

The Student Union of San José State University

*(A California State University Auxiliary
Organization)*

Financial Report
June 30, 2013

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Independent Auditor's Report

The Board of Directors
The Student Union of San José State University
San Jose, CA

Report on the Financial Statements

We have audited the accompanying financial statements of The Student Union of San José State University (a California State University auxiliary organization) (the Student Union), which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 Student Union'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 Student Union'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 The Student Union of San José State University as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(continued)

Independent Auditor's Report

(concluded)

Other Matters

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Student Union's basic financial statements. The schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey LLP

Tacoma, Washington
September 20, 2013

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012**

Management's Discussion and Analysis

This section of The Student Union of San José State University (the Student Union) annual financial report includes management's discussion and analysis of the financial performance of the Student Union for fiscal years ended June 30, 2013 and 2012. This discussion should be read in conjunction with the financial statements and notes.

Introduction to The Student Union of San José State University

The Student Union is a California State University auxiliary organization that manages and maintains major facilities at the San José State University campus located in downtown San Jose, California. The Student Union began its operations at San José State University in October 1969 and became incorporated in March 1982. The facilities include the Student Union building, the Aquatic Center, the Event Center Arena and a small ATM building. The nonprofit corporation has been in business for more than 43 years in California and receives no state funding. Revenue is derived from collected student fees, various service fees and rental of space in its facilities. Students interact with the Student Union on a daily basis, either through the use of facilities, participation in sponsored events, or through a Student Union program. The Student Union also acts as a bridge to the greater campus communities, whose members make use of recreational facilities and attend the diverse concerts and events on the San José State University campus.

In anticipation of future needs, the Student Union has been undergoing a major renovation and expansion project since 2010. The Student Center Facilities Project includes the expansion of the current Student Union building to the west and east sides, as well as the complete renovation of the current Student Union Building. The student fees being collected will also pay for the future expansion and renovation of the Sport Club and Aquatic Center. The expansion and renovation of these facilities will better meet the needs and demands of our growing student clubs and organizations, as well as provide social, recreational, and educational space for all our students, including our residential students. The new facilities will enliven a vibrant campus center for students, faculty, and staff to socialize, congregate, and engage outside of the classroom.

The Student Union's Board of Directors is composed of eleven (11) voting members:

- Students—Six (6)
- Faculty—Two (2)
- Administrators—Two (2)
- Community Member—One (1)

The Student Union's Executive Director is the Board Secretary which is a non-voting position. The Board of Directors meets at least once quarterly, reviews and develops policy and approves the annual budget. The Executive Director manages and is administratively responsible for the day-to-day operations of the corporation.

There are four subcommittees of the Board that address: personnel, facilities and programs, audit(s), and the finances and reserves of the corporation.

The Student Union's financial reserves consist of Local Reserves held locally by the corporation and the balance of the collected student fees held in trust by San José State University. These reserves are reviewed annually by the Board of Directors to ensure a stable financial position as well as ensuring adequate funding for future capital improvements and the expansion of the facilities.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012**

Introduction to the Financial Statements

The Student Union's financial statements include the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of the Student Union.

Statements of net position: The statements of net position include all assets and liabilities. Assets and liabilities are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions (if any) on the net position of the Student Union.

Statements of revenues, expenses and changes in net position: The statements of revenues, expenses and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statements of cash flows: The statements of cash flows present the inflows and outflows of cash for the year and are summarized by operating, financing and investing activities. These statements are prepared using the direct method of cash flows and, therefore, present gross rather than net amounts for the year's activities.

Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Student Union's financial activities as of and for the years ended June 30, 2013, 2012 and 2011. Included are comparative analyses of current and prior years' activities and balances and a discussion of restrictions (if any) of the Student Union's net position.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012**

Condensed Summary of Net Position

The Student Union's condensed summary of net position as of June 30 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets:			
Current assets	\$ 978,237	\$ 1,630,103	\$ 1,000,940
Noncurrent assets	<u>10,125,114</u>	<u>9,149,856</u>	<u>10,239,034</u>
Total assets	<u>\$ 11,103,351</u>	<u>\$ 10,779,959</u>	<u>\$ 11,239,974</u>
Liabilities:			
Current liabilities	\$ 1,042,753	\$ 1,133,331	\$ 1,296,813
Noncurrent liabilities	<u>121,171</u>	<u>123,197</u>	<u>825,290</u>
Total liabilities	<u>\$ 1,163,924</u>	<u>\$ 1,256,528</u>	<u>\$ 2,122,103</u>
Net position:			
Unrestricted:			
Investments in capital	\$ 2,716,290	\$ 2,485,086	\$ 2,571,165
Board-designated	3,300,622	1,728,552	1,372,141
Unallocated	<u>3,922,515</u>	<u>5,309,793</u>	<u>5,174,565</u>
Total net position	<u>\$ 9,939,427</u>	<u>\$ 9,523,431</u>	<u>\$ 9,117,871</u>

Assets: Total assets increased \$323K overall from FY 2012 to FY 2013, primarily due to an increase in the investment portfolio and a decrease in cash and cash equivalents. Total assets decreased \$460K overall from FY 2011 to FY 2012, primarily due to a decrease in the investment portfolio and a decrease in capital assets.

Current assets decreased \$652K due to a timing difference in cash balances at year-end for operational purposes. Current assets increased \$629K from FY 2011 to 2012 also due to timing differences in cash balances at year-end.

Noncurrent assets increased \$975K overall due to an increase in the investment portfolio of \$746K and an increase in capital assets of \$231K. Noncurrent assets decreased \$1.1 million from FY 2011 to FY 2012 due to a decrease in capital assets and a decrease in the investment portfolio.

Liabilities: Current liabilities decreased \$91K from FY 2012 to FY 2013, primarily due to lower accounts payable at year-end and less accrued payroll and related expenses of \$24K at year-end. Current liabilities decreased \$163K from FY 2011 to FY 2012, primarily due to less event activity in FY 2012 compared to FY 2011.

Noncurrent liabilities decreased slightly by \$2K overall due to timing differences. Noncurrent liabilities decreased significantly by \$702K from FY 2011 to FY 2012 overall due to the \$693K in OPEB liability being fully funded during the year ended June 30, 2012.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012**

Net position: Total net position increased \$416K from FY 2012 to FY 2013 due to an increase in investments in capital of \$231K, an increase of \$1.6 million in Board-designated projects, and a decrease in unallocated net position of \$1.4 million. Total net position increased \$406K from FY 2011 to FY 2012 due to a decrease in investments in capital of \$86K, an increase of \$356K in Board-designated projects, and an increase in unallocated net position of \$136K.

Restricted resources: Net position of the Student Union does not include any restricted resources.

Restricted net position: All net position of the Student Union are unrestricted.

The Student Union's condensed summary of revenues, expenses and changes in net position for the years ended June 30 is as follows:

Condensed summary of revenues, expenses and changes in net position:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues:			
Student Union fees	\$ 4,347,845	\$ 4,431,804	\$ 4,813,427
Service fees	310,617	355,888	347,839
Reimbursement of event costs	567,740	544,232	562,957
Rental income	1,491,814	1,724,168	1,704,428
Reimbursement of wages and benefits	359,646	407,796	388,932
Commissions	126,890	169,610	111,342
Other	49,354	135,554	76,981
Total operating revenues	<u>7,253,906</u>	<u>7,769,052</u>	<u>8,005,906</u>
Operating expenses:			
Wages and benefits	3,684,431	3,642,125	3,747,932
Insurance	201,148	217,760	209,258
Supplies	237,514	254,063	239,530
Communications	38,779	37,903	39,281
Repairs and maintenance	129,368	138,393	179,916
Utilities	864,276	872,316	929,519
Event costs	649,471	624,297	640,725
Small equipment purchases	42,862	61,073	55,967
Depreciation	396,030	368,509	338,235
Business services	1,185,071	1,184,261	1,136,493
Miscellaneous	42,004	40,859	37,121
Project expenditures	66,747	50,332	109,114
Total operating expenses	<u>7,537,701</u>	<u>7,491,891</u>	<u>7,663,091</u>
Total operating income (loss)	<u>(283,795)</u>	<u>277,161</u>	<u>342,815</u>
Nonoperating revenues (expenses):			
Investment income	<u>699,791</u>	<u>128,399</u>	<u>1,007,562</u>
Increase in net position	415,996	405,560	1,350,377
Net position:			
Beginning of year	<u>9,523,431</u>	<u>9,117,871</u>	<u>7,767,494</u>
End of year	<u>\$ 9,939,427</u>	<u>\$ 9,523,431</u>	<u>\$ 9,117,871</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2013 and 2012**

Operating revenues: Total operating revenues decreased \$515K from FY 2012 to FY 2013, primarily due to a decrease of \$84K in Student Union fees, a decrease in rental income of \$232K as well as a decrease in service fees, commissions and other income. Total operating revenues decreased \$237K from FY 2011 to FY 2012, primarily due to a decrease in Student Union fees which was offset slightly by an increase in commissions and other income.

Student Union fees returned for operations were approximately 60 percent of total operating revenues in FY 2013, a decrease of \$84K over FY 2012. Student Union fees returned for operations were approximately 57 percent of total operating revenues in FY 2012, a decrease of \$382K over FY 2011. Student Union fees are returned for operations annually and will increase or decrease in order to balance the annual budget and fund capital projects approved by the Board of Directors.

Rental income decreased \$232K from FY 2012 to FY 2013, a major decrease over prior year, primarily due to rental credits given to University-sponsored programs. Rental income increased \$20K from FY 2011 to FY 2012, a minor increase over prior year, primarily due to Event Center Arena income.

Reimbursement of event costs increased by \$24K from FY 2012 to FY 2013, a minor increase over prior year. Reimbursement of event costs decreased by \$19K from FY 2011 to FY 2012, a minor decrease over prior year.

Commission income decreased by \$43K from FY 2012 to FY 2013, primarily due to fewer shows in the Event Center Arena. A significant increase in commission income of \$58K occurred between FY 2011 to FY 2012 due to a change in concessionaire.

All other operating revenues decreased \$179K from FY 2012 to FY 2013, primarily in service fees, reimbursement of wages and benefits, and other income. An increase of \$58K in other operating revenues occurred between FY 2011 to FY 2012.

Operating expenses: Total operating expenses increased \$46K overall from FY 2012 to FY 2013. Total operating expenses decreased \$171K overall from FY 2011 to FY 2012.

The operating expenses for the Student Union are principally made up of wages and benefits which were approximately 48.9 percent of overall expense in FY 2013, similar to the 48.7 percent of overall expense in FY 2012. There was a slight drop of \$9K in repairs and maintenance in 2013 compared to 2012; a slight decrease in utility costs of \$8K in FY 2013; an increase of \$28K in depreciation in FY 2013 over FY 2012; a slight increase of \$810 in business services in FY 2013; and an increase of \$16K in overall project expenditures for FY 2013. There was a significant drop of \$42K in repairs and maintenance in 2012 compared to 2011; a \$57K decrease in utility costs in FY 2012; an increase of \$31K in depreciation in FY 2012 over FY 2011; an increase of \$48K in business services in FY 2012; and a decrease of \$59K in overall project expenditures for FY 2012.

Nonoperating revenues (expenses): Nonoperating revenues (expenses) come from sources that are not part of the Student Union's primary business functions. Included in this classification are interest expense, investment income and changes in the fair value of investments.

Investment income increased significantly by \$571K from FY 2012 to FY 2013 due to interest of \$390K, realized gain of \$377K and unrealized loss of approximately \$67K. Investment income decreased by \$880K from FY 2011 to FY 2012 due to significant market fluctuations.

Transfer of assets from affiliated organizations: The Student Union does not have any transfer of assets from affiliated organizations.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Statements of Net Position
June 30, 2013 and 2012**

Assets	2013	2012
Current Assets		
Cash and cash equivalents (Note 10)	\$ 129,536	\$ 934,989
Investments (Notes 3 and 10)	660,760	479,181
Accounts receivable (Note 9)	138,704	157,293
Prepaid expenses and other	49,237	58,640
Total current assets	978,237	1,630,103
Noncurrent Assets		
Restricted cash	25,000	25,000
Investments (Notes 3 and 10)	7,262,653	6,516,573
Funds held in trust	121,171	123,197
Capital assets, net (Notes 4 and 5)	2,716,290	2,485,086
Total noncurrent assets	10,125,114	9,149,856
Total assets	\$ 11,103,351	\$ 10,779,959
Liabilities and Net Position		
Current Liabilities		
Accounts payable (Note 9)	\$ 567,792	\$ 641,986
Accrued payroll and related expenses	384,757	408,914
Other accrued liabilities (Note 9)	90,204	82,431
Total current liabilities	1,042,753	1,133,331
Funds held in trust liability	121,171	123,197
Total liabilities	1,163,924	1,256,528
Net Position		
Investment in capital assets	2,716,290	2,485,086
Unrestricted:		
Board-designated (Note 5)	3,300,622	1,728,552
Unallocated	3,922,515	5,309,793
Total net position	\$ 9,939,427	\$ 9,523,431

See Notes to Financial Statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012**

	2013	2012
Operating Revenues		
Student Union fees	\$ 4,347,845	\$ 4,431,804
Service fees	310,617	355,888
Reimbursement of event costs	567,740	544,232
Rental income	1,491,814	1,724,168
Reimbursed wages and benefits	359,646	407,796
Commissions	126,890	169,610
Other	49,354	135,554
Total operating revenues	7,253,906	7,769,052
Operating Expenses		
Wages and benefits (Note 6)	3,684,431	3,642,125
Insurance	201,148	217,760
Supplies	237,514	254,063
Communications	38,779	37,903
Repairs and maintenance	129,368	138,393
Utilities	864,276	872,316
Event costs	649,471	624,297
Small equipment purchases	42,862	61,073
Depreciation	396,030	368,509
Business services (Note 8)	1,185,071	1,184,261
Miscellaneous	42,004	40,859
Project expenditures	66,747	50,332
Total operating expenses	7,537,701	7,491,891
Operating income (loss)	(283,795)	277,161
Nonoperating Income		
Investment income, net	699,791	128,399
Increase in net position	415,996	405,560
Net Position		
Beginning of year	9,523,431	9,117,871
End of year	\$ 9,939,427	\$ 9,523,431

See Notes to Financial Statements.

The Student Union of San José State University
(A California State University Auxiliary Organization)

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Sales and services of auxiliary enterprises	\$ 7,099,615	\$ 7,518,371
Payments to suppliers	(3,502,209)	(3,572,947)
Payments to employees	(3,089,060)	(3,756,180)
Payments to students	(631,739)	(664,478)
Other receipts	172,880	296,467
Net cash provided by (used in) operating activities	49,487	(178,767)
Cash Flows From Capital and Related Financing Activities		
Acquisitions of capital assets	(627,234)	(282,431)
Cash Flows From Investing Activities		
Investment income reinvested	389,016	373,801
Sales of investments	3,983,278	6,446,204
Purchase of investments	(4,600,000)	(5,881,933)
Net cash provided by (used in) investing activities	(227,706)	938,072
Net increase (decrease) in cash and cash equivalents	(805,453)	476,874
Cash and Cash Equivalents		
Beginning of year	934,989	458,115
End of year	\$ 129,536	\$ 934,989
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (283,795)	\$ 277,161
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	396,030	368,509
Change in assets and liabilities:		
Decrease in accounts receivable, net	18,589	45,786
(Increase) decrease in prepaid expenses and other current assets	9,401	(13,717)
Increase in accounts payable	(74,194)	(70,834)
Increase in accrued salaries and benefits	(24,157)	(73,041)
(Increase) decrease in other liabilities	7,613	(712,631)
Net cash provided by (used in) operating activities	\$ 49,487	\$ (178,767)

See Notes to Financial Statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. General Information

The Student Union of San José State University (the Student Union) is an auxiliary organization in the California State University (CSU) system. The purpose of the Student Union is to provide cultural, educational, social and recreational services to the San José State University (the University) campus community and manage and operate the Student Union building, the Event Center building, the Aquatic Center and the ATM building.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The financial statements of the Student Union have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Student Union has chosen to continue to follow accounting standards applicable to private sector entities, issued prior to November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Classification of current and noncurrent assets and liabilities: The Student Union considers those assets to be current which can be reasonably expected, as part of its normal business operation, to be converted to cash and available for liquidation of current liabilities within 12 months of the statements of net position date. Liabilities that can be reasonably expected, as the normal operation, to be liquidated within 12 months of the statements of net position are considered current. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents: The Student Union considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are recorded when services are performed at the actual amount expected to be collected. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2013 and 2012.

Restricted cash: The Student Union contracts with Ticketmaster to gain access to its hardware and software. The Student Union serves as a Ticketmaster outlet which allows the sale of all tickets on the system as well as Event Center Arena ticket sales and tickets for other campus events. As part of the agreement, a letter of credit is required in the amount of \$25,000 payable to Ticketmaster.

Funds held in trust: The Student Union holds three accounts in trust:

- **Glass Reserve Account**—This account was established upon mutual agreement between the Student Union and Spartan Shops, Inc., another auxiliary on the campus. The funds are specifically designated for the repair and replacement of any exterior glass in the Student Union building. All repairs and replacement of glass are handled by the Student Union, as well as payment of any vendor invoices. The balances in this account as of June 30, 2013 and 2012, were \$20,248 and \$20,238, respectively.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

- **Instructionally Related Activities (IRA) Trust Account**—This account was established upon mutual agreement with the University in a Memorandum of Understanding dated August 1, 2006, allowing the Student Union to manage and oversee the SJSU Club Sports Program. The funds are held in trust for the following obligations:
 - Insurance for SJSU Club Sports participants.
 - Insurance for other recognized student clubs' and organizations' events.
 - SJSU Club Sports teams annual allocations and contingency funds.
 - Reimbursement to the Student Union for SJSU Club Sports' departmental expenditures.
 - The IRA Trust Account balance at June 30, 2013 and 2012, was \$73,603 and \$74,941, respectively.
- **SJSU Club Sports Checking Account**—This account was established as a result of a CSU Chancellor's Office Executive Order prohibiting any recognized student organizations from having off-campus bank accounts. As a result of the Executive Order, all recognized SJSU Club Sports teams have opened a bank account, with the Student Union overseeing the account and processing their financial transactions. The balance in this checking account as of June 30, 2013 and 2012, was \$27,320 and \$28,018, respectively.

Investments: Investments are carried at fair market value as determined by quoted market prices, with realized and unrealized gains and losses included in the statements of revenues, expenses and changes in net position. The Student Union has certain investments in which fair value is determined by using independent quotation bureaus that utilize computerized valuation formulas to calculate current value, which approximates fair value. Dividends and interest income are accrued when earned.

Premises and equipment: The Student Union's premises are leased from the Trustees of the California State University system. All building costs, capital equipment, operating expenses, and repairs and maintenance costs; however, are obligations of the Student Union. The Student Union capitalizes all equipment purchases over \$5,000.

Depreciation: Capital assets are stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years or, in the case of leasehold improvements, generally 15 years or the life of the lease.

Compensated absences: The Student Union accrues vacation benefits for eligible employees at various rates depending upon length of service. Eligible full-time employees accrue sick leave at the rate of 96.0 hours at January 1 each year and are paid a portion of the remaining unused sick leave at the end of December. Employees are not paid for unused sick leave at the end of employment. At June 30, 2013 and 2012, the Student Union had balances of \$210,544 and \$199,439 of compensated absences, respectively. During 2013 and 2012, \$196,599 and \$185,885, respectively, of compensated absences was earned and \$185,494 and \$170,737, respectively, was used.

Student Union employees: Certain Student Union employees are employees of the University, and are reimbursed by the Student Union. The reimbursements totaled \$545,248 and \$719,443 for the years ended June 30, 2013 and 2012, respectively.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net position: The Student Union's net position is all classified as unrestricted. In addition, unallocated net position may be designated by the Board of Directors of the Student Union.

Revenue: The University allocates a portion of the students' fees, following debt service obligations, based upon the Student Union's University-approved budget request. These fees are recognized as revenue when received. Rental income is recognized as revenue when earned and consists of fees from conference room rentals, audio-visual operations and other services within the Student Union Building, the Event Center Arena and the Aquatic Center. The Student Union receives a share of entrance fees, parking fees and concession sales collected at events held in the Event Center Arena. Commission revenue (from event concessions, parking, ticket sales, vending, etc.) is recognized when earned. The Student Union also charges a rental fee to promoters who stage events in the Event Center Arena, which represents a reimbursement of costs incurred by the Student Union. This reimbursement is reflected as revenue when earned.

Concentrations: The Student Union's customer base is composed primarily of San José State University students, faculty, staff, alumni and other auxiliary organizations.

Income taxes: The Student Union is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenues and Taxation Code, respectively.

Use of estimates: In preparing financial statements, 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, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pronouncement issues: In June 2011, the GASB issued Financial Reporting of Deferred Outflows, Deferred Inflows and Net Position. The Student Union adopted this standard during the current year with minimal impact to the financial position and results of operation.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 3. Investments

	2013		2012	
	Fair Value	Unrealized Gain (Loss)	Fair Value	Unrealized Gain (Loss)
Local Agency Investment Fund	\$ 247,103	\$ -	\$ 246,292	\$ -
Corporate bonds and notes	-	-	243,995	(6,006)
Mutual funds, equities	1,813,824	299,517	1,197,899	134,121
Mutual funds, fixed income	4,998,985	59,950	4,761,595	281,339
Mutual funds, others	249,416	(13,190)	112,178	3,011
Certificates of deposit	200,428	428	200,906	906
Cash and money balances	413,657	-	232,889	-
	<u>\$ 7,923,413</u>	<u>\$ 346,705</u>	<u>\$ 6,995,754</u>	<u>\$ 413,371</u>

Investment policy: The Student Union's investment policy (the Policy) sets forth the guidelines for the investments of the Student Union.

The Student Union held investments in Local Agency Investment Fund (LAIF), corporate bonds and notes, mortgage-backed securities, mutual funds and U.S. government securities. These investments are classified as deposits covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's Trust Department or agent but not in the depositor-government's name.

Interest rate risk: Interest rate risk is the risk that the changes in market interest rate will adversely affect the fair value of an investment. In accordance with the Policy, the Student Union manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting the average maturity of investments within the portfolios.

	June 30, 2013						
	Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term investments	\$ 5,199,413	\$ -	\$ 693,182	\$ -	\$ 1,753,217	\$ 976,820	\$ 1,776,194

	June 30, 2012						
	Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term investments	\$ 5,206,496	\$ 232,889	\$ 361,578	\$ 2,197,347	\$ -	\$ -	\$ 2,414,682

Credit risk: Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors, such as financial weakness, bankruptcy, litigation and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard & Poor's (S&P). The lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher the yield should be to compensate for the additional risk.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 3. Investments (Continued)

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have risk.

The credit risk profile for fixed income securities at June 30 is as follows:

Investment Type	2013	2012	S&P Credit Rating
Fixed Income Mutual Funds	\$ 1,680,659	\$ 1,574,659	AAA
Fixed Income Mutual Funds	306,938	284,743	AA
Fixed Income Mutual Funds	658,366	648,529	A
Certificates of Deposit	418,384	200,906	-
Corporate Bonds	-	243,995	A
Fixed Income Mutual Funds	1,078,781	1,085,644	BBB
Fixed Income Mutual Funds	393,920	414,735	BB
Fixed Income Mutual Funds	374,924	628,531	B
Fixed Income Mutual Funds	287,441	124,754	Below B
Total fixed income securities	\$ 5,199,413	\$ 5,206,496	

Concentration of credit risk: The Policy of the Student Union contains certain limitations on the amount that can be invested in any one issuer and is listed above. The Student Union did not have any investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5 percent or more of the Student Union's total investments as of June 30, 2013 and 2012.

Custodial credit risk: Custodial credit risk for deposits is the risk that the Student Union will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of the Student Union's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. In accordance with the Policy, all certificates of deposit are FDIC-insured and limited to \$250,000 at any one institution.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the Student Union would not be able to recover its investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. U.S. Treasury issues and federally sponsored enterprise issues are held by Securities Investor Protection Corporation-insured brokers and are not registered with the issuer in the Student Union's name.

**The Student Union of San José State University
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Notes to Financial Statements

Note 4. Capital Assets

Capital assets consist of the following at June 30:

	2012	Additions	Deletions	2013
Computer equipment	\$ 81,040	\$ 41,161	\$ -	122,201
Software	48,395	-	-	48,395
Furniture and equipment	1,211,300	121,405	-	1,332,705
Leasehold improvements	4,068,243	348,037	-	4,416,280
Projects in progress	9,786	624,466	(507,835)	126,417
	<u>5,418,764</u>	<u>1,135,069</u>	<u>(507,835)</u>	<u>6,045,998</u>
Less accumulated depreciation	(2,933,678)	(396,030)	-	(3,329,708)
Net book value	<u>\$ 2,485,086</u>	<u>\$ 739,039</u>	<u>\$ (507,835)</u>	<u>2,716,290</u>
	2011	Additions	Deletions	2012
Computer equipment	\$ 63,284	\$ 17,756	\$ -	\$ 81,040
Software	48,395	-	-	48,395
Furniture and equipment	1,055,911	155,389	-	1,211,300
Leasehold improvements	3,928,566	139,677	-	4,068,243
Projects in progress	40,178	312,541	(342,933)	9,786
	<u>5,136,334</u>	<u>625,363</u>	<u>(342,933)</u>	<u>5,418,764</u>
Less accumulated depreciation	(2,565,169)	(368,509)	-	(2,933,678)
Net book value	<u>\$ 2,571,165</u>	<u>\$ 256,854</u>	<u>\$ (342,933)</u>	<u>\$ 2,485,086</u>

Note 5. Board-Designated Net Position

Board-designated net position is composed of the following at June 30:

	2013	2012
Board-designated:		
Capital equipment	\$ 619,371	\$ 353,511
Other designated assets	2,681,251	1,375,041
	<u>\$ 3,300,622</u>	<u>\$ 1,728,552</u>

Other designated assets represent projects approved by the Board for leasehold improvements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 6. Employment Benefit and Compensation Plans

Other Postemployment Benefit Obligation (OPEB)

Plan description: The Student Union provides lifetime retiree medical coverage to eligible employees and their dependents who retire at age 50 or older with five or more years of employment with the Student Union. The medical plan benefits are contracted with the California Public Employees' Retirement System (CalPERS) under the Public Employees' Medical and Hospital Care Act (PEMHCA).

Funding policy: The Student Union adopted the entry age normal actuarial cost method prefunding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan uses a 7.00 percent discount rate assuming the Student Union continues prefunding 100 percent of each future year's Annual Required Contribution (ARC). The Student Union assumes a closed 30-year level dollar amortization of the Unfunded Actuarial Accrued Liability.

The Student Union has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward the active employees' medical plan coverage. The Student Union currently pays the medical plan premiums for both retirees and active employees and their dependents at a rate approved by the Board of Directors annually.

The Student Union has voluntarily opted for a funding policy under which it will contribute 100 percent of its actuarially determined annual required contribution. The Student Union's net OPEB liability was \$0 at June 30, 2013 and 2012. The actuarially determined contribution amount for the years ended June 30, 2013 and 2012, totaled \$172,835 and \$185,036, respectively.

Retirement plan: The Student Union has an annuity purchase plan under Section 403(b) of the IRC. Under this qualified plan, eligible employees may defer their salary through contributions to the plan, subject to IRC limits, and the Student Union will match up to 6 percent for eligible employees as well as employer discretionary contributions. The Student Union's accrued and paid plan contributions for fiscal years 2013 and 2012 were \$154,287 and \$184,863, respectively.

Note 7. Event Activity

The Student Union Event Center box office collects monies from ticket sales for major concerts, cultural events and athletic events, for which the organization is responsible for settling. Of the total amounts collected, a portion was recognized as rental revenue and a portion was recognized as reimbursement of direct costs. The remaining box office receipts were forwarded to the various event promoters.

Note 8. Operating Leases

The following properties are leased from the Trustees of the California State University: the Student Union building, the ATM Kiosk, the Aquatic Center and the Event Center building. The renewed lease agreement expires June 30, 2017, and requires the Student Union's compliance with various conditions concerning operation of the facilities. The Student Union does not pay monthly rent to the University but does reimburse the University for Cost Allocations to Non-CSU Fund Entities for Expenses incurred by the CSU Operating Fund. These cost allocations are billed quarterly. The Student Union paid the University \$402,825 and \$407,700 in 2013 and 2012, respectively, for these cost allocations. Cost allocations include reimbursement for SJSU Business and Financial Services, Chancellor's Office annual audit fees, University police security fees, property and building insurance as well as facility use fees. Facility use fees were \$184,740 in both 2013 and 2012 and are estimated at \$184,740 for 2014. These facility use fees are a part of the total cost allocations listed above. Cost allocations payable to the University are expected to be \$396,498 in 2014.

The Student Union leases space in its facilities to other auxiliary organizations of the University, departments of the University and organizations external to the University.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 9. Related Parties

The Student Union is a nonprofit organization incorporated to provide various services to the students and the campus community at the University. Accordingly, related parties include the University, other auxiliary organizations of the University, its students and student organizations, as well as the Student Union Board of Directors (consisting of students and administrative personnel).

Receivables from affiliates at June 30 are as follows:

	2013	2012
Receivable from San José State University	\$ 16,580	\$ 833
Receivable from auxiliary organizations:		
Spartan Shops, Inc.	62,648	71,916
Associated Students, Inc.	7,018	2,511
SJSU Research Foundation	1,091	3,177
SJSU Tower Foundation	1,413	3,716
	<u>\$ 88,750</u>	<u>\$ 82,153</u>

The receivables from affiliates are included in the accompanying statements of net position as accounts receivable.

Payables to affiliates at June 30 are as follows:

	2013	2012
Payable to San José State University	\$ 368,297	\$ 295,204
Payable to auxiliary organizations:		
Spartan Shops, Inc.	1,540	204
Associated Students, Inc.	2,968	2,445
SJSU Research Foundation	-	-
SJSU Tower Foundation	-	-
	<u>\$ 372,805</u>	<u>\$ 297,853</u>

The payables to affiliates are included in the accompanying statements of net position as accounts payable and other accrued liabilities.

Note 10. Concentration of Credit Risk

The Student Union maintains its cash balances in several financial institutions in the Greater Bay Area and, at times, may exceed federally insured limits. The majority of the liquid funds are in mutual funds which are maintained by UBS Financial Services, Inc. The Student 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.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 11. Contingencies

Historically, the Organization has not participated in FICA based on an IRS memorandum that was issued in 1984 that excluded a subdivision of the state as being required to participate in this program for its employees. During 2013 management began investigating this position to determine if in fact they should have been participating. As of the date of the financial statements, the potential liability related to this issue is not estimable

Note 12. Subsequent Events

In preparing the financial statements, the Student Union has evaluated events and transactions for subsequent event disclosure through September 20, 2013, the date of the auditor's report.

The Student Union of San Jose State University
(A California State University Auxiliary Organization)

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

Assets	
Current assets:	
Cash and cash equivalents	\$ 129,536
Short-term investments	660,760
Accounts receivable, net	138,704
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	49,237
Total current assets	<u>978,237</u>
Noncurrent assets:	
Restricted cash and cash equivalents	25,000
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	7,262,653
Capital assets, net	2,716,290
Other assets	121,171
Total noncurrent assets	<u>10,125,114</u>
Total assets	<u>\$ 11,103,351</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	\$ -
Total deferred outflows of resources	<u>\$ -</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 567,792
Accrued salaries and benefits payable	174,213
Accrued compensated absences – current portion	210,544
Unearned revenue	-
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability – current portion	-
Depository accounts	-
Other liabilities	90,204
Total current liabilities	<u>1,042,753</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	121,171
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>121,171</u>
Total liabilities	<u>1,163,924</u>
Deferred outflows of resources:	
Deferred inflows from SCAs, grants and others	-
Total deferred outflows of resources	<u>-</u>
Net position:	
Net investment in capital assets	2,716,290
Restricted for:	
Nonexpendable – endowments	
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	7,223,137
Total net position	<u>\$ 9,939,427</u>

**The Student Union of San Jose State University
(A California State University Auxiliary Organization)**

**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 \$ _____)	\$ 4,347,845
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	2,856,707
Other operating revenues	49,354
Total operating revenues	<u>7,253,906</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,347,845
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	3,500
Auxiliary enterprise expenses	2,790,326
Depreciation and amortization	396,030
Total operating expenses	<u>7,537,701</u>
Operating loss	<u>(283,795)</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, net	699,791
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues	<u>699,791</u>
Income before other additions	<u>415,996</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>415,996</u>
Net position:	
Net position at beginning of year, as previously reported	9,523,431
Restatements	-
Net position at beginning of year, as restated	<u>9,523,431</u>
Net position at end of year	<u>\$ 9,939,427</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

Year Ended 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

\$	25,000
\$	25,000

**Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information (Continued)

Year Ended June 30, 2013

(For inclusion in the California State University)

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)	247,103	-	247,103	-	-	-	247,103
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	-	-	-	1,813,824	-	1,813,824	1,813,824
Fixed income securities (treasury notes, GNMAs)	-	-	-	4,998,985	-	4,998,985	4,998,985
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	200,428	-	200,428	200,428
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	249,416	-	249,416	249,416
Money market funds	413,657	-	413,657	-	-	-	413,657
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Other investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	660,760	-	660,760	7,262,653	-	7,262,653	7,923,413
Less endowment investments	-	-	-	-	-	-	-
Total investments	\$ 660,760	\$ -	\$ 660,760	\$ 7,262,653	\$ -	\$ 7,262,653	\$ 7,923,413

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information (Continued)
Year Ended 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:

	Amount
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, 2013	\$ -

2.4 Restricted noncurrent investments at June 30, 2013, related to:

	Amount
Endowment investments	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2013	\$ -

The Student Union of San José State University
(A California State University Auxiliary Organization)

Other Information (Continued)
Year Ended 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	9,786	-	-	9,786	624,466	(507,835)	-	126,417
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	9,786	-	-	9,786	624,466	(507,835)	-	126,417
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	4,068,243	-	-	4,068,243	348,037	-	-	4,416,280
Personal property:								
Equipment	1,340,735	-	-	1,340,735	162,566	-	-	1,503,301
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	5,408,978	-	-	5,408,978	510,603	-	-	5,919,581
Total capital assets	5,418,764	-	-	5,418,764	1,135,069	(507,835)	-	6,045,998
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(2,148,440)	-	-	(2,148,440)	(232,635)	-	-	(2,381,075)
Personal property:								
Equipment	(785,238)	-	-	(785,238)	(163,395)	-	-	(948,633)
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	(2,933,678)	-	-	(2,933,678)	(396,030)	-	-	(3,329,708)
Total capital assets, net	\$ 2,485,086	\$ -	\$ -	\$ 2,485,086	\$ 739,039	\$ (507,835)	\$ -	\$ 2,716,290

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information (Continued)

Year Ended June 30, 2013

(For inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$	396,030
Amortization expense related to other assets		-
Total depreciation and amortization	\$	<u>396,030</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information (Continued)
Year Ended 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	\$ 199,439	\$ -	\$ -	\$ 199,439	\$ 196,599	\$ (185,494)	\$ 210,544	\$ 210,544	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (nonrevenue 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	\$ 199,439	\$ -	\$ -	\$ 199,439	\$ 196,599	\$ (185,494)	\$ 210,544	\$ 210,544	\$ -

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information (Continued)
Year Ended June 30, 2013
(For inclusion in the California State University)**

5. Future minimum lease payments - capital lease obligations:

Years Ending June 30,	Principal	Interest	Principal and Interest
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 obligations, net of current portion			\$ -

**The Student Union of San José State University
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Other Information (Continued)

Year Ended June 30, 2013

(For inclusion in the California State University)

6. Long-term debt obligation schedule:

Years Ending June 30,	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019-2023	-	-	-	-	-	-	-	-	-
2024-2028	-	-	-	-	-	-	-	-	-
2029-2033	-	-	-	-	-	-	-	-	-
2034-2038	-	-	-	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-	-
2044-2048	-	-	-	-	-	-	-	-	-
2049-2053	-	-	-	-	-	-	-	-	-
2054-2058	-	-	-	-	-	-	-	-	-
2059-2063	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The Student Union of San José State University
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**Other Information (Continued)
Year Ended June 30, 2013
(For inclusion in the California State University)**

7.1 Calculation of net position—Net investment in capital assets:

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
Capital assets, net of accumulated depreciation	\$ 2,716,290	\$ -	\$ 2,716,290
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	-	-	-
Net position, invested in capital assets, net of related debt	\$ 2,716,290	\$ -	\$ 2,716,290

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):	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Net position, restricted for nonexpendable endowments per SNP	\$ -	\$ -	\$ -

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information (Continued)

Year Ended June 30, 2013

(For inclusion in the California State University)

8. Transactions with related entities:

	Total
Reimbursements to University for salaries of University personnel working on contracts, grants and other programs	\$ 545,248
Reimbursements to University for other than salaries of University personnel	1,403,621
Payments received from University for services, space and programs	552,231
Gifts-in-kind to University from Auxiliary Organizations	-
Gifts (cash or assets) to University from recognized Auxiliary Organizations	3,500
Accounts (payable to) University (enter as negative number)	(368,297)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	16,580
Other amounts receivable from University	-

9. Other Postemployment Benefits Obligation (OPEB):

Annual required contribution (ARC)	\$ 185,036
Contributions during the year	(185,036)
Increase in net OPEB obligation (NOO)	-
NOO - beginning of year	-
NOO - end of year	\$ -

**The Student Union of San José State University
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Other Information (Continued)

Year Ended June 30, 2013

(For inclusion in the California State University)

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>

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

	Net Position Class	Amount
Net position as of June 30, 2012, as previously reported		\$ 9,523,431
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)		-
Net position as of June 30, 2012, as restated		<u>\$ 9,523,431</u>

**The Student Union of San José State University
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**Other Information (Continued)
Year Ended June 30, 2013
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Provide a detailed breakdown of the journal entries booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
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)	-	-