

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

Financial Report
June 30, 2015

Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
<hr/>	
Financial Statements	
Statements of net position	10
Statements of revenues, expenses and changes in net position	11
Statements of cash flows	12
Notes to financial statements	13-21
<hr/>	
Supplementary Information	
Schedule of net position	22
Schedule of revenues, expenses and changes in net position	23
Other information	24-29
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Independent Auditor's Report

To the Board of Directors
The Student Union of San José State University
San Jose, California

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, 2015 and 2014, 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 audits 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 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, 2015 and 2014, 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.

Other Matters

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted by the Governmental 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.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed address and date.

Tacoma, Washington
September 16, 2015

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Management's Discussion and Analysis

This section of The Student Union of San José State University's (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, 2015 and 2014. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

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 building and a small ATM building. The nonprofit corporation has been in business for more than 45 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, 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 community, whose members make use of recreational opportunities and attend the diverse concerts and events on the San José State University campus.

The Student Union has been undergoing major renovations since 2010 in anticipation of the needs of future students. This project included 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 east and west additions opened in fall semester 2014 and the newly renovated middle section of the Student Union is targeted for opening in fall 2015. The student fees being collected will also pay for the future expansion and renovation of the upcoming Recreation & Aquatic Center Project, which is planned for summer 2016. These facility expansions 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 enhance the opportunities for students, faculty and staff to socialize, congregate and engage outside of the classroom.

The Student Union is governed by its board of directors, 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, audits, and the finances and reserves of the corporation.

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

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 quarterly by the board of directors to ensure financial stability of the Student Union as well as provide adequate funding for future capital improvements and the continued expansion of its facilities.

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 position 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, 2015, 2014 and 2013. 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, 2015 and 2014**

Condensed Summary of Net Position

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

	2015	2014	2013
Assets:			
Current assets	\$ 1,263,770	\$ 3,367,080	\$ 978,237
Noncurrent assets	9,702,933	8,277,440	10,125,114
Total assets	<u>\$ 10,966,703</u>	<u>\$ 11,644,520</u>	<u>\$ 11,103,351</u>
Liabilities:			
Current liabilities	\$ 1,729,812	\$ 1,627,514	\$ 1,042,753
Noncurrent liabilities	108,639	92,033	121,171
Total liabilities	<u>\$ 1,838,451</u>	<u>\$ 1,719,547</u>	<u>\$ 1,163,924</u>
Net position:			
Unrestricted:			
Investments in capital assets	\$ 2,995,652	\$ 3,289,132	\$ 2,716,290
Board-designated	3,054,313	1,434,881	3,300,622
Unallocated	3,078,287	5,200,960	3,922,515
Total net position	<u>\$ 9,128,252</u>	<u>\$ 9,924,973</u>	<u>\$ 9,939,427</u>

Assets: Total assets decreased \$678 thousand overall from FY 2014 to FY 2015 due primarily to a decrease in cash and cash equivalents for FY 2015 and offset with an increase in the investment portfolio. Total assets increased \$541 thousand overall from FY 2013 to FY 2014 due primarily to an increase in cash and cash equivalents and a decrease in the investment portfolio.

Current assets decreased \$2.1 million from FY 2014 to FY 2015 due to a timing difference in the receipt of Student Union fees returned for operations by the University. Current assets increased \$2.4 million from FY 2013 to FY 2014 also due to a timing difference in the receipt of Student Union fees from the University. Note that in FY 2014 the methodology of receiving student fees changed from an annual payment to quarterly payments from the University. The payment of student fees for operations in FY 2015 was paid annually, which is the usual method.

Noncurrent assets increased \$1.4 million overall from FY 2014 to FY 2015 due to an increase in the investment portfolio of \$1.7 million and a decrease in capital assets of \$293 thousand. Noncurrent assets decreased \$1.8 million overall from FY 2013 to FY 2014 due to a decrease in the investment portfolio of \$2.4 million and an increase in capital assets of \$573 thousand. Note that the decrease in the investment portfolio in FY 2014 compared to FY 2015 was due to the late receipt of the final quarterly payment of student fees received on June 30, 2014.

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Liabilities: Current liabilities increased \$102 thousand overall from FY 2014 to FY 2015 due to an increase of \$216 thousand in accounts payable at year-end, a decrease of \$35 thousand in accrued payroll and related expenses, and a decrease of \$79 thousand in other accrued liabilities due primarily to a decrease in ticket sales for future events. Current liabilities increased \$585 thousand overall from FY 2013 to FY 2014 due primarily to an increase in accounts payable at year-end, an increase in accrued payroll and related expenses of \$37 thousand at year-end, and an increase in other accrued liabilities of \$193 thousand due to increased ticket sales for future events.

Noncurrent liabilities increased by \$17 thousand from FY 2014 to FY 2015 due to an increase of \$33 thousand in the SJSU Club Sports checking account, a decrease of \$6 thousand in the Glass Reserve Account due to operational expenses and a decrease in the IRA Trust Account for Club Sports of \$10 thousand due to increased operational expenses. Noncurrent liabilities decreased by \$29 thousand from FY 2013 to FY 2014 due to increased operational expenses for SJSU Club Sports.

Net position: Total net position decreased \$797 thousand from FY 2014 to FY 2015 due to a decrease in investments in capital assets of \$293 thousand, an increase of \$1.6 million in board-designated projects and a decrease of \$2.1 million in unallocated net position, which accounts for the changes between the net asset categories. Overall, net position for FY2015 decreased \$797 thousand due primarily to a decrease in student union fees of \$1,160,000. Total net position decreased slightly by \$14 thousand from FY 2013 to FY 2014 due to an increase in investments in capital assets of \$573 thousand, a decrease of \$1.9 million in board-designated projects and an increase in unallocated net position of \$1.3 million.

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

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

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

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:

	2015	2014	2013
Operating revenues:			
Student Union fees	\$ 4,095,733	\$ 5,255,357	\$ 4,347,845
Service fees	194,012	162,498	310,617
Reimbursement of event costs	1,092,128	953,829	567,740
Rental income	1,872,052	1,557,663	1,491,814
Reimbursement of wages and benefits	388,680	444,555	359,646
Commissions	284,261	195,901	126,890
Other	73,755	42,794	49,354
Total operating revenues	<u>8,000,621</u>	<u>8,612,597</u>	<u>7,253,906</u>
Operating expenses:			
Wages, benefits, and taxes	4,355,429	3,941,296	3,684,431
Payroll tax settlement	-	947,688	-
Insurance	200,632	197,481	201,148
Supplies	261,303	257,508	237,514
Communications	118,587	101,811	38,779
Repairs and maintenance	147,420	138,551	129,368
Utilities	678,848	865,979	864,276
Event costs	1,174,957	1,034,980	649,471
Small equipment purchases	95,831	33,848	42,862
Depreciation	526,519	442,221	396,030
Business services	1,202,008	1,158,210	1,185,071
Miscellaneous	40,751	36,458	42,004
Project expenditures	22,189	173,120	66,747
Total operating expenses	<u>8,824,474</u>	<u>9,329,151</u>	<u>7,537,701</u>
Total operating loss	(823,853)	(716,554)	(283,795)
Nonoperating revenues (expenses):			
Investment income	27,132	702,100	699,791
Increase (decrease) in net position	<u>(796,721)</u>	<u>(14,454)</u>	<u>415,996</u>
Net position:			
Beginning of year	9,924,973	9,939,427	9,523,431
End of year	<u>\$ 9,128,252</u>	<u>\$ 9,924,973</u>	<u>\$ 9,939,427</u>

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Operating revenues: Total operating revenues decreased \$612 thousand from FY 2014 to FY 2015 due primarily to a reduction in the return of student fees for operations that was partially offset by an increase in revenues directly related to events in the Event Center Arena. Total operating revenues increased \$1.4 million from FY 2013 to FY 2014 due primarily to an increase in Student Union fees returned for operations and an increase in revenues related to events in the Event Center Arena.

Student Union fees returned for operations were approximately 52 percent of total operating revenues in FY 2015 compared to 61 percent of total operating revenues in FY 2014, a decrease of \$1.2 million from prior year. Student Union fees returned for operations increased by \$908 thousand from FY 2013 to FY 2014 and were approximately 60 percent of total operating revenues in FY 2013. 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 increased significantly by \$314 thousand from FY 2014 to FY 2015 due primarily to increased activity in the Event Center Arena. Rental income increased \$66 thousand from FY 2013 to FY 2014, again due to an increase in Event Center Arena events over the prior year.

Reimbursement of event costs increased by \$138 thousand from FY 2014 to FY 2015 due to the increase in activity in the Event Center arena. Reimbursement of event costs increased by \$386 thousand from FY 2013 to FY 2014, which was a significant increase over the prior year, and attributable to the increase in shows in the Event Center Arena.

Commission income increased \$88 thousand from FY 2014 to FY 2015, again due primarily to the increase in concerts and other events in the Event Center arena. Commission income increased by \$59 thousand from FY 2013 to FY 2014 due primarily to an increase in events in the Event Center Arena over the prior year.

The remaining operating revenues decreased by \$43 thousand from FY 2014 to FY 2015 due to an increase in service fees of \$32 thousand, a decrease of \$56 thousand in reimbursement of wages, and benefits and a \$30 thousand increase in other operating revenues. These same remaining operating revenues decreased \$70 thousand from FY 2013 to FY 2014 due primarily to a decrease of \$148 thousand in service fees, an increase of \$85 thousand in reimbursement of wages and benefits, and a slight decrease of \$7 thousand in other operating revenues.

Operating expenses: Total operating expenses decreased \$505 thousand overall from FY 2014 to FY 2015 due primarily to the one-time payroll tax settlement of \$948 thousand paid in FY 2014. Total operating expenses increased \$1.8 million overall from FY 2013 to FY 2014, also due to the one-time payroll tax settlement of \$948 thousand.

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

The operating expenses for the Student Union are made up principally of wages and benefits, which increased approximately \$414 thousand from FY 2014 to FY 2015. The increase included \$185 thousand in intermittent staff, \$97 thousand in student staff and \$132 thousand in benefits. There was an increase of \$140 thousand in event costs from FY 2014 to FY 2015, a decrease in overall utilities of \$187 thousand due to reimbursement for usage by main tenants, an increase of \$62 thousand in small equipment purchases, an increase of \$84 thousand in depreciation, an increase of \$44 thousand in business services, and a decrease in project expenditures of \$150 thousand. There was a significant increase of \$386 thousand in event costs from FY 2013 to FY 2014, a slight increase of \$10 thousand in repairs and maintenance in FY 2014 compared to FY 2013, an increase of \$46 thousand in depreciation in FY 2014 over FY 2013, a slight decrease of \$27 thousand in business services in FY 2014, and a significant increase in payroll taxes, which includes payments of \$948 thousand for FICA from prior years retroactive to January 1, 2010.

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 at June 30, 2015, was \$27 thousand, a significant decrease of \$675 thousand from prior year FY 2014. The \$27 thousand investment income is made up of \$312 thousand in interest, \$287 thousand in unrealized loss and a small increase of \$2 thousand in realized gain. Prior year's investment income of \$702 thousand was a slight increase of \$2 thousand over the \$700 thousand for FY 2013.

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, 2015 and 2014

Assets	2015	2014
Current Assets		
Cash and cash equivalents (Note 10)	\$ 683,792	\$ 2,768,375
Investments (Notes 3 and 10)	7,824	403,942
Accounts receivable (Note 9)	502,423	177,178
Prepaid expenses and other	69,731	17,585
Total current assets	1,263,770	3,367,080
Noncurrent Assets		
Restricted cash	25,000	25,000
Investments (Notes 3 and 10)	6,573,642	4,871,275
Funds held in trust	108,639	92,033
Capital assets, net (Notes 4 and 5)	2,995,652	3,289,132
Total noncurrent assets	9,702,933	8,277,440
Total assets	\$ 10,966,703	\$ 11,644,520

Liabilities and Net Position

Current Liabilities		
Accounts payable (Note 9)	\$ 1,138,815	\$ 923,231
Accrued payroll and related expenses	386,876	421,421
Other accrued liabilities (Note 9)	204,121	282,862
Total current liabilities	1,729,812	1,627,514
Funds held in trust liability	108,639	92,033
Total liabilities	1,838,451	1,719,547
Net Position		
Investment in capital assets	2,995,652	3,289,132
Unrestricted:		
Board-designated (Note 5)	3,054,313	1,434,881
Unallocated	3,078,287	5,200,960
Total net position	\$ 9,128,252	\$ 9,924,973

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, 2015 and 2014

	2015	2014
Operating Revenues		
Student Union fees	\$ 4,095,733	\$ 5,255,357
Service fees	194,012	162,498
Reimbursement of event costs	1,092,128	953,829
Rental income	1,872,052	1,557,663
Reimbursed wages and benefits	388,680	444,555
Commissions	284,261	195,901
Other	73,755	42,794
Total operating revenues	8,000,621	8,612,597
Operating Expenses		
Wages, benefits and taxes (Note 6)	4,355,429	3,941,296
Payroll tax settlement (Note 11)	-	947,688
Insurance	200,632	197,481
Supplies	261,303	257,508
Communications	118,587	101,811
Repairs and maintenance	147,420	138,551
Utilities	678,848	865,979
Event costs	1,174,957	1,034,980
Small equipment purchases	95,831	33,848
Depreciation	526,519	442,221
Business services (Note 8)	1,202,008	1,158,210
Miscellaneous	40,751	36,458
Project expenditures	22,189	173,120
Total operating expenses	8,824,474	9,329,151
Operating loss	(823,853)	(716,554)
Nonoperating Income		
Investment income, net	27,132	702,100
Decrease in net position	(796,721)	(14,454)
Net Position		
Beginning of year	9,924,973	9,939,427
End of year	\$ 9,128,252	\$ 9,924,973

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, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Sales and services of auxiliary enterprises	\$ 7,317,360	\$ 8,335,429
Payments to suppliers	(3,857,830)	(4,365,885)
Payments to employees	(3,705,876)	(3,328,937)
Payments to students	(684,097)	(575,696)
Other receipts	358,016	238,695
Net cash provided by (used in) operating activities	(572,427)	303,606
Cash Flows From Capital and Related Financing Activities		
Acquisitions of capital assets	(233,039)	(1,015,063)
Cash Flows From Investing Activities		
Investment income reinvested	309,684	259,340
Sales of investments	2,000,512	4,903,447
Purchase of investments	(3,589,313)	(1,812,491)
Net cash provided by (used in) investing activities	(1,279,117)	3,350,296
Net increase (decrease) in cash and cash equivalents	(2,084,583)	2,638,839
Cash and Cash Equivalents		
Beginning of year	2,768,375	129,536
End of year	\$ 683,792	\$ 2,768,375
Reconciliation of Net Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (823,853)	\$ (716,554)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	526,519	442,221
Change in assets and liabilities:		
Increase in accounts receivable, net	(325,245)	(38,474)
(increase) decrease in prepaid expenses and other current assets	(52,146)	31,652
Increase in accounts payable	215,584	355,439
Increase (decrease) in accrued salaries and benefits	(34,545)	36,664
Increase (decrease) in other liabilities	(78,741)	192,658
Net cash provided by (used in) operating activities	\$ (572,427)	\$ 303,606

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 purposes of the Student Union are to provide cultural, educational, social and recreational services to the San José State University (the University) campus community, and to manage and operate the Student Union building, the Event Center building, the Aquatic Center and the ATM building, which are leased from the University.

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, 2015 and 2014.

Restricted cash: The Student Union contracts with Ticketmaster to gain access to its hardware and software. The Student Union serves as a Ticketmaster outlet that 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, 2015 and 2014, were \$14,297 and \$20,255, 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.
 - Annual allocations for SJSU Club Sports teams and contingency funds.
 - Reimbursement to the Student Union for SJSU Club Sports departmental expenditures.

The IRA Trust Account balance at June 30, 2015 and 2014, was \$26,773 and \$37,139, 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, SJSU Club Sports has one bank account, which is overseen by the Student Union as well as the processing of all its financial transactions. The balance in this checking account as of June 30, 2015 and 2014, was \$67,570 and \$34,639, respectively.

Investments: Investments are carried at fair market value, as determined by quoted market prices, with realized and unrealized gains and losses included on 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, 2015 and 2014, the Student Union had balances of \$216,428 and \$205,517 of compensated absences, respectively. During 2015 and 2014, \$225,524 and \$201,272, respectively, of compensated absences were earned and \$216,613 and \$206,299, respectively, were used.

Student Union employees: Certain Student Union employees are employees of the University, and are reimbursed by the Student Union. The reimbursements totaled \$708,668 and \$623,796 for the years ended June 30, 2015 and 2014, 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 on 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 building 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.

Note 3. Investments

	2015		2014	
	Fair Value	Unrealized Gain (Loss)	Fair Value	Unrealized Gain (Loss)
Local Agency Investment Fund	\$ 2,637	\$ -	\$ 247,429	\$ -
Mutual funds, equities	1,852,719	255,754	1,419,425	377,109
Mutual funds, fixed income	4,252,172	(48,636)	3,048,314	119,760
Mutual funds, others	468,751	11,255	202,830	2,626
Certificates of deposit	-	-	200,706	706
Cash and money balances	5,187	-	156,513	-
	<u>\$ 6,581,466</u>	<u>\$ 218,373</u>	<u>\$ 5,275,217</u>	<u>\$ 500,201</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 of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 3. Investments (Continued)

The Student Union held investments in Local Agency Investment Fund (LAIF), corporate bonds and mutual funds. 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 and effective duration of investments within the portfolios.

		June 30, 2015						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term								
investments		\$ 4,252,172	\$ 1,040,072	\$ -	\$ 884,633	\$ -	\$ 1,631,596	\$ 695,871

		June 30, 2014						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term								
investments		\$ 3,249,020	\$ 543,807	\$ -	\$ 895,317	\$ 572,977	\$ 1,036,213	\$ 200,706

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.

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

Notes to Financial Statements

Note 3. Investments (Continued)

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

Investment Type	2015	2014	S&P Credit Rating
Fixed Income Mutual Funds	\$ 2,143,520	\$ 1,568,358	AAA
Fixed Income Mutual Funds	190,497	77,427	AA
Fixed Income Mutual Funds	440,100	289,590	A
Certificates of Deposit	-	200,706	-
Fixed Income Mutual Funds	706,711	598,079	BBB
Fixed Income Mutual Funds	425,642	246,304	BB
Fixed Income Mutual Funds	178,166	203,932	B
Fixed Income Mutual Funds	167,536	64,624	Below B
Total fixed income securities	\$ 4,252,172	\$ 3,249,020	

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 mutual funds) that represent 5 percent or more of the Student Union's total investments as of June 30, 2015 and 2014.

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
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 4. Capital Assets

Capital assets consist of the following at June 30:

	2014	Additions	Retirements	Transfers	2015
Computer equipment	\$ 122,201	\$ -	\$ -	\$ -	\$ 122,201
Software	48,395	-	-	-	48,395
Furniture and equipment	1,912,821	-	-	116,694	2,029,515
Leasehold improvements	4,869,924	-	-	116,508	4,986,432
Projects in progress	107,720	233,039	-	(233,202)	107,557
	7,061,061	233,039	-	-	7,294,100
Less accumulated depreciation	(3,771,929)	(526,519)	-	-	(4,298,448)
Net book value	\$ 3,289,132	\$ (293,480)	\$ -	\$ -	\$ 2,995,652

	2013	Additions	Retirements	Transfers	2014
Computer equipment	\$ 122,201	\$ -	\$ -	\$ -	\$ 122,201
Software	48,395	-	-	-	48,395
Furniture and equipment	1,332,705	8,405	-	571,711	1,912,821
Leasehold improvements	4,416,280	-	-	453,644	4,869,924
Projects in progress	126,417	1,006,658	-	(1,025,355)	107,720
	6,045,998	1,015,063	-	-	7,061,061
Less accumulated depreciation	(3,329,708)	(442,221)	-	-	(3,771,929)
Net book value	\$ 2,716,290	\$ 572,842	\$ -	\$ -	\$ 3,289,132

Note 5. Board-Designated Net Position

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

	2015	2014
Board-designated:		
Capital equipment	\$ 147,076	\$ 176,957
Other designated assets	2,907,237	1,257,924
	\$ 3,054,313	\$ 1,434,881

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 the age of 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. 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, 2015 and 2014. The actuarially determined contribution amount for the years ended June 30, 2015 and 2014, totaled \$170,531 and \$167,769, 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 4 percent for eligible employees as well as employer discretionary contributions. The Student Union's plan contributions for fiscal years 2015 and 2014 were \$160,303 and \$149,364, 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.

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

Notes to Financial Statements

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 \$598,232 and \$508,728 in 2015 and 2014, 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. A new IT service fee was added in 2014. Facility use fees were \$266,708 and \$184,740 in 2015 and 2014, respectively, and are estimated at \$301,000 for 2016. These facility use fees are a part of the total cost allocations listed above. The opening of the east and west wings of the new Student Union is the reason for the increased facility use fees in 2015. Cost allocations payable to the University are expected to be \$647,000 in 2016.

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.

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, faculty, community and administrative personnel).

Receivables from affiliates at June 30 are as follows:

	2015	2014
Receivable from San José State University	\$ 11,816	\$ 17,576
Receivable from auxiliary organizations:		
Spartan Shops, Inc.	280,115	88,620
Associated Students, Inc.	1,747	913
SJSU Research Foundation	584	1,247
SJSU Tower Foundation	5,415	1,319
	<u>\$ 299,677</u>	<u>\$ 109,675</u>

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

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

Notes to Financial Statements

Note 9. Related Parties (Continued)

Payables to affiliates at June 30 are as follows:

	2015	2014
Payable to San José State University	\$ 795,252	\$ 652,450
Payable to auxiliary organizations:		
Spartan Shops, Inc.	5,410	1,521
Associated Students, Inc.	2,297	4,424
	<u>\$ 802,959</u>	<u>\$ 658,395</u>

The payables to affiliates are included on 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 that 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.

Note 11. Contingencies

Historically, the Student Union had not participated in FICA based on an Internal Revenue Service memorandum that was issued in 1984 that excluded a subdivision of the state as being required to participate in this program for its employees. Based on legal advice in 2014, management determined that the Student Union should be participating in FICA for its employees and determined that payroll taxes would be calculated and remitted retroactive to January 1, 2010. Retroactive payments for calendar years January 1, 2010 through December 31, 2013, totaled approximately \$948,000, were made prior to June 30, 2014, and are reflected as payroll tax settlement on the statements of revenues, expenses and changes in net position as of the year ended June 30, 2014. As of the date of these financial statements, the Student Union is not aware, nor has it been notified, of any other penalties and/or interest as it relates to this issue.

Note 12. Subsequent Events

In preparing the financial statements, the Student Union has evaluated events and transactions for subsequent event disclosure through September 16, 2015, the date of the auditor's report.

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Schedule of Net Position
June 30, 2015
(for inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 683,792
Short-term investments	7,824
Accounts receivable, net	502,423
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	69,731
Total current assets	<u>1,263,770</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	6,573,642
Capital assets, net	2,995,652
Other assets	108,639
Total noncurrent assets	<u>9,702,933</u>
Total assets	<u>\$ 10,966,703</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	\$ -
Net pension obligation	-
Total deferred outflows of resources	<u>\$ -</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,138,815
Accrued salaries and benefits payable	170,448
Accrued compensated absences - current portion	216,428
Unearned revenue	-
Capitalized lease obligations - current portion	-
Long-term debt obligations - current portion	-
Claims Liability for losses and LAE - current portion	-
Depository accounts	-
Other liabilities	204,121
Total current liabilities	<u>1,729,812</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	-
Claims Liability for losses and LAE, net of current portion	-
Depository accounts	108,639
Other postemployment benefits obligation	-
Pension obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>108,639</u>
Total liabilities	<u>1,838,451</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	2,995,652
Restricted for:	
Nonexpendable - endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	6,132,600
Total net position	<u>\$ 9,128,252</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2015
(for inclusion in the California State University)**

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$ 4,095,733
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 \$_____)	3,831,133
Other operating revenues	73,755
Total operating revenues	<u>8,000,621</u>

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,095,733
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	4,202,222
Depreciation and amortization	526,519
Total operating expenses	<u>8,824,474</u>
Operating loss	<u>(823,853)</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	27,132
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	<u>27,132</u>
Loss before other additions	<u>(796,721)</u>

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Decrease in net position	<u>(796,721)</u>

Net position:

Net position at beginning of year, as previously reported	9,924,973
Restatements	-
Net position at beginning of year, as restated	<u>9,924,973</u>
Net position at end of year	<u>\$ 9,128,252</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

1	Restricted cash and cash equivalents at June 30, 2015:							
	Portion of restricted cash and cash equivalents related to endowments	\$	-					
	All other restricted cash and cash equivalents		25,000					
	Total restricted cash and cash equivalents	\$	<u>25,000</u>					
2.1	Composition of investments at June 30, 2015:							
		Unrestricted	Current Restricted	Total Current	Unrestricted	Restricted	Total Noncurrent	Total
	State of California Surplus Money Investment Fund (SMIF)	\$	-	\$	-	\$	-	\$
	State of California Local Agency Investment Fund (LAIF)	2,637	-	2,637	-	-	-	2,637
	Equity securities	-	-	-	-	-	-	-
	Certificates of deposit	-	-	-	-	-	-	-
	Mutual funds	-	-	-	6,573,642	-	6,573,642	6,573,642
	Money Market funds	5,187	-	5,187	-	-	-	5,187
	Repurchase agreements	-	-	-	-	-	-	-
	Commercial paper	-	-	-	-	-	-	-
	Asset backed securities	-	-	-	-	-	-	-
	Mortgage-backed securities	-	-	-	-	-	-	-
	Municipal bonds	-	-	-	-	-	-	-
	U.S. agency securities	-	-	-	-	-	-	-
	U.S. treasury securities	-	-	-	-	-	-	-
	Exchange traded funds (ETFs)	-	-	-	-	-	-	-
	Alternative investments:							
	Private equity (including limited partnerships)	-	-	-	-	-	-	-
	Hedge funds	-	-	-	-	-	-	-
	Managed futures	-	-	-	-	-	-	-
	Real estate investments (including REITs)	-	-	-	-	-	-	-
	Commodities	-	-	-	-	-	-	-
	Derivatives	-	-	-	-	-	-	-
	Other alternative investment types	-	-	-	-	-	-	-
	Other external investment pools (excluding SWIFT)							
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Other major investments:							
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Add description	-	-	-	-	-	-	-
	Total investments	<u>7,824</u>	<u>-</u>	<u>7,824</u>	<u>6,573,642</u>	<u>-</u>	<u>6,573,642</u>	<u>6,581,466</u>
	Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
	Total investments	<u>\$ 7,824</u>	<u>\$ -</u>	<u>\$ 7,824</u>	<u>\$ 6,573,642</u>	<u>\$ -</u>	<u>\$ 6,573,642</u>	<u>\$ 6,581,466</u>
2.2	Investments held by the University under contractual agreements at June 30, 2015:							
	Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	\$	-	\$	-	\$	-	\$
2.3	Restricted current investments at June 30, 2015 related to:	Amount						
	Add description	\$	-					
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Total restricted current investments at June 30, 2015	<u>\$</u>	<u>-</u>					
2.4	Restricted noncurrent investments at June 30, 2015 related to:	Amount						
	Endowment investment	\$	-					
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Add description	-						
	Total restricted noncurrent investments at June 30, 2015	<u>\$</u>	<u>-</u>					

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	107,720	-	-	107,720	233,039	-	(233,202)	107,557
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	107,720	-	-	107,720	233,039	-	(233,202)	107,557
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	4,869,924	-	-	4,869,924	-	-	116,508	4,986,432
Personal property:								
Equipment	2,083,417	-	-	2,083,417	-	-	116,694	2,200,111
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	6,953,341	-	-	6,953,341	-	-	233,202	7,186,543
Total capital assets	7,061,061	-	-	7,061,061	233,039	-	-	7,294,100
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(2,651,329)	-	-	(2,651,329)	(285,479)	-	-	(2,936,808)
Personal property:								
Equipment	(1,120,600)	-	-	(1,120,600)	(241,040)	-	-	(1,361,640)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(3,771,929)	-	-	(3,771,929)	(526,519)	-	-	(4,298,448)
Total capital assets, net	\$ 3,289,132	\$ -	\$ -	\$ 3,289,132	\$ (293,480)	\$ -	\$ -	\$ 2,995,652

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 526,519
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 526,519

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 205,517	\$ -	\$ -	\$ 205,517	\$ 225,524	\$ (214,613)	\$ 216,428	\$ 216,428	\$ -
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	\$ 205,517	\$ -	\$ -	\$ 205,517	\$ 225,524	\$ (214,613)	\$ 216,428	\$ 216,428	\$ -

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	\$ -	\$ -	\$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021-2025	-	-	-
2026-2030	-	-	-
2031-2035	-	-	-
2036-2040	-	-	-
2041-2045	-	-	-
2046-2050	-	-	-
2051-2055	-	-	-
2056-2060	-	-	-
2061-2065	-	-	-
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			\$ -

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021-2025	-	-	-	-	-	-	-	-	-
2026-2030	-	-	-	-	-	-	-	-	-
2031-2035	-	-	-	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-	-	-	-
2046-2050	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
2056-2060	-	-	-	-	-	-	-	-	-
2061-2065	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ 2,995,652	\$ -	\$ 2,995,652
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ 2,995,652	\$ -	\$ 2,995,652

7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	\$ -	\$ -

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants and other programs	\$ 708,668
Payments to University for other than salaries of University personnel	1,927,825
Payments received from University for services, space and programs	1,215,029
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)	(795,252)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	11,816
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

**The Student Union of San José State University
(A California State University Auxiliary Organization)
Other Information
June 30, 2015
(for inclusion in the California State University)**

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position		
	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		\$ 9,924,973
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, 2014, as restated		<u>\$ 9,924,973</u>

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

	Debit	Credit
Net 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)	-	-