

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

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

AUDIT REPORT

June 30, 2013 and 2012

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CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

September 17, 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of University Student Union, Inc. California State University Northridge (a California State University Auxiliary Organization) (the "Union"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Student Union, Inc., California State University Northridge as of June 30, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 14 - 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

NSBN LLP

NSBN LLP
Beverly Hills, California

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

**STATEMENT OF FINANCIAL POSITION
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,214,880	\$ 5,685,836
Accounts receivable, net	41,755	5,406
Prepaid expenses and deposits	49,168	49,204
Total current assets	<u>7,305,803</u>	<u>5,740,446</u>
Property and equipment		
Equipment and software	1,698,700	1,441,192
Leasehold improvements	1,025,026	1,107,686
Accumulated depreciation	(1,555,224)	(1,546,870)
Construction in progress	8,305	235,336
Total property and equipment, net	<u>1,176,807</u>	<u>1,237,344</u>
TOTAL ASSETS	<u>\$ 8,482,610</u>	<u>\$ 6,977,790</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 538,380	\$ 899,444
Accrued liabilities	282,560	270,377
Deferred revenue	225,865	229,123
Total current liabilities	<u>1,046,805</u>	<u>1,398,944</u>
Noncurrent liabilities		
Postretirement benefit payable	<u>987,767</u>	<u>763,810</u>
TOTAL LIABILITIES	<u>2,034,572</u>	<u>2,162,754</u>
NET ASSETS	<u>6,448,038</u>	<u>4,815,036</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,482,610</u>	<u>\$ 6,977,790</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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
REVENUE - UNRESTRICTED		
Student activity fees	\$ 10,540,000	\$ 8,985,821
Program revenue	404,505	284,674
Rental income	665,532	629,047
Recreation center income	475,534	302,799
Commission income	150,129	137,887
Other income	411,835	159,119
Total revenue - unrestricted	<u>12,647,535</u>	<u>10,499,347</u>
Net assets released from restrictions	301,125	264,857
Total unrestricted revenue	<u>12,948,660</u>	<u>10,764,204</u>
 EXPENSES		
Program services	9,654,950	8,060,576
General and administrative	1,380,841	1,413,569
Total expenses	<u>11,035,791</u>	<u>9,474,145</u>
 Operating income	<u>1,912,869</u>	<u>1,290,059</u>
 NONOPERATING (EXPENSE) REVENUE		
Pension related changes other than net periodic pension costs	(92,749)	705,189
Interest income	584	442
Net nonoperating (expense) revenue	<u>(92,165)</u>	<u>705,631</u>
 Increase in unrestricted net assets	1,820,704	1,995,690
 TEMPORARILY RESTRICTED NET ASSETS		
Grant revenue	113,423	452,559
Net assets released from restrictions	<u>(301,125)</u>	<u>(264,857)</u>
(Decrease) increase in restricted net assets	<u>(187,702)</u>	<u>187,702</u>
 CHANGE IN NET ASSETS	1,633,002	2,183,392
 NET ASSETS AT BEGINNING OF YEAR	<u>4,815,036</u>	<u>2,631,644</u>
 NET ASSETS AT END OF YEAR	<u>\$ 6,448,038</u>	<u>\$ 4,815,036</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, 2013 and 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,633,002	\$ 2,183,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	325,471	266,257
Loss on disposal of property and equipment	16,318	23,274
Post retirement benefits	223,957	(448,046)
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(36,349)	43,991
(Increase) in prepaid expenses and deposits	36	(6,526)
Increase (decrease) in accounts payable	(361,064)	673,272
Increase (decrease) in accrued liabilities	12,183	32,318
Increase in deferred revenue	(3,258)	81,843
	<u>1,810,296</u>	<u>2,849,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(272,947)	(338,720)
Construction in progress	(8,305)	(235,336)
	<u>(281,252)</u>	<u>(574,056)</u>
Net cash used in investing activities		
NET INCREASE IN CASH	1,529,044	2,275,719
CASH AT BEGINNING OF YEAR	<u>5,685,836</u>	<u>3,410,117</u>
CASH AT END OF YEAR	<u>\$ 7,214,880</u>	<u>\$ 5,685,836</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
CASH PAID DURING THE YEAR:		
Income taxes	\$ <u> -</u>	\$ <u> -</u>
Interest	\$ <u> -</u>	\$ <u> -</u>

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, 2013 and 2012**

NOTE 1 - ORGANIZATION:

The University Student Union, Inc., California State University, Northridge (a California State University Auxiliary Organization) (the "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, 2013 and 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 years ended June 30, 2013 and 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, 2013 and 2012**

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. In November 2012 the Union amended its definition of capital equipment to be a single item 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 five 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.

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, 2013 and 2012**

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, 2010 and June 30, 2009, respectively.

J. Revenue Recognition

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

K. Advertising Costs

Advertising costs are charged to expense as incurred.

L. 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.

M. Subsequent Events

The Union has evaluated subsequent events through September 17, 2013 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, 2013 and 2012 consisted of the following:

	2013		2012
Accounts receivable from related parties	\$ 52,448	\$	14,236
Other receivables	(394)		1,469
Total accounts receivable	52,054		15,705
Allowance for doubtful accounts	(10,299)		(10,299)
Total accounts receivable, net	\$ 41,755	\$	5,406

NOTE 4 - ACCOUNTS PAYABLE:

Accounts payable at June 30, 2013 and 2012 consisted of the following:

	2013		2012
Accounts payable to related parties	\$ 186,454	\$	222,165
Accounts payable	340,133		661,798
Amount due to others	11,793		15,481
Total accounts payable	\$ 538,380	\$	899,444

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012**

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, 2013 and 2012, accounts receivable and payable to related organizations, which are included in the financial statements, are as follows:

<u>Receivables</u>	<u>2013</u>	<u>2012</u>
California State University, Northridge	\$ 9,498	\$ 8,653
Associated Students, Inc.	216	39
The CSUN Foundation	34,412	891
The University Corporation	<u>8,322</u>	<u>4,653</u>
	<u>\$ 52,448</u>	<u>\$ 14,236</u>
<u>Payables</u>	<u>2013</u>	<u>2012</u>
California State University, Northridge	\$ 163,274	\$ 212,512
Associated Students, Inc.	905	1,128
The CSUN Foundation	-	-
The University Corporation	<u>22,275</u>	<u>8,525</u>
	<u>\$ 186,454</u>	<u>\$ 222,165</u>

At June 30, 2013 and 2012, amounts paid by the University to the Union totaled \$524,280 and \$926,423 respectively:

	<u>2013</u>	<u>2012</u>
Amounts Paid by the University	\$ 431,751	\$ 844,402
Work Study	<u>92,529</u>	<u>82,021</u>
	<u>\$ 524,280</u>	<u>\$ 926,423</u>

At June 30, 2013 and 2012, amounts billed by the University to the Union totaled \$1,289,844 and \$905,932 respectively:

	<u>2013</u>	<u>2012</u>
Services	\$ 1,054,221	\$ 775,295
Salaries	<u>235,623</u>	<u>130,637</u>
	<u>\$ 1,289,844</u>	<u>\$ 905,932</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012**

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 \$161,930 and \$136,362 for the years ended June 30, 2013 and 2012 respectively.

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 for the years ended June 30, 2013 and 2012 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 \$7,342 and \$5,152 for the years ended June 30, 2013 and 2012 respectively.

The Union and Associated Students entered into an agreement whereby the Union agreed to provide office space for Associated Students as stipulated in the agreement. Rental income from this agreement was \$72,708 and \$62,436 for the years ended June 30, 2013 and 2012 respectively.

The Union and University Advancement entered into an agreement, which is to be renewed on a revolving basis, to provide office space to University Advancement. Rental income from this agreement was \$10,115 and \$11,357 for the years ended June 30, 2013 and 2012 respectively.

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 on campus. Commission income from this agreement was \$150,129 and \$137,887 for the years ended June 30, 2013 and 2012 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 \$107,911 related to such services, which includes a PeopleSoft upgrade of \$55,639, for the year ended June 30, 2013. The Union expensed \$49,177 related to such services for the year ended June 30, 2012.

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 \$13,222 and \$22,424 related to such services for the years ended June 30, 2013 and 2012 respectively.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012**

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 2012-13 \$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 will expire on June 30, 2017 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 \$10,540,000 and \$8,985,821 to fund its operation for fiscal years ended June 30, 2013 and 2012, respectively.

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, 2013 and 2012 was \$101,651 and \$88,782 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 following tables provide further information about the Union's postretirement benefit plan:

Obligations and Funding Status:	<u>2013</u>	<u>2012</u>
Benefit obligation at June 30	\$ 987,767	\$ 763,810
Employer contributions	-	-
Participant contributions	-	-
Benefit payments	-	-
Fair value of plan assets at June 30	-	-
Net funded (unfunded) status of the plan	<u>\$ (987,767)</u>	<u>\$ (763,810)</u>

UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 7 - POSTRETIREMENT BENEFIT PLAN: (continued)

Amounts recognized in the statement of financial position consist of:

Current liabilities	\$ (6,210)	\$ -
Noncurrent liabilities	(981,557)	(763,810)
Total recognized in statement of financial position	<u>\$ (987,767)</u>	<u>\$ (763,810)</u>

Amounts recognized in the statement of activities consist of:

Service cost	\$ 78,529	\$ 114,069
Interest cost	38,191	69,682
Amortization of unrecognized prior service cost	33,118	67,992
Amortization of unrecognized (gain)/loss	(12,630)	5,400
Net postretirement benefit cost (NPBC)	<u>\$ 137,208</u>	<u>\$ 257,143</u>

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

Prior service cost for period	\$ -	\$ (289,994)
Net loss/(gain) for period	113,237	(341,803)
Amortization of prior service (cost)	(33,118)	(67,992)
Amortization of net (loss)/gain	12,630	(5,400)
Total changes recognized in CUNA	<u>\$ 92,749</u>	<u>\$ (705,189)</u>

Total changes recognized in NPBC and CUNA	<u>\$ 229,957</u>	<u>\$ (448,046)</u>
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Assumptions:

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

Weighted-average assumptions used to determine	<u>2013</u>	<u>2012</u>
Benefit obligations at June 30:		
Discount rate	5.00%	5.00%
Rate of return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Medical trend:		
Initial	4.50%	4.50%
Ultimate	4.50%	4.50%
Number of years to ultimate	N/A	N/A

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012**

NOTE 7 - POSTRETIREMENT BENEFIT PLAN: (continued)

Cash Flows:

The following benefit payments are expected to be paid:

Years beginning <u>July 1,</u>		
2013	\$	6,210
2014		7,023
2015		8,629
2016		9,749
2017		12,166
2018 - 2022		157,520

The Union expects to contribute \$6,210 during the 2013-14 fiscal year.

Amounts recognized in the statement of financial position for June 30, 2013:	\$	987,767
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The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2013-14 fiscal year:

Net actuarial (gain)/loss	\$	-
Net prior service cost	\$	(9,022)

SUPPLEMENTARY INFORMATION

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

**EXPENSES BY NATURAL CLASSIFICATION
For the Fiscal Years Ended June 30, 2013 and 2012**

	2013	2012
EXPENSES		
Salaries and wages	\$ 5,262,084	\$ 4,413,434
Event costs	644,228	575,223
Staff benefits	1,221,553	1,335,656
Depreciation	325,471	266,257
Other operating expenses		
Building repairs and maintenance	1,053,206	763,494
Cost of sales	18,408	4,469
Equipment rental	39,895	35,650
Expendable equipment purchases	341,065	71,961
Insurance	97,780	105,395
Licenses and fees	52,333	45,654
Loss on disposition of assets	16,318	23,274
Marketing and advertising	94,652	101,045
Office and administrative supplies	210,747	153,600
Administrative contingency	74,553	274,537
Professional and contract services	392,326	293,888
Services, other agencies	58,312	60,112
Scholarships	64,538	72,276
Training services	49,092	49,116
Travel	104,318	28,436
Utilities	914,912	800,668
	\$ 11,035,791	\$ 9,474,145

See the accompanying independent auditors' report.

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

Schedule of Net Position
June 30, 2013
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,214,880
Short-term investments	—
Accounts receivable, net	41,755
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	49,168
Total current assets	<u>7,305,803</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	1,176,807
Other assets	—
Total noncurrent assets	<u>1,176,807</u>
Total assets	<u>8,482,610</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	538,380
Accrued salaries and benefits payable	115,972
Accrued compensated absences— current portion	166,588
Unearned revenue	225,865
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>1,046,805</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned 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	987,767
Other liabilities	—
Total noncurrent liabilities	<u>987,767</u>
Total liabilities	<u>2,034,572</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	1,176,807
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	5,271,231
Total net position	<u>\$ 6,448,038</u>

See accompanying independent auditors' report.

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

Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2013
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ <u>0</u>)	\$ 10,540,000
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	113,423
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ <u>0</u>)	1,695,700
Other operating revenues	411,835
Total operating revenues	<u>12,760,958</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	9,342,847
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	1,367,473
Depreciation and amortization	325,471
Total operating expenses	<u>11,035,791</u>
Operating income (loss)	<u>1,725,167</u>
Nonoperating revenues (expenses):	
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 (loss), net	584
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	(92,749)
Net nonoperating revenues (expenses)	<u>(92,165)</u>
Income (loss) before other additions	1,633,002
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>1,633,002</u>
Net position:	
Net position at beginning of year, as previously reported	4,815,036
Restatements	—
Net position at beginning of year, as restated	<u>4,815,036</u>
Net position at end of year	<u>\$ 6,448,038</u>

See accompanying independent auditors' report.

UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Other Information
June 30, 2013
(for inclusion in the California State University)

1	Restricted cash and cash equivalents at June 30, 2013:	
	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, 2013:

	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	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed 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	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
(for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2013:	
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
2.3 Restricted current investments at June 30, 2013 related to:	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2013	<u>\$ -</u>
2.4 Restricted noncurrent investments at June 30, 2013 related to:	<u>Amount</u>
Endowment investment	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2013	<u>\$ -</u>

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2013:

	Balance June 30, 2012	Prior period Adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2013
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	235,336	-	-	235,336	8,305	-	(235,336)	8,305
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	235,336	-	-	235,336	8,305	-	(235,336)	8,305
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	1,107,686	-	-	1,107,686	32,003	(114,663)	-	1,025,026
Personal property:								
Equipment	1,441,192	-	-	1,441,102	240,944	(218,772)	235,336	1,698,700
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 depreciable/amortizable capital assets	2,548,878	-	-	2,548,878	272,947	(333,435)	235,336	2,723,726
Total capital assets	2,784,214	-	-	2,784,214	281,252	(333,435)	(0)	2,732,031
Less accumulated depreciation/amortization								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(432,003)	-	-	(432,003)	(68,072)	106,213	-	(393,862)
Personal property:								
Equipment	(1,114,867)	-	-	(1,114,867)	(257,399)	210,904	-	(1,161,362)
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	(1,546,870)	-	-	(1,546,870)	(325,471)	317,117	-	(1,555,224)
Total capital assets, net	\$ 1,237,344	\$ -	\$ -	\$ 1,237,344	\$ (44,219)	\$ (16,318)	\$ (0)	\$ 1,176,807

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	\$ 325,471
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 325,471

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	\$ 142,770	\$ —	\$ —	\$ 142,770	\$ 226,083	\$ (202,265)	\$ 166,588	\$ 166,588	\$ —
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	—	—	—	—	—	—	—	—	—
Note Payable related to SRB	—	—	—	—	—	—	—	—	—
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	\$ 142,770	\$ —	\$ —	\$ 142,770	\$ 226,083	\$ (202,265)	\$ 166,588	\$ 166,588	\$ —

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
(for inclusion in the California State University)

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30			
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019 - 2023	-	-	-
2024 - 2028	-	-	-
2029 - 2033	-	-	-
2034 - 2038	-	-	-
2039 - 2043	-	-	-
2044 - 2048	-	-	-
2049 - 2053	-	-	-
2054 - 2058	-	-	-
2059 - 2063	-	-	-
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

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
(for inclusion in the California State University)

7 Calculation of net position

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ --	\$ 1,176,807	\$ 1,176,807
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	--	--	--
Net position - net investment in capital asset	<u>\$ --</u>	<u>\$ 1,176,807</u>	<u>\$ 1,176,807</u>
7.2 Calculation of net position - 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	--	--	--
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See accompanying independent auditors' report.

UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Other Information
June 30, 2013
(for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 235,623
Payments to University for other than salaries of University personnel	1,054,221
Payments received from University for services, space, and programs	524,260
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)	(163,274)
Other amounts payable to University (enter as negative number)	—
Accounts receivable from University	9,488
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 229,957
Contributions during the year	<u>(6,000)</u>
Increase (decrease) in net OPEB obligation (NCO)	223,957
NCO - beginning of year	<u>763,810</u>
NCO - end of year	<u>\$ 987,767</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

See accompanying independent auditors' report.

UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Other Information
June 30, 2013
(for inclusion in the California State University)

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

	Class	Amount
Net Position		Dr. (Cr.)
Net position as of June 30, 2012, as previously reported	\$	4,815,036
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 position as of June 30, 2012, as restated	\$	4,815,036

See accompanying independent auditors' report.

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

Other Information
June 30, 2013
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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:

	<u>Debit</u>	<u>Credit</u>
Net position class _____ 1 (breakdown of adjusting journal entry)	-	-
Net position class _____ 2 (breakdown of adjusting journal entry)	-	-
Net position class _____ 3 (breakdown of adjusting journal entry)	-	-
Net position class _____ 4 (breakdown of adjusting journal entry)	-	-
Net position class _____ 5 (breakdown of adjusting journal entry)	-	-
Net position class _____ 6 (breakdown of adjusting journal entry)	-	-
Net position class _____ 7 (breakdown of adjusting journal entry)	-	-
Net position class _____ 8 (breakdown of adjusting journal entry)	-	-
Net position class _____ 9 (breakdown of adjusting journal entry)	-	-
Net position class _____ 10 (breakdown of adjusting journal entry)	-	-

See accompanying independent auditors' report.