

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**June 30, 2014 and 2013**

**(With Independent Auditors' Report Thereon)**

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

**AUDIT REPORT**

**June 30, 2014 and 2013**

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CERTIFIED PUBLIC ACCOUNTANTS  
&  
BUSINESS CONSULTANTS

September 4, 2014

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
University Student Union  
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, California State University Northridge (a California State University Auxiliary Organization) (the "Union"), which comprise the statements of financial position as of June 30, 2014 and 2013, 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Student Union, California State University Northridge as of June 30, 2014 and 2013, 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  
Beverly Hills, California

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

**STATEMENTS OF FINANCIAL POSITION  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,531,909	\$ 7,214,880
Short-term investments	2,119	-
Accounts receivable, net	42,118	41,755
Prepaid expenses and deposits	54,572	49,168
Total current assets	<u>2,630,718</u>	<u>7,305,803</u>
Property and equipment		
Equipment and software	1,527,522	1,698,700
Leasehold improvements	882,393	1,025,026
Accumulated depreciation	(1,467,415)	(1,555,224)
Construction in progress	28,224	8,305
Total property and equipment, net	<u>970,724</u>	<u>1,176,807</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,601,442</u></u>	<u><u>\$ 8,482,610</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 700,908	\$ 538,380
Accrued liabilities	312,427	282,560
Deferred revenue	250,886	225,865
Current portion of postretirement benefit payable	7,023	6,210
Total current liabilities	<u>1,271,244</u>	<u>1,053,015</u>
Noncurrent liabilities		
Postretirement benefit payable	<u>1,108,768</u>	<u>981,557</u>
<b>TOTAL LIABILITIES</b>	<u>2,380,012</u>	<u>2,034,572</u>
<b>NET ASSETS</b>	<u>1,221,430</u>	<u>6,448,038</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,601,442</u></u>	<u><u>\$ 8,482,610</u></u>

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

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

**STATEMENTS OF ACTIVITIES  
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE - UNRESTRICTED</b>		
Student activity fees	\$ 10,884,854	\$ 10,540,000
Program revenue	452,523	404,505
Rental income	732,474	665,532
Recreation center income	648,704	475,534
Commission income	163,795	150,129
Other income	73,284	411,835
Total revenue - unrestricted	<u>12,955,634</u>	<u>12,647,535</u>
Net assets released from restrictions	<u>105,072</u>	<u>301,125</u>
Total unrestricted revenue	<u>13,060,706</u>	<u>12,948,660</u>
<b>EXPENSES</b>		
Program services	10,647,125	9,654,950
General and administrative	1,135,494	1,380,841
Total expenses	<u>11,782,619</u>	<u>11,035,791</u>
Operating income	<u>1,278,087</u>	<u>1,912,869</u>
<b>NONOPERATING (EXPENSE) REVENUE</b>		
Pension related changes other than net periodic pension costs	(9,020)	(92,749)
Interest income	4,325	584
Transfer to the University for construction projects	(6,500,000)	-
Net nonoperating (expense) revenue	<u>(6,504,695)</u>	<u>(92,165)</u>
(Decrease)/increase in unrestricted net assets	(5,226,608)	1,820,704
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grant revenue	105,072	113,423
Net assets released from restrictions	(105,072)	(301,125)
(Decrease) increase in restricted net assets	<u>-</u>	<u>(187,702)</u>
<b>CHANGE IN NET ASSETS</b>	(5,226,608)	1,633,002
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,448,038</u>	<u>4,815,036</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,221,430</u>	<u>\$ 6,448,038</u>

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

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

**STATEMENTS OF CASH FLOWS  
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (5,226,608)	\$ 1,633,002
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	300,584	325,471
Loss on disposal of property and equipment	11,362	16,318
Post retirement benefits	128,024	223,957
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(363)	(36,349)
(Increase) in prepaid expenses and deposits	(5,404)	36
Increase (decrease) in accounts payable	162,528	(361,064)
Increase (decrease) in accrued liabilities	29,867	12,183
Increase in deferred revenue	<u>25,021</u>	<u>(3,258)</u>
Net cash (used in) provided by operating activities	<u>(4,574,989)</u>	<u>1,810,296</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,119)	-
Purchase of property and equipment	(77,639)	(272,947)
Construction in progress	<u>(28,224)</u>	<u>(8,305)</u>
Net cash used in investing activities	<u>(107,982)</u>	<u>(281,252)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(4,682,971)	1,529,044
<b>CASH AT BEGINNING OF YEAR</b>	<u>7,214,880</u>	<u>5,685,836</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 2,531,909</u>	<u>\$ 7,214,880</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
<b>CASH PAID DURING THE YEAR:</b>		
Income taxes	\$ <u>          -</u>	\$ <u>          -</u>
Interest	\$ <u>          -</u>	\$ <u>          -</u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**- ORGANIZATION:**

The University Student Union, 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, 2014 and 2013, 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, 2014 and 2013, 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. Investments**

Investments consist of pooled investment funds with the California State University, Northridge. All investments are reported at historical cost, with investment income included in the accompanying statement of activities.

**E. 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  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

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

**F. Accounts Receivable**

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

**G. 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 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.

**H. 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.

**I. 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.

**J. 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**SIGNIFICANT ACCOUNTING POLICIES:** (continued)

**K. Revenue Recognition**

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

**L. Advertising Costs**

Advertising costs are charged to expense as incurred.

**M. 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.

**N. Subsequent Events**

The Union has evaluated subsequent events through September 4, 2014 which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

**RECEIVABLE:**

Accounts receivable at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Accounts receivable from related parties	\$ 50,315	\$ 52,448
Interest receivable	1,551	-
Other receivables	551	(394)
Total accounts receivable	<u>52,417</u>	<u>52,054</u>
Allowance for doubtful accounts	<u>(10,299)</u>	<u>(10,299)</u>
Total accounts receivable, net	<u>\$ 42,118</u>	<u>\$ 41,755</u>

**NOTE 4 - ACCOUNTS PAYABLE:**

Accounts payable at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Accounts payable to related parties	\$ 191,474	\$ 186,454
Accounts payable	504,872	340,133
Amount due to others	4,562	11,793
Total accounts payable	<u>\$ 700,908</u>	<u>\$ 538,380</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**PARTY TRANSACTIONS:**

In June 2014, the Union transferred \$6.5 million to the University for the purpose of funding future construction projects. The reduction in net assets is solely a result of the cash transfer and not a as result of any financial difficulties the Union is experiencing.

The Union provides and receives services from the University, Associated Students, Inc., the CSUN Foundation and The University Corporation. At June 30, 2014 and 2013, accounts receivable and payable to related organizations, which are included in the financial statements, are as follows:

<u>Receivables</u>	<u>2014</u>	<u>2013</u>
California State University, Northridge	\$ 36,256	\$ 9,498
Associated Students, Inc.	55	216
The CSUN Foundation	8,602	34,412
The University Corporation	5,402	8,322
	<u>\$ 50,315</u>	<u>\$ 52,448</u>
<u>Payables</u>	<u>2014</u>	<u>2013</u>
California State University, Northridge	\$ 162,174	\$ 163,274
Associated Students, Inc.	4,814	905
The CSUN Foundation	-	-
The University Corporation	24,486	22,275
	<u>\$ 191,474</u>	<u>\$ 186,454</u>

At June 30, 2014 and 2013, amounts paid by the University to the Union totaled \$669,476 and \$524,280 respectively:

	<u>2014</u>	<u>2013</u>
Amounts Paid by the University	\$ 572,725	\$ 431,751
Work Study	96,751	92,529
	<u>\$ 669,476</u>	<u>\$ 524,280</u>

At June 30, 2014 and 2013, amounts billed by the University to the Union totaled \$1,281,837 and \$1,289,844 respectively:

	<u>2014</u>	<u>2013</u>
Services	\$ 1,085,367	\$ 1,054,221
Salaries	196,470	235,623
	<u>\$ 1,281,837</u>	<u>\$ 1,289,844</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**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 \$180,193 and \$161,930 for the years ended June 30, 2014 and 2013 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, 2014 and 2013 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 \$8,170 and \$7,342 for the years ended June 30, 2014 and 2013 respectively.

The Union entered into an agreement with Associated Students, Inc. for space, custodial, and utilities reimbursement. The Union was reimbursed \$72,708 and \$72,708 for the years ended June 30, 2014 and 2013 in connection with this agreement.

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 for the year ended June 30, 2013. The lease was not renewed for the year ended June 30, 2014.

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 Student 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 \$163,795 and \$150,129 for the years ended June 30, 2014 and 2013 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 \$50,598 related to such services for the year ended June 30, 2014. The Union expenses \$107,911 related to such services, which included a PeopleSoft upgrade of \$55,639, for the year ended June 30, 2013.

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 \$13,448 and \$13,222 related to such services for the years ended June 30, 2014 and 2013 respectively.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**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 2013-14 \$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 \$10,884,854 and \$10,540,000 to fund its operation for fiscal years ended June 30, 2014 and 2013, 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, 2014 and 2013 was \$143,410 and \$101,651 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>2014</u>	<u>2013</u>
Benefit obligation at June 30	\$ 1,115,791	\$ 987,767
Employer contributions	-	-
Participant contributions	-	-
Benefit payments	-	-
Fair value of plan assets at June 30	-	-
Net funded (unfunded) status of the plan	<u>\$ (1,115,791)</u>	<u>\$ (987,767)</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**NOTE POSTRETIREMENT PLAN: (continued)**

Amounts recognized in the statement of financial position consist of:

Current liabilities	\$ (7,023)	\$ (6,210)
Noncurrent liabilities	<u>(1,108,768)</u>	<u>(981,557)</u>
Total recognized in statement of financial position	<u>\$ (1,115,791)</u>	<u>\$ (987,767)</u>

Amounts recognized in the statement of activities consist of:

Service cost	\$ 85,001	\$ 78,529
Interest cost	49,233	38,191
Amortization of unrecognized prior service cost	(9,022)	33,118
Amortization of unrecognized (gain)/loss	<u>-</u>	<u>(12,630)</u>
Net postretirement benefit cost (NPBC)	<u>\$ 125,212</u>	<u>\$ 137,208</u>

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

Prior service cost for period	\$ -	\$ -
Net loss/(gain) for period	-	113,237
Amortization of prior service (cost)	9,022	(33,118)
Amortization of net (loss)/gain	<u>-</u>	<u>12,630</u>
Total changes recognized in CUNA	<u>\$ 9,022</u>	<u>\$ 92,749</u>

Total changes recognized in NPBC and CUNA	<u>\$ 134,234</u>	<u>\$ 229,957</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	2014	2013
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  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

**NOTE 7 - POSTRETIREMENT BENEFIT PLAN: (continued)**

**Cash Flows:**

The following benefit payments are expected to be paid:

<b>Years beginning July 1,</b>		
2014	\$	7,023
2015		8,629
2016		9,749
2017		12,166
2018		19,504
2019 - 2023		204,706

The Union does not expect to contribute to the Plan during the next fiscal year.

Amounts recognized in the statement of financial position for June 30, 2014:	\$	1,115,791
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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  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

**EXPENSES BY NATURAL CLASSIFICATION  
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>EXPENSES</b>		
Salaries and wages	\$ 5,680,008	\$ 5,262,084
Event costs	725,065	644,228
Staff benefits	1,381,070	1,221,553
Depreciation	300,584	325,471
Other operating expenses		
Building repairs and maintenance	1,059,732	1,053,206
Cost of sales	25,758	18,408
Equipment rental	39,611	39,895
Expendable equipment purchases	188,963	341,065
Insurance	98,600	97,780
Licenses and fees	49,103	52,333
Loss on disposition of assets	11,362	16,318
Marketing and advertising	119,619	94,652
Office and administrative supplies	225,704	210,747
Administrative contingency	135,958	74,553
Professional and contract services	396,856	392,326
Services, other agencies	68,803	58,312
Scholarships	58,161	64,538
Training services	60,699	49,092
Travel	172,715	104,318
Utilities	<u>984,248</u>	<u>914,912</u>
Total expenses	<u>\$ 11,782,619</u>	<u>\$ 11,035,791</u>

See the accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION**  
**Schedule of Net Position**  
**June 30, 2014**  
**(for inclusion in the California State University)**

**Assets:**

**Current assets:**

Cash and cash equivalents	\$ 2,531,909
Short-term investments	2,119
Accounts receivable, net	42,118
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	54,572
<b>Total current assets</b>	<b>2,630,718</b>

**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	970,724
Other assets	—
<b>Total noncurrent assets</b>	<b>970,724</b>
<b>Total assets</b>	<b>3,601,442</b>

**Deferred outflows of resources:**

Unamortized loss on refunding(s)	—
<b>Total deferred outflows of resources</b>	<b>—</b>

**Liabilities:**

**Current liabilities:**

Accounts payable	700,908
Accrued salaries and benefits payable	127,832
Accrued compensated absences— current portion	184,595
Unearned revenue	250,886
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	7,023
<b>Total current liabilities</b>	<b>1,271,244</b>

**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	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	1,108,768
Other liabilities	—
<b>Total noncurrent liabilities</b>	<b>1,108,768</b>
<b>Total liabilities</b>	<b>2,380,012</b>

**Deferred inflows of resources:**

Deferred inflows from SCAs, grants, and others	—
<b>Total deferred inflows of resources</b>	<b>—</b>

**Net Position:**

Net investment in capital assets	970,724
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	250,706
<b>Total net position</b>	<b>\$ 1,221,430</b>

See accompanying independent auditors' report.

# UNIVERSITY STUDENT UNION

## Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

### Revenues:

#### Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ <u>0</u> )	\$ 10,884,854
Grants and contracts, noncapital:	
Federal	—
State	—
Local	105,072
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ <u>0</u> )	1,997,496
Other operating revenues	73,284
Total operating revenues	<u>13,060,706</u>

### Expenses:

#### Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	10,356,482
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	1,125,553
Depreciation and amortization	300,584
Total operating expenses	<u>11,782,619</u>
Operating income (loss)	<u>1,278,087</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	4,325
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	(6,509,020)
Net nonoperating revenues (expenses)	<u>(6,504,695)</u>
Income (loss) before other additions	<u>(5,226,608)</u>

#### State appropriations, capital

#### Grants and gifts, capital

#### Additions (reductions) to permanent endowments

Increase (decrease) in net position	<u>(5,226,608)</u>
-------------------------------------	--------------------

### Net position:

Net position at beginning of year, as previously reported	6,448,038
Restatements	—
Net position at beginning of year, as restated	<u>6,448,038</u>
Net position at end of year	<u>\$ 1,221,430</u>

See accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION**  
**Other Information**  
**June 30, 2014**  
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**1 Restricted cash and cash equivalents at June 30, 2014:**

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

**2.1 Composition of Investments at June 30, 2014:**

	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 Agen 14 Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	2,119	-	2,119	-	-	-	2,119
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	-	-	-	-	-	-	-
Agen 14 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	-	-	-	-	-	-	-
<b>Total investments</b>	<b>2,119</b>	<b>-</b>	<b>2,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,119</b>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
<b>Total investments</b>	<b>\$ 2,119</b>	<b>\$ -</b>	<b>\$ 2,119</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,119</b>

See accompanying independent auditors' report.



**UNIVERSITY STUDENT UNION**  
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**3.1 Composition of capital assets at June 30, 2014:**

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
<b>Nondepreciable/nonamortizable capital assets:</b>								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	8,305	-	-	8,305	28,224	-	(8,305)	28,224
<b>Intangible assets:</b>								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-
<b>Total nondepreciable/nonamortizable capital assets</b>	<b>8,305</b>	<b>-</b>	<b>-</b>	<b>8,305</b>	<b>28,224</b>	<b>-</b>	<b>(8,305)</b>	<b>28,224</b>
<b>Depreciable/amortizable capital assets:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	1,025,026	-	-	1,025,026	-	(142,633)	-	882,393
<b>Personal property:</b>								
Equipment	1,698,700	-	-	1,698,700	77,639	(257,122)	8,305	1,527,522
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<b>2,723,726</b>	<b>-</b>	<b>-</b>	<b>2,723,726</b>	<b>77,639</b>	<b>(399,755)</b>	<b>8,305</b>	<b>2,409,915</b>
<b>Total capital assets</b>	<b>2,732,031</b>	<b>-</b>	<b>-</b>	<b>2,732,031</b>	<b>105,863</b>	<b>(399,755)</b>	<b>-</b>	<b>2,438,139</b>
<b>Less accumulated depreciation/amortization:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(393,862)	-	-	(393,862)	(59,533)	132,670	-	(320,725)
<b>Personal property:</b>								
Equipment	(1,161,362)	-	-	(1,161,362)	(241,051)	255,723	-	(1,146,690)
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(1,555,224)</b>	<b>-</b>	<b>-</b>	<b>(1,555,224)</b>	<b>(300,584)</b>	<b>388,393</b>	<b>-</b>	<b>(1,467,415)</b>
<b>Total capital assets, net</b>	<b>\$ 1,176,807</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,176,807</b>	<b>\$ (194,721)</b>	<b>\$ (11,362)</b>	<b>\$ -</b>	<b>\$ 970,724</b>

See accompanying independent auditors' report.

UNIVERSITY STUDENT UNION  
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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$ 300,584
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 300,584</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 166,588	\$ —	\$ —	\$ 166,588	\$ 285,677	\$ (267,670)	\$ 184,595	\$ 184,595	\$ —
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)	—	—	—	—	.	.	—	.	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	.	—
Total long-term liabilities	<u>\$ 166,588</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 166,588</u>	<u>\$ 285,677</u>	<u>\$ (267,670)</u>	<u>\$ 184,595</u>	<u>\$ 184,595</u>	<u>\$ —</u>

See accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION**  
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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:			
2015	\$ -	\$ -	\$ —
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
	<hr/>	<hr/>	<hr/>
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			<u>\$ —</u>

**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:									
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.



**UNIVERSITY STUDENT UNION**  
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**7 Calculation of net position**

	<u>Auxiliary Organizations</u>		
<b>7.1 Calculation of net position - Net investment in capital assets</b>			
Capital assets, net of accumulated depreciation	\$	—	\$
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		—	—
<b>Net position - net investment in capital asset</b>			
<b>7.2 Calculation of net position - Restricted for nonexpendable - endowments</b>			
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		—	—
<b>Net position - Restricted for nonexpendable - endowments per SNP</b>	\$	—	\$

See accompanying independent auditors' report.

**UNIVERSITY STUDENT UNION**  
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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	\$ 196,470
Payments to University for other than salaries of University personnel	1
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$
Contributions during the year	<u>(6,210)</u>
Increase (decrease) in net OPEB obligation (NOO)	
NOO - beginning of year	987,767
NOO - end of year	<u>\$ 1,115,791</u>

**10 Pollution remediation liabilities under GASB Statement No. 49:**

<u>Description</u>	
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**  
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**11 The nature and amount of the prior period adjustment(s) recorded to beginning net position**

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2013, as previously reported	1	
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, 2013, as restated	1	<u>6,448</u>

See accompanying independent auditors' report.

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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.