	\$ 915,083
Federal grants and contracts	28,865	39,316
State grants and contracts	211,580	197,012
Payments to suppliers	(737,939)	(756,733)
Payments to employees	(537,899)	(509,326)
Payments to students	(60,231)	(54,900)
Other receipts (payments)	205,979	203,715
Net cash provided (used) by operating activities	<u>96,307</u>	<u>34,167</u>
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital purposes	2,500	9,702
Net cash provided (used) by noncapital financing activities	<u>2,500</u>	<u>9,702</u>
Cash flows from capital and related financing activities:		
Acquisition of property, plant and equipment	-	(7,292)
Disposition of property, plant and equipment	-	5,147
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(2,145)</u>
Cash flows from investing activities:		
Investment income (loss)	74,349	9,620
Purchase of investments	(93,511)	(104,281)
Net cash provided (used) by investing activities	<u>(19,162)</u>	<u>(94,661)</u>
Net increase (decrease) in cash and cash equivalents	79,645	(52,937)
Cash and cash equivalent - beginning of period	127,927	180,864
Cash and cash equivalents - end of period	<u>\$ 207,572</u>	<u>\$ 127,927</u>
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 28,465	\$ 27,834
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	8,617	13,656
Change in assets and liabilities:		
Accounts receivable	1,601	(3,762)
Prepaid expenses	(4,039)	61
Accounts payable	42,519	4,261
Accrued salaries and benefits payable	1,862	(2,125)
Accrued compensated absences	2,003	4,824
Deferred revenue	(90)	(27,677)
Other liabilities	15,369	17,095
Net cash provided (used) by operating activities	<u>\$ 96,307</u>	<u>\$ 34,167</u>

The accompanying notes are an integral part of these financial statements.

Associated Students, Incorporated of Sonoma State University
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 Budget and Actual
 For the Year Ended June 30, 2006

Exhibit C

	Original & Final Budget	Actual	Variance with Final Budget
Revenues:			
Operating revenues:			
Student tuition and fees	\$ 1,067,042	\$ 985,952	\$ (81,090)
Grants and contracts, noncapital			
Federal	58,031	28,865	(29,166)
State and local	196,000	211,580	15,580
Sales and services of auxiliary enterprises	145,000	141,003	(3,997)
Other operating revenues	9,500	48,094	38,594
Total operating revenues	1,475,573	1,415,494	(60,079)
Expenses:			
Operating expenses:			
Student services	1,478,073	1,378,412	99,661
Depreciation	-	8,617	(8,617)
Total operating expenses	1,478,073	1,387,029	91,044
Operating income (loss)	(2,500)	28,465	30,965
Nonoperating revenues (expenses):			
Gifts, noncapital	2,500	2,500	-
Investment income, net	-	74,349	74,349
Net nonoperating revenues (expenses)	2,500	76,849	74,349
Change in net assets	\$ -	\$ 105,314	\$ 105,314

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

Associated Students, Incorporated of Sonoma State University (the Organization) is a nonprofit, auxiliary corporation operating on the campus of Sonoma State University (the University). As such, the Organization is a component unit of the University, which is part of the California State University System (the System). The Organization administers programs that provide for the general welfare of the student body and the University. Such programs are funded principally from student fees.

The Organization's programs include the Children's School, the Associated Student Productions (ASP), the Short-Term Loan, JUMP, the Senate, and the General Fund.

The Children's School provides early childhood education services to the students, staff and faculty families of Sonoma State University.

The Associated Students Productions (ASP) provides support and coordinates Sonoma State students' concerts, lectures, comedy shows, slam poetry performances, performing arts showcases, club events, noontime concerts and other events throughout the school year.

The Short-Term Loan program provides students \$150 interest-free loans for up to 30 days.

JUMP provides opportunities for students who want to volunteer in local communities.

The Senate is the student government and its programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The financial statements present only the statement of net assets, statement of revenues, expenses, and changes in net assets, and the statement of cash flows of the Organization.

The Organization is one of four recognized University auxiliary organizations. Auxiliary organizations are legally separate entities that provide services primarily to the University's students and faculty.

(b) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The financial statements required by GASB Statements Nos. 34 and 35 include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The Organization records revenue in part from fees and other charges for services to external users, and accordingly has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities.

This model allows all financial information for the Organization to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, the Organization prepares its statement of cash flows using the direct method.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Election of Applicable FASB Statements

The Organization uses all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Organization has elected not to adopt the pronouncements issued by the FASB after November 30, 1989.

(d) Classification of Current and Noncurrent Assets and Liabilities

The Organization considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net assets date. Liabilities that reasonably can be expected, as part of normal business operations, to be liquidated within 12 months of the statement of net assets date are considered to be current. All other assets and liabilities are considered to be noncurrent.

(e) Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

(f) Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net assets as investment income, net.

(g) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or if donated, at estimated fair value at date of donation. Capital assets, including infrastructure, with a value of \$2,000 or more and with a useful life of one year or more are capitalized. Capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from five to thirty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation expense is shown separately in the statement of revenues, expenses, and changes in net assets rather than being allocated among other categories of operating expenses.

Assets purchased with California Department of Education (CDE) contract funds are subject to restrictions for which depreciation may not be claimed against CDE funds. CDE has a reversionary interest in assets purchased with government funds. Any disposition of restricted assets of any fund derived therefrom is subject to grant regulations.

(h) Deferred Revenue

Deferred revenue consists primarily of fees collected in advance but not yet earned as of the year-end.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Compensated Absences

Employees accrue annual leave at rates based on length of service and job classification. Employee vacation benefits earned, but not used, are recognized as liabilities of the Organization. The Organization estimates the current portion for compensated absences based on the fiscal year vacation used. The calculation is based on pay rates at June 30.

Sick leave benefits are earned and accumulated for each employee. However, accumulated sick leave benefits are not recognized as liabilities of the Organization because the payment of such benefits is not probable or estimable.

(j) Net Assets

The Organization's net assets are classified into the following net asset categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Unrestricted: All other categories of net assets. In addition, unrestricted net assets may be designated for use by management of the Organization. These requirements limit the area of operations for which expenditures of net assets may be made, and require that unrestricted net assets be designated to support future operations in these areas.

(k) Classification of Revenues and Expenses

The Organization considers operating revenues and expenses in the statement of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Organization's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses or capital contributions in accordance with GASB Statement 35. These nonoperating activities include the Organization's net investment income, gifts, and interest expense.

(l) Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes and, therefore, has made no provision for Federal or California income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

(m) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

(n) Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

(o) Comparative data reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. In the prior year, \$54,900 was under the classification of student grants and scholarships, in operating expenses on the statement of revenues, expenses, and changes in net assets. Upon further analysis, this expense has been reclassified to supplies and other services. Total operating expenses are unchanged for the year ending June 30, 2005.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

(a) Cash and Cash Equivalents

Cash and cash equivalents at June 30	2006	2005
Book balance	\$ 207,572	\$ 127,927
Bank balances	<u>236,452</u>	<u>205,917</u>
Difference between book balance and bank	<u>\$ (28,880)</u>	<u>\$ (77,990)</u>
Significant reconciling items consist of:		
Deposits in transit	\$ -	\$ -
Outstanding checks	(29,080)	(78,190)
Cash and change fund	<u>200</u>	<u>200</u>
	<u>\$ (28,880)</u>	<u>\$ (77,990)</u>

The banks insure \$100,000 by federal depository insurance per institution [see note 3(f)]. The balance is uninsured and held by the financial institution in the Organization's name. It is the opinion of management that the uninsured portion is not of particular concern at this time due to the solvency of the financial institutions.

(b) Restricted cash and cash equivalents.

The Organization does not have restricted cash or cash equivalents.

(c) Composition of investments

The Organization participates in an investment pool managed by Met West, an asset management and investment advisory firm that serves the California State University. Securities within the investment pool are not held in the Organization's name and are not insured. The investments are held in the name of Sonoma State University. Fair market value was \$720,762 and \$627,251 as of June 30, 2006 and 2005, respectively. Fair market value is based on the Organization's proportionate interest in the University's Met West account. As of June 30, 2006 and 2005, amounts invested had a cost of \$727,959 and \$682,573, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

(c) Composition of investments (concluded)

Composition of investments at June 30, 2006:

(Authorized investments include)

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund	-	-	-
Met West Short Term Fund	720,762	-	720,762
Met West Medium Term Fund	-	-	-
Met West Equity Fund	-	-	-
Debt and equity securities	-	-	-
Fixed income securities	-	-	-
Real estate	-	-	-
Certificates of deposits	-	-	-
Money market funds	-	-	-
Note receivables	-	-	-
Other	-	-	-
Total investments	<u>\$ 720,762</u>	<u>\$ -</u>	<u>\$ 720,762</u>

Composition of investments at June 30, 2005:

(Authorized investments include)

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund	-	-	-
Met West Short Term Fund	627,251	-	627,251
Met West Medium Term Fund	-	-	-
Met West Equity Fund	-	-	-
Debt and equity securities	-	-	-
Fixed income securities	-	-	-
Real estate	-	-	-
Certificates of deposits	-	-	-
Money market funds	-	-	-
Note receivables	-	-	-
Other	-	-	-
Total investments	<u>\$ 627,251</u>	<u>\$ -</u>	<u>\$ 627,251</u>

(d) Investment income, net, as reflected in the statement of revenues, expenses, and changes in net assets

	<u>2006</u>	<u>2005</u>
Investment income		
Interest and dividends	\$ 26,225	\$ 13,746
Realized gains, net of realized losses	-	-
Net increase (decrease in fair value)	48,124	(4,126)
Total investment income	<u>\$ 74,349</u>	<u>\$ 9,620</u>

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

(e) Investments held under contractual agreements:

The Organization does not hold investments on behalf of others. As noted above in Note 3(c), the Organization's investment in MetWest is held by the University.

(f) Deposit and Investment Risk

(i) Custodial Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Organization would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Financial instruments that potentially subject the Organization to custodial risk consist primarily of bank demand deposits and investments in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investors Protector Corporation (SIPC). The Organization had cash on deposit with one financial institution, which exceeded the federally insured limit by \$36,452 and \$6,806 at June 30, 2006 and 2005, respectively.

Investments other than cash are not held in the name of the Organization. These investments are held in the name of the University.

(ii) Concentration of Credit Risk

Concentrations of credit risk include cash on deposit and uninsured investments with a financial institution above \$500,000. The cost and fair value of these investments at June 30, 2006, were \$727,959 and \$720,762, respectively. The cost and fair value of these investments at June 30, 2005, were \$682,573 and \$627,251, respectively. Fair market value is based on the Organization's proportionate interest in the University's Met West account.

(iii) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Organization's investments are held as Agency Trust funds by the University. The University manages its exposure to interest rate risk is by purchasing a combination of short-term and mid-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The University monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

The Organization's portion of the University investments is held in the MetWest Short-Term Account.

The weighted average maturity of the Organization's share of the University's investment portfolio for each investment type as of June 30, 2006 is presented in the table below.

(iv) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Associated Students, Incorporated of Sonoma State University

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (concluded)

(f) **Deposit and Investment Risk (concluded)**

(iv) **Credit Risk (concluded)**

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the Organization's portion of the University's investment portfolio as of June 30, 2006:

Investment type	Fair value	Weighted average maturity (in years)	Rating as of year-end			
			AAA	AA	A	Not rated
Money market mutual funds	\$ 17,298	0.0	\$ 5,137	\$ -	\$ -	\$ 12,161
Certificates of deposit	178,028	1.5	-	44,507	119,279	14,242
U.S. agency securities	59,823	0.6	59,823	-	-	-
Mortgage-backed securities	-	-	-	-	-	-
Corporate & fixed income securities	465,613	1.7	13,968	158,308	293,336	-
Total	<u>720,762</u>		<u>\$ 78,928</u>	<u>\$ 202,815</u>	<u>\$ 412,615</u>	<u>\$ 26,403</u>
Not subject to ratings:						
U.S. treasury securities	-					
State of California Surplus Money Investment Fund	-					
State of California Local Agency Investment Fund	-					
Total investments	<u>\$ 720,762</u>					

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2006 consisted of the following:

	2006		
	Current	Noncurrent	Total
Due from other auxiliary organizations	\$ -	\$ -	\$ -
Due from University	-	-	-
Other accounts receivable	11,857	-	11,857
Total	<u>\$ 11,857</u>	<u>\$ -</u>	<u>\$ 11,857</u>

Accounts receivable at June 30, 2005 consisted of the following:

	2005		
	Current	Noncurrent	Total
Due from other auxiliary organizations	\$ -	\$ -	\$ -
Due from University	-	-	-
Other accounts receivable	13,458	-	13,458
Total	<u>\$ 13,458</u>	<u>\$ -</u>	<u>\$ 13,458</u>

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS

Prepaid expense balances are calculated and adjusted at year-end to properly charge funds in the period benefited. Prepaid expenses as of June 30 are comprised of the following:

	2006	2005
Awards	\$ 1,250	\$ 2,750
SSU/SSUITE Contracts	7,118	9,249
Prepaid Insurance (Sports Club Insurance)	10,306	2,636
Total	\$ 18,674	\$ 14,635

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 consisted of the following:

Composition of capital assets at June 30, 2006:

	Balance June 30, 2005	Prior Period Adjust- ments	Reclassifi- cations	Balance June 30, 2005	Additions	Reductions	Transfers	Balance June 30, 2006
Depreciable capital assets								
Buildings and building improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	81,596	-	-	81,596	-	-	-	81,596
Personal property:								
Equipment	61,713	-	-	61,713	-	-	-	61,713
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	143,309	-	-	143,309	-	-	-	143,309
Total cost	143,309	-	-	143,309	-	-	-	143,309
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(51,782)	-	-	(51,782)	(4,517)	-	-	(56,299)
Personal property:								
Equipment	(45,978)	-	-	(45,978)	(4,100)	-	-	(50,078)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(97,760)	-	-	(97,760)	(8,617)	-	-	(106,377)
Net capital assets	\$ 45,549	\$ -	\$ -	\$ 45,549	\$ (8,617)	\$ -	\$ -	\$ 36,932

Depreciation and amortization expense related to capital assets	\$ 8,617
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 8,617

As of June 30, 2006, fixed assets purchased with CDE funds totaled \$107,953 of which \$1,101 was purchased during fiscal year ended June 30, 2006.

Depreciation expense was \$8,617 for the year ended June 30, 2006, and is included in operating expenses in the statement of revenues, expenses, and changes in net assets.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 6 - CAPITAL ASSETS (concluded)

Capital assets activity for the year ended June 30, 2005 consisted of the following:

Composition of capital assets at June 30, 2005:

	Balance June 30, 2004	Prior Period Adjust- ments	Reclassifi- cations	Balance June 30, 2004	Additions	Reductions	Transfers	Balance June 30, 2005
Depreciable capital assets								
Buildings and building improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	76,108	-	-	76,108	8,299	(2,811)	-	81,596
Personal property:								
Equipment	92,876	-	-	92,876	-	(31,163)	-	61,713
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	<u>168,984</u>	<u>-</u>	<u>-</u>	<u>168,984</u>	<u>8,299</u>	<u>(33,974)</u>	<u>-</u>	<u>143,309</u>
Total cost	<u>168,984</u>	<u>-</u>	<u>-</u>	<u>168,984</u>	<u>8,299</u>	<u>(33,974)</u>	<u>-</u>	<u>143,309</u>
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(46,535)	-	-	(46,535)	(7,238)	1,991	-	(51,782)
Personal property:								
Equipment	(65,389)	-	-	(65,389)	(6,418)	25,829	-	(45,978)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	<u>(111,924)</u>	<u>-</u>	<u>-</u>	<u>(111,924)</u>	<u>(13,656)</u>	<u>27,820</u>	<u>-</u>	<u>(97,760)</u>
	<u>\$ 57,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,060</u>	<u>\$ (5,357)</u>	<u>\$ (6,154)</u>	<u>\$ -</u>	<u>\$ 45,549</u>

Depreciation and amortization expense related to capital assets	\$ 13,656
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 13,656</u>

Depreciation expense was \$13,656 for the year ended June 30, 2005, and is included in operating expenses in the statement of revenues, expenses, and changes in net assets.

NOTE 7 - LEASE OBLIGATIONS

The Organization is obligated under an operating lease with the University for the use of network services through 2007. At June 30, 2006, the Organization had prepaid \$7,118 towards this operating lease.

Future minimum lease payments remaining for operating leases having remaining terms in excess of one year are:

Year ending June 30:	Operating leases
2007	\$ 4,100
2008	<u>2,250</u>
Total minimum lease payments	<u>\$ 6,350</u>

Actual equipment rental expense under this operating lease for the years ended June 30, 2006 and 2005 totaled \$13,981 and \$17,142, respectively.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 8 - ACCRUED COMPENSATED ABSENCES

Employee vacation benefits earned, but not used, are recognized as liabilities of the Organization. Total accrued vacation benefits payable was \$14,085 and \$13,012 as of June 30, 2006 and 2005, respectively. (See Note 11).

Sick leave benefits are earned and accumulated for each employee. However, accumulated sick leave benefits are not recognized as liabilities of the Organization because the payment of such benefits is not probable or estimable.

NOTE 9 - DEFERRED REVENUE

Deferred revenue as of June 30 represents that portion of fees received, but not yet earned as of the year-end. The amount of fees to be earned is:

	2006	2005
Children's School Parent Fees	\$ -	\$ 90
Total	\$ -	\$ 90

NOTE 10 - OTHER LIABILITIES (CURRENT)

The composition of other liabilities (current) at June 30 is:

	2006	2005
Club Accounting	\$ 110,101	\$ 96,159
Free Speech Podium	500	500
Aflac Insurance-Employee Withholding	76	43
Accrued Workers' Compensation Payable	582	-
State Income Tax Withheld	812	-
Total	\$ 112,071	\$ 96,702

NOTE 11 - LONG-TERM LIABILITIES ACTIVITY

Long-term liabilities activity for the year ended June 30, 2006 was as follows:

Long-term liabilities activity schedule:

	Balance June 30, 2005	Prior Period Adjust- ments	Reclass- ifications	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Long-term portion	Current portion
Accrued compensated absences	\$ 13,012	\$ -	\$ -	\$ 13,012	\$ 11,531	\$ (10,458)	\$ 14,085	\$ 3,096	\$ 10,989
Capitalized lease obligations:	-	-	-	-	-	-	-	-	-
Long-term debt obligations:	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 13,012	\$ -	\$ -	\$ 13,012	\$ 11,531	\$ (10,458)	\$ 14,085	\$ 3,096	\$ 10,989

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 11 - LONG-TERM LIABILITIES ACTIVITY (concluded)

Long-term liabilities activity for the year ended June 30, 2005 was as follows:

Long-term liabilities activity schedule:

	Balance June 30, 2004	Prior Period Adjust- ments	Reclass- ifications	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Long-term portion	Current portion
Accrued compensated absences	\$ 11,386	\$ -	\$ -	\$ 11,386	\$ 10,612	\$ (8,986)	\$ 13,012	\$ 4,026	\$ 8,986
Capitalized lease obligations:	-	-	-	-	-	-	-	-	-
Long-term debt obligations:	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>\$ 11,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,386</u>	<u>\$ 10,612</u>	<u>\$ (8,986)</u>	<u>\$ 13,012</u>	<u>\$ 4,026</u>	<u>\$ 8,986</u>

NOTE 12 - UNRESTRICTED, DESIGNATED NET ASSETS

The Board of Directors has designated portions of the General Fund component of the net assets according to the Organization's policy on reserve accounts. The designations at June 30 are:

	2006	2005
Corporate Reserve	\$ 283,974	\$ 237,490
Transitional Housing Program Reserve	6,268	6,267
Capital Expenditure Reserve	41,415	32,994
Operating Reserve	207,136	179,246
Unallocated Reserve	42,477	33,648
Total unrestricted designated net assets	<u>581,270</u>	<u>489,645</u>
Total invested in capital assets, net of related debt	36,932	45,549
Total unrestricted undesignated net assets	<u>132,479</u>	<u>110,173</u>
Total net assets	<u>\$ 750,681</u>	<u>\$ 645,367</u>

NOTE 13 - PENSION PLAN AND POSTRETIREMENT BENEFITS

The Organization has a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code for its staff employees. Once hired, all regular employees are eligible for participation starting the first day of employment. The Organization contributes 7% of the employee's annual compensation. Total contributions to the plan were \$11,093 and \$10,621 for the year ended June 30, 2006 and 2005, respectively.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such review would not have a material effect on the financial position of the University.

Associated Students, Incorporated of Sonoma State University

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

NOTE 15 - CLASSIFICATION OF OPERATING EXPENSES

The Organization has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net assets, but to provide the natural classification of those expenses as an additional disclosure. For the years ended June 30, 2006 and 2005, operating expenses by natural classification consisted of the following:

<u>2006</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Supplies and other services</u>	<u>Depreciation</u>	<u>Total</u>
Functional classification:					
Student services	\$ 541,761	\$ 163,228	\$ 673,423	\$ -	\$ 1,378,412
Depreciation	-	-	-	8,617	8,617
Total	<u>\$ 541,761</u>	<u>\$ 163,228</u>	<u>\$ 673,423</u>	<u>\$ 8,617</u>	<u>\$ 1,387,029</u>
<u>2005</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Supplies and other services</u>	<u>Depreciation</u>	<u>Total</u>
Functional classification:					
Student services	\$ 512,025	\$ 148,820	\$ 667,135	\$ -	\$ 1,327,980
Depreciation	-	-	-	13,656	13,656
Total	<u>\$ 512,025</u>	<u>\$ 148,820</u>	<u>\$ 667,135</u>	<u>\$ 13,656</u>	<u>\$ 1,341,636</u>

In the prior year, \$54,900 was under the functional classification of student grants and scholarships. This expense has been reclassified to supplies and other services.

NOTE 16 - TRANSACTIONS WITH RELATED ENTITIES

The Organization has an operating agreement with the California State University Trustees for the provision of certain auxiliary activities including student body organization and student programs. The agreement provides for reimbursement of allowable direct costs plus an allocable portion of indirect costs associated with facilities, goods, and services provided by the University on behalf of the Trustees in accordance with CSU Executive Order 753-Allocation of Costs to Auxiliary Enterprises and the University's annual cost allocation plan. These amounts are included in student services expenses in the statement of revenue, expense, and changes in net assets.

Associated Students, Incorporated of Sonoma State University
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 16 - TRANSACTIONS WITH RELATED ENTITIES (concluded)

Related party activities during the years ended June 30, 2006 and 2005 are reflected below:

	2006	2005
Payments to the University:		
CSU Executive Order 753 and other contracted services	\$ 130,169	\$ 119,003
Other contracted services	53,720	63,887
Contributions and support for student programs		
Tutorial center program	30,191	26,431
Reimbursement for Children's School personnel costs	318,011	336,649
Total payments to the University	<u>\$ 532,091</u>	<u>\$ 545,970</u>
Payments to recognized auxiliary organizations for services, office space rental, and programs:		
SSU Academic Foundation	\$ 2,794	\$ 3,074
Sonoma State Enterprises, Inc.	7,667	13,943
Sonoma Student Union Corp.		
Reimbursed personnel costs	74,113	69,521
Space rentals	36,500	39,528
Intercultural Center contribution	-	3,750
Contracted operating expenses	17,915	35,946
Total payments to other Auxiliaries	<u>\$ 138,989</u>	<u>\$ 165,762</u>
Amounts received from the University		
AS Student Body Fees reimbursed	\$ 985,952	\$ 915,083
ASI program support	750	-
Short term loans recovered	1,380	-
CSSA conference attendance	307	-
Children's School CCAMPIS grant	-	14,358
Total received from the University	<u>\$ 988,389</u>	<u>\$ 929,441</u>
Amounts received from recognized auxiliary organizations		
SSU Academic Foundation	\$ 3,936	\$ 2,999
Sonoma State Enterprises, Inc.	-	750
Sonoma Student Union Corp.	5,591	25,005
Total received from other Auxiliaries	<u>\$ 9,527</u>	<u>\$ 28,754</u>
Amounts receivable from the University	<u>\$ -</u>	<u>\$ -</u>
Amounts receivable from other Auxiliaries	<u>\$ -</u>	<u>\$ -</u>
Amounts payable to the University	<u>\$ 95,128</u>	<u>\$ 60,613</u>
Amounts payable to other Auxiliaries	<u>\$ 4,363</u>	<u>\$ 537</u>

Associated Students, Incorporated of Sonoma State University

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

NOTE 17 - CALCULATION OF NET ASSETS – INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

	<u>2006</u>	<u>2005</u>
Capital assets, net of accumulated depreciation	\$ 36,932	\$ 45,549
Long-term debt obligations, current portion	-	-
Long-term debt obligations, net of current portion	-	-
	<u>\$ 36,932</u>	<u>\$ 45,549</u>

Associate Students, Incorporated of Sonoma State University

Schedule 1

COMBINING SCHEDULE OF NET ASSETS

June 30, 2006

	General Fund	Children's School	Loan Fund	ASP	JUMP Fund	Senate	Clubs	Total
Assets:								
Current assets								
Cash and cash equivalents	\$ (98,119)	\$ 104,772	\$ 12,266	\$ 40,662	\$ 18,668	\$ 18,490	\$ 110,833	\$ 207,572
Short-term investments	720,762	-	-	-	-	-	-	720,762
Accounts receivable, net	-	10,842	1,015	-	-	-	-	11,857
Prepaid expenses and other assets	7,118	-	-	-	-	11,556	-	18,674
Total current assets	<u>629,761</u>	<u>115,614</u>	<u>13,281</u>	<u>40,662</u>	<u>18,668</u>	<u>30,046</u>	<u>110,833</u>	<u>958,865</u>
Noncurrent assets								
Capital assets, net	8,855	28,077	-	-	-	-	-	36,932
Total noncurrent assets	<u>8,855</u>	<u>28,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,932</u>
Total assets	<u>638,616</u>	<u>143,691</u>	<u>13,281</u>	<u>40,662</u>	<u>18,668</u>	<u>30,046</u>	<u>110,833</u>	<u>995,797</u>
Liabilities:								
Current liabilities								
Accounts payable	6,036	101,839	-	11	13	789	732	109,420
Accrued salaries and benefits payable	8,958	-	-	647	(65)	-	-	9,540
Accrued compensated absences	10,989	-	-	-	-	-	-	10,989
Other liabilities	899	-	-	861	210	-	110,101	112,071
Total current liabilities	<u>26,882</u>	<u>101,839</u>	<u>-</u>	<u>1,519</u>	<u>158</u>	<u>789</u>	<u>110,833</u>	<u>242,020</u>
Noncurrent liabilities								
Accrued compensated absences	3,096	-	-	-	-	-	-	3,096
Total noncurrent liabilities	<u>3,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,096</u>
Total liabilities	<u>29,978</u>	<u>101,839</u>	<u>-</u>	<u>1,519</u>	<u>158</u>	<u>789</u>	<u>110,833</u>	<u>245,116</u>
Net assets								
Invested in capital assets, net of related debt	8,855	28,077	-	-	-	-	-	36,932
Unrestricted	599,783	13,775	13,281	39,143	18,510	29,257	-	713,749
Total net assets	<u>\$ 608,638</u>	<u>\$ 41,852</u>	<u>\$ 13,281</u>	<u>\$ 39,143</u>	<u>\$ 18,510</u>	<u>\$ 29,257</u>	<u>\$ -</u>	<u>\$ 750,681</u>

Associated Students, Incorporated of Sonoma State University
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 Year ended June 30, 2006

Schedule 2

	<u>General Fund</u>	<u>Children's School</u>	<u>Loan Fund</u>	<u>ASP</u>	<u>Jump Fund</u>	<u>Senate</u>	<u>Clubs</u>	<u>Total</u>
Revenues:								
Operating revenues:								
Student tuition and fees	\$ 985,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	985,952
Grants and contracts, noncapital								
Federal	-	28,865	-	-	-	-	-	28,865
State and local	-	211,580	-	-	-	-	-	211,580
Sales and services of auxiliary enterprises	-	141,003	-	-	-	-	-	141,003
Other operating revenues	-	5,276	495	14,834	21,553	5,936	-	48,094
Total operating revenues	<u>985,952</u>	<u>386,724</u>	<u>495</u>	<u>14,834</u>	<u>21,553</u>	<u>5,936</u>	<u>-</u>	<u>1,415,494</u>
Expenses:								
Operating expenses:								
Student services	611,312	486,355	195	100,365	62,172	118,013	-	1,378,412
Depreciation	3,221	5,396	-	-	-	-	-	8,617
Total operating expenses	<u>614,533</u>	<u>491,751</u>	<u>195</u>	<u>100,365</u>	<u>62,172</u>	<u>118,013</u>	<u>-</u>	<u>1,387,029</u>
Operating income (loss)	<u>371,419</u>	<u>(105,027)</u>	<u>300</u>	<u>(85,531)</u>	<u>(40,619)</u>	<u>(112,077)</u>	<u>-</u>	<u>28,465</u>
Nonoperating revenues (expenses):								
Gifts, noncapital	-	2,500	-	-	-	-	-	2,500
Investment income, net	74,349	-	-	-	-	-	-	74,349
Other nonoperating revenues (expenses)	<u>(356,022)</u>	<u>90,000</u>	<u>-</u>	<u>86,425</u>	<u>46,696</u>	<u>132,901</u>	<u>-</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(281,673)</u>	<u>92,500</u>	<u>-</u>	<u>86,425</u>	<u>46,696</u>	<u>132,901</u>	<u>-</u>	<u>76,849</u>
Income (loss) before other additions	<u>89,746</u>	<u>(12,527)</u>	<u>300</u>	<u>894</u>	<u>6,077</u>	<u>20,824</u>	<u>-</u>	<u>105,314</u>
Increase (decrease) in net assets	<u>89,746</u>	<u>(12,527)</u>	<u>300</u>	<u>894</u>	<u>6,077</u>	<u>20,824</u>	<u>-</u>	<u>105,314</u>
Net assets:								
Net assets at beginning of period	476,602	54,379	12,981	87,787	12,433	1,185	-	645,367
Fund Balance Transfer	42,290	-	-	(49,538)	-	7,248	-	-
Net assets at end of period	<u>\$ 608,638</u>	<u>\$ 41,852</u>	<u>\$ 13,281</u>	<u>\$ 39,143</u>	<u>\$ 18,510</u>	<u>\$ 29,257</u>	<u>\$ -</u>	<u>\$ 750,681</u>

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

Agency Name: Associated Students-California State University-Sonoma Vendor No. 49-Y421-00-05

Fiscal Year Ended: June 30, 2006 Contract No. CCTR-5445

Independent Auditor's Name: R.J. Ricciardi, Inc. Certified Public Accountants

SECTION I - CERTIFIED CHILDREN	EDP NO.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT						
<i>Infants (up to 18 months)</i>						
Full-time-plus	101	-		-	2.006	-
Full-time	103	558		558	1.700	949
Three-quarters-time	105	240		240	1.275	306
One-half-time	107	95		95	0.935	89
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus	101A	-		-	1.652	-
Full-time	103A	-		-	1.400	-
Three-quarters-time	105A	-		-	1.050	-
One-half-time	107A	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus	101B	-		-	1.652	-
Full-time	103B	1,850		1,850	1.400	2,590
Three-quarters-time	105B	456		456	1.050	479
On-half-time	107B	145		145	0.770	112
<i>Three Years and Older</i>						
Full-time-plus	111	-		-	1.180	-
Full-time	113	2,225		2,225	1.000	2,225
Three-quarters-time	115	295		295	0.750	221
One-half-time	117	272		272	0.550	150
<i>Exceptional Needs</i>						
Full-time-plus	121	-		-	1.416	-
Full-time	123	-		-	1.200	-
Three-quarters-time	125	-		-	0.900	-
One-half-time	127	-		-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus	131	-		-	1.298	-
Full-time	133	-		-	1.100	-
Three-quarters-time	135	-		-	0.825	-
One-half-time	137	-		-	0.605	-
<i>Children at Risk of Abuse or Neglect</i>						
Full-time-plus	141	-		-	1.298	-
Full-time	143	-		-	1.100	-
Three-quarters-time	145	-		-	0.825	-
One-half-time	147	-		-	0.605	-
<i>Severely Handicapped</i>						
Full-time-plus	151	-		-	1.770	-
Full-time	153	-		-	1.500	-
Three-quarters-time	155	-		-	1.125	-
One-half-time	157	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	190	6,136	-	6,136		7,121
DAYS OF OPERATION	169	214		214		
DAYS OF ATTENDANCE	179	6,136		6,136		

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

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

Agency Name: Associated Students-California State University-Sonoma Vendor No. 49-Y421-00-05

Fiscal Year Ended: June 30, 2006 Contract No. CCTR-5445
Commingled Contract No. (If Any) _____

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified but were served at the same site(s) as certified children.	EDP NO.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT						
<i>Infants (up to 18 months)</i>						
Full-time-plus	201	-		-	2.006	-
Full-time	203	200		200	1.700	340
Three-quarters-time	205	101		101	1.275	129
One-half-time	207	199		199	0.935	186
FCCH Infants (up to 18 months)						
Full-time plus	201A	-		-	1.652	-
Full-time	203A	-		-	1.400	-
Three-quarters-time	205A	-		-	1.050	-
One-half-time	207A	-		-	0.770	-
Toddlers (18 up to 36 months)						
Full-time-plus	201B	-		-	1.652	-
Full-time	203B	853		853	1.400	1,194
Three-quarters-time	205B	222		222	1.050	233
On-half-time	207B	2		2	0.770	2
Three Years and Older						
Full-time-plus	211	-		-	1.180	-
Full-time	213	1,457		1,457	1.000	1,457
Three-quarters-time	215	327		327	0.750	245
One-half-time	217	685		685	0.550	377
Exceptional Needs						
Full-time-plus	221	-		-	1.416	-
Full-time	223	-		-	1.200	-
Three-quarters-time	225	-		-	0.900	-
One-half-time	227	-		-	0.660	-
Limited and Non-English Proficient						
Full-time-plus	231	-		-	1.298	-
Full-time	233	-		-	1.100	-
Three-quarters-time	235	-		-	0.825	-
One-half-time	237	-		-	0.605	-
Children at Risk of Abuse or Neglect						
Full-time-plus	241	-		-	1.298	-
Full-time	243	-		-	1.100	-
Three-quarters-time	245	-		-	0.825	-
One-half-time	247	-		-	0.605	-
Severely Handicapped						
Full-time-plus	251	-		-	1.770	-
Full-time	253	-		-	1.500	-
Three-quarters-time	255	-		-	1.125	-
One-half-time	257	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	290	4,046	-	4,046		4,163

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

Agency Name: Associated Students-California State University-Sonoma

Vendor No. 49-Y421-00-05

Fiscal Year End: June 30, 2006

Contract No. CCTR-5445

Commingled Contract No. (If Any)

SECTION III - REVENUE	EDP NO.	COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
CCF/National School Lunch Program	302	\$21,154	\$0	\$21,154
Restricted income for operating costs	308			0
Maintenance of Effort	339			0
Other (specify):	312	6,121		6,121
SUBTOTAL	310	27,275	0	27,275
TRANSFER FROM RESERVE FUND	311			0
FAMILY FEES FOR CERTIFIED CHILDREN				
State General Fund	329	3,283		3,283
Federal Fund	331			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS				
State General Fund	349			0
Federal Fund	350			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356	142,997		142,997
Cal Learn Program	358			0
Other (specify):	362	0	0	0
TOTAL REVENUE	390	\$173,555	\$0	\$173,555

SECTION IV - EXPENSES

REIMBURSABLE EXPENSES				
Direct Payments to Providers (FCCH Only)	401	\$0	\$0	\$0
1000 Certificated Salaries	402	100,408		100,408
2000 Classified Salaries	404	170,572		170,572
3000 Employee Benefits	406	99,523		99,523
4000 Books and Supplies	408	42,939		42,939
5000 Services/Other Operating Expenses	412	63,361		63,361
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Replace Equipment (program-related)	416			0
Depreciation or Use Allowance	439			0
Start-Up Expenses (service level exemption)	447			0
Start-Up/Close-Down Expenses (migrant)	449			0
Indirect Costs -- Rate %: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other nonreimbursable expenses (specify):				
	489	828		828
TOTAL EXPENSES	490	\$477,631	\$0	\$477,631
TOTAL ADMINISTRATIVE COST (in Sec. IV)		\$9,818	\$0	\$9,818

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

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

 YES NO - Explain any discrepancies.

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

 YES NO - Explain any discrepancies.

COMMENTS:

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: Associated Students-California State University-SonomaFiscal Year End: June 30, 2006 Contract No. CCAP-4376Independent Auditor's Name: R.J. Ricciardi, Inc. Certified Public Accountants

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (<i>specify</i>): Matching Requirement			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (<i>specify</i>):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	5,306		5,306
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)	1,101		1,101
6500 Equipment Replacement (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (<i>specify</i>):			0
Subtotal Expenses for Current Fiscal Year	6,407	0	6,407
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$6,407	\$0	\$6,407
TOTAL ADMINISTRATIVE COST <small>(included in section II above)</small>			\$0

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

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**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: Associated Students-California State University-SonomaFiscal Year End: June 30, 2006 Contract No. CRPM-4121Independent Auditor's Name: R.J. Ricciardi, Inc. Certified Public Accountants

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (<i>specify</i>):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (<i>specify</i>):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

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

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

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**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: Associated Students-California State University-SonomaFiscal Year End: June 30, 2006 Contract No. CIMS-5698Independent Auditor's Name: R.J. Ricciardi, Inc. Certified Public Accountants

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (<i>specify</i>):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (<i>specify</i>):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	764		764
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Equipment Replacement (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (<i>specify</i>):			0
Subtotal Expenses for Current Fiscal Year	764	0	764
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$764	\$0	\$764
TOTAL ADMINISTRATIVE COST <small>(included in section II above)</small>			\$0

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

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**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: Associated Students-California State University-SonomaFiscal Year End: June 30, 2006 Contract No. CPKR-5735Independent Auditor's Name: R.J. Ricciardi, Inc. Certified Public Accountants

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (<i>specify</i>):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (<i>specify</i>):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	1,553		1,553
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Equipment Replacement (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			0
Other nonreimbursable expenses (<i>specify</i>):			0
Subtotal Expenses for Current Fiscal Year	1,553	0	1,553
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$1,553	\$0	\$1,553
TOTAL ADMINISTRATIVE COST <small>(included in section II above)</small>			\$0

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

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Child Development Programs

SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS

Child Care Food Program - Centers 49-1784-7-A

For the Period July 1, 2005 to December 31, 2005

	July 2005			August 2005			September 2005		
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
<u>Breakfast</u>									
Total	273	-	273	110	-	110	378	-	378
Free	139	-	139	56	-	56	192	-	192
Reduced	21	-	21	8	-	8	29	-	29
Base	113	-	113	46	-	46	157	-	157
<u>Lunch</u>									
Total	623	-	623	254	-	254	871	-	871
Free	316	-	316	129	-	129	442	-	442
Reduced	48	-	48	20	-	20	67	-	67
Base	259	-	259	105	-	105	362	-	362
<u>Supplements</u>									
Total	818	-	818	342	-	342	1,152	-	1,152
Free	415	-	415	174	-	174	585	-	585
Reduced	63	-	63	26	-	26	89	-	89
Base	340	-	340	142	-	142	478	-	478
	October 2005			November 2005			December 2005		
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
<u>Breakfast</u>									
Total	382	-	382	347	-	347	188	-	188
Free	161	-	161	146	-	146	79	-	79
Reduced	54	-	54	49	-	49	26	-	26
Base	167	-	167	152	-	152	83	-	83
<u>Lunch</u>									
Total	839	-	839	770	-	770	449	-	449
Free	353	-	353	324	-	324	189	-	189
Reduced	118	-	118	108	-	108	63	-	63
Base	368	-	368	338	-	338	197	-	197
<u>Supplements</u>									
Total	1,093	-	1,093	968	-	968	547	-	547
Free	460	-	460	408	-	408	230	-	230
Reduced	153	-	153	136	-	136	77	-	77
Base	480	-	480	424	-	424	240	-	240

Child Development Programs

SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS

Child Care Food Program - Centers 49-1784-7-A

For the Period January 1, 2006 to June 30, 2006

	January 2006			February 2006			March 2006		
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
<u>Breakfast</u>									
Total	288	-	288	406	-	406	421	-	421
Free	122	-	122	171	-	171	178	-	178
Reduced	45	-	45	63	-	63	66	-	66
Base	121	-	121	172	-	172	177	-	177
<u>Lunch</u>									
Total	665	-	665	894	-	894	1,027	-	1,027
Free	281	-	281	377	-	377	433	-	433
Reduced	104	-	104	140	-	140	160	-	160
Base	280	-	280	377	-	377	434	-	434
<u>Supplements</u>									
Total	810	-	810	1,070	-	1,070	1,282	-	1,282
Free	342	-	342	451	-	451	541	-	541
Reduced	127	-	127	167	-	167	200	-	200
Base	341	-	341	452	-	452	541	-	541
	April 2006			May 2006			June 2006		
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
<u>Breakfast</u>									
Total	270	-	270	390	-	390	311	-	311
Free	114	-	114	165	-	165	131	-	131
Reduced	42	-	42	61	-	61	49	-	49
Base	114	-	114	164	-	164	131	-	131
<u>Lunch</u>									
Total	674	-	674	936	-	936	683	-	683
Free	284	-	284	395	-	395	288	-	288
Reduced	105	-	105	146	-	146	107	-	107
Base	285	-	285	395	-	395	288	-	288
<u>Supplements</u>									
Total	851	-	851	1,121	-	1,121	891	-	891
Free	359	-	359	473	-	473	376	-	376
Reduced	133	-	133	175	-	175	139	-	139
Base	359	-	359	473	-	473	376	-	376

Child Development Programs

SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS

Child Care Food Program - Centers 49-1784-7-A

For the Period July 1, 2005 to June 30, 2006

	Meals			Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
	Reported	Adjusted	Allowed				
<u>Breakfast</u>							
Total	3,764	-	3,764				
Free	1,654	-	1,654	1.2700	\$ 2,101	-	\$ 2,101
Reduced	513	-	513	0.9700	498	-	498
Base	1,597	-	1,597	0.2300	367	-	367
<u>Lunch</u>							
Total	8,685	-	8,685				
Free	3,811	-	3,811	2.3200	8,842	-	8,842
Reduced	1,186	-	1,186	1.9200	2,277	-	2,277
Base	3,688	-	3,688	0.2200	811	-	811
<u>Supplements</u>							
Total	10,945	-	10,945				
Free	4,814	-	4,814	0.6300	3,033	-	3,033
Reduced	1,485	-	1,485	0.3100	460	-	460
Base	4,646	-	4,646	0.0500	232	-	232
Difference							2
Federal reimbursement							<u>\$ 18,623</u>
Cash-in-lieu							<u>\$ 1,520</u>
State meal compensation							<u>\$ 1,013</u>

Associated Students, Incorporated of Sonoma State University
Child Development Programs

Schedule 13

COMBINING SCHEDULE OF EQUIPMENT EXPENDITURES

For the Year Ended June 30, 2006

	General Center CCTR-5445	CCDF Capacity Project CCAP-4376	Renovation and Repair CPRM-4121	Matching Portion Renovation and Repair CRPM-4121	Instructional Materials CIMS-5698	Pre- kindergarten Resource CPKR-5735	Total
Unit cost under \$7,500 item:							
Playhouse	\$ -	\$ 679	\$ -	\$ -	\$ -	\$ -	\$ 679
Canon digital camera and memory card	-	422	-	-	-	-	422
Total	<u>-</u>	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,101</u>
Unit cost over \$7,500 with CDD approval:							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$7,500 without CDD approval:							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equipment expenditures	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101</u>

Child Development Programs

COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES

For the Year Ended June 30, 2006

	General Center CCTR-5445	CCDF Capacity Project CCAP-4376	Renovation and Repair CPRM-4121	Matching Portion Renovation and Repair CRPM-4121	Instructional Materials CIMS-5698	Pre- kindergarten Resource CPKR-5735	Total
Unit cost under \$10,000 item:							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unit cost over \$10,000 with CDD approval:							
None	-	-	-	-	-	-	-
Unit cost over \$10,000 without CDD approval:							
None	-	-	-	-	-	-	-
Total equipment expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Child Development Programs

SCHEDULE OF ADMINISTRATIVE COSTS

For the Year Ended June 30, 2006

	<u>General Center CCTR-5445</u>
Administrative costs:	
Salaries	\$ 3,908
Fringe Benefits	1,685
Training & Conference Registration	145
University Services	146
Repair & Maintenance	314
Audit	3,000
Insurance	380
Other	<u>240</u>
Total administrative costs	<u>\$ 9,818</u>

Associated Students, Incorporated of Sonoma State University
 Child Development Programs
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
 For the Year Ended June 30, 2006

Schedule 16

		General Center Child Care CCTR-5445
	\$	-
Reimbursable expenditures:		
DIRECT PAYMENTS TO PROVIDERS	\$	-
1000 CERTIFIED SALARIES		
1100 Teachers' salaries		100,408
1300 Supervisors' salaries		-
2000 CLASSIFIED SALARIES		
2100 Instructional aides' salaries		138,033
2300 Clerical and other office salaries		21,125
2400 Maintenance and operations salaries		-
2500 Food service salaries		11,414
2600 Transportation salaries		-
3000 EMPLOYEE BENEFITS		
3300 Social Security		14,421
3500 State unemployment insurance		2,145
3600 Workers' compensation insurance		8,337
3900 Other benefits		74,620
4000 BOOKS AND SUPPLIES		
4200 Books other than textbooks		-
4300 Instructional materials and supplies		18,187
4600 Pupil transportation supplies		-
4700 Food service supplies		24,753
5000 SERVICES AND OTHER OPERATING EXPENSES		
5100 Contracts for personal services		13,004
5200 Travel and conferences		3,109
5400 Insurance		1,900
5500 Utilities and housekeeping services		9,600
5600 Rentals, leases and repairs		24,183
5800 Other services and operating expenses		11,565
6000 CAPITAL OUTLAY		
6200 Buildings and improvement of buildings		-
6400 New equipment (program-related)		-
6500 Equipment replacement (program-related)		-
Other nonreimbursable expenses		827
		827
Total reimbursable expenditures	\$	477,631

We have examined the claims filed for reimbursement and the original supporting records covering the transactions under those contracts to an extent considered necessary to assure ourselves that the amounts claimed by the Agency were proper.

Associated Students, Incorporated of Sonoma State University
 Child Development Programs
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2006

Schedule 17

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>					
Pass through State Department of Education:					
Child Care Food Program*	10.558	49-1784-7A	\$ -	\$ 20,141	\$ 20,141
Total U.S. Department of Agriculture				<u>\$ 20,141</u>	<u>\$ 20,141</u>
<u>U.S. Department of Health and Human Services</u>					
Pass through State Department of Education:					
CCDF Capacity Project	93.575	CCAP-4376	6,407	6,407	6,407
Facilities Renovation and Repair	93.575	CRPM-4121	8,400	-	-
Instructional Materials	93.575	CIMS-5698	764	764	764
Pre-kindergarten Resource Contracts	93.575	CPKR-5735	1,553	<u>1,553</u>	<u>1,553</u>
Total U.S. Department of Health and Human Services				<u>8,724</u>	<u>8,724</u>
Total federal awards				<u>\$ 28,865</u>	<u>\$ 28,865</u>

* Reimbursement on a per meal basis

NOTE - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Associated Students, Incorporated of Sonoma State University and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Associated Students, Incorporated of Sonoma State University
 Child Development Programs
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Year Ended June 30, 2006

Schedule 18

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>				
Child Care Food Program*	49-1784-7A	\$ -	\$ 1,013	\$ 1,013
General Center Child Care	CCTR-5445	206,946	<u>206,946</u>	<u>477,631</u>
Total state awards			<u>\$ 207,959</u>	<u>\$ 478,644</u>

* Reimbursement on a per meal basis

Associated Students, Incorporated of Sonoma State University
 Child Development Programs

Schedule 19

SCHEDULE OF EXPENDITURES OF COUNTY AWARDS

For the Year Ended June 30, 2006

<u>Grantor/Program Title</u>	<u>Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>County of Sonoma, Department of Health Services</u>			
County of Sonoma Children and Families Commission	\$ 3,987	\$ 3,621	\$ 3,621
Total county awards		<u>\$ 3,621</u>	<u>\$ 3,621</u>

R. J. RICCIARDI, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

1000 FOURTH STREET • SUITE 400 • SAN RAFAEL, CALIFORNIA 94901 • TEL (415) 457-1215 • FAX (415) 457-6735 • www.rjrca.com

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Directors
Associated Students, Incorporated of Sonoma State University
Rohnert Park, California

We have audited the financial statements of Associated Students, Incorporated of Sonoma State University Child Development Programs (the Organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated August 2, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Organization's financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Associated Students, Incorporated of Sonoma State University in a separate letter dated August 2, 2006.

This report is intended solely for the information and use of the board of directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "R.J. Ricciardi, Inc.", written in a cursive style.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
August 2, 2006