



# GOLDEN STATE UNIVERSITY

9047 E. Florence Ave. #L • Downey, CA 90240

(562) 622-3368 tel. • <http://www.goldenstateuniv.us/>

## Asian Medicine School Business 3 years Plans

Reported by CEO team Sunny Kim : CEO

Kimmy Kim: Academic Dean

Julli Moon: Clinic Dean

Jordan Kim: Business director,

Joseph Kim: Board treasure

Date: August, 15, 2011

### A).What we are changed after February CAB meeting?

1. GSU added the business department and hired a director from August 2011 who has a Bachelor of Science, Business Administration at Murray State University in KY and experiences.
2. GSU has mentors group for school business and clinic business beside board.
3. GSU has financial structure system by CPA Team

### B). We are recognized health educational mission in this region.

In the City of Downey and few neighbor cities there are no health related institutions.

### C).Action Plans for students recruiting (goal: 300 students in 3years)

1. ANNOUNCE: As Soon as CAB approved GSU, I will announce students not to move to other school to prepare CAB examination and for intern training course from Fall Quarter 2011.
2. CONNECT: We will connect to give full education for students who will graduate the sport colleges, medical assistant colleges, Universities which provide AA degree above and nurses.



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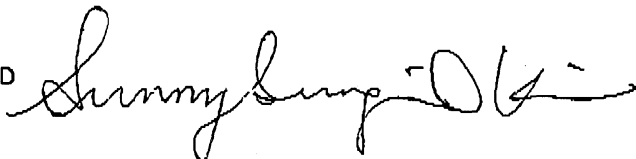
**DEMONSTRATE**: Here are 3 city community colleges and 3 State University in 2 to 5 miles radius to demonstrate Natural health care study to look for prospective students.

4. **SCHEDULE**: A business director as a staff will plan all schedules and prepare for activities, open relationship in the communities not only city of Downey but neighbor cities to find prospective.
5. **SHARE**: GSU students will share academic information to college students, what they learned in GSU by weekly base to encourage prospective students.
6. **ADVERTISE**: GSU will advertise in local news papers t for potential Students

## D).Action Planes for patients recruiting (goal: 600patients/ M \$18,000/Mon )

1. **EDUCATE**: GSU faculties will provide the class of "the nutritional care" to high school students, parents, boy and girl's scout members, seniors, and Sunday school students.
2. **CONSULT**: GSU Clinic student interns will become leaders for sport teams of high schools and colleges for consulting health with a supervisor.
3. **ORGANIZE/SERVE**: GSU Clinic have plan to organize clubs of "senior care", "prevent over weight", "brighten spirit", "breath exercise" to serve for the community.
4. **MOTIVATE**: GSU Clinic give motivation to make students health clubs in their schools and to provide health consultation for them.
5. **CONNECT**: GSU Clinic will give and take referral patients with other practitioners and hospitals.
6. **OPEN**: GSU Clinic plan to open weekend free clinic where is low income area  
if the city is cooperate.

President : Kim , Sunny Sungil Lac. PhD

 8/18/2011

**GOLDEN STATE**  
**UNIVERSITY, INC.**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2010**

***FINANCIAL STATEMENTS***  
***&***  
***INDEPENDENT AUDITOR'S REPORT***

**CHO & WOO**  
**AN ACCOUNTACY CORPORATION**

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# CHO & WOO

AN ACCOUNTANCY CORPORATION

STEPHEN YONGJIK CHO, CPA  
YOON HEE WOO, CPA

3250 WILSHIRE BLVD., SUITE 1502  
LOS ANGELES, CALIFORNIA 90010  
PHONE: (213) 383-0972  
FAX: (213) 388-2057

## INDEPENDENT AUDITOR'S REPORT

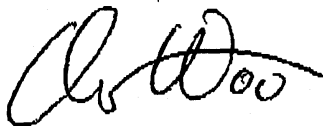
To the Board of Directors and stockholders of  
Golden State University, Inc.  
Downey, California

We have audited the accompanying balance sheet of Golden State University, Inc. (a California Corporation) as of December 31, 2010, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Golden State University, Inc. as of December 31, 2010 and the results of its operations 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 Schedule of Operating Expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Los Angeles, California  
July 14, 2011

**GOLDEN STATE UNIVERSITY, INC.**

**BALANCE SHEET  
DECEMBER 31, 2010**

|   | <u>2010</u>      |
|---|------------------|
| <b>ASSETS</b>                                     |                  |
| <b>Current Assets</b>                             |                  |
| Cash - Note 3                                     | \$ 2,660         |
| Tuition Receivable - Net - Note 2 & 4             | 7,800            |
| Inventory   | <u>3,460</u>     |
| <b>Total Current Assets</b>                       | <u>13,920</u>    |
| <b>Property and Equipment - Net- Note 5</b>       | <u>18,000</u>    |
| <b>Other Assets</b>                               |                  |
| Deposits - Note 6                                 | <u>2,916</u>     |
| <b>Total Other Assets</b>                         | <u>2,916</u>     |
| <b>TOTAL ASSETS</b>                               | <u>\$ 34,836</u> |
| <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>       |                  |
| <b>Current Liabilities</b>                        |                  |
| Accounts Payable                                  | \$ 1,983         |
| Income Taxes Payable                              | <u>2,076</u>     |
| <b>Total Current Liabilities</b>                  | <u>4,059</u>     |
| <b>Long-term Liabilities</b>                      |                  |
| Due to Officer                                    | <u>5,819</u>     |
| <b>Total Long-term Liabilities</b>                | <u>5,819</u>     |
| <b>Total Liabilities</b>                          | <u>9,878</u>     |
| <b>Stockholder's Equity</b>                       |                  |
| Common stock                                      | 22,893           |
| Retained Earnings                                 | <u>2,065</u>     |
| <b>Total Stockholder's Equity</b>                 | <u>24,958</u>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b> | <u>\$ 34,836</u> |

The Accompanying Notes are an integral part of these financial statements.

**GOLDEN STATE UNIVERSITY, INC.**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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|   | <u>2010</u>     |             |
|---|-----------------|-------------|
| NET REVENUE   | \$ 98,992       | 100%        |
| OPERATING EXPENSES<br>(Schedule of operating expenses attached) | <u>95,005</u>   | <u>96.0</u> |
| INCOME FROM OPERATIONS  | 3,987           | 4.0         |
| OTHER INCOME  | <u>5</u>        | <u>0.0</u>  |
| INCOME BEFORE TAXES   | 3,992           | 4.0         |
| PROVISION FOR INCOME TAXES                                      | <u>1,276</u>    | <u>1.3</u>  |
| NET INCOME  | 2,716           | <u>2.7%</u> |
| RETAINED EARNINGS - BEGINNING                                   | <u>(651)</u>    |             |
| RETAINED EARNINGS - ENDING                                      | <u>\$ 2,065</u> |             |

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

**GOLDEN STATE UNIVERSITY, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|   | <u>2010</u>     |
|---|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                 |
| NET INCOME  | \$ 2,716        |
| <b>ADJUSTMENTS TO RECONCILE NET INCOME<br/>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                 |
| Depreciation  | 2,000           |
| (Incr.) Decr. in tuition receivable   | (5,486)         |
| (Incr.) Decr. in prepaid & other assets   | (1,283)         |
| Incr. (Decr.) in accounts payable   | 1,228           |
| Incr. (Decr.) in income taxes payable   | 1,276           |
| <b>TOTAL ADJUSTMENTS</b>  | <u>(2,265)</u>  |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                     | <u>451</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |
| Purchases of property and equipment   | (2,450)         |
| Proceeds from sales of property and equipment   | <u>-</u>        |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                                     | <u>(2,450)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                 |
| Proceeds from additional paid in capital  | -               |
| Proceeds (payment) of long-term debts   | <u>(3,831)</u>  |
| <b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>                                     | <u>(3,831)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | (5,830)         |
| <b>CASH - BEGINNING OF THE YEAR</b>   | <u>8,490</u>    |
| <b>CASH - END OF THE YEAR</b>   | <u>\$ 2,660</u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>                                  |                 |
| Interest paid   | \$ -            |
| Income Tax paid   | \$ -            |

The Accompanying Notes are an integral part of these financial statements.



## **GOLDEN STATE UNIVERSITY, INC.**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010**

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#### **NOTE 1 - GENERAL**

Golden State University (GSU) is a California corporation that was formed on June 23, 2008 and is located in Downey, California.

The GSU is a vocational school that is specialized in acupuncture and oriental medicine.

With educational courses of traditional Chinese medicine integrated with western medical technology, the GSU prepares students for a career as healthcare providers and develops their intellectual and analytical abilities. It also provides job opportunities and an academic environment for faculty to further their studies in their respected fields and an institution of healthcare education.

The GSU provides a clinical center to the community and will offer internships to students.

The Institution received initial approval to grant degrees from the former Bureau of Private Postsecondary and Vocational Education (BPPVE) in April 2006 and has applied to and been waiting for the approval from the Bureau for Private Postsecondary Education (BPPE).

The courses are listed as follows:

- Master of Science in Asian Medicine
- Continuing Education training for licensed acupuncturists

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The financial statements of the Institution have been prepared on the accrual basis of accountings and accordingly reflect all significant receivable, payables, and other liabilities.

##### **Property and Equipment**

Properties and equipment are recorded at cost and depreciated using double declining balance method over estimated useful lives of 10 years.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals that extend the useful lives of property and equipment are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are reduced, and any gain or loss is included in operations. Depreciation expense amounted \$2,000 for the year ended December 31, 2010.

##### **Use of Estimates**

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

**GOLDEN STATE UNIVERSITY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tuition Receivable & Allowance for Doubtful Accounts**

Tuition receivable represent amounts due for tuition and fees from currently enrolled and former students. Tuition receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on past experience which is 5% of its outstanding receivables that will become uncollectible without identifying specific accounts. It is referred to as balance sheet approach or the percentage of receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to tuition receivable. The allowance for doubtful accounts was \$411 at December 31, 2010 and bad debt expenses was \$411 for the year ended December 31, 2010. Changes in the valuation allowance have not been material to the financial statements.

**Credit Risk**

Financial instruments which potentially subject the Institution to concentrations of credit risk consist principally of cash and receivables. The Institution places cash in high credit quality financial institutions, which limits the amount of credit exposure. Concentrations of risk with respect to receivables is limited due to the diversity of the population of students. The Institution's management does not believe significant credit risks at December 31, 2010.

**Revenue Recognition**

Revenue and expenses are recorded on the accrual basis. Revenue received for future education instruction is deferred until the applicable term.

**Income Taxes**

The Institution uses the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

**NOTE 3 - CASH**

Cash consists of the following:

|   |                 |
|---|-----------------|
|   | <u>2010</u>     |
| Cash in bank - Bank of America - Checking | \$ (3,652)      |
| Cash in bank - Bank of America - Savings  | 1,020           |
| Cash on hand                              | 5,292           |
| Total                                     | <u>\$ 2,660</u> |

**GOLDEN STATE UNIVERSITY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**NOTE 4 - TUITION RECEIVABLE - NET**

Tuition receivable is stated at estimated realizable value net of an allowance for doubtful accounts.

|                                     |                    |
|-------------------------------------|--------------------|
|                                     | <b><u>2010</u></b> |
| Tuition receivable                  | \$ 8,211           |
| Less allowance for doubtful account | (411)              |
| Total - net                         | <u>\$ 7,800</u>    |

**NOTE 5 - PROPERTY AND EQUIPMENT - NET**

Property and equipment consists of the following:

|                                |                    |
|--------------------------------|--------------------|
|                                | <b><u>2010</u></b> |
| Furniture and Equipment        | \$ 20,000          |
| Less: Accumulated depreciation | (2,000)            |
| Total                          | <u>\$ 18,000</u>   |

**NOTE 6 - DEPOSITS**

Deposits consists of the following:

|                                |                    |
|--------------------------------|--------------------|
|                                | <b><u>2010</u></b> |
| Security Deposits - See Note 7 | \$ 2,916           |
| Total                          | <u>\$ 2,916</u>    |

**NOTE 7 - OPERATING LEASE COMMITMENTS**

The GSU has entered three lease agreements.

A four-year lease agreement was made with Arrington Square Partnership, commencing on September 1, 2008 for real property, located at 9047 Florence Ave. #L, Downey, California with security deposit of \$1,648 and a monthly rental payment of \$1,648.

A one-year lease agreement was made with Arrington Square Partnership, commencing on November 1, 2010 for real property, located at 9047 Florence Ave. #F, Downey, California with security deposit of \$1,268 and a monthly rental payment is \$1,268.

A month to month lease agreement was made with Arrington Square Partnership after a two-year lease agreement that was ended on October 31, 2010 with a monthly rental payment of \$805. There will be another six-month lease agreement that will be commencing on January 1, 2011 for real property located at 9047 Florence Ave. #E, Downey, California with a monthly rental payment of \$650.

Total rental expenses for the year ended December 31, 2010 was \$35,994.

**GOLDEN STATE UNIVERSITY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**NOTE 7 - OPERATING LEASE COMMITMENTS (CONTINUED)**

Future minimum lease payments at December 31, 2010, are as follows:

Year Ended December 31,

|       |                  |
|-------|------------------|
| 2011  | 36,356           |
| 2012  | <u>13,184</u>    |
| Total | <u>\$ 49,540</u> |

**SUPPLEMENTARY  
INFORMATION**

**GOLDEN STATE UNIVERSITY, INC.**

**SCHEDULE OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

| <b>OPERATING EXPENSES</b> | <b>2010</b>      |               |
|---------------------------|------------------|---------------|
| Advertising & Marketing   | \$ 1,645         | 1.7%          |
| Automobile expense        | 815              | 0.9%          |
| Bad debts                 | 411              | 0.4%          |
| Bank service charge       | 1,706            | 1.8%          |
| Depreciation              | 2,000            | 2.1%          |
| Dues and subscriptions    | 2,310            | 2.4%          |
| Insurance                 | 1,488            | 1.6%          |
| Meal and entertainment    | 92               | 0.1%          |
| Merchant fees             | 627              | 0.7%          |
| Office expense            | 3,114            | 3.3%          |
| Outside service           | 23,455           | 24.7%         |
| Postage and delivery      | 21               | 0.0%          |
| Professional service      | 800              | 0.8%          |
| Rent                      | 35,994           | 37.9%         |
| Repair & Maintenance      | 1,937            | 2.0%          |
| Seminar                   | 2,560            | 2.7%          |
| Supplies                  | 4,066            | 4.3%          |
| Taxes & licenses          | 2,885            | 3.0%          |
| Telephone                 | 6,487            | 6.8%          |
| Travel                    | 619              | 0.7%          |
| Utilities                 | 1,973            | 2.1%          |
| <b>TOTAL</b>              | <b>\$ 95,005</b> | <b>100.0%</b> |

The Accompanying Notes are integral part of these financial statements.