

HUMBOLDT STATE UNIVERSITY
CHILDREN'S CENTER

REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Assets	7
Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
NOTES TO FINANCIAL STATEMENTS	12
ADDITIONAL INFORMATION	
Schedule of Expenditures of Federal and State Awards	21
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22
SUPPLEMENTAL REPORTING REQUIREMENTS FOR THE CALIFORNIA DEPARTMENT OF EDUCATION	
General Information	25
Schedule of Expenditures by State Categories	26
Schedule of Equipment Expenditures and Schedule of Expenditures for Buildings and Improvements	27
Combining Schedule of Administrative Costs Relating to California Department of Education Programs	28
Audited Attendance and Fiscal Reports	29
Audited Reserve Account Activity Report	37
NOTES TO SUPPLEMENTARY INFORMATION	38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39

December 9, 2010

Trustees of
Humboldt State University
Arcata, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of the **Humboldt State University Children's Center** (a program of Humboldt State University) as of and for the year ended June 30, 2010, which collectively comprise the **Humboldt State University Children's Center's** basic financial statements as listed in the table of contents. These financial statements are the responsibility of the organization'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 **Humboldt State University Children's Center's** June 30, 2009 financial statements and, in our report dated December 7, 2009; 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 and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the **Humboldt State University Children's Center**, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2010 on our consideration of **Humboldt State University Children's Center** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis on pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Humboldt State University Children's Center's** basic financial statements. The accompanying supplementary information found on pages 24 through 38, is presented for purposes of additional analysis as required by the California Department of Education in accordance with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education and is not a required part of the basic financial statements. The supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A large, stylized handwritten signature in black ink that reads "Randolph Scott & Co." with a period at the end.

Certified Public Accountants, Inc.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Humboldt State University Children's Center provides this *Management's Discussion and Analysis* for the readers of the Children Center's financial statements. This narrative overview and analysis of the financial activities of the Humboldt State University Children's Center is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Children Center's financial statements which follow.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

Net Assets - The assets of the Children's Center exceeded its liabilities at fiscal year ending June 30, 2010 by \$191,585 (presented as "net assets"). The \$191,585 is a decrease of \$11,295 over the prior year's net asset balance of \$202,880. The June 30, 2010 net asset balance was reported as \$186,442 in "unrestricted net assets" and \$5,143 in "Invested in capital net assets". Unrestricted net assets represent the amount available to be used to meet the Children Center's ongoing obligation to creditors.

Changes in Net Assets - The Children Center's fiscal year revenues was less than expenses by \$10,009 and in effect decreased the unrestricted net assets by 5%. The Invested in Capital Assets decreased by \$1,286 for depreciation against restricted equipment. The current year's (\$11,295) change in net assets is a decrease of \$37,553 over the prior year's \$26,258 change in net assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Humboldt State University Children Center's basic financial statements. The Children Center's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Children's Center – **The Government-Wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the Notes to the Financial Statements that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Children Center's operation in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Children Center's financial position, which assists in assessing the Children Center's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses.

**HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

Government-Wide Financial Statements - Continued

They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The statement of net assets presents all of the organization's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Children Center's net assets may serve as a useful indicator of whether the financial position of the Children's Center is improving or deteriorating.

The statement of activities presents all information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Both of the above financial statements have only one section, for business-type activities as described below:

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The sole business-type activity conducted by the Humboldt State University Children's Center is the administration of child development and nutrition programs.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Children's Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Humboldt State University Children's Center can be grouped into one category-proprietary funds. Proprietary funds are described below:

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements - Continued

The Humboldt State University Children's Center has only one enterprise fund. As previously mentioned, the Children Center's sole enterprise activity is the administration of child development and nutrition programs. Services are provided for the children of Humboldt State University students, faculty, and staff, as well as other qualified children.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation, with the exception of Governmental non-exchange transaction revenues and expenses. The principal operating revenues of the Children's Center are childcare parent fees and Humboldt State University support, as well as community donations and contributions. The principal operating expenses are payroll costs for day care staff, food and instructional supplies, and the facilities and administration costs reimbursed to Humboldt State University. State and federal grants and contracts (non-exchange) are classified as non-operating revenues.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the proprietary funds financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of an organization's financial position. The Children Center's combined net assets totaled \$191,585 at June 30, 2010, compared to \$202,880 at the end of the previous year.

The largest portion of the Children Center's total assets (98%) reflects its cash and cash equivalents. These assets may be used to meet the Children Center's ongoing obligations to creditors.

Humboldt State University Children Center's Net Assets

	<u>Business-Type Activities</u>		<u>Percent Change</u>
	<u>2010</u>	<u>2009</u>	
Current Assets	\$ 259,815	\$ 269,071	-3%
Capital Assets	5,143	6,429	-20%
Total Assets	<u>264,958</u>	<u>275,500</u>	
Other Liabilities	<u>73,373</u>	<u>72,620</u>	
Total Liabilities	<u>73,373</u>	<u>72,620</u>	1%
Invested in Capital Assets	5,143	6,429	-20%
Unrestricted	186,442	196,451	-5%
Total Net Assets	<u>\$ 191,585</u>	<u>\$ 202,880</u>	

**HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

An additional portion of the Children Center's total assets, although fully depreciated, represents its investment in capital equipment. The Children's Center uses these assets to provide services to clients; consequentially, these assets are not available for future spending. It should be noted that all of the equipment is the property of Humboldt State University and may be restricted in its use by the granting agencies. At the end of the current fiscal year, the Children's Center is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

Changes in Net Assets

The Children Center's unrestricted net assets decreased by \$10,009 or 5% due to current year operating activities. The Invested in Capital Net Assets decreased by \$1,286. Approximately twenty percent (20%) of the Children Center's total revenues came from charges for services provided, while seventy-nine percent (79%) resulted from grants and contributions (including federal aid). The Children Center's expenses cover a range of services. The largest expenses were for salaries and related expenses.

	Business - Type Activities		Percent Change
	2010	2009	
Revenues:			
Program Revenues:			
Charges for Services	\$ 149,306	\$ 170,327	-12%
Grants and Contributions	597,707	591,005	1%
General Revenue:			
Miscellaneous revenue	4,097	8,525	-52%
Investment Earnings	1,907	5,419	-65%
Total Revenues	<u>753,017</u>	<u>775,276</u>	<u>-3%</u>
Expenses:			
Salaries and Related Expenses	639,689	627,342	2%
Supplies	37,842	30,468	24%
Food Supplies	28,871	23,793	21%
Administration of Humboldt State University	20,076	21,303	-6%
Audit and Consulting	5,250	7,310	-28%
Equipment	-	-	0%
Rental Space	13,000	13,000	0%
Operating Expenses	18,298	24,516	-25%
Total Expenses	<u>763,026</u>	<u>747,732</u>	<u>2%</u>
Net Income before Contributions & Transfers	(10,009)	27,544	-136%
Depreciation to Fixed Assets	<u>(1,286)</u>	<u>(1,286)</u>	<u>0%</u>
Change in Net Assets	(11,295)	26,258	-143%
Net Assets, Beginning of Year	<u>202,880</u>	<u>176,622</u>	<u>15%</u>
Net Assets, End of Year	<u>\$ 191,585</u>	<u>\$ 202,880</u>	<u>-6%</u>

Contacting the Commission's Financial Management

This financial report is designed to provide the public with an overview of the Children Center's financial operation and condition. If you have any questions about this report or need additional information, you can contact the Center at 1 Harpst Street, Arcata, CA 95521, (707) 826-3838.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
STATEMENT OF NET ASSETS
JUNE 30, 2010
(with Comparative totals for 2009)

	<u>Business-Type Activities</u> <u>2010</u>	<u>Business-Type Activities</u> <u>2009</u>
Assets:		
Cash and cash equivalents	\$ 246,816	\$ 254,013
Receivables (Note B):		
Parent fees	2,751	5,650
Governments	10,248	9,408
Due from General Fund	-	-
Capital Assets, net (Note C)	<u>5,143</u>	<u>6,429</u>
Total assets	<u>264,958</u>	<u>275,500</u>
 Liabilities:		
Accounts Payable	19,577	19,941
Due to Funder (Note D)	31,119	25,905
CDE Reserve (Note E)	<u>22,677</u>	<u>26,774</u>
Total liabilities	<u>73,373</u>	<u>72,620</u>
 Net Assets:		
Invested in capital assets	5,143	6,429
Unrestricted	<u>186,442</u>	<u>196,451</u>
Total net assets	<u>\$ 191,585</u>	<u>\$ 202,880</u>

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

Functions/Programs	Expenses	Program Revenues		Net Revenue / (Expenses) and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Govt. Business- Activities 2010	Business- Activities 2009
Primary government:					
Business-type activities					
Child care	\$ 735,120	\$ 149,306	\$ 569,801	\$ (16,013)	\$ 13,600
Child meals	27,906	-	27,906	-	-
Total business-type activities	<u>763,026</u>	<u>149,306</u>	<u>597,707</u>	<u>(16,013)</u>	<u>13,600</u>
Total primary government	<u>\$ 763,026</u>	<u>\$ 149,306</u>	<u>\$ 597,707</u>	<u>\$ (16,013)</u>	<u>\$ 13,600</u>
General revenues:					
Unrestricted investment earnings				1,907	5,419
Miscellaneous revenue				4,097	8,525
Total general revenues				<u>6,004</u>	<u>13,944</u>
Change in net assets				(10,009)	27,544
Additions of Equipment & Purchases				-	-
Depreciation of Equipment & Purchases				(1,286)	(1,286)
Net assets - beginning				<u>202,880</u>	<u>176,622</u>
Net assets - ending				<u>\$ 191,585</u>	<u>\$ 202,880</u>

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010
(With Comparative Totals For 2009)

	Enterprise Funds	
	2010	2009
Assets:		
Current assets:		
Cash and cash equivalents	\$ 246,816	\$ 254,013
Receivables (Note B):		
Parent fees	2,751	5,650
Other governments	10,248	9,408
Due from General Fund	-	-
Total current assets	<u>259,815</u>	<u>269,071</u>
Noncurrent assets:		
Capital assets:		
Equipment (Note C)	<u>5,143</u>	<u>6,429</u>
Total noncurrent assets	<u>5,143</u>	<u>6,429</u>
Total assets	<u>\$ 264,958</u>	<u>\$ 275,500</u>
Liabilities:		
Current liabilities:		
Accounts Payable	\$ 19,577	\$ 19,941
Due to Funder (Note D)	31,119	25,905
CDE Reserve (Note E)	<u>22,677</u>	<u>26,774</u>
Total current liabilities	<u>73,373</u>	<u>72,620</u>
Net Assets:		
Invested in capital assets	5,143	6,429
Unrestricted	<u>186,442</u>	<u>196,451</u>
Total net assets	<u>191,585</u>	<u>202,880</u>
Total Liabilities and Net Assets	<u>\$ 264,958</u>	<u>\$ 275,500</u>

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

	Enterprise Funds	
	2010	2009
Operating revenues:		
Charges for service	\$ 149,306	\$ 170,327
Other	199,630	208,799
Total operating revenues	<u>348,936</u>	<u>379,126</u>
Operating expenses:		
Salaries and related expenses	639,689	627,342
Supplies	37,842	30,468
Food supplies	28,871	23,793
HSU Contracted Services for Improvements	9,512	3,913
Insurance	3,713	3,560
Instructional materials	0	1,200
Administration of Humboldt State University	20,076	21,303
Audit and Consulting Services	5,250	7,310
Rental space	13,000	13,000
Travel	1,338	4,613
Other Expenses	3,735	11,230
Total operating expenses	<u>763,026</u>	<u>747,732</u>
Operating income (loss)	<u>(414,090)</u>	<u>(368,606)</u>
Non-operating revenues (expenses)		
Interest and investment income	1,907	5,419
State grants and contracts	361,550	338,268
Federal grants and contracts	36,527	43,938
Miscellaneous revenue	4,097	8,525
Total non-operating revenue (expenses)	<u>404,081</u>	<u>396,150</u>
Net income (loss) before contributions and transfers	(10,009)	27,544
Changes to Net Assets:		
Depreciation of Equipment / Direct Charges (Note A)	<u>(1,286)</u>	<u>(1,286)</u>
Change in Net Assets	(11,295)	26,258
Net assets - beginning	<u>202,880</u>	<u>176,622</u>
Net assets - ending	\$ <u><u>191,585</u></u>	\$ <u><u>202,880</u></u>

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

	Enterprise Funds	
	2010	2009
Cash flows from operating activities:		
Receipts from parent fees	\$ 152,205	\$ 171,348
Receipts from child care food programs	27,214	28,417
Receipts from operating grants	535,552	530,218
Contribution receipts	38,198	42,625
Interest Income	1,907	5,419
Payments for general child development	(734,367)	(706,100)
Payments for child care food	(27,906)	(28,576)
Net cash provided (used) by operating activities	(7,197)	43,351
Cash flows from investing activities:		
Equipment Purchases, net of amounts charged to Net Assets	-	-
Equipment Removal	-	-
Net cash provided (used) by investing activities	-	-
Cash flows from capital financing activities:		
No activity	-	-
Net cash provided (used) by capital financing activities	-	-
Net increase in cash and cash equivalents	(7,197)	43,351
Cash and cash equivalents - beginning of year	254,013	210,662
Cash and cash equivalents - end of year	\$ 246,816	\$ 254,013
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (10,009)	\$ 27,544
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,286	1,286
Less depreciation charged to Net Assets	(1,286)	(1,286)
(Increase) decrease in accounts receivable	2,059	2,751
(Increase) decrease in due from general fund	-	-
Increase (decrease) in accounts payable	(364)	1,845
Increase (decrease) in due to California Dept. of Education	5,214	(15,563)
Increase (decrease) in deferred Revenue / CDE Reserve	(4,097)	26,774
Total adjustments	2,812	15,807
Net cash provided by operating activities	\$ (7,197)	\$ 43,351

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The **Humboldt State University Children's Center** (HSUCC) is a campus-based child care facility located at Humboldt State University in Arcata, California. The organization is a program of the Humboldt State University (HSU) administration. HSUCC provides a child development program and a nutrition program, and serves the young children of HSU students, faculty and staff. The Children's Center also provides an instructional setting that allows students to work with children. HSUCC receives funds from the California Department of Education (CDE), HSU support, and parent fees. HSUCC is a program of Humboldt State University and therefore is a government entity.

Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Accrual Basis

The Organization maintains its accounting records on the accrual basis.

Fund Accounting

The organization's accounts are maintained on the basis of fund accounting through HSU as an Enterprise fund. This fund is considered a separate account entity for this reporting. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transaction related to specific HSUCC function or activities. The operation of the fund is accounted for within a set of self-balancing accounts.

Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the Children's Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – **(Continued)**

Basis of Presentation - Continued

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statements of activities present a comparison between direct expenses and program revenues for each identified activity of the business-type, and for each function or program of the governmental activities of the Organization. Direct expense are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program.

Fund Financial Statements - Fund financial statements report detailed information about the Organization. Their focus is on major funds rather than reporting funds by type. Each major governmental aid fund is presented in a separate column. And all non-major funds are aggregated into one column. The Organization consists solely of one major fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. Proprietary fund's operating statements present increases (e.g., revenues) and decreases (expenses) in net total assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets, and revenues and expenses for the reporting period. Actual results could differ from those estimates.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Both Government-wide and Fund financial statements are prepared using the accrual bases of accounting.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the organization receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Revenues received under contracts from CDE are determined under a stipulated formula. The formula is applied as part of the required year-end audit procedures and the resultant computations determine whether money must be refunded to the state by the Organization.

Expenditures / Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on a flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date. Not included as cash equivalents are funds restricted as to their use, regardless of liquidity or maturity dates of investments.

The Organization's cash funds are invested with other HSU cash funds in accordance with guidelines from the Office of the Chancellor of the California State University system. Income and/or gains and losses on investments are recognized monthly by HSUCC when allocated by HSU.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of uninsured cash balances. The Organization places its cash deposits with Humboldt State University who then places them in high-credit quality financial institutions. At times, balances in the Organization's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000. The Organization did not have any uninsured balances as of June 30, 2010.

Concentration of Revenue Sources

During the year ended June 30, 2010, the Organization had two major revenue sources that accounted for approximately 74% of the total revenue of the Organization. The California Department of Education accounted for approximately 52%, while Humboldt State University accounted for approximately 22% of the total revenue.

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and cash equivalents: The carrying amount reported in the statement of net assets for cash and cash equivalents approximates its fair value.

Funding receivable and Deferred Revenue: The carrying amounts of funding receivable and deferred revenue in the balance sheet approximates fair value.

Capital Assets and Depreciation

The Organization records purchased property and equipment at cost, and donated fixed assets at fair market value on the date received. Capital Assets purchased in connection with the restricted funds of the California Department of Education (CDE) are expensed during the grant period. These purchases are also capitalized in the equipment fund, and depreciated over their useful lives. Depreciation is shown as a reduction to the restricted fund balance. Retirements are reflected as decreases to the furniture and equipment account, with a corresponding reduction in the restricted fund balance. In accordance with funding terms and conditions, title to those assets is retained by the State.

As further discussed in Note C, property and equipment not purchased with grant funds are depreciated by the straight-line method over the estimated useful lives of the respective assets. The capital asset balance presented in the statement of net assets consists of assets with a value of \$5,000 or more.

HUMBLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds, are not recognized as a liability in the fund financial statements until due. See Note I for future obligations under lease agreements.

Receivables

Receivables at June 30, 2010 consisted of parent fees, state meal reimbursement and general child care grant reimbursement. Parent fees are sent to HSU for collection. Diplomas will not be given to an individual until all debt is paid in full. HSU can turn over receivables to the State of California for collection. As such, collectibility of parent fees is considered probable and no allowance for bad debt is deemed necessary. See Note B for further detail of receivables.

Allocation of Expenses

Administrative expenses (except where noted below) are charged to specific operating programs using estimated percentages. These percentages are based on time and effort studies performed by management. In general, other administrative expenses such as rent, maintenance, equipment, supplies, and travel, are charged as actual costs to the appropriate programs.

Accounting in Accordance with ASC 958-605

To be consistent with the financial reporting of Humboldt State University, the Organization (a program of Humboldt State University) has elected not to follow Financial Accounting Standards Board ASC 958-605, *Accounting for Contributions Received and Contributions Made*, which requires an organization to report contribution when they are received. If the Organization did elect to follow ASC 958-605, the Organization's Temporarily Restricted Net Assets would be zero.

HUMOBLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE B –RECEIVABLES

At June 30, 2010, accounts receivable consisted of the following:

Governments:	
CDE Grants Receivable	\$ 6,721
Child and Adult Care Food Program	3,527
Subtotal Governments Receivable	<u>10,248</u>
Parent Fees	<u>2,751</u>
Total Receivables	\$ <u><u>12,999</u></u>

NOTE C – CAPITAL ASSETS

At June 30, 2010, equipment consisted of the following:

Equipment	\$ 20,238
Less: Accumulated Depreciation	<u>15,095</u>
	\$ <u><u>5,143</u></u>

For the year ended June 30, 2010, depreciation expense charged directly to restricted net assets was \$1,286.

NOTE D – DUE TO FUNDER

The Due To Funder liability consists of California Department of Education grants that the Organization has received but not earned and will have to return to CDE due to time restriction or other income calculation restrictions. At June 30, 2010, the Organization's Due To Funder liability consisted of the following:

California Department of Education:

General Center	CCTR-8071	\$ 25,905
General Center	CCTR-9053	<u>5,214</u>
		\$ <u><u>31,119</u></u>

HUMOBLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE E – CDE RESERVE

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

HSUCC maintains a reserve account for Center Based contracts, and funds are deposited into an interest bearing account. The reserve account balance at June 30, 2010 was \$22,677, which is recorded as an asset in the cash account. Also, upon termination of all child development center-based contracts with CDE, **HSUCC** would have to return the reserve funds to CDE, so the reserve account is recorded as a liability (deferred revenue) in the amount of \$22,677.

NOTE F – CONTRIBUTIONS

The following is a schedule of contributions made to the Organization:

Unrestricted:

HSU Associated Student Body	\$ <u>34,100</u>
-----------------------------	------------------

NOTE G – HUMBOLDT STATE UNIVERSITY SUPPORT

HSU provides facilities and communications for use by HSUCC. The support is calculated by applying a fee based on the square footage of facilities provided by the University. In addition, HSU also provides monetary assistance with salaries, benefits and other operating expenses. The amounts are shown as off-setting support and expense on the Statements of Activities. The HSU support is shown under the Other Revenue line item on the Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Funds.

HUMOBLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
(With Comparative Totals for 2009)

NOTE H – NUTRITION

HSUCC had a nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the *Schedule of Expenditures of Federal and State Awards*. However, no nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

NOTE I - COMMITMENTS AND CONTINGENCY

Commitment

The Organization conducts its operations at a leased facility. Future obligations under lease agreements in excess of one year as of the date of the audit report are:

Year ending June 30,:	
2011	\$ 13,000
2012	13,000
2013	13,000
	<u>\$ 39,000</u>

Facility costs of rent, utilities and custodial services for the administrative services of the Children's Center are paid for by the University's general fund. Total rent for the year ended June 30, 2010 was \$ 13,000.

Contingency

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organizations management is of the opinion that the organization has complied with the terms of all grants.

The Organization has evaluated their financial position and activities from the June 30, 2010 year end of this report through December 9, 2010 which is the date that the financial statements were available to be issued. No material subsequent event items that required recognition or disclosure were identified.

ADDITIONAL INFORMATION

HUMBOLDT STATE UNIVERSITY
CHILDREN'S CENTER
SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2010

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
<u>U.S. Department of Health & Human Services:</u>								
<u>Pass-Through Program From:</u>								
<u>California Department of Education-</u>								
Instructional Materials	93.575	CIMS - 9120	\$ 959	\$ -	\$ 959	\$ 829	\$ -	\$ 829
Facilities Renovation and Repair	93.713	CRPM - 9028	3,400	6,799	10,199	3,400	6,799	10,199
California State Preschool	93.575	CSPP - 9105	-	162,760	162,760	-	146,074	146,074
General Child Care Center	--	CCTR - 9053	-	332,623	332,623	-	215,993	215,993
<u>Northcoast Children's Services Inc-</u>								
Head Start	93.600	09CH0054/27	5,800	-	5,800	5,800	-	5,800
Total U. S. Department of Health & Human Services			\$ 10,159	\$ 502,182	\$ 512,341	\$ 10,029	\$ 368,866	\$ 378,895
<u>U.S. Department of Agriculture:</u>								
<u>Pass-Through Program From:</u>								
<u>California Department of Education-</u>								
Child Care Food Program - Center Based	10.558	12-1221-OA	\$ 26,498	\$ 1,408	\$ 27,906	\$ 26,498	\$ 1,408	\$ 27,906
Total U. S. Department of Agriculture			\$ 26,498	\$ 1,408	\$ 27,906	\$ 26,498	\$ 1,408	\$ 27,906
Total Federal and State Awards			\$ 36,657	\$ 503,590	\$ 540,247	\$ 36,527	\$ 370,274	\$ 406,801

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Humboldt State University Childrens Center, and is presented on the accrual basis of accounting. The Federal 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 basic financial statements.

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

December 9, 2010

Trustees of
Humboldt State University
Arcata, California

We have audited the financial statements of **Humboldt State University Children's Center (HSUCC)** (a program of Humboldt State University) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **HSUCC's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

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

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

**Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, board of directors, 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.


Certified Public Accountants, Inc.

**SUPPLEMENTAL REPORTING REQUIREMENTS
FOR THE CALIFORNIA DEPARTMENT OF EDUCATION**

HUMBOLDT STATE UNIVERSITY CHILDREN CENTER

GENERAL INFORMATION

YEAR ENDED JUNE 30, 2010

Agency Name:	Humboldt State University Children's Center
Address of Agency:	1 Harpst Street Arcata, CA 95521
Type of Agency:	A program of Humboldt State University
California Department of Education, Project Numbers:	CCTR9053 General Child Care and Dev CRPM9028 Facilities Renovation and Repair CIMS9120 Instructional Materials CSPP9105 California State Preschool
Executive Director:	Trudi Walker
Report Period:	Fiscal Year Ended June 30, 2010
Schedule of Daily Hours:	7:30 a.m. to 5:30 p.m.
Number of Days Operation:	Various

CALIFORNIA DEPARTMENT OF EDUCATION
HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2010

	General Center CCTR-9053 & State Preschool CSPP -9105	Facilities Renovation & Repair CRPM - 9028	Instructional Materials CIMS-9120	Non-CDE Humboldt University Support	Total Expenditures Children's Center
Direct Payments to Providers	\$	\$	\$	\$	\$ -
1000 Certified Salaries	240,916				240,916
2000 Classified Salaries	133,608			95,033	228,641
3000 Employee Benefits	92,390			69,167	161,557
4000 Books and Supplies	65,884		829	-	66,713
5000 Services / Other Operating Expenses	45,095	10,199		1,330	56,624
6000 Capital Outlay					-
Depreciation					-
Start-Up					-
Indirect Costs					-
Total Expenses Claimed for Reimbursement	577,893	10,199	829	165,530	754,451
Supplemental expenses	8,575				8,575
TOTAL EXPENDITURES	\$ 586,468	\$ 10,199	\$ 829	\$ 165,530	\$ 763,026

NOTE: We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
SCHEDULE OF EQUIPMENT EXPENDITURES AND
SCHEDULE OF EXPENDITURES FOR BUILDINGS AND IMPROVEMENTS
YEAR ENDED JUNE 30, 2010

Renov. &
Repair
CRPM - 9028

Equipment

UNIT COST UNDER \$7,500 PER ITEM -

None.

UNIT COST OVER \$7,500 PER ITEM
WITH PRIOR WRITTEN APPROVAL -

None.

UNIT COST OVER \$7,500 PER ITEM
WITHOUT PRIOR WRITTEN APPROVAL -

None.

TOTAL EQUIPMENT EXPENDITURES

\$ -

Buildings & Improvements

UNIT COST UNDER \$10,000 PER ITEM-

Shade Structure

\$ 2,871

Fence

1,320

Other

2,131

UNIT COST OVER \$10,000 PER ITEM
WITH PRIOR WRITTEN APPROVAL -

None

UNIT COST OVER \$10,000 PER ITEM
WITHOUT PRIOR WRITTEN APPROVAL -

None.

TOTAL BUILDING & IMPROVEMENTS

\$ 6,322

NOTE: Agency's Capitalization Threshold is \$5,000.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

COMBINING SCHEDULE OF ADMINISTRATIVE COSTS
RELATING TO CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2010

		General Center CCTR-9053 & State Preschool CSPP -9105
Salaries	\$	62,488
Benefits		20,076
<i>Total Administrative Costs</i>	\$	<u>82,564</u>

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER Vendor No. 12-3060

Fiscal Year Ended: June 30, 2010 Contract No. CCTR - 9053

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - CERTIFIED CHILDREN ENROLLMENT	DAYS OF	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>						
Full-time-plus		-		-	2.006	-
Full-time		304		304	1.700	516.80
Three-quarters-time		243		243	1.275	309.83
One-half-time		74		74	0.935	69.19
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus		-		-	1.652	-
Full-time		37		37	1.400	51.80
Three-quarters-time		18		18	1.050	18.90
One-half-time		-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus		-		-	1.652	-
Full-time		2,604		2,604	1.400	3,645.60
Three-quarters-time		1,007		1,007	1.050	1,057.35
On-half-time		700		700	0.770	539.00
<i>Three Years and Older</i>						
Full-time-plus		-		-	1.180	-
Full-time		388		388	1.000	388.00
Three-quarters-time		111		111	0.750	83.25
One-half-time		8		8	0.550	4.40
<i>Exceptional Needs</i>						
Full-time-plus		-		-	1.416	-
Full-time		-		-	1.200	-
Three-quarters-time		-		-	0.900	-
One-half-time		-		-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus		-		-	1.298	-
Full-time		-		-	1.100	-
Three-quarters-time		-		-	0.825	-
One-half-time		-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>						
Full-time-plus		-		-	1.298	-
Full-time		-		-	1.100	-
Three-quarters-time		-		-	0.825	-
One-half-time		-		-	0.605	-
<i>Severely Disabled</i>						
Full-time-plus		-		-	1.770	-
Full-time		-		-	1.500	-
Three-quarters-time		-		-	1.125	-
One-half-time		-		-	0.825	-
TOTAL DAYS OF ENROLLMENT		5,494	-	5,494		6,684.12
DAYS OF OPERATION		216	-	216		
DAYS OF ATTENDANCE		5,238	-	5,238		

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

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

AUDITED ATTENDANCE AND FISCAL REPORT for Child Development Programs

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Vendor No. 12-3060

Fiscal Year Ended: June 30, 2010

Contract No. CCTR - 9053

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.

DAYS OF ENROLLMENT

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	140		140	1.700	238.00
Three-quarters-time	164		164	1.275	209.10
One-half-time	146		146	0.935	136.51
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	337		337	1.400	471.80
Three-quarters-time	688		688	1.050	722.40
On-half-time	936		936	0.770	720.72
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	41		41	1.000	41.00
Three-quarters-time	-		-	0.750	-
One-half-time	133		133	0.550	73.15
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	2,585	-	2,585		2,612.68

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

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

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER Vendor No. 12-3060

Fiscal Year Ended: June 30, 2010 Contract No. CSPP-9105

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	2,491		2,491	1.0000	2,491.00
Three-quarters-time	588		588	0.7500	441.00
One-half-time	1,851		1,851	0.6172	1,142.44
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	112		112	1.2000	134.40
Three-quarters-time	30		30	0.9000	27.00
One-half-time	21		21	0.6172	12.96
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	5,093	-	5,093		4,248.80
DAYS OF OPERATION	216	-	216		
DAYS OF ATTENDANCE	4,890	-	4,890		

☐

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

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

AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER Vendor No. 12-3060

Fiscal Year Ended: June 30, 2010 Contract No. CSPP-9105

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	-		1,043	1.0000	1,043.00
Three-quarters-time	-		1,112	0.7500	834.00
One-half-time	-		1,151	0.6172	710.40
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	-	-	3,306		2,587.40

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

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

Agency Name: **HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER** Vendor No. **12-3060**

Fiscal Year End: **June 30, 2010** Contract No. **CSPP-9105
CTTR-9053**

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$27,962	(\$56)	\$27,906
County Maintenance of Effort (EC § 8279)			0
Other (Specify): Head Start		5,800	5,800
Subtotal	\$27,962	\$5,744	\$33,706
Transfer from Reserve Contract #			0
Transfer from Reserve Contract #			0
Family Fees for Certified Children Contract # CCTR-9053	10,109		10,109
Family Fees for Certified Children Contract # CSPP-9105	7,478		7,478
Interest on Apportionments Contract # CCTR-9053	1,738		1,738
Interest on Apportionments Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	130,645	1,074	131,719
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$177,932	\$6,818	\$184,750

SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries	240,916		240,916
3000 Employee Benefits	228,641		133,608
4000 Books and Supplies	162,881		92,390
5000 Services and Other Operating Expenses	34,405		65,884
6100/6200 Other Approved Capital Outlay	70,940		45,095
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Cost Rate Percentage: 0.00%			0
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$737,783	\$0	\$577,893
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$82,564	\$0	\$82,564

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

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

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

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER Vendor No. 12-3060

Fiscal Year End: June 30, 2010 Contract No. CRPM - 9028

Multi-Year Contract? (Check No or Enter Contract Period): No: ☒ or Period: _____

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - REVENUE	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	Cumulative		Audit Adjustment Increase Or (Decrease)	Cumulative Fiscal Year Per Audit
	All Prior Years Per Last Audit	Current Fiscal Year Per Agency		
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
Subtotal Restricted Income	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
TOTAL REVENUE	\$0	\$0	\$0	\$0

SECTION II - EXPENSES

REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies		3,739	(3,739)	0
5000 Services and Other Operating Expenses		12,051	(1,852)	10,199
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (program-related)				0
6500 Replacement Equipment (program-related)				0
Depreciation or Use Allowance				0
Indirect Costs. Rate _____ %.				0
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$0	\$15,790	(\$5,591)	\$10,199
TOTAL ADMINISTRATIVE COST (included in section II above)	\$0	\$0	\$0	\$0

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

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

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER Vendor No. 12-3060

Fiscal Year End: June 30, 2010 Contract No. CIMS - 9120

Multi-Year Contract? (Check No or Enter Contract Period): No: ☒ or Period: _____

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - REVENUE	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	Cumulative		Audit Adjustment Increase Or (Decrease)	Cumulative Fiscal Year Per Audit
	All Prior Years Per Last Audit	Current Fiscal Year Per Agency		
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
Subtotal Restricted Income	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
TOTAL REVENUE	\$0	\$0	\$0	\$0

SECTION II - EXPENSES

REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies		829		829
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (<i>program-related</i>)				0
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
Indirect Costs. Rate _____ %.				0
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$0	\$829	\$0	\$829
TOTAL ADMINISTRATIVE COST (<i>included in section II above</i>)	\$0	\$0	\$0	\$0

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Fiscal Year End: June 30, 2010 Vendor No. 12-3060

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

RESERVE ACCOUNT TYPE (Check One):	COLUMN A	COLUMN B	COLUMN C
<input checked="checked" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Ending Balance on Last Year's AUD 9530-A	\$22,677	\$0	\$22,677
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0	\$0	\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$22,677	\$0	\$22,677

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$125	(\$125)	(\$0)
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
7. Ending Balance on June 30, 2010 (column A must agree with this year's CDFS 9530-A, Section IV)	\$22,802	(\$125)	\$22,677

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

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

NOTES TO SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

NOTE A – STATE CLAIMS

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

NOTE B – ATTENDANCE RECORDS

Attendance records are being maintained in accordance with the requirements of the California State Department of Education, Child Development Division. The original supporting records that substantiate child attendance, including sign-in and sign-out sheets and daily attendance records, agree with the child attendance data reported for apportionment purposes.

Sample Results:

1. The audit sample results indicated that the subsidized families are charged approximately the same fees for service as the non-subsidized families.
2. From our sample of children's files, and CD-9400's, we considered that parent fees are assessed correctly and collected and recorded properly.
3. We found nothing in our sample to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

NOTE C – DAYS OF OPERATION

During the 2009-2010 fiscal year, Humboldt State University Children's Center was operational 216 days for the General Center Child Care and 216 days for the State Preschool.

NOTE D – ONE-TIME ONLY INSTRUCTION PROGRAM SUPPLEMENT

The amount shown for one-time only on the Audited Final Revenue and Expenditure Report were expended in accordance with the agreement with the Child Development Division.

NOTE E – AUDIT COSTS

Humboldt State University Children's Center accrued audit costs of \$5,250 for the fiscal year ended June 30, 2010.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

SECTION I: SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | | | | |
|---|-------|-----|-------|---|----|
| * Material weakness(es) identified? | _____ | yes | _____ | X | no |
| * Control Deficiency(s) identified that are not considered to be material weaknesses? | _____ | yes | _____ | X | no |
| * Noncompliance material to financial statements noted? | _____ | yes | _____ | X | no |

Programs Subjected to Audit Procedures as Major Program
None.

SECTION II: FINANCIAL STATEMENTS FINDINGS

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
None.

CONTROL DEFICIENCIES - MATERIAL WEAKNESSES
None.

CONTROL DEFICIENCIES – NON-MATERIAL WEAKNESSES
None.