

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY,
LOS ANGELES
(a Component Unit of the
California State University, Los Angeles)**

**Independent Auditor's Report, Financial
Statements And Supplementary Information**

For The Years Ended June 30, 2013 And 2012

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES**

Table of Contents

	<i>Page(s)</i>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Cash Flows	5
Notes to the Financial Statements	7
Supplementary Information:	
Schedule of Net Position	21
Schedule of Revenues, Expenses, and Changes in Net Position	22
Other Information.....	23
Note to Supplementary Information	29

Independent Auditor's Report

To the Board of Directors
University-Student Union At
California State University, Los Angeles
Los Angeles, California

We have audited the accompanying financial statements of University-Student Union At California State University, Los Angeles (the Union), a component unit of the California State University System, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Union's management.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules from pages 21 to 29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macias Jini & O'Connell LLP

Los Angeles, California
September 20, 2013

FINANCIAL STATEMENTS

This page left blank intentionally.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

	2013	2012
Assets		
Cash	\$ 351,741	\$ 376,510
Investments	2,042,900	2,958,784
Accounts receivable	5,005	4,321
Accounts receivable from affiliates	78,144	41,202
Prepaid expenses and deposits	27,758	27,675
Notes receivable	413,230	466,996
Capital assets, net	166,225	195,426
Total assets	3,085,003	4,070,914
Liabilities and net assets		
Accounts payable	58,974	29,823
Accounts payable to affiliates	25,918	14,066
Accrued liabilities	208,139	193,602
Unearned revenue	96,564	97,214
Deferred employee benefits	163,986	1,000,285
Total liabilities	553,581	1,334,990
Net assets		
Unrestricted	2,531,422	2,735,924
Total net assets	2,531,422	2,735,924
Total liabilities and net assets	\$ 3,085,003	\$ 4,070,914

See accompanying notes to financial statements.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Support and revenues		
Student fees	\$ 3,058,011	\$ 3,165,890
Donated use of facilities	53,122	55,786
University support	349,636	347,131
Interest income	6,116	9,648
Lease income	142,935	112,573
Other	75,985	72,420
Total support and revenues	<u>3,685,805</u>	<u>3,763,448</u>
 Expenses		
Program services:		
Student programs	2,593,080	2,568,604
Total program services	<u>2,593,080</u>	<u>2,568,604</u>
Supporting services:		
Institutional support	314,821	1,186,618
Building operations	948,856	844,723
Total supporting services	<u>1,263,677</u>	<u>2,031,341</u>
Total expenses	<u>3,856,757</u>	<u>4,599,945</u>
Amortization of prior service cost	<u>33,550</u>	<u>25,180</u>
Change in net assets	(204,502)	(861,677)
Unrestricted net assets		
Beginning of year	2,735,924	3,597,601
End of year	<u>\$ 2,531,422</u>	<u>\$ 2,735,924</u>

See accompanying notes to financial statements.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 30, 2013 AND 2012**

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (204,502)	\$ (861,677)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Gain on investments	(6,116)	(9,648)
Depreciation	42,405	5,711
Change in operating assets and liabilities:		
Accounts receivable	(684)	11,255
Accounts receivable from affiliates	(36,942)	-
Prepaid expenses and deposits	(83)	(6,426)
Accounts payable	29,151	(3,498)
Accounts payable to affiliates	11,852	-
Accrued liabilities	14,537	3,700
Unearned revenue	(650)	24,334
Deferred employee benefits	(836,299)	625,405
Net cash used in operating activities	(987,331)	(210,844)
Cash flows from investing activities		
Proceeds from sale of investments	3,757,000	3,272,000
Purchase of investments	(2,835,000)	(3,023,000)
Net cash provided by investing activities	922,000	249,000
Cash flows from capital and financing activities		
Acquisition of capital assets	(13,204)	(191,767)
Principal payments on notes receivable	53,766	53,766
Net cash provided by capital and financing activities	40,562	(138,001)
Net decrease in cash	(24,769)	(99,845)
Cash at beginning of year	376,510	476,355
Cash at end of year	\$ 351,741	\$ 376,510

See accompanying notes to financial statements.

This page left blank intentionally.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 1 – ORGANIZATION

The University-Student Union at California State University, Los Angeles (a California State University Auxiliary Organization) (the Union), is a nonprofit auxiliary organization to California State University, Los Angeles (the University). The Union operates the Student Union building, as well as sponsors various campus activities that complement the instructional and recreational programs and initiatives of the University campus.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Financial Accounting Standards Board (FASB) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The codification has become the source of authoritative accounting principles generally accepted in the United States (GAAP) recognized by FASB to be applied to nongovernmental entities. On the effective date of Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (ASC).

Classification of Net Assets

The financial statements are presented in accordance ASC Topic 958 Subtopics 205, 210, 225 and 230. The Union is required to classify net assets and revenues, expenses, gains and losses into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted and permanently restricted net assets:

- Unrestricted net assets generally results from revenue generated by receiving unrestricted contributions and student fees, providing services, and receiving interest from investment less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
- Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, and income and gains which can be expended, but for which restrictions have not yet been met. Such restrictions include donor imposed restrictions that have specified the purpose for which the net assets are spent, or time restrictions imposed by donors or implied by the nature of the gift. The Union has no temporarily restricted net assets as of June 30, 2013 and 2012.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 – SUMMARY AND SIGNIFICANT ACCOUNT POLICIES (Continued)

- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Union. Generally, the donors of these assets permit the Union to use all or part of the income earned on any related investments for general or specific purposes. The Union does not have permanently restricted net assets as of June 30, 2013 and 2012.

Cash

The Union maintains their cash in a checking account.

Accounts Receivable

Accounts receivable, including accounts receivable from affiliates, are stated at the amount management expects to collect from outstanding balances, which approximates fair value. Management provides for probable uncollectible amounts through a charge to bad debt and a credit to an allowance account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. At June 30, 2013, no allowance for doubtful accounts has been provided. Management has provided a \$200 allowance for doubtful accounts in 2012.

Investments

The Union maintains an investment with the State of California-Local Agency Investment Fund (LAIF) and reports the balance at fair value. The fair value of the investment maybe greater or less than the deposits with the difference representing the unrealized gain or losses. Investment income or loss (including realized and unrealized gains and losses on investments, interests, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Capital Assets

Capital assets are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful life of the assets, which range from three to ten years.

Deferred Employee Benefits

The Union adopted ASC Topic 715, *Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans*, in connection with the deferred employee benefit plan. The topic requires organizations to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the statement of financial position, with an offsetting charge or credit to net assets. Gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net period benefit cost will be recognized each year as a separate charge or credit to net assets.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 – SUMMARY AND SIGNIFICANT ACCOUNT POLICIES (Continued)

Student Fees

Student activity fees are remitted directly to the Chancellor's Office of California State University to cover principal and interest payments on its debt obligations, and other established system expenses. Subject to certain limitations, student activity fees in excess of such requirements, or surplus revenue, are provided to the Union and used to fund their operations.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Union have been summarized on a functional basis in the statements of activities and categorized as program and supporting services. Program services represents costs that benefit various student programs. Supporting services represents general and administrative costs and are classified as institutional support and building operations. In addition, certain costs have been allocated among the programs and services benefited.

Tax Status

The Union has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701d of the Revenue and Taxation Code, respectively.

Management has considered its tax positions and believes that all of the position taken by the Union in their federal and state exempt organization tax returns are more likely than not to be sustained upon examinations. The Union's returns are subject to examination by federal and state taxing authorities generally for three and four years, respectively after they are filed.

Donated Use of Facilities

The Union has received non-cash contributions of donated use of facilities from an affiliate organization. The donated facilities has been recorded at fair value. For the years ended June 30, 2013 and 2012, the Union recorded \$53,122 and \$55,786, respectively as donated use of facilities and expense on the accompanying statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain accounts presented in the 2012 audited financial statements have been reclassified to be consistent with the current year's presentation. Such reclassifications have no effect on the decrease in net assets as previously reported.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 3 – CASH

Cash is composed of the following at June 30:

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 2,650	\$ 4,650
Cash in bank	<u>349,091</u>	<u>371,860</u>
Total cash	<u>\$ 351,741</u>	<u>\$ 376,510</u>

The Union's cash deposits are contractually insured and collateralized in accordance with California Government Code requirements to secure its deposits by pledging government securities as collateral. The market value of pledged securities is equal to 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. Collateral is considered to be held in the name of the Union. At June 30, 2013 and 2012, the bank balance for the Union of \$406,644 and \$604,312 respectively, was entirely insured and collateralized as described above.

NOTE 4 – INVESTMENTS

Investments are composed of the following at June 30:

	<u>2013</u>	<u>2012</u>
Local Agency Investment Fund (LAIF)	<u>\$ 2,042,900</u>	<u>\$ 2,958,784</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The Union follows ASC Topic 820, *Fair Value Measurement and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Union has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The following presents assets that are measured at fair value on a recurring basis at June 30, 2013:

	Other Observable <u>Inputs (Level 2)</u>
Assets:	
LAIF	<u>\$ 2,042,900</u>

The following presents assets that are measured at fair value on a recurring basis at June 30, 2012:

	Other Observable <u>Inputs (Level 2)</u>
Assets:	
LAIF	<u>\$ 2,958,784</u>

NOTE 6 – CAPITAL ASSETS

Capital assets consist of the following:

	June 30,	
	<u>2013</u>	<u>2012</u>
Audio visual equipment	\$ 188,130	\$ 188,130
Computer equipment	30,239	17,035
Office equipment	6,505	6,505
Vehicles	11,427	11,427
Total capital assets	<u>236,301</u>	<u>223,097</u>
Less: accumulated depreciation	<u>(70,076)</u>	<u>(27,671)</u>
Total capital assets, net	<u>\$ 166,225</u>	<u>\$ 195,426</u>

Depreciation expense for the fiscal years ended June 30, 2013 and 2012 was \$42,405 and \$5,711, respectively.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 7 – NOTES RECEIVABLE

In June 2008, the Union advanced Cal State Los Angeles, University Auxiliary Services, Inc. (UAS), an affiliate, \$172,000 for furniture and equipment and \$318,000 for tenant improvements in the University Student Union Building. Under the terms of the advance, UAS must repay the Union an annual payment of \$17,200 beginning September 1, 2009 through September 1, 2018, and \$21,200 beginning September 1, 2009 through March 30, 2023, respectively. The notes are noninterest bearing, but if interest were imputed, the present value discount calculated using the prime rate (5% in June 2008) plus 1% would be \$86,490 and \$103,239 at June 30, 2013 and 2012, respectively. The interest income amortized for the years ended June 30, 2013 and 2012 would have been \$16,749 and \$18,007, respectively. The notes balance at June 30, 2013 and 2012 is \$336,400 and \$374,800, respectively.

On August 1, 2008, the Union entered into an agreement with the Associated Students of California State University, Los Angeles (ASI), an affiliate, to purchase office furniture on behalf of ASI. ASI agreed to pay the Union \$150,000 for the purchase of the office furniture through annual payments of \$15,000, beginning October 31, 2008. The note is noninterest bearing, but if interest was imputed, the present value discount would be calculated using the prime rate (5% in August 2008). On August 20, 2009, the Union amended the terms of the agreement with ASI. ASI agreed to pay annual payments of \$15,366 through 2018. If interest was imputed on the note, as amended, the present value discount calculated using the prime rate (5% in August 2008) would be \$10,516 and \$14,492 at June 30, 2013 and 2012, respectively. The interest income amortized for the years ended June 30, 2013 and 2012 would have been \$3,975 and \$4,530, respectively. The balance at June 30, 2013 and 2012 is \$76,830 and \$92,214, respectively.

The notes receivable are scheduled to be paid as follows:

<u>Year Ending June 30,</u>	
2014	\$ 53,766
2015	53,766
2016	53,766
2017	53,766
2018	53,766
Thereafter	<u>144,400</u>
	<u><u>\$ 413,230</u></u>

NOTE 8 – UNEARNED REVENUE

The California State University, Los Angeles Alumni Association (the Alumni), an affiliate, entered into a noncancelable lease agreement with the Union for office space in the University Student Union Building. The agreement requires 20 annual payments from the inception of the lease through the year 2027. The Union recognizes the rental income on a straight line basis over the 30-year lease term, resulting in deferred revenue of \$94,385. The remaining balance of \$2,179 represents unearned rental income from a third party vendor. The balance at June 30, 2013 and 2012 is \$96,564 and \$ 97,214, respectively.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 9 – COMMITMENTS

Revenue Bonds

On December 1, 1996, revenue bonds were issued by the Trustees of the California State University and Colleges for the renovation of the University's Student Union Building. These bonds mature March 1, 2027. In October 2005, the California State University and Colleges issued the Systemwide Revenue Bonds Series 2005C to replace the existing University-Student Union Building. These bonds mature November 1, 2038. Legal title to the Student Union Building is vested, along with the related debt, with the Trustees. Accordingly, both the building and debt are carried on the books of the Trustees and are excluded from the Union's financial statements.

Excess of Student Fees

The Union has entered into an agreement with the Office of the Chancellor of the California State University that expires on June 30, 2020, and provides, among other things, that the excess of the student fees (after satisfying certain reserve requirements and servicing the principal and interest payments on the revenue bonds) is available for payment of expenses incurred in the operation of the Union. Pursuant to this agreement, the Union received \$3,000,000, each year to fund its operation for the fiscal years 2013 and 2012, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

ASI, an affiliate, subleases 2,835 square feet at the southeast corner of the second floor of the University-Student Union Building. Payment is based on the calculation of \$0.42 per square foot for custodial services and \$0.24 per square foot for utilities services. The Union waived the normal square foot rate for second floor. Total payments under the agreement were \$22,453 and \$22,871 for the years ended June 30, 2013 and 2012, respectively

The College of Extended Studies and International Programs (CESIP), an affiliate, subleases 870 square feet in the first floor of the University Student Union Building. Payment is based on the calculation of \$1.80 per square foot for occupied space of the first floor, adjusted annually to coincide with the existing General Service Administration rate, and \$0.42 per square foot for custodial services. CESIP took occupancy in March 2012 and the total payment was \$23,177 for the year ended June 30, 2013. Future minimum payments to be received under the sublease agreement are \$23,177 for each of the years ending June 30, 2014 to 2017.

ASI reimburses the Union for certain events. For the years ended June 30, 2013 and 2012, these reimbursements were \$4,268 and \$3,792, respectively.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

The Union is responsible for employing personnel to perform the administrative duties for ASI. ASI reimburses the Union for wages paid and benefits paid along with an administrative fee. Total administrative fees received were \$4,375 and \$4,661 for the years ended June 30, 2013 and 2012, respectively.

Accounting and financial services for the Union are provided under a contract-for-services agreement with the University, which expires in June 2014 and requires annual payments of \$72,640. Payments under the agreement were \$72,640 for the years ended June 30, 2013 and 2012.

Advisement and program coordination were provided to the University under a contractual agreement at an agreed-upon fee of \$16,650 per month. The Union received \$199,800 for each of the years ended June 30, 2013 and 2012, which is included in University support in the statements of activities.

Human resource management services for the Union are provided under a contract-for-services agreement with the University. The agreement expires in June 2014 and requires total annual payments of \$5,000. Payments under the agreement were \$5,000 for the years ended June 30, 2013 and 2012.

Systems support services were also provided by the University at an agreed-upon fee of \$28,996 for each of the years ended June 30, 2013 and 2012.

Collection of student union fees was provided by the University under a renewable, contractual agreement which expires in June 2014. Payment is 0.75% of the student union fees collected. Total fees were \$45,287 and \$44,338 for the years ended June 30, 2013 and 2012, respectively.

Administrative and program developing services of the Student Resource Center for the University were provided by the Union under a contractual agreement at an agreed-upon fee of \$115,438 for the years ended June 30, 2013 and 2012, which is included in University support in the statements of activities. The contract is renewed automatically on an annual basis unless terminated as provided in the agreement.

California State University, Los Angeles Alumni Association, an affiliate, subleases space from the Union. The subleased space consists of 1,710 square feet of usable space on the first floor of the University Student Union Building. Payments received during the years ended June 30, 2013 and 2012 were \$35,394, and future minimum payments to be received under the sublease agreement are \$35,395 for each of the years ending June 30, 2014 to 2027. (See also Note 8 and Note 11.)

Payroll services for California State University, Los Angeles Foundation (the Foundation) were provided by the Union. Total fees were \$3,780 and \$3,292 for the years ended June 30, 2013 and 2012, respectively.

The Foundation subleases space from the Union. The subleased space consists of 375 square feet of usable space on the first floor of the University Student Union Building. Payment was based on the calculation \$1.80 per square foot for occupied space and \$0.42 per square foot for utilities and custodial services. In March 2010, the Union revised the agreement to waive the normal square footage rate and payment was based on the calculation of \$0.24 per square foot for utility services. Payments received during the years ended June 30, 2013 and 2012 were \$1,080.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

UAS, an affiliate, subleases space from the Union. The subleased space consists of 4,136 square feet of commercial retail space on the first floor of the University Student Union Building. Payment was based on the calculation of \$1.80 per square foot for occupied space, adjusted annually to coincide with the existing General Service Administration rate. UAS occupied the premises in August 2008. In June 2009, the Union agreed to reduce the space rental to \$2,000 per month. Payments received during the years ended June 30, 2013 and 2012 were \$24,000, and future minimum payments to be received under the sublease agreement is \$24,000 for the year ending June 30, 2014, which are also discussed in Note 11.

	June 30, 2013	
	Accounts Receivable	Accounts Payable
Associated Student of California State University, Los Angeles, Inc.	\$ 24,897	\$ -
California State University, Los Angeles University Auxiliary Services	311	1,418
California State University, Los Angeles	14,443	24,500
California State University, Los Angeles Foundation	3,099	-
California State University, Los Angeles Alumni Association	35,394	-
	\$ 78,144	\$ 25,918

	June 30, 2012	
	Accounts Receivable	Accounts Payable
Associated Student of California State University, Los Angeles, Inc.	\$ 21,287	\$ -
California State University, Los Angeles University Auxiliary Services	1,235	2,911
California State University, Los Angeles	3,007	11,155
California State University, Los Angeles Alumni Association	15,673	-
	\$ 41,202	\$ 14,066

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 11 – LEASE ARRANGEMENTS AS A LESSOR

The Union leases out multiple spaces of the University-Student Union Building to various affiliates and third-party tenants under noncancelable operating subleases expiring through August 2038. The following is a summary of minimum future rental income under these noncancelable leases:

Year Ending June 30,	Affiliates	Third-party	Total
2014	\$ 66,388	\$ 24,590	\$ 90,978
2015	66,388	24,590	90,978
2016	66,388	24,590	90,978
2017	66,388	-	66,388
2018	47,596	-	47,596
Thereafter	918,560	-	918,560
	<u>\$ 1,231,708</u>	<u>\$ 73,770</u>	<u>\$ 1,305,478</u>

NOTE 12 – PENSION PLAN

The Union provides pension benefits through the Teachers Insurance and Annuity Association - College Retirement Equities Fund (the Pension Plan), a defined contribution plan, to all eligible employees (as defined by the Pension Plan agreement). The Pension Plan consists of two parts. Part one consists of contributions made by the Union of 7% of the employee's compensation and part two includes contributions from both the employer and employee under the provisions of Section 403(b) of the Internal Revenue Code. Contributions from the Union for the 7% contribution become vested on a five-year graded scale, with 100% vesting occurring after five years. Under part two of the Pension Plan, the Union will match contributions up to a maximum of 5% of an employee's compensation. Contributions from employees and the Union's matching contributions are fully vested. The Union's total pension expense for the years ending June 30, 2013 and 2012 was \$175,001 and \$164,080, respectively and is included in building operations on the accompanying statements of activities. The Union's policy is to fund pension costs as incurred.

NOTE 13 – DEFERRED EMPLOYEE BENEFITS

The Union sponsors a defined benefit postretirement plan (the DB Plan) that provides lifetime postretirement medical and dental coverage to employees who retire at age 55 or older with at least 10 years of service.

The Union intends to contribute the maximum monthly health premium administered by the CalPERS medical program. The Union holds plan assets of \$1,055,544 and \$487,272 for the years ended June 30, 2013 and 2012, respectively.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 13 – DEFERRED EMPLOYEE BENEFITS (Continued)

The following tables provide a reconciliation of the DB Plan's benefit obligations and a statement of the funded status as of June 30:

Changes in Benefit Obligation:

	<u>2013</u>	<u>2012</u>
Benefit obligation, at beginning of year	\$ 1,487,557	\$ 865,711
Service cost	139,248	79,540
Interest cost	64,541	51,735
Amendments	(8,370)	-
Actuarial loss	(455,635)	498,293
Benefit paid	<u>(7,811)</u>	<u>(7,722)</u>
Benefit obligation, at end of year	<u>1,219,530</u>	<u>1,487,557</u>
Funded status, at end of year	<u>\$ (163,986)</u>	<u>\$ (1,000,285)</u>
Measurement date	June 30, 2013	June 30, 2012

Changes in Plan Net Assets:

	<u>2013</u>	<u>2012</u>
Fair value of plan assets		
at beginning of year	\$ 487,272	\$ 490,831
Actual return on plan assets	68,272	(3,559)
Employer contribution	507,811	7,722
Benefit paid	<u>(7,811)</u>	<u>(7,722)</u>
Fair value of plan assets, end of year	<u>\$ 1,055,544</u>	<u>\$ 487,272</u>

Amount recognized in the statement of financial position consists of:

	<u>2013</u>	<u>2012</u>
Liabilities	<u>\$ 163,986</u>	<u>\$ 1,000,285</u>

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 13 – DEFERRED EMPLOYEE BENEFITS (Continued)

Amount recognized in changes in unrestricted net assets consists of:

	<u>2013</u>	<u>2012</u>
Liabilities	<u>\$ 339,440</u>	<u>\$ 372,990</u>

Components of Net Periodic Benefit Cost and Other Amounts:

The following table provides the components of the net periodic benefit cost and other amounts for the year ended June 30 for the plan:

	<u>2013</u>	<u>2012</u>
Service cost	\$ 139,248	\$ 79,540
Interest cost	64,541	51,735
Expected return on plan assets	(29,236)	(29,450)
Amortization of prior service cost	33,550	25,180
Amortization of net loss	<u>19,481</u>	<u>-</u>
Net periodic benefit cost	<u>\$ 227,584</u>	<u>\$ 127,005</u>

Other Changes in Plan Assets and Benefit Obligations Recognized in Changes in Net Assets:

	<u>2013</u>	<u>2012</u>
Prior service cost	\$ 372,990	\$ 398,170
Amortization of prior service cost	(25,180)	(25,180)
Amendments	<u>(8,370)</u>	<u>-</u>
Net periodic benefit cost	<u>\$ 339,440</u>	<u>\$ 372,990</u>

The estimated prior service cost for the deferred employee benefit plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$25,180.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 13 – DEFERRED EMPLOYEE BENEFITS (Continued)

Assumptions

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at June 30:

	<u>2013</u>	<u>2012</u>
Discount Rate	5.00%	6.00%
Long-term rate of return on plan assets	6.00%	6.00%

Assumed health care cost trend at June 30:

	<u>2013</u>	<u>2012</u>
Net periodic benefit cost:		
Health care cost trend rate assumed for next year	6.70%	7.30%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.50%
Year that the rate reaches the ultimate trend rate	2021	2020

Accumulated postretirement benefit obligation:

Health care cost trend rate assumed for next year	6.70%	7.30%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.50%
Year that the rate reaches the ultimate trend rate	2021	2020

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 13 – DEFERRED EMPLOYEE BENEFITS (Continued)

Estimated Future Benefit Payments

The following are the contributions expected to be paid to the Plan, not taking into account future cost of living adjustments:

<u>For the Year Ending June 30,</u>	
2014	\$ 6,472
2015	7,440
2016	9,079
2017	11,585
2018	14,409
2019-2024	<u>122,271</u>
	<u><u>\$ 171,256</u></u>

NOTE 14 – SUBSEQUENT EVENTS

The Union has evaluated subsequent events from the statement of financial position date through September 20, 2013, the date at which the financial statements were issued.

SUPPLEMENTARY INFORMATION

This page left blank intentionally.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES**
Schedule of Net Position
June 30, 2013
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 351,741
Short-term investments	2,042,900
Accounts receivable, net	83,149
Leases receivable, current portion	—
Notes receivable, current portion	53,766
Pledges receivable, net	—
Prepaid expenses and other assets	27,758
Total current assets	<u>2,559,314</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	359,464
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	166,225
Other assets	—
Total noncurrent assets	<u>525,689</u>
Total assets	<u>3,085,003</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	84,892
Accrued salaries and benefits payable	48,703
Accrued compensated absences— current portion	138,778
Unearned revenue	96,564
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	<u>368,937</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	20,658
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	163,986
Other liabilities	—
Total noncurrent liabilities	<u>184,644</u>
Total liabilities	<u>553,581</u>
Deferred inflows of resources:	
Deferred inflow from SCAs, grants and other	—
Total deferred inflows of resources	—
Net position:	
Invested in capital assets, net of related debt	166,225
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	2,365,197
Total net position	<u>\$ 2,531,422</u>

See accompanying note to supplementary information.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES**
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 \$0)	\$ 3,058,011
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 \$0)	349,636
Other operating revenues	142,935
Total operating revenues	<u>3,550,582</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	
Student services	2,593,080
Institutional support	305,966
Operation and maintenance of plant	948,856
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	42,405
Total operating expenses	<u>3,890,307</u>
Operating income (loss)	<u>(339,725)</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	53,122
Investment income (loss), net	6,116
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues	75,985
Net nonoperating revenues (expenses)	<u>135,223</u>
Income (loss) before other additions	(204,502)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>(204,502)</u>
Net position:	
Net position at beginning of year, as previously reported	2,735,924
Restatements	—
Net position at beginning of year, as restated	<u>2,735,924</u>
Net position at end of year	<u>\$ 2,531,422</u>

See accompanying note to supplementary information.

UNIVERSITY-STUDENT UNION AT CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Other Information

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	\$ 42,405
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 42,405</u>

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2012</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2012 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current portion</u>	<u>Long-term portion</u>
Accrued compensated absences	\$ 144,583	-	-	144,583	153,631	(138,778)	159,436	138,778	20,658
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 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	\$ 144,583	-	-	144,583	153,631	(138,778)	159,436	138,778	20,658

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2014	\$ -	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019 - 2023	-	-	-
2024 - 2028	-	-	-
2029 - 2033	-	-	-
2034 - 2038	-	-	-
2039 - 2043	-	-	-
2044 - 2048	-	-	-
2049 - 2053	-	-	-
2054 - 2058	-	-	-
2059 - 2063	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
Capitalized lease obligation, net of current portion		\$ -	

See accompanying note to supplementary information.

UNIVERSITY-STUDENT UNION AT CALIFORNIA STATE UNIVERSITY, LOS ANGELES
Other Information
June 30, 2013
(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:									
2014	\$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	166,225	166,225
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 - invested in capital assets, net of related debt	\$ -	166,225	166,225
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 SNA	\$ -	-	-

See accompanying note to supplementary information.

UNIVERSITY-STUDENT UNION AT CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Other Information

June 30, 2013

(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 program:	\$ -
Payments to University for other than salaries of University personnel	363,050
Payments received from University for services, space, and programs	258,207
Gifts-in-kind to the University from Auxiliary Organization	-
Gifts (cash or assets) to the University from recognized Auxiliary Organization:	-
Accounts (payable to) University (enter as negative number)	(24,500)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	14,443
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ (1,344,200)
Contributions during the year	<u>507,811</u>
Increase (decrease) in net OPEB obligation (NOO)	(836,389)
NOO - beginning of year	<u>1,000,285</u>
NOO - end of year	<u><u>\$ 163,896</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2012, as previously reported		\$ 2,735,924
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2012, as restated		<u><u>\$ 2,735,924</u></u>

See accompanying note to supplementary information.

UNIVERSITY-STUDENT UNION AT CALIFORNIA STATE UNIVERSITY, LOS ANGELES
Other Information
June 30, 2013
(for inclusion in the California State University)

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

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

See accompanying note to supplementary information.

**UNIVERSITY-STUDENT UNION AT
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

1. Basis of Presentation

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003; *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor and revision dated August 9, 2013. As a result, these schedules do not represent financial statements prepared in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB).

This page left blank intentionally.