

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY,
LONG BEACH**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2008
and Independent Auditors' Report, Report on
Compliance Based on Audited Financial Statements
and Report on Internal Control Structure**

**ASSOCIATED STUDENTS, INC. AND UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
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EXECUTIVE SUMMARY

September 26, 2008

To the Board of Directors of
Associated Students, Inc.
University Student Union
California State University, Long Beach
Long Beach, California

We have audited the financial statements of Associated Students, Inc. California State University, Long Beach, and the University Student Union, California State University, Long Beach, (“Auxiliary Organizations”) and other supplementary information (see section 6) as of June 30, 2008, and for the year then ended and issued our reports thereon dated September 26, 2008 (see sections 2 and 3). In connection with our audit of the financial statements, we made a study and evaluation of the Auxiliary Organizations internal control structure to establish a basis for reliance thereon in determining the nature, timing and extent of our auditing procedures necessary for expressing our opinions on the Auxiliary Organizations financial statements. As a result of our audits and our study and evaluation of the Auxiliary Organizations internal control structure made for the limited purpose described above, we have issued a management letter dated September 26, 2008. In addition, we performed tests of certain internal control structure procedures and performed certain compliance tests of specific control items listed in Attachment I thereto and issued our letter report thereon dated September 26, 2008 (see section 4).

The information which follows on page 1-2, summarizes our findings resulting from the above-described audit tests and is intended solely for the use of Auxiliary Organizations’ management and the California State University Board of Trustees.

FINANCIAL SUMMARY:

Our independent auditors' reports dated September 26, 2008 on the financial statements of the Auxiliary Organizations as of and for the year ended June 30, 2008 contains an unqualified opinion. The following summary of selected financial data for 2008 should be read in conjunction with our audit report and the accompanying financial statements:

	<u>Associated Students, Inc.</u>	<u>University Student Union</u>
Revenue and support	\$ 5,341,294	\$ 4,357,565
Change net assets	\$ (1,732,483)	\$ (2,751,810)
Cash, savings, pooled money investment, certificates of deposit and other investments	\$ 1,480,637	\$ 1,321,843
Total assets	\$ 2,757,944	\$ 2,159,143
Unrestricted net assets:		
General	\$ (390,025)	\$ (1,883,712)
Designated	\$ 463,733	\$ 769,738
Temporarily Restricted	\$ 7,657	-
Permanently Restricted	\$ 63,068	-
Total net assets	\$ 144,433	\$ (1,113,974)

LETTER REPORT ON INTERNAL CONTROL TESTS AND SPECIFIC CONTROL ITEMS:

Our tests, performed in accordance with Attachment I did not reveal any instances of noncompliance.

REPORT ON INTERNAL CONTROL STRUCTURE:

Our study and evaluation of the Auxiliary Organizations' internal control structure made for the limited purpose described in the first paragraph of this letter would not necessarily disclose all material weaknesses in the structure. Accordingly, we do not express an opinion on the internal control structure of the Auxiliary Organizations taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

Yours truly,

Vorwin, Hagen + Co.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
Financial Statements and
Supplementary Information for the
Year Ended June 30, 2008 and
Independent Auditors' Report**

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students, Inc.
California State University, Long Beach
Long Beach, California

We have audited the accompanying statement of financial position of Associated Students, Inc., California State University, Long Beach as of June 30, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Associated Students, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Associated Students, Inc.'s financial statements and, in our report dated September 14, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 2-9 through 2-22 and section 6 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the Associated Students, Inc.'s management. Such supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

September 26, 2008

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents		
On hand and in bank	\$ 140,151	\$ 140,269
Short-term investments	<u>125,795</u>	<u>115,394</u>
Total cash and cash equivalents	265,946	255,663
Accounts receivable	150,808	299,178
Prepaid expenses and deposits	10,661	16,637
Long-term investments	1,214,691	1,167,722
Property and equipment		
Furniture and fixtures	762,211	679,783
Leasehold improvements	863,522	863,522
Building	391,769	391,769
Construction in progress	11,519	-
Accumulated depreciation	<u>(913,183)</u>	<u>(827,541)</u>
Property and equipment, net	<u>1,115,838</u>	<u>1,107,533</u>
Total assets	<u>\$ 2,757,944</u>	<u>\$ 2,846,733</u>
LIABILITIES		
Accounts payable	\$ 143,449	\$ 290,154
Accrued liabilities	132,232	141,649
Accumulated post-retirement benefits obligation	1,741,085	-
Funds held for others	<u>596,745</u>	<u>538,014</u>
Total liabilities	2,613,511	969,817
NET ASSETS		
Unrestricted		
General	(390,025)	1,333,236
Designated	463,733	476,073
Temporarily restricted	7,657	5,639
Permanently restricted	<u>63,068</u>	<u>61,968</u>
Total net assets	<u>144,433</u>	<u>1,876,916</u>
Total liabilities and net assets	<u>\$ 2,757,944</u>	<u>\$ 2,846,733</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008			Total	2007 <u>Total</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES					
Student activity fee	\$3,464,198	\$ -	\$ -	\$3,464,198	\$3,350,989
Contributions	46,273	4,018	1,100	51,391	99,359
Government grants and contracts	548,276	-	-	548,276	515,957
Recovered expenses and user fees	923,002	-	-	923,002	913,376
Leases and rentals	23,113	-	-	23,113	29,365
Sales revenue, net	292,978	-	-	292,978	204,007
Miscellaneous revenue (expense)	(14,612)	-	-	(14,612)	6,147
Realized gain (loss) on investments	16,731	-	-	16,731	36,248
Unrealized gain (loss) on investments	(19,487)	-	-	(19,487)	121,986
Interest and investment income	55,704	-	-	55,704	8,523
Restrictions released	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and restrictions released	5,338,176	2,018	1,100	5,341,294	5,285,957
EXPENSES					
Personnel - salaries	2,121,048	-	-	2,121,048	2,019,943
Employee benefits	2,264,152	-	-	2,264,152	541,485
Operating expenses	2,587,192	-	-	2,587,192	2,552,730
Depreciation	<u>101,385</u>	<u>-</u>	<u>-</u>	<u>101,385</u>	<u>90,657</u>
Total expenses	<u>7,073,777</u>	<u>-</u>	<u>-</u>	<u>7,073,777</u>	<u>5,204,815</u>
CHANGE IN NET ASSETS	(1,735,601)	2,018	1,100	(1,732,483)	81,142
NET ASSETS - beginning of year	<u>1,809,309</u>	<u>5,639</u>	<u>61,968</u>	<u>1,876,916</u>	<u>1,795,774</u>
NET ASSETS - end of year	<u>\$ 73,708</u>	<u>\$ 7,657</u>	<u>\$ 63,068</u>	<u>\$ 144,433</u>	<u>\$1,876,916</u>

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,732,483)	\$ 81,142
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	101,385	90,657
Noncash investment income	2,756	(158,234)
(Increase) decrease in:		
Accounts receivable	148,370	41,794
Prepaid expenses	5,976	(8,519)
Increase (decrease) in:		
Accounts payable	(146,705)	19,188
Accrued liabilities	(9,417)	14,802
Accumulated post-retirement benefits obligation	1,741,085	-
Funds held for others	<u>58,731</u>	<u>110,306</u>
 Total adjustments	 <u>1,902,181</u>	 <u>109,994</u>
 Net Cash Provided (Used) by Operating Activities	 169,698	 191,136
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Plant & equipment purchases	(98,171)	(157,839)
Payments related to the construction of assets	(11,519)	-
Net change in investments	<u>(49,725)</u>	<u>32,189</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(159,415)</u>	 <u>(125,650)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	<u>-</u>	<u>(65,535)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>-</u>	 <u>(65,535)</u>
 NET INCREASE (DECREASE) IN CASH	 10,283	 (49)
 CASH AT BEGINNING OF YEAR	 <u>255,663</u>	 <u>255,712</u>
 CASH AT END OF YEAR	 <u>\$ 265,946</u>	 <u>\$ 255,663</u>

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Associated Students, Inc. is a nonprofit auxiliary organization to California State University, Long Beach (University), and was organized pursuant to the General Nonprofit Corporation Law of the State of California, to administer various student programs and activities. Student activity fees and other revenue are collected for the support of student-related programs and for the acquisition of assets that benefit the student body.

Net assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Associated Students, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The accompanying financial statements present the accounts of the General Fund, Designated Fund, Plant Fund and Campus Program Fund, combined in accordance with guidelines received from the Office of the Chancellor of California State University (the "Chancellor's Office").

Unrestricted net assets are classified for accounting and reporting purposes by the activity or purposes for which they are intended. These groupings define the resources that can be utilized for the particular activity or purpose.

The General Fund is maintained to classify for those transactions related to all activities not covered in another specific category and which relate in general to the full scope of operations of the auxiliary organization.

The Plant Fund is maintained to account for funds designated for the acquisition of physical properties and funds expended and invested in physical properties.

The Campus Program Fund is maintained as a service to University-affiliated organizations and projects. The Associated Students, Inc. acts as a collecting and disbursing agent for certain special activities of other campus organizations. These funds, held on behalf of others, are separately accounted for in the Campus Program Fund.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Designated net assets

The Board of Directors of the Associated Students, Inc. under guidelines established by the Chancellor's Office, developed reserve policies that designate certain funds of the Associated Students, Inc.

Designated net asset balances at June 30, 2008 are as follows:

Economic Uncertainty	\$ 265,548
Student Organization Fund	86,150
Self-insured retention	67,100
Beach Pride Fund	45,766
LAUP Fund	<u>(831)</u>
	<u>\$ 463,733</u>

Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand and in commercial checking accounts, savings accounts, time certificates of deposit with original maturities of three months or less and a pooled money investment account with the State Treasurer. These investments are carried at cost, which approximates market value. The Associated Students, Inc. maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Associated Students, Inc. has not experienced any losses in such accounts. The Associated Students, Inc. believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their approximate fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Fixed Assets

Fixed assets of the Associated Students, Inc. are stated at cost. Major renewals and betterments are capitalized, while maintenance and repairs that do not improve or extend the life of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Associated Students, Inc. is exempt from federal and State income tax.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Associated Students, Inc.'s financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

2. STUDENT ACTIVITY FEES

Each student of California State University, Long Beach is required to pay a student activity fee to support Associated Students, Inc. operations as follows: \$33 - Summer 2007, \$44 per semester (Fall 2007, and Spring 2008). These fees, collected by the University Bursar's Office are remitted to the Associated Students, Inc. at which time they are recorded as revenue. A portion of the fees, based on anticipated student withdrawals, is maintained by the University Bursar's.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

3. PENSION PLAN

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Retirement Plans." This statement requires an employer to recognize the funded status of a defined benefit retirement plan, measured as the difference between plan assets at fair value and the benefit obligation, in its statement of financial position; to recognize within the change in net assets, the gains, losses and prior service costs that arise during the period but are not recognized as components of net periodic benefit cost; to measure the assets and obligations as of the date of the employer's fiscal year end; and to disclose additional information about net periodic benefit costs for the Associated Students, Inc. and the University Student Union's post retirement health plan in the notes to the financial statements. The Associated Students, Inc. and the University Student Union adopted the recognition and measurement provisions of this standard in the year ended June 30, 2008.

The incremental effect of applying the recognition provisions of SFAS No. 158 in the statement of financial position for the post retirement health plan obligation as of June 30, 2008 is as follows:

Amount recognized prior to the application of SFAS No. 158	\$	-
Funded status of the plan	\$	-
Additional amount recognized due to SFAS No. 158	\$	4,744,100

As a result of this implementation, accrued liabilities increased \$4,744,100 and unrestricted net assets decreased \$4,744,100.

As the Associated Students, Inc. and the University Student Union has historically measured its plan assets and obligations as of the end of its fiscal year there are no changes in its financial statement presentation as a result of this provision of SFAS No. 158.

4. TRANSACTIONS WITH RELATED ENTITIES

The Associated Students, Inc. provides accounting and other personnel services for the University Student Union and received \$251,856 for such services during the year ended June 30, 2008. Such amount is included in recovered expenses and user fees revenue. The University Student Union received \$63,201 from the Associated Students, Inc. for building occupancy and \$63,122 for managing Associated Students, Inc. programs during the year ended June 30, 2008.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SCHEDULE OF GENERAL FUND STUDENT BODY ORGANIZATION
AND PROGRAM OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2008**

REVENUES

Operating revenues:

Student activity fee		\$ 3,464,198
Program revenue		
Student service	1,016,826	
Administrative	311,477	
Community services	514,489	
Communication - media	53,129	
Student government	33,640	
Intercollegiate athletics	<u>148,995</u>	
		<u>2,078,556</u>
Total revenues		5,542,754

EXPENSES

Program expenses:

Student services	1,646,411	
Administrative	2,821,906	
Student government	484,574	
Community services	512,883	
Academic programs	133,758	
Intercollegiate athletics	448,673	
Communication - media	286,890	
Cultural affairs	114,631	
Financial aid	<u>883,577</u>	
Total expenses		<u>7,333,303</u>

INCOME FROM STUDENT PROGRAM ACTIVITIES (1,790,549)

CONTRIBUTIONS 5,118

INTEREST AND INVESTMENT INCOME 52,948

EXCESS OF REVENUES OVER EXPENSES \$(1,732,483)

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SCHEDULE OF INVESTMENTS AND SAVINGS ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Type of Investment</u>	<u>Cost</u>	<u>Market Value</u>	<u>Date of Purchase</u>	<u>Maturity Date</u>	<u>Stated Rate of Return</u>
Local Agency Investment Fund	\$ 98,957	\$ 98,957	Various	On demand	3.11%
City National Bank Managed Investment Account					
Money Market	26,837	26,837	Various	On demand	1.50%
Fixed Income	574,382	568,719	Various	On demand	Various
Accrued Interest	-	-	Various	On demand	Various
Equity	<u>527,221</u>	<u>563,603</u>	Various	On demand	Various
	<u>1,128,440</u>	<u>1,159,159</u>			
	<u>\$1,227,397</u>	<u>\$ 1,258,116</u>			

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets:

Current assets:	
Cash and cash equivalents	\$ 140,151
Short-term investments	125,795
Accounts receivable, net	150,808
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	10,661
Total current assets	<u>427,415</u>
Noncurrent assets:	
Restricted cash and cash equivalents	7,657
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	63,068
Other long-term investments	1,143,966
Capital assets, net	1,115,838
Other assets	—
Total noncurrent assets	<u>2,330,529</u>
Total assets	<u>2,757,944</u>

Liabilities:

Current liabilities:	
Accounts payable	148,187
Accrued salaries and benefits payable	13,722
Accrued compensated absences— current portion	113,772
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	—
Total current liabilities	<u>275,681</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	596,745
Other liabilities	1,741,085
Total noncurrent liabilities	<u>2,337,830</u>
Total liabilities	<u>2,613,511</u>

Net assets:

Invested in capital assets, net of related debt	1,115,838
Restricted for:	
Nonexpendable – endowments	63,068
Expendable:	
Scholarships and fellowships	7,657
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>(1,042,130)</u>
Total net assets	<u>\$ 144,433</u>

See accompanying auditors' reports and
notes to financial statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$___0___)	\$	3,464,198
Grants and contracts, noncapital:		
Federal		126,917
State		281,948
Local		139,411
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$___0___)		552,504
Other operating revenues		992,651
		<u>5,557,629</u>
Total operating revenues		<u>5,557,629</u>

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		4,931,873
Institutional support		1,080,332
Operation and maintenance of plant		67,169
Student grants and scholarships		923,592
Auxiliary enterprise expenses		228,952
Depreciation and amortization		101,385
		<u>7,333,303</u>
Total operating expenses		<u>7,333,303</u>
Operating income (loss)		<u>(1,775,674)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Gifts, noncapital		—
Investment income, net		52,948
Endowment income		—
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		<u>(14,875)</u>
Net nonoperating revenues (expenses)		<u>38,073</u>
Income (loss) before other additions		<u>(1,737,601)</u>

State appropriations, capital		—
Grants and gifts, capital		4,018
Additions to permanent endowments		1,100
		<u>5,118</u>
Increase (decrease) in net assets		<u>(1,732,483)</u>

Net assets:

Net assets at beginning of year		1,876,916
Restatements		—
		<u>1,876,916</u>
Net assets at end of year	\$	<u>144,433</u>

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB FOOTNOTES
FOR THE YEAR ENDED JUNE 30, 2008**

Footnote 11-Transactions with related entries

State appropriations receivable	-
Reimbursements from Auxiliary Organizations for employee salaries	-
Payments to Auxiliaries for services, space and programs	-
Gifts In-kind to the University from the Auxiliary Organizations	-
Amounts receivable from (payable to) the Chancellor's Office	-
Amounts receivable from (payable to) the Auxiliary Organizations	-

Footnote 12-Auxiliary Organizations

Depreciation expense	101,385
Accumulated depreciation	913,183
Pledges received	-
Pledges received	-
Purchases of property, plant and equipment	109,691
Principal repayments of long-term debt	-
Principal portion of payments of capital lease obligations	-

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

1 Restricted cash and cash equivalents at June 30, 2008:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		<u>7,657</u>
Total restricted cash and cash equivalents	\$	<u>7,657</u>

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	11,519	—	—	11,519
Total nondepreciable capital assets	—	—	—	—	11,519	—	—	11,519
Depreciable capital assets								
Buildings and building improvements	391,769	—	—	391,769	—	—	—	391,769
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	863,522	—	—	863,522	—	—	—	863,522
Personal property:								
Equipment	679,783	—	—	679,783	98,171	(15,743)	—	762,211
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	1,935,074	—	—	1,935,074	98,171	(15,743)	—	2,017,502
Total cost	1,935,074	—	—	1,935,074	109,690	(15,743)	—	2,029,021
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(284,785)	—	—	(284,785)	(59,072)	—	—	(343,857)
Personal property:								
Equipment	(542,756)	—	—	(542,756)	(42,313)	15,743	—	(569,326)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(827,541)	—	—	(827,541)	(101,385)	15,743	—	(913,183)
Net capital assets	\$ 1,107,533	—	—	1,107,533	8,305	—	—	1,115,838

Detail of depreciation and amortization expense for the year ended June 30, 2008:

Depreciation and amortization expense related to capital assets	\$ 101,385
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 101,385

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2007</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2007 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Current portion</u>	<u>Long-term portion</u>
Accrued compensated absences	\$ 86,216	—	—	86,216	27,556	—	113,772	113,772	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 86,216	—	—	86,216	27,556	—	113,772	113,772	—

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

5 Future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2009	\$ —	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014 - 2018	—	—	—
2019 - 2023	—	—	—
2024 - 2028	—	—	—
2029 - 2033	—	—	—
2034 - 2038	—	—	—
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2048 - 2053	—	—	—
2054 - 2058	—	—	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			<hr/>
Present value of future minimum lease payments			—
Less: current portion			<hr/>
Capitalized lease obligation, net of current portion			\$ — <hr/>

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		Principal and Interest
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	
Year ending June 30:									
2009	\$ —	—	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014 - 2018	—	—	—	—	—	—	—	—	—
2019 - 2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	—	—	—	—	—	—

See accompanying auditors' reports and notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

7 Calculation of net assets - Invested in capital assets, net of related debt

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
Capital assets, net of accumulated depreciation	\$ —	1,115,838	1,115,838
Capital lease obligations, current portion	—	—	—
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year end	—	—	—
Other:	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ —</u>	<u>1,115,838</u>	<u>1,115,838</u>

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 78,450
Reimbursements to University for other than salaries of University personnel	897,557
Payments received from University for services, space, and programs	54,298
Gifts-in-kind to the University from Auxiliary Organizations	—
Amounts (payable to) University (enter as negative number)	(56,934)
Amounts receivable from University	—

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2007, as previously reported	\$	—
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2007, as restated	\$	—

Provide a detailed breakdown of the journal entries booked to record each prior period adjustments:

	Debit	Credit
Net asset class: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net asset class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net asset class: _____ 10 (breakdown of adjusting journal entry)	—	—

See accompanying auditors' reports and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
Financial Statements and Supplementary
Information for the Year Ended June 30, 2008
and Independent Auditors' Report**

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
University Student Union
California State University, Long Beach
Long Beach, California

We have audited the accompanying statement of financial position of University Student Union, California State University, Long Beach as of June 30, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the University Student Union's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University Student Union financial statements and, in our report dated September 14, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of the University Student Union as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 3-8 through 3-23 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the University Student Union's management. Such supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

September 26, 2008

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents		
On hand and in bank	\$ 45,008	\$ 105,470
Short-term investments	<u>252,222</u>	<u>241,390</u>
Total cash and cash equivalents	297,230	346,860
Accounts receivable	59,836	255,509
Long-term investments	1,024,613	939,158
Inventory	10,864	3,187
Prepaid expenses and deposits	-	9,250
Property and equipment		
Furniture and fixtures	451,562	388,202
Building improvements	786,945	653,782
Accumulated depreciation	<u>(471,907)</u>	<u>(420,940)</u>
Property and equipment, net	<u>766,600</u>	<u>621,044</u>
Total assets	<u>\$ 2,159,143</u>	<u>\$ 2,175,008</u>
LIABILITIES		
Accounts payable	\$ 59,796	\$ 73,646
Accrued liabilities	187,078	195,025
Accumulated post-retirement benefits obligation	3,003,015	-
Funds held for others	11,036	47,042
Deferred revenue	<u>12,192</u>	<u>221,459</u>
Total liabilities	3,273,117	537,172
NET ASSETS		
Unrestricted net assets		
General	(1,883,712)	908,451
Designated	<u>769,738</u>	<u>729,385</u>
Total net assets	<u>(1,113,974)</u>	<u>1,637,836</u>
Total liabilities and net assets	<u>\$ 2,159,143</u>	<u>\$ 2,175,008</u>

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
REVENUES		
Student activity fee	\$ 3,002,629	\$2,565,726
Revenue from operations	1,283,231	1,070,958
Interest and investment income	16,300	46,354
Contributions	8,500	5,000
Miscellaneous income (expense)	(20,967)	44,532
Gain (loss) on equipment sold	-	(278)
Realized gain (loss) on investments	1,824	(8,387)
Unrealized gain (loss) on investments	<u>66,048</u>	<u>50,309</u>
 Total revenue	 4,357,565	 3,774,214
 EXPENSES		
Personnel - salaries	1,906,294	1,679,544
Employee benefits	3,616,948	599,291
Operating expenses	1,535,166	1,425,202
Depreciation	<u>50,967</u>	<u>30,688</u>
 Total expenses	 <u>7,109,375</u>	 <u>3,734,725</u>
 CHANGE IN NET ASSETS	 (2,751,810)	 39,489
 NET ASSETS - beginning of year	 <u>1,637,836</u>	 <u>1,598,347</u>
 NET ASSETS - end of year	 <u><u>\$ (1,113,974)</u></u>	 <u><u>\$ 1,637,836</u></u>

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,751,810)	\$ 39,489
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	50,967	30,688
(Gain) loss on disposal of property	-	278
Noncash investment income	-	(41,922)
(Increase) decrease in accounts receivable	195,673	40,720
(Increase) decrease in prepaid expenses and deposits	9,250	(9,199)
(Increase) decrease in inventory	(7,677)	190
Increase (decrease) in accounts payable	(13,850)	41,756
Increase (decrease) in other accrued liabilities	(7,947)	71,141
Accumulated post-retirement benefits obligation	3,003,015	-
Increase (decrease) in funds held for others	(36,006)	(77,905)
Increase (decrease) in deferred revenue	<u>(209,267)</u>	<u>(51,107)</u>
 Total adjustments	 <u>2,984,158</u>	 <u>4,640</u>
 Net Cash Provided (Used) by Operating Activities	 232,348	 44,129
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds of sales of fixed assets	-	45,694
Payments related to acquisition of capital assets	(196,523)	(5,677)
Payments related to the improvement of capital assets	-	(438,000)
Net change in investments	<u>(85,455)</u>	<u>91,796</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(281,978)</u>	 <u>(306,187)</u>
 NET INCREASE (DECREASE) IN CASH	 (49,630)	 (262,058)
 CASH AT BEGINNING OF YEAR	 <u>346,860</u>	 <u>608,918</u>
 CASH AT END OF YEAR	 <u>\$ 297,230</u>	 <u>\$ 346,860</u>

See accompanying auditors' report and notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University Student Union (the "Union"), California State University, Long Beach, was organized pursuant to the General Nonprofit Corporation Law of the State of California and is operated by the Board of Directors of the Associated Students, Inc, California State University, Long Beach.

The Union operates the Student Union Building. The operation includes a candy counter, recreation center, information/ticket booth and graphics department.

Net assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Union is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The accompanying financial statements present the accounts of the General Fund, Plant Fund and Designated Fund, combined in accordance with guidelines received from the Office of the Chancellor of California State University (the "Chancellor's Office").

Unrestricted net assets are classified for accounting and reporting purposes by the activity or purposes for which they are intended. These groupings define the resources that can be utilized for the particular activity or purpose.

The General Fund is maintained to classify for those transactions related to all activities not covered in another specific category and which relate in general to the full scope of operations of the auxiliary organization.

The Plant Fund is maintained to account for funds designated for the acquisition of physical properties and funds expended and invested in physical properties.

Designated Fund - The Board of Trustees of the Union, under guidelines established by the Chancellor's Office, developed reserve policies that designate certain funds of the Union. The Designated Fund balance at June 30, 2008 represents a reserve for major capital expenditures.

Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand and in commercial checking accounts, savings accounts, time certificates of deposit with original maturities of three months or less and a pooled money investment account with the State Treasurer. These investments are carried at cost, which approximates market value.

Inventory

Inventory included gifts, candy, and other food and supplies sold at the Union's candy counter and snack shop. Inventory is stated at the lower of cost or market, determined on a first-in, first-out basis.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fixed Assets

Legal title to the Student Union Building is retained by the Board of Trustees of the California State University. Accordingly, the assets and liabilities related to the building have not been included in the accompanying financial statements.

Fixed assets of the Union are stated at cost. Major renewals and betterments are capitalized, while maintenance and repairs that do not improve or extend the life of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

Income Taxes

The Union is exempt from federal and State income tax.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their approximate fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Union's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

2. STUDENT UNION ACTIVITY FEES

Students of California State University, Long Beach are required to pay \$50 per semester (\$37 per summer session) to service debt related to the construction of the Student Union building and to operate the Union. The fees, collected by the University Business Office, are deposited in the California State Treasury and held by the Chancellor's Office of the California State University. The California State University Board of Trustees has the right of first call on these funds for revenue bond debt service requirements and repairs and replacement of plant assets, with remaining funds available for use in operating the Union for the benefit of the students. The transfer of student fees to the Union is recorded as revenue in the year in which the fees are remitted to the Union.

3. PENSION PLAN

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Retirement Plans." This statement requires an employer to recognize the funded status of a defined benefit retirement plan, measured as the difference between plan assets at fair value and the benefit obligation, in its statement of financial position; to recognize within the change in net assets, the gains, losses and prior service costs that arise during the period but are not recognized as components of net periodic benefit cost; to measure the assets and obligations as of the date of the employer's fiscal year end; and to disclose additional information about net periodic benefit costs for the Associated Students, Inc. and the University Student Union's post retirement health plan in the notes to the financial statements. The Associated Students, Inc. and the University Student Union adopted the recognition and measurement provisions of this standard in the year ended June 30, 2008.

The incremental effect of applying the recognition provisions of SFAS No. 158 in the statement of financial position for the post retirement health plan obligation as of June 30, 2008 is as follows:

Amount recognized prior to the application of SFAS No. 158	\$	-
Funded status of the plan	\$	-
Additional amount recognized due to SFAS No. 158	\$	4,744,100

As a result of this implementation, accrued liabilities increased \$4,744,100 and unrestricted net assets decreased \$4,744,100.

As the Associated Students, Inc. and the University Student Union has historically measured its plan assets and obligations as of the end of its fiscal year there are no changes in its financial statement presentation as a result of this provision of SFAS No. 158.

4. TRANSACTIONS WITH RELATED ENTITIES

The Associated Students, Inc. provides accounting and other personnel services for the University Student Union and received \$251,856 for such services during the year ended June 30, 2008. Such amount is included in recovered expenses and user fees revenue. The University Student Union received \$63,201 from the Associated Students, Inc. for building occupancy and \$63,122 for managing Associated Students, Inc. programs during the year ended June 30, 2008.

SUPPLEMENTARY INFORMATION

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SCHEDULE OF GENERAL FUND STUDENT UNION PROGRAM OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2008**

REVENUES

Student activity fee	\$ 3,002,629
Revenue from operations	1,283,231
Contributions	<u>8,500</u>
Total revenue	4,294,360

EXPENSES

Personnel - salaries	\$ 1,906,294
Employee benefits	3,616,948
Operating expenses:	
Advertising and promotion	31,217
Audit and legal fees	21,537
Building supplies	87,734
Contracted services	410,018
Dues and subscriptions	27,732
Equipment	82,249
Equipment and facility rentals	17,807
Event costs	11,659
Grants and stipends	8,064
Graphics cost of sales	1,168
Hospitality	18,721
Insurance	56,915
Maintenance agreements	124,766
Printing and advertising	24,770
Repairs and maintenance	44,842
Retail services cost of sales	67,443
Supplies and services	17,828
Travel	35,060
Utilities	<u>445,636</u>
Total expenses	<u>7,058,408</u>

INCOME FROM STUDENT PROGRAM ACTIVITIES (2,764,048)

INTEREST AND INVESTMENT INCOME 84,172

MISCELLANEOUS INCOME (EXPENSE) (20,967)

DEPRECIATION (50,967)

EXCESS OF REVENUES OVER EXPENSES \$ (2,751,810)

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Plant</u>	<u>Designated</u>	<u>Total</u>
Balance June 30, 2007	\$ 272,975	\$ 621,044	\$ 729,385	\$ 1,623,404
2008 Depreciation	-	(50,967)	-	(50,967)
Unrestricted Net Asset Change	<u>(171,478)</u>	<u>196,523</u>	<u>40,352</u>	<u>65,398</u>
Balance June 30, 2008	<u>\$ 101,497</u>	<u>\$ 766,600</u>	<u>\$ 769,737</u>	<u>\$ 1,637,835</u>

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SCHEDULE OF INVESTMENTS AND SAVINGS ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Type of Investment</u>	<u>Cost</u>	<u>Market Value</u>	<u>Date of Purchase</u>	<u>Maturity Date</u>	<u>Stated Rate of Return</u>
Local Agency Investment Fund	\$ 155,142	\$ 155,142	Various	On demand	3.11%
City National Bank Managed Investment Account Money Market	97,080	97,080	Various	On demand	1.50%
Fixed Income	<u>1,028,183</u>	<u>1,024,613</u>	Various	On demand	Various
	<u>1,125,263</u>	<u>1,121,692</u>			
	<u>\$1,280,405</u>	<u>\$1,276,835</u>			

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB STATEMENT OF NET ASSETS
JUNE 30, 2008**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 45,008
Short-term investments	252,222
Accounts receivable, net	59,836
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	10,864
Total current assets	<u>367,930</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	1,024,613
Capital assets, net	766,600
Other assets	—
Total noncurrent assets	<u>1,791,213</u>
Total assets	<u>2,159,143</u>
Liabilities:	
Current liabilities:	
Accounts payable	59,796
Accrued salaries and benefits payable	23,015
Accrued compensated absences— current portion	89,433
Deferred revenue	12,192
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	74,630
Total current liabilities	<u>259,066</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	11,036
Other liabilities	3,003,015
Total noncurrent liabilities	<u>3,014,051</u>
Total liabilities	<u>3,273,117</u>
Net assets:	
Invested in capital assets, net of related debt	766,600
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	(1,880,574)
Total net assets	<u>\$ (1,113,974)</u>

See accompanying auditors' report and notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$____0____)	\$ 3,002,629
Grants and contracts, noncapital:	
Federal	—
State	—
Local	
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$____)	—
Other operating revenues	<u>1,262,264</u>
Total operating revenues	<u>4,264,893</u>

Expenses:

Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	6,863,638
Institutional support	—
Operation and maintenance of plant	126,159
Student grants and scholarships	—
Auxiliary enterprise expenses	68,611
Depreciation and amortization	<u>50,967</u>
Total operating expenses	<u>7,109,375</u>
Operating income (loss)	<u>(2,844,482)</u>

Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal grant - Pell	—
Gifts, noncapital	8,500
Investment income, net	84,172
Endowment income	—
Interest on capital-related debt	—
Other nonoperating revenues (expenses)	<u>—</u>
Net nonoperating revenues (expenses)	<u>92,672</u>
Income (loss) before other additions	<u>(2,751,810)</u>

State appropriations, capital	—
Grants and gifts, capital	—
Additions to permanent endowments	<u>—</u>
Increase (decrease) in net assets	<u>(2,751,810)</u>

Net assets:	
Net assets at beginning of year, as previously reported	1,637,836
Restatements	<u>—</u>
Net assets at end of year, as restated	<u>\$ (1,113,974)</u>

See accompanying auditors' report and notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
GASB FOOTNOTES
FOR THE YEAR ENDED JUNE 30, 2008**

Footnote 11- Transactions with related entities

State appropriations receivable	-
Reimbursements from Auxiliary Organizations for employee salaries	-
Payments to Auxiliaries for services, space and programs	-
Gifts In-kind to the University from the Auxiliary Organizations	-
Amounts receivable from (payable to) the Chancellor's Office	-

Footnote 12- Auxiliary Organizations

Depreciation expense	50,967
Accumulated depreciation	471,906
Pledges received	-
Purchases of property, plant and equipment	196,523
Principal repayments of long-term debt	-

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

1 Restricted cash and cash equivalents at June 30, 2008:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		<hr/>
Total restricted cash and cash equivalents	\$	<hr/>

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

3 Composition of capital assets at June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Prior period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2007 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers of Completed CWIP</u>	<u>Balance June 30, 2008</u>
Nondepreciable capital assets								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Total nondepreciable capital assets	—	—	—	—	—	—	—	—
Depreciable capital assets								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	653,782	—	—	653,782	133,163	—	—	786,945
Personal property:								
Equipment	388,202	—	—	388,202	63,360	—	—	451,562
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	1,041,984	—	—	1,041,984	196,523	—	—	1,238,507
Total cost	1,041,984	—	—	1,041,984	196,523	—	—	1,238,507
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(90,138)	—	—	(90,138)	(44,934)	—	—	(135,072)
Personal property:								
Equipment	(330,802)	—	—	(330,802)	(6,033)	—	—	(336,835)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(420,940)	—	—	(420,940)	(50,967)	—	—	(471,907)
Net capital assets	\$ 621,044	—	—	621,044	145,556	—	—	766,600

Detail of depreciation and amortization expense for the year ended June 30, 2008:

Depreciation and amortization expense related to capital assets	\$ 50,967
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 50,967

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2007</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2007 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Current portion</u>	<u>Long-term portion</u>
Accrued compensated absences	\$ 79,004	—	—	79,004	10,429	—	89,433	89,433	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 79,004	—	—	79,004	10,429	—	89,433	89,433	—

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

5 Future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2009	\$ —	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014 - 2018	—	—	—
2019 - 2023	—	—	—
2024 - 2028	—	—	—
2029 - 2033	—	—	—
2034 - 2038	—	—	—
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2049 - 2053	—	—	—
2054 - 2058	—	—	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			<hr/>
Present value of future minimum lease payments			—
Less: current portion			<hr/>
Capitalized lease obligation, net of current portion			\$ — <hr/>

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		Principal and Interest
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	
Year ending June 30:									
2009	\$ —	—	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014 - 2018	—	—	—	—	—	—	—	—	—
2019 - 2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	—	—	—	—	—	—

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

7 Calculation of net assets - Invested in capital assets, net of related debt

	<u>Auxiliary Organizations</u>		<u>Total Auxiliaries</u>
	<u>GASB</u>	<u>FASB</u>	
Capital assets, net of accumulated depreciation	\$ —	766,600	766,600
Capital lease obligations, current portion	—	—	—
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year end	—	—	—
Other:	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	\$ —	766,600	766,600

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Reimbursements to University for other than salaries of University personnel	548,850
Payments received from University for services, space, and programs	160,597
Gifts-in-kind to the University from Auxiliary Organizations	—
Amounts (payable to) University (enter as negative number)	(73,729)
Amounts receivable from University	19,252

See accompanying auditors' report and
notes to financial statements.

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2007, as previously reported		\$ —
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2006, as restated		\$ —

Provide a detailed breakdown of the journal entries booked to record each prior period adjustments:

	Debit	Credit
Net asset class: _____		
1 (breakdown of adjusting journal entry)	\$ —	—
Net asset class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
10 (breakdown of adjusting journal entry)	—	—

See accompanying auditors' report and
notes to financial statements.

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
Report on Compliance Based on the
Audit of Financial Statements for the
Year Ended June 30, 2008**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON THE AUDIT OF FINANCIAL STATEMENTS**

To the Board of Directors of
Associated Students, Inc.
University Student Union
California State University, Long Beach
Long Beach, California

We have audited the separate financial statements of Associated Students, Inc., California State University, Long Beach and the University Student Union, California State University, Long Beach ("Auxiliary Organizations") for the year ended June 30, 2008 and have issued our reports thereon dated September 26, 2008.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In addition, we performed certain tests of internal accounting controls and certain compliance tests of specific control items listed in page 4-2.

Compliance with laws, regulations, contracts, and grants applicable to the Auxiliary Organizations is the responsibility of the Auxiliary Organizations' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Auxiliary Organizations' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audits of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, for the transactions tested, the Auxiliary Organizations complied, in all material respects, with the provisions referred to in the second preceding paragraph, as described in the Attachment to this letter. With respect to items not tested, nothing came to our attention that caused us to believe that the Auxiliary Organizations have not complied, in all material respects, with those provisions.

This report is intended for the information of management and the California State University Board of Trustees.

Vasin, Heyn + Co.

September 26, 2008

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
SPECIFIC CONTROL ITEMS COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

I. CURRENT YEAR COMPLIANCE ITEMS

None

II. PRIOR YEAR COMPLIANCE ITEMS

None

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
Independent Auditors' Report on
Internal Control Structure for the
Year Ended June 30, 2008**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Directors of
Associated Students, Inc.
University Student Union
California State University, Long Beach
Long Beach, California

In planning and performing our audits of the separate financial statements of the Associated Students, Inc., California State University, Long Beach and the University Student Union, California State University, Long Beach, ("Auxiliary Organizations") for the year ended June 30, 2008, we considered their internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Such consideration would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We did note other matters related to the Auxiliary Organizations' internal control structure. These recommendations resulted from our observations made in connection with our audit of the financial statements for the year ended June 30, 2008. Our comments are presented in the accompanying Exhibit.

This report is intended solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of the Auxiliary Organizations Board of Directors, Board of Trustees or Management.

Vasin, Heyn + Co.

September 26, 2008

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2008**

CURRENT YEAR RECOMMENDATIONS

In connection with our 2008 audit procedures for unrealized gains and losses from investments we noticed insignificant differences between the Investment Manager's summary statements of investment activity and the organization's books of account.

While these differences have no impact on the fair presentation of the organization's financial statements we recommend that, as a Best Practice, such differences be investigated and reconciled based on underlying transactions on a monthly basis.

2008 Management Response:

We concur with the recommendation. Beginning with the new fiscal year, investment activity reflected on the Investment Manager's summary statements will be reconciled monthly to the underlying transactions and any discrepancies will be investigated on a timely basis. This review will occur prior to entering the investment activity to ASI's book of accounts.

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

NONE

PRIOR FINDINGS AND RECOMMENDATIONS

Observation:

Our risk assessment interviews and document review revealed that written procedures were in place which provided guidelines for managing risk-related events, but that such documentation was not integrated or comprehensive of all risks reasonably faced by the Auxiliary Organizations primarily climate related risks.

We recommend that the risk assessment materials be periodically reviewed and updated in writing in order to maintain a constant organization-wide awareness of actions required to properly respond to risk-events.

2008 Management Response:

We concur. Management will continue to monitor existing policies and is actively participating in the campus-wide development of a Business Continuity Plan. Upon completion of this project, ASI will initiate the development of an Enterprise Risk Management process whereby management identifies potential events that may affect ASI and manage those risks within ASI's risk appetite to provide reasonable assurance regarding the achievement of ASI objectives.

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
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**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
COMBINED GASB STATEMENT OF NET ASSETS
JUNE 30, 2008**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 185,159
Short-term investments	378,017
Accounts receivable, net	210,644
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	21,525
Total current assets	<u>795,345</u>
Noncurrent assets:	
Restricted cash and cash equivalents	7,657
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	63,068
Other long-term investments	2,168,579
Capital assets, net	1,882,438
Other assets	—
Total noncurrent assets	<u>4,121,742</u>
Total assets	<u>4,917,087</u>
Liabilities:	
Current liabilities:	
Accounts payable	207,983
Accrued salaries and benefits payable	36,737
Accrued compensated absences— current portion	203,205
Deferred revenue	12,192
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	74,630
Total current liabilities	<u>534,747</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	607,781
Other liabilities	4,744,100
Total noncurrent liabilities	<u>5,351,881</u>
Total liabilities	<u>5,886,628</u>
Net assets:	
Invested in capital assets, net of related debt	1,882,438
Restricted for:	
Nonexpendable – endowments	63,068
Expendable:	
Scholarships and fellowships	7,657
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>(2,922,704)</u>
Total net assets	<u>\$ (969,541)</u>

See accompanying auditors' reports and
notes to financial statements.

**ASSOCIATED STUDENTS, INC. AND
UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, LONG BEACH
COMBINED GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$__0____)	\$	6,466,827
Grants and contracts, noncapital:		
Federal		126,917
State		281,948
Local		139,411
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$__0____)		552,504
Other operating revenues		2,254,915
		<u>9,822,522</u>
Total operating revenues		<u>9,822,522</u>

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		11,795,511
Institutional support		1,080,332
Operation and maintenance of plant		193,328
Student grants and scholarships		923,592
Auxiliary enterprise expenses		297,563
Depreciation and amortization		152,352
		<u>14,442,678</u>

Total operating expenses		<u>14,442,678</u>
Operating income (loss)		<u>(4,620,156)</u>

Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Gifts, noncapital		—
Investment income, net		61,448
Endowment income		84,172
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		(14,875)
		<u>130,745</u>

Net nonoperating revenues (expenses)		<u>130,745</u>
Income (loss) before other additions		<u>(4,489,411)</u>

State appropriations, capital		—
Grants and gifts, capital		4,018
Additions to permanent endowments		1,100
		<u>(4,484,293)</u>

Increase (decrease) in net assets		<u>(4,484,293)</u>
-----------------------------------	--	--------------------

Net assets:		
Net assets at beginning of year		3,514,752
Restatements		—
Net assets at end of year	\$	<u>(969,541)</u>

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1 Restricted cash and cash equivalents at June 30, 2008:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		<u>7,657</u>
Total restricted cash and cash equivalents	\$	<u>7,657</u>

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3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	11,519	—	—	11,519
Total nondepreciable capital assets	—	—	—	—	11,519	—	—	11,519
Depreciable capital assets								
Buildings and building improvements	391,769	—	—	391,769	—	—	—	391,769
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	1,517,304	—	—	1,517,304	133,163	—	—	1,650,467
Personal property:								
Equipment	1,067,985	—	—	1,067,985	161,531	(15,743)	—	1,213,773
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	2,977,058	—	—	2,977,058	294,694	(15,743)	—	3,256,009
Total cost	2,977,058	—	—	2,977,058	306,213	(15,743)	—	3,267,528
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(374,923)	—	—	(374,923)	(104,006)	—	—	(478,929)
Personal property:								
Equipment	(873,558)	—	—	(873,558)	(48,346)	15,743	—	(906,161)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(1,248,481)	—	—	(1,248,481)	(152,352)	15,743	—	(1,385,090)
Net capital assets	\$ 1,728,577	—	—	1,728,577	153,861	—	—	1,882,438

Detail of depreciation and amortization expense for the year ended June 30, 2008:

Depreciation and amortization expense related to capital assets	\$ 152,352
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 152,352

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4 Long-term liabilities activity schedule:

	Balance June 30, 2007	Prior period adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Balance June 30, 2008	Current portion	Long-term portion
Accrued compensated absences	\$ 165,220	—	—	165,220	37,985	—	203,205	203,205	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 165,220	—	—	165,220	37,985	—	203,205	203,205	—

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5 Future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2009	\$ —	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014 - 2018	—	—	—
2019 - 2023	—	—	—
2024 - 2028	—	—	—
2029 - 2033	—	—	—
2034 - 2038	—	—	—
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2048 - 2053	—	—	—
2054 - 2058	—	—	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			<hr/> —
Present value of future minimum lease payments			—
Less: current portion			<hr/> —
Capitalized lease obligation, net of current portion			\$ <hr/>—

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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		Principal and Interest
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	
Year ending June 30:									
2009	\$ —	—	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014 - 2018	—	—	—	—	—	—	—	—	—
2019 - 2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	—	—	—	—	—	—

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7 Calculation of net assets - Invested in capital assets, net of related debt

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
Capital assets, net of accumulated depreciation	\$ —	1,882,438	1,882,438
Capital lease obligations, current portion	—	—	—
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year end	—	—	—
Other:	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ —</u>	<u>1,882,438</u>	<u>1,882,438</u>

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8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 78,450
Reimbursements to University for other than salaries of University personnel	1,446,407
Payments received from University for services, space, and programs	2,148,985
Gifts-in-kind to the University from Auxiliary Organizations	—
Amounts (payable to) University (enter as negative number)	(130,663)
Amounts receivable from University	—

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9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2007, as previously reported	\$	—
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
# (list description of each adjustment)		—
Net assets as of June 30, 2007, as restated	\$	—

Provide a detailed breakdown of the journal entries booked to record each prior period adjustments:

	Debit	Credit
Net asset class: _____		
1 (breakdown of adjusting journal entry)	\$ —	—
Net asset class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net asset class: _____		
# (breakdown of adjusting journal entry)	—	—

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