

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

AUDIT REPORT

June 30, 2012 and 2011

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CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

September 24, 2012

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
University Student Union, Inc.
California State University, Northridge
(A California State University Auxiliary Organization)
Northridge, California

We have audited the accompanying statements of financial position of the University Student Union, Inc., California State University, Northridge (a California State University Auxiliary Organization) (Union) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the 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 Union's 2011 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, Inc., California State University, Northridge as of June 30, 2012, 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 included on pages 13-24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the 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, is fairly stated in all material respects when considered in relation to the Union's financial statements taken as a whole.

NSBN LLP
NSBN LLP

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**STATEMENT OF FINANCIAL POSITION
June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,685,836	\$ 3,410,117
Accounts receivable, net	5,406	49,397
Prepaid expenses and deposits	49,204	42,678
Total current assets	<u>5,740,446</u>	<u>3,502,192</u>
Property and equipment		
Equipment and software	1,441,192	1,323,436
Leasehold improvements	1,107,686	965,532
Accumulated depreciation	(1,546,870)	(1,336,149)
Construction in progress	235,336	-
Total property and equipment, net	<u>1,237,344</u>	<u>952,819</u>
TOTAL ASSETS	<u>\$ 6,977,790</u>	<u>\$ 4,455,011</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 899,444	\$ 226,172
Accrued salaries and related benefits	270,377	238,059
Deferred revenue	229,123	147,280
Total current liabilities	<u>1,398,944</u>	<u>611,511</u>
Noncurrent liabilities		
Postretirement benefit payable	<u>763,810</u>	<u>1,211,856</u>
TOTAL LIABILITIES	<u>2,162,754</u>	<u>1,823,367</u>
NET ASSETS	<u>4,815,036</u>	<u>2,631,644</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,977,790</u>	<u>\$ 4,455,011</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
REVENUE - UNRESTRICTED		
Student activity fees	\$ 8,985,821	\$ 6,350,000
Program income	284,674	278,990
Rental income	629,047	720,716
Recreation center income	302,799	-
Commission income	137,887	131,438
Other income	159,119	125,676
Donations & grant revenue	-	14,120
Total revenue - unrestricted	<u>10,499,347</u>	<u>7,620,940</u>
Net assets released from restrictions	264,857	-
Total unrestricted revenue	<u>10,764,204</u>	<u>7,620,940</u>
EXPENSES		
Program services	8,060,576	5,765,585
General and administrative	1,413,569	1,685,515
Total expenses	<u>9,474,145</u>	<u>7,451,100</u>
Operating income	<u>1,290,059</u>	<u>169,840</u>
NONOPERATING REVENUE		
Pension related changes other than net periodic pension costs	705,189	219,396
Interest income	442	577
Net nonoperating revenues	<u>705,631</u>	<u>219,973</u>
Increase in unrestricted net assets	1,995,690	389,813
TEMPORARILY RESTRICTED NET ASSETS		
Grant revenue	452,559	-
Net assets released from restrictions	(264,857)	-
Temporarily restricted net assets	<u>187,702</u>	<u>-</u>
CHANGE IN NET ASSETS	2,183,392	389,813
NET ASSETS AT BEGINNING OF YEAR	<u>2,631,644</u>	<u>2,241,831</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,815,036</u>	<u>\$ 2,631,644</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,183,392	\$ 389,813
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	266,257	273,117
Loss on disposal of property and equipment	23,274	3,981
Post retirement benefits	(448,046)	52,776
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	43,991	(10,445)
(Increase) in prepaid expenses and deposits	(6,526)	(5,300)
Increase (decrease) in accounts payable	673,272	(101,834)
Increase (decrease) in accrued liabilities	32,318	(7,838)
Increase in deferred revenue	81,843	20,834
	2,849,775	615,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(338,720)	(208,568)
Construction in progress	(235,336)	-
	(574,056)	(208,568)
NET INCREASE IN CASH	2,275,719	406,536
CASH AT BEGINNING OF YEAR	3,410,117	3,003,581
CASH AT END OF YEAR	\$ 5,685,836	\$ 3,410,117

See accompanying auditors' report.
The notes are an integral part of these financial statements.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 1 - ORGANIZATION:

The University Student Union, Inc., California State University, Northridge (a California State University Auxiliary Organization) (Union) is a nonprofit auxiliary organization related to California State University, Northridge. The Union was organized to provide a variety of unique and convenient programs and services on the University campus. The Union operates the Student Union buildings as well as sponsors various campus activities that complement the instructional program and initiatives of the University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Union's significant accounting policies applied in the preparation of the accompanying financial statements follows:

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

B. Basis of Presentation

The financial statements of the Union have been presented in accordance with the Auditing and Accounting Guide for Not-for-Profit Organizations, (the "Guide") issued by the American Institute of Certified Public Accountants. The Guide, along with Financial Accounting Standards Board Accounting Standards Codification 958-210 ("FASB ASC 958- 210") state the net assets, revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions.

As of June 30, 2012, in accordance with FASB ASC 958-210, the Union reported grant revenue, with donor-imposed restrictions, and the related expenses, and the changes therein as temporarily restricted net assets.

The balance of the Union's activities for the year ended June 30, 2012, have been included and are classified as unrestricted net assets.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less.

D. Concentration of Credit Risk

The Union maintains its cash balances at two financial institutions and is exposed to credit losses for amounts exceeding Federal Deposit Insurance Corporation insurance limits (\$250,000) in the event of nonperformance by the bank. The Union has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Accounts Receivable

Accounts receivable is primarily comprised of amounts due from related parties for room rentals and commercial leases.

F. Capital Equipment

Equipment and software are stated at cost. Capital equipment is defined as an item or combination of like items with a value greater than five thousand dollars which will be used in a productive capacity and will benefit the Union for a period of more than one year. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of fifteen years. Repairs and maintenance are charged to expenses as incurred.

G. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Functional Expenses

The costs of providing various programs and other activities of the Union have been summarized on a functional basis in the statement of activities. Expenses that benefit more than one activity are allocated between those activities in reasonable ratios determined by management. During the fiscal year ended June 30, 2012, the method of allocating functional expenses changed due to the increases in revenues and expenses as a result of adding the student recreation center program. Due to the significant size of this program, a change in allocation method is warranted.

I. Income Taxes

The Union is exempt from federal income taxes and California franchise taxes under section 501 (c) (3) of the Internal Revenue Code and section 23701 (d) of the California Revenue and Taxation Code, respectively.

The Union has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Union's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Income Taxes (continued)

The Union files informational tax returns in the U.S. federal jurisdictions and the state of California. With few exceptions, the Union is no longer subject to U.S. federal and state examinations by tax authorities for years ended prior to June 30, 2008.

J. Revenue Recognition

The Union recognizes revenues for student fees and services when earned.

K. Reclassification

Certain amounts in the prior year's financial statements presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

L. Subsequent Events

The organization has evaluated subsequent events through September 24, 2012, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Accounts receivable from related parties	\$ 14,236	\$ 49,841
Interest receivable	-	9
Other receivables	1,469	10,568
Total accounts receivable	<u>15,705</u>	<u>60,418</u>
Allowance for doubtful accounts	<u>(10,299)</u>	<u>(11,021)</u>
Total accounts receivable, net	<u>\$ 5,406</u>	<u>\$ 49,397</u>

NOTE 4 - ACCOUNTS PAYABLE:

Accounts payable at June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 883,963	\$ 214,962
Amount due to others	15,481	11,210
Total accounts payable	<u>\$ 899,444</u>	<u>\$ 226,172</u>

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 5 - RELATED PARTY TRANSACTIONS:

The Union provides and receives services from the University, Associated Students, Inc., the CSUN Foundation and The University Corporation. At June 30, 2012 and 2011, accounts receivable and payable to related organizations, which are included in the financial statements, are as follows:

<u>Receivables</u>	<u>2012</u>	<u>2011</u>
California State University, Northridge	\$ 8,653	\$ 41,727
Associated Students, Inc.	39	5,586
The CSUN Foundation	891	1,319
The University Corporation	4,653	1,209
	<u>\$ 14,236</u>	<u>\$ 49,841</u>
	<u>\$ 14,236</u>	<u>\$ 49,841</u>

<u>Payables</u>	<u>2012</u>	<u>2011</u>
California State University, Northridge	\$ 212,512	\$ 1,987
Associated Students, Inc.	1,128	-
The CSUN Foundation	-	-
The University Corporation	8,525	7,228
	<u>\$ 222,165</u>	<u>\$ 9,215</u>
	<u>\$ 222,165</u>	<u>\$ 9,215</u>

At June 30, 2012 and 2011, amounts paid by the University to the Union totaled \$926,423 and \$659,431 respectively:

	<u>2012</u>	<u>2011</u>
Amounts Paid by the University	\$ 844,402	\$ 536,065
Work Study	82,021	123,366
	<u>\$ 926,423</u>	<u>\$ 659,431</u>
	<u>\$ 926,423</u>	<u>\$ 659,431</u>

At June 30, 2012 and 2011, amounts billed by the University to the Union totaled \$905,932 and \$959,658 respectively:

	<u>2012</u>	<u>2011</u>
Services	\$ 775,295	\$ 886,498
Salaries	130,637	73,160
	<u>\$ 905,932</u>	<u>\$ 959,658</u>
	<u>\$ 905,932</u>	<u>\$ 959,658</u>

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 5 - RELATED PARTY TRANSACTIONS: (continued)

The Union and the University entered into an agreement, which is to be renewed on a revolving basis, to provide rental space to the University's Student Development and International Programs. Rental income from this agreement was \$136,362 and \$253,244 for the years ended June 30, 2012 and 2011.

The Union and the University entered into an agreement to provide rental space to the University's Intensive English Program. Rental income from this agreement was \$25,056 and \$32,965 for the years ended June 30, 2012 and 2011 respectively.

The Union and the Klotz Health Center entered into an agreement whereby the Union agreed to provide space for the Student Health Center to operate the facilities as stipulated in the agreement. Rental Income from this agreement was \$5,152 and \$7,452 for the years ended June 30, 2012 and 2011 respectively.

The Union entered into an agreement with Associated Students, Inc. for space, custodial, and utilities reimbursement. The Union was reimbursed \$62,436 and \$55,383 for the years ended June 30, 2012 and 2011 in connection with this agreement.

The Union and CSUN Foundation entered into an agreement, which is to be renewed on a revolving basis, to provide rental space to University Advancement. Rental income from this agreement was \$11,357 and \$21,091 for the years ended June 30, 2012 and 2011.

The Union and The University Corporation entered into an agreement, in which The University Corporation manages all operation of the food units located at the Union and Satellite Union in exchange for a 1% commission of all The University Corporation's food unit and catering sales. Commission income from this agreement was \$137,887 and \$131,438 for the years ended June 30, 2012 and 2011 respectively.

The Union entered into an agreement with the University Controller's Office (a department of the University) which stipulates that the University Controller's Office is to provide the Union with functional support of the PeopleSoft accounting software. The University coordinates and manages all transactions related to the system's annual maintenance and support costs, including IT costs. The Union expensed \$49,177 and \$47,055 related to such services for the years ended June 30, 2012 and 2011 respectively.

The Union entered into an agreement with the Office of Human Resource Services (a department of the University) which stipulates that the Office of Human Resource Services is to provide the Union with personnel related services. The Union is to reimburse the University for the actual cost of position announcements placed through Human Resource Services plus an annual rate per employee based on the calculation stipulated in the agreement. This agreement has an indefinite term. The Union expensed \$22,424 related to such services for the years ended June 30, 2012 and 2011 respectively.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 5 - RELATED PARTY TRANSACTIONS: (continued)

During the fiscal year ended June 30, 2010, the CSUN Foundation received a pledge donation in the amount of \$400,000 to be used for the benefit of student programs in the Student Recreation Center. In consideration of the pledge and recognition of the donor's generosity, recognition signage was installed and the 18,000 square foot cardio-strength training area in the Student Recreation Center was named in the donor's honor. The donation will be available in five yearly increments of \$80,000 beginning in the fiscal year ended June 30, 2012. The first \$80,000 increment was received according to the pledge. The pledge donation is recorded on the books of the CSUN Foundation.

Revenue bonds were issued by the Trustees of the California State University and Colleges ("Trustees") for the construction, repair and maintenance of the University's Student Union building. Legal title to the Student Union Building is vested, along with related debt, with the Trustees. Accordingly, both the building and debt are carried on the books of the Trustees. Student Union fees are collected by the University, and remitted to a trust fund administered by the campus on the behalf of the Union. The Union has entered into a five-year revolving agreement with the Chancellor's Office, which expired on June 30, 2012 and provides, among other things, that the excess of the student fees (after satisfying certain reserve requirements; servicing principal and interest payments on the revenue bonds; providing funds for major repairs and replacements; providing funds for projects under construction; and Chancellor's Office overhead expenses) is available, after approval by the University, for payment of expenses incurred in operation of the Union. Pursuant to this agreement, the Union received \$8,985,821 and \$6,350,000 to fund its operation for fiscal years ended June 30, 2012 and 2011, respectively. The five-year revolving agreement has been renewed for an additional five years which expires on June 30, 2017.

NOTE 6 - PENSION PLAN:

The Union provides pension benefits through a noncontributory defined contribution plan to all eligible employees (as defined by the plan agreement). The Union's total pension expense for the years ended June 30, 2012 and 2011 was \$88,782 and \$107,057 respectively.

NOTE 7 - POSTRETIREMENT BENEFIT PLAN:

In 2007, the Union implemented a postretirement benefit plan which provides retirement benefits to all eligible employees (as defined by the plan agreement). The plan was amended in calendar year 2012. The following tables provide further information about the Union's postretirement benefit plan:

Obligations and Funding Status:	<u>2012</u>	<u>2011</u>
Benefit obligation at June 30	\$ 763,810	\$ 1,211,856
Employer contributions	-	-
Participant contributions	-	-
Benefit payments	-	-
Fair value of plan assets at June 30	-	-
Net funded (unfunded) status of the plan	<u>\$ (763,810)</u>	<u>\$ (1,211,856)</u>

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 7 - POSTRETIREMENT BENEFIT PLAN: (continued)

Amounts recognized in the statement of financial position consist of:

Noncurrent liabilities	<u>\$ (763,810)</u>	<u>\$ (1,211,856)</u>
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Amounts recognized in the statement of activities consist of:

Service cost	\$ 114,069	\$ 115,465
Interest cost	69,682	63,742
Amortization of unrecognized prior service cost	67,992	67,992
Amortization of unrecognized (gain)/loss	5,400	24,973
Net postretirement benefit cost (NPBC)	<u>\$ 257,143</u>	<u>\$ 272,172</u>

Other changes recognized in changes in unrestricted net assets (CUNA):

Prior service cost for period	\$ (289,994)	\$ -
Net loss/(gain) for period	(341,803)	(126,431)
Amortization of prior service (cost)	(67,992)	(67,992)
Amortization of net (loss)/gain	(5,400)	(24,973)
Total changes recognized in CUNA	<u>\$ (705,189)</u>	<u>\$ (219,396)</u>

Total changes recognized in NPBC and CUNA	<u>\$ (448,046)</u>	<u>\$ 52,776</u>
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Assumptions:

Weighted average assumptions used in the accounting for the Union's postretirement benefit plan were:

	<u>2012</u>	<u>2011</u>
Weighted-average assumptions used to determine Benefit obligations at June 30:		
Discount rate	5.00%	5.75%
Rate of return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Medical trend:		
Initial	4.50%	7.00%
Ultimate	4.50%	5.00%
Number of years to ultimate	N/A	3 years

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 7 - POSTRETIREMENT BENEFIT PLAN: (continued)

Cash Flows:

The following benefit payments are expected to be paid:

Year beginning <u>June 30,</u>		\$	
2012		-	
2013		-	
2014		662	
2015		2,124	
2016		3,114	
2017-2021		88,668	

The Union does not expect to contribute any funds to the plan during the next fiscal year.

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2012-13 fiscal year:

Net actuarial (gain)/loss	\$	(12,630)
Net prior service cost		33,118

SUPPLEMENTARY INFORMATION

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**EXPENSES BY NATURAL CLASSIFICATION
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
EXPENSES		
Salaries and wages	\$ 4,413,434	\$ 3,110,440
Event costs	575,223	503,902
Staff benefits	1,335,656	1,228,759
Depreciation	266,257	273,117
Other operating expenses		
Building repairs and maintenance	763,494	595,082
Cost of sales	4,469	-
Equipment rental	35,650	35,486
Expendable equipment purchases	71,961	70,545
Insurance	105,395	103,682
Licenses and fees	45,654	31,666
Loss on disposition of assets	23,274	3,981
Marketing and advertising	101,045	41,415
Office and administrative supplies	153,600	100,276
Administrative contingency	274,537	236,951
Professional and contract services	293,888	281,460
Services, other agencies	60,112	52,509
Training services	49,116	21,599
Scholarships	72,276	58,730
Travel	28,436	11,940
Utilities	<u>800,668</u>	<u>689,560</u>
 Total expenses	 <u>\$ 9,474,145</u>	 <u>\$ 7,451,100</u>

See the accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**SCHEDULE OF NET ASSETS
June 30, 2012
(For inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,685,836
Short-term investments	-
Accounts receivable, net	5,406
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	49,204
Total current assets	<u>5,740,446</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	-
Capital assets, net	1,237,344
Other assets	-
Total noncurrent assets	<u>1,237,344</u>
Total assets	<u>6,977,790</u>
Liabilities:	
Current liabilities:	
Accounts payable	899,444
Accrued salaries and benefits payable	127,607
Accrued compensated absences— current portion	142,770
Deferred revenue	229,123
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>1,398,944</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	-
Other postemployment benefits obligation	763,810
Other liabilities	-
Total noncurrent liabilities	<u>763,810</u>
Total liabilities	<u>2,162,754</u>
Net assets:	
Invested in capital assets, net of related debt	1,237,344
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	187,702
Unrestricted	3,389,990
Total net assets	<u>\$ 4,815,036</u>

See the accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2012
(For inclusion in the California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ <u>0</u>)	\$ 8,985,821
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	452,559
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ <u>0</u>)	1,364,643
Other operating revenues	148,883
Total operating revenues	<u>10,951,906</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	7,804,013
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,403,875
Depreciation and amortization	266,257
Total operating expenses	<u>9,474,145</u>
Operating income	<u>1,477,761</u>
Nonoperating revenues:	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income, net	442
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues	705,189
Net nonoperating revenues	<u>705,631</u>
Income before other additions	<u>2,183,392</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase in net assets	<u>2,183,392</u>
Net assets:	
Net assets at beginning of year, as previously reported	2,631,644
Restatements	-
Net assets at beginning of year, as restated	<u>2,631,644</u>
Net assets at end of year	<u>\$ 4,815,036</u>

See the accompanying independent auditors' report.

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Other Information
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1	Restricted cash and cash equivalents at June 30, 2012:	
	Portion of restricted cash and cash equivalents related to endowments	\$ -
	All other restricted cash and cash equivalents	-
	Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2012:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fund income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-

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2.2 Investments held by the University under contractual agreements at June 30, 2012:
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012:

2.3 Restricted current investments at June 30, 2012 related to:	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2012	\$ -

2.4 Restricted noncurrent investments at June 30, 2012 related to:	<u>Amount</u>
Endowment investment	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2012	\$ -

UNIVERSITY STUDENT UNION, INC.
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3.1 Composition of capital assets at June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	235,336	-	-	235,336
Intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	235,336	-	-	235,336
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	965,532	-	-	965,532	142,154	-	-	1,107,686
Personal property:								
Equipment	1,323,436	-	-	1,323,436	196,566	(78,810)	-	1,441,192
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	2,288,968	-	-	2,288,968	338,720	(78,810)	-	2,548,878
Total capital assets	2,288,968	-	-	2,288,968	574,056	(78,810)	-	2,784,214
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(366,033)	-	-	(366,033)	(65,970)	-	-	(432,003)
Personal property:								
Equipment	(970,116)	-	-	(970,116)	(200,287)	55,536	-	(1,114,867)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,336,149)	-	-	(1,336,149)	(266,257)	55,536	-	(1,546,870)
Total capital assets, net	\$ 952,819	-	-	952,819	307,799	(23,274)	-	1,237,344

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 266,257
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 266,257

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4 Long-term liabilities activity schedule:

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	Current portion	Long-term portion
Accrued compensated absences	\$ 109,531	-	-	109,531	181,227	(147,988)	142,770	142,770	—
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	—
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	—
Total capitalized lease obligations	-	-	-	-	-	-	-	-	—
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	—
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	—
Commercial Paper	-	-	-	-	-	-	-	-	—
Other:									
Add description	-	-	-	-	-	-	-	-	—
Add description	-	-	-	-	-	-	-	-	—
Add description	-	-	-	-	-	-	-	-	—
Add description	-	-	-	-	-	-	-	-	—
Add description	-	-	-	-	-	-	-	-	—
Add description	-	-	-	-	-	-	-	-	—
Total long-term debt obligations	-	-	-	-	-	-	-	-	—
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	—
Unamortized loss on refunding	-	-	-	-	-	-	-	-	—
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	—
Total long-term liabilities	\$ 109,531	-	-	109,531	181,227	(147,988)	142,770	142,770	—

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5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018 - 2022	-	-	-
2023 - 2027	-	-	-
2028 - 2032	-	-	-
2033 - 2037	-	-	-
2038 - 2042	-	-	-
2043 - 2047	-	-	-
2048 - 2052	-	-	-
2053 - 2057	-	-	-
2058 - 2062	-	-	-
Total minimum lease payments			-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
Capitalized lease obligation, net of current portion			\$ -

6 Long-term debt obligation schedule

	<u>Revenue Bonds</u>			<u>All other long-term debt obligations</u>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
	Year ending June 30:								
2013	\$ -	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018 - 2022	-	-	-	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

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7 Calculation of net assets

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	1,237,344	1,237,344
Capitalized lease obligations - current portion	-	-	-
Capitalized 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 adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - invested in capital assets, net of related debt	<u>\$ -</u>	<u>1,237,344</u>	<u>1,237,344</u>
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ -</u>	<u>-</u>	<u>-</u>

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8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 130,637
Payments to University for other than salaries of University personnel	775,295
Payments received from University for services, space, and programs	926,423
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(212,512)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	8,653
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ (448,046)
Contributions during the year	<u>-</u>
Increase (decrease) in net OPEB obligation (NOO)	(448,046)
NOO - beginning of year	1,211,856
NOO - end of year	\$ <u>763,810</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	<u>-</u>
Total pollution remediation liabilities	\$ -
Less: current portion	<u>-</u>
Pollution remediation liabilities, net of current portion	<u>-</u>

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11 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, 2011, as previously reported	\$	2,631,644
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, 2011, as restated	\$	2,631,644

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Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	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 the accompanying independent auditors' report.