

**University Student Union
California State University, Northridge**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2019 and 2018

**University Student Union
California State University, Northridge**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of University Student Union California State University, Northridge (a California State University Auxiliary Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Student Union California State University, Northridge as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2019 supplementary information on pages 19 to 26 is presented for purposes of additional analysis and is not a required part of the 2019 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 financial statements or to the 2019 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 2019 financial statements as a whole.

CohnReznick LLP

Los Angeles, California
September 16, 2019

**University Student Union
California State University, Northridge**

**Statements of Financial Position
June 30, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 423,317	\$ 490,232
Short-term investments	5,116,334	5,539,182
Accounts receivable, net	60,038	22,763
Prepaid expenses and other	<u>101,443</u>	<u>104,958</u>
Total current assets	5,701,132	6,157,135
Property and equipment, net	<u>710,016</u>	<u>683,672</u>
Total assets	<u>\$ 6,411,148</u>	<u>\$ 6,840,807</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 527,530	\$ 557,321
Accrued expenses	895,523	788,147
Deferred revenue	308,297	316,303
Current portion of postretirement benefit payable	<u>31,113</u>	<u>16,296</u>
Total current liabilities	1,762,463	1,678,067
Commitments		
Postretirement benefit payable, net of current portion	<u>2,852,291</u>	<u>3,140,986</u>
Total liabilities	<u>4,614,754</u>	<u>4,819,053</u>
Net assets		
Without donor restrictions	<u>1,796,394</u>	<u>2,021,754</u>
Total liabilities and net assets	<u>\$ 6,411,148</u>	<u>\$ 6,840,807</u>

See Notes to Financial Statements.

**University Student Union
California State University, Northridge**

**Statements of Activities
Years Ended June 30, 2019 and 2018**

	2019	2018
Operating revenues		
Student activity fees	\$ 14,729,026	\$ 14,332,669
Program revenue	500,440	489,325
Rental income	868,171	753,222
Recreation center income	697,000	699,323
Commission income	82,657	83,316
Other income	355,508	276,894
	<u>17,232,802</u>	<u>16,634,749</u>
Total operating revenues		
Operating expenses		
Program services	14,808,683	14,570,854
General and administrative	2,354,158	1,434,794
	<u>17,162,841</u>	<u>16,005,648</u>
Total operating expenses		
Change in net assets from operating activities	<u>69,961</u>	<u>629,101</u>
Nonoperating (expense) revenue		
Pension related changes other than net periodic pension costs	(354,193)	(561,636)
Interest income	58,872	68,345
Loss on disposal of property and equipment	-	(6,713)
	<u>(295,321)</u>	<u>(500,004)</u>
Net nonoperating expense		
Change in net assets	<u>(225,360)</u>	<u>129,097</u>
Net assets, beginning	<u>2,021,754</u>	<u>1,892,657</u>
Net assets, end	<u>\$ 1,796,394</u>	<u>\$ 2,021,754</u>

See Notes to Financial Statements.

**University Student Union
California State University, Northridge**

**Statements of Functional Expenses
Years Ended June 30, 2019 and 2018**

	2019			2018
	Program	Management and general	Total	Total
Salaries and wages	\$ 7,177,712	\$ 1,097,845	\$ 8,275,557	\$ 7,559,211
Staff benefits	1,826,964	502,741	2,329,705	2,012,491
	<u>9,004,676</u>	<u>1,600,586</u>	<u>10,605,262</u>	<u>9,571,702</u>
Other operating expenses				
Building repairs and maintenance	1,802,451	42,976	1,845,427	2,037,792
Cost of sales	15,980	-	15,980	20,171
Depreciation and amortization	172,852	7,379	180,231	177,768
Equipment rental	39,942	6,160	46,102	43,994
Expendable equipment purchases	319,853	21,958	341,811	427,132
Event costs	751,298	95,035	846,333	816,987
Insurance	145,639	1,193	146,832	133,973
Licenses and fees	30,976	80,213	111,189	90,679
Marketing	69,382	620	70,002	143,174
Advertising	17,637	-	17,637	17,431
Office and administrative supplies	291,034	16,225	307,259	302,211
Administrative contingency	-	-	-	(5,000)
Professional and contract services	932,102	314,734	1,246,836	896,232
Services, other agencies	52,266	2,332	54,598	39,829
Scholarships	1,151	46,508	47,659	64,554
Training services	34,170	79,301	113,471	82,173
Travel	204,931	7,972	212,903	200,336
Utilities	922,343	30,966	953,309	944,510
	<u>5,804,007</u>	<u>753,572</u>	<u>6,557,579</u>	<u>6,433,946</u>
Totals	<u>\$ 14,808,683</u>	<u>\$ 2,354,158</u>	<u>\$ 17,162,841</u>	<u>\$ 16,005,648</u>

See Notes to Financial Statements.

**University Student Union
California State University, Northridge**

**Statements of Cash Flows
Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (225,360)	\$ 129,097
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	180,231	177,768
Loss on disposal of property and equipment	-	6,713
Postretirement benefits	354,193	561,636
Changes in operating assets and liabilities		
Accounts receivable	(37,275)	5,902
Prepaid expenses and other	3,515	(82,033)
Accounts payable	(29,791)	85,724
Accrued expenses	107,376	59,844
Postretirement benefit payable	(628,071)	294,936
Deferred revenue	(8,006)	23,248
	(283,188)	1,262,835
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Purchases of investments	-	(963,430)
Proceeds from sale of investments	422,848	-
Purchases of property and equipment	(206,575)	(193,661)
	216,273	(1,157,091)
Net cash (used in) provided by investing activities		
Net change in cash and cash equivalents	(66,915)	105,744
Cash and cash equivalents, beginning	490,232	384,488
Cash and cash equivalents, end	\$ 423,317	\$ 490,232

See Notes to Financial Statements.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 1 - Business activity and summary of significant accounting policies

Business activity

University Student Union California State University, Northridge (a California State University Auxiliary Organization) (the "Union") is a nonprofit auxiliary organization related to California State University, Northridge (the "University"). The Union was organized to provide a variety of unique and convenient programs and services on the University campus. The Union operates the Student Union building as well as sponsors various campus activities that complement the instructional program and initiatives of the University.

Basis of accounting

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

Financial statement presentation

The Union is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, which are described as follows:

Net Assets Without Donor Restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2019 and 2018, the Union does not have any net assets with donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less.

Accounts receivable

Accounts receivable are stated as unpaid balances less an allowance for doubtful accounts. The Union provides for losses on receivables using the allowance method, which is based on experience and other circumstances. The Union had \$10,163 and \$8,278 in allowance for doubtful accounts at June 30, 2019 and 2018, respectively.

Investments

Investments are reported at their fair values in the statements of financial position. Realized and unrealized gains or losses are included in the statement of activities as interest income. At June 30, 2019 and 2018, investments consist of pooled investment funds with the University in the amount of \$5,116,334 and \$5,539,182, respectively.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Fair value measurements

The Union values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of fifteen years. Repairs and maintenance are charged to expenses as incurred.

Revenue recognition

The Union recognizes revenues for student fees and services when earned. Deferred revenue consists of amounts received which have not been earned. These amounts are transferred to revenue when earned.

Advertising costs

Advertising costs are charged to expense as incurred. Advertising expense was \$17,637 and \$17,431 for the years ended June 30, 2019 and 2018, respectively.

Functional allocation of expenses

The costs of providing programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and management and general expenses based primarily on square footage of space used by respective categories.

Income taxes

The Union is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Union has no unrecognized tax benefits at June 30, 2019. The Union's federal and state income tax returns prior to fiscal years 2016 and 2015, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**University Student Union
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**Notes to Financial Statements
June 30, 2019 and 2018**

If applicable, the Union recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accrued expenses in the statements of financial position.

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 the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting pronouncement

For the year ended December 31, 2018, the Union has adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Subsequent events

The Union has evaluated subsequent events through September 16, 2019, which is the date these financial statements were available to be issued.

Note 2 - Liquidity

The Union regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Union has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments, and accounts receivable.

Cash and cash equivalents	\$ 423,317
Short-term investments	5,116,334
Accounts receivable, net	<u>60,038</u>
	<u>\$ 5,599,689</u>

Note 3 - Concentrations

Financial instruments which potentially subject the Union to concentrations of credit risk consist primarily of cash and cash equivalents. The Union maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 4 - Fair value measurements

At June 30, 2019 and 2018, investments are carried at fair value and are classified in one of the three categories as described in Note 1. The pooled investment funds are not traded on an active market and are therefore classified as Level 2 and are valued using quoted prices for similar assets in active exchange markets.

Note 5 - Related party transactions

The Union provides and receives services from the University, California State University, Northridge Foundation, Associated Students, Inc., and The University Corporation. At June 30, 2019 and 2018, included in the statement of financial position, accounts receivable and accounts payable relating to these organizations are as follows:

	2019	2018
Receivables		
California State University, Northridge	\$ 8,454	\$ 5,249
California State University, Northridge Foundation	32	1,183
Associated Students, Inc.	9,778	2,870
The University Corporation	24,885	2,355
	\$ 43,149	\$ 11,657
Payables		
California State University, Northridge	\$ 156,273	\$ 162,068
Associated Students, Inc.	15,022	31,877
The University Corporation	27,752	27,135
	\$ 199,047	\$ 221,080

During the years ended June 30, 2019 and 2018, amounts received from the University for rent and other services are included in operating revenues and are as follows:

	2019	2018
Amounts paid by the University	\$ 512,571	\$ 866,423
Work Study	151,071	102,440
	\$ 663,642	\$ 968,863

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

During the years ended June 30, 2019 and 2018, amounts paid to the University for services such as student advising services, software maintenance, physical plant management and other services are included in operating expenses and are as follows:

	2019	2018
Services	\$ 1,071,913	\$ 1,052,618
Salaries	264,006	188,256
	\$ 1,335,919	\$ 1,240,874

For the years ended June 30, 2019 and 2018, there were no transfers to or from the University.

The Union entered into agreements with Associated Students, Inc., the International and Exchange Student Center, and Office of Student Involvement & Development for space. Associated Students, Inc. is a campus auxiliary and the International and Exchange Student Center and the Office of Student Involvement & Development are departments of the University. The Union received rental income of \$135,122, \$102,014, and \$156,100 from each entity, respectively, for the year ended June 30, 2019 in connection with these agreements. The Union received rental income of \$119,152, \$95,278, and \$145,791 from each entity, respectively, for the year ended June 30, 2018 in connection with these agreements.

The Union, The University Corporation, and Student Housing entered into an agreement in which The University Corporation manages all operation of the food units located at the Union and Student Housing in exchange for a 1.5% commission of all The University Corporation's food unit and catering sales on campus. Student Housing receives 68% of the commission and the Union receives 32% of the commission. Commission income from this agreement was \$82,657 and \$83,316 for the years ended June 30, 2019 and 2018, respectively.

Revenue bonds were issued by the Trustees of the California State University and Colleges ("Trustees") for the construction, repair and maintenance of the University's Student Union building. Legal title to the Student Union building is vested, along with related debt, with the Trustees. Accordingly, both the building and debt are carried on the books of the Trustees. Student Union fees are collected by the University and remitted to a trust fund administered by the University on behalf of the Union. The Union has entered into a 10-year revolving agreement with the Chancellor's Office, which will expire on June 30, 2027 and provides, among other things, that the excess of the student fees (after satisfying certain reserve requirements; servicing principal and interest payments on the revenue bonds; providing funds for major repairs and replacements; providing funds for projects under construction; and Chancellor's Office overhead expenses) is available, after approval by the University, for payment of expenses incurred in operation of the Union.

Pursuant to this agreement, the Union received and recorded to revenue \$14,729,026 and \$14,332,669 to fund its operation for the fiscal years ended June 30, 2019 and 2018, respectively. The amounts earned from this agreement represent 85% and 86% of total revenue for the years ended June 30, 2019 and 2018, respectively.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 6 - Property and equipment

At June 30, 2019 and 2018, property and equipment consist of the following:

	2019	2018
Equipment and software	\$ 1,521,452	\$ 1,499,460
Leasehold improvements	876,838	784,938
Total	2,398,290	2,284,398
Less accumulated depreciation and amortization	1,688,274	1,600,726
Total	\$ 710,016	\$ 683,672

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$180,231 and \$177,768, respectively.

Note 7 - Retirement plans

The Union maintains a noncontributory defined contribution employer pension plan (the "Plan"). Employees are eligible to participate in the Plan once they have attained the age of 21 and have completed one year of service. Under the provisions of the Plan agreement, the Union makes employer pension contributions into the Plan for the benefit of eligible employees.

The Union maintains a 403(b) retirement plan and makes discretionary contributions for the benefit of eligible employees.

For the years ended June 30, 2019 and 2018, the Union paid or accrued total retirement plan contributions of \$377,578 and \$317,334, respectively.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Note 8 - Postretirement benefit plan

In 2007, the Union implemented a postretirement benefit plan which provides postretirement benefits. Employees are eligible if they either retire after the age of 60 with 20 years of continuous service; or retire after the age of 65 with 10 years of continuous service, and were hired prior to July 1, 2008. The following tables provide further information about the Union's postretirement benefit plan:

	<u>2019</u>	<u>2018</u>
Benefit obligation at beginning of year	\$ 3,157,282	\$ 2,300,710
Service cost	275,721	205,088
Interest cost	128,488	93,568
Amendments	-	329,602
Losses	385,248	235,154
Benefits paid	<u>(10,725)</u>	<u>(6,840)</u>
Benefit obligation at end of year	<u>3,936,014</u>	<u>3,157,282</u>
Fair value of plan assets at beginning of year	-	-
Actual return on plan assets	30,325	-
Employer contributions	1,033,010	6,840
Benefits paid	<u>(10,725)</u>	<u>(6,840)</u>
Fair value of assets at end of year	<u>1,052,610</u>	<u>-</u>
Net unfunded status	<u>\$ 2,883,404</u>	<u>\$ 3,157,282</u>

Amounts recognized in the statements of financial position consist of the following:

	<u>2019</u>	<u>2018</u>
Current liabilities	\$ (31,113)	\$ (16,296)
Noncurrent liabilities	<u>(2,852,291)</u>	<u>(3,140,986)</u>
Total recognized in statements of financial position	<u>\$ (2,883,404)</u>	<u>\$ (3,157,282)</u>

Amounts included in net assets without donor restrictions for amounts not yet recognized consist of the following:

	<u>2019</u>	<u>2018</u>
Unrecognized prior service cost	\$ 254,965	\$ 248,852
Net actuarial loss	<u>1,064,824</u>	<u>716,744</u>
Total not yet recognized in net assets without donor restrictions	<u>\$ 1,319,789</u>	<u>\$ 965,596</u>

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

Amounts recognized in the statements of activities consist of the following:

	2019	2018
Service cost	\$ 275,721	\$ 205,088
Interest cost	128,488	93,568
Expected return on assets	(24,292)	
Amortization of unrecognized prior service credit	(6,113)	(34,874)
Amortization of unrecognized loss	31,135	37,994
	<u>\$ 404,939</u>	<u>\$ 301,776</u>

Other changes recognized in change in net assets are as follows:

	2019	2018
Prior service cost for period	\$ -	\$ 329,602
Net loss for period	379,215	235,154
Amortization of prior service credit	6,113	34,874
Amortization of net (loss) gain	(31,135)	(37,994)
	<u>\$ 354,193</u>	<u>\$ 561,636</u>
Total changes recognized in net assets without donor restrictions		
	<u>\$ 759,132</u>	<u>\$ 863,412</u>

Assumptions

Weighted average assumptions for net periodic benefit cost used in the accounting for the Union's postretirement benefit plan were as follows at June 30:

	2019	2018
Discount rate	4.08%	3.90%
Rate of return on plan assets	5.00%	N/A
Rate of compensation increase	N/A	N/A
Medical trend		
Initial	4.50%	4.00%
Ultimate	4.50%	4.00%
Number of years to ultimate	N/A	N/A

**University Student Union
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**Notes to Financial Statements
June 30, 2019 and 2018**

Weighted average assumptions for the projected benefit obligation used in the accounting for the Union's postretirement benefit plan were as follows at June 30:

	2019	2018
Discount rate	3.52%	4.08%
Rate of return on plan assets	5.00%	5.00%
Rate of compensation increase	N/A	N/A
Medical trend		
Initial	4.50%	4.50%
Ultimate	4.50%	4.50%
Number of years to ultimate	N/A	N/A

The Union's overall investment strategy is to diversify investments among equities, fixed income and possibly other securities, such as real estate, to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

The fair values of the Union's postretirement benefit plan assets at June 30, 2019 and 2018 by asset class are as follows:

	2019	2018
Equities	\$ 565,906	\$ -
Fixed income	486,704	-
	\$ 1,052,610	\$ -

The plan assets are classified as Level 1 in the fair value hierarchy and are valued using real-time quotes for transactions in active exchange markets involving identical assets.

Cash flows

The following benefit payments, subsequent to June 30, are expected to be paid as follows:

Year beginning July 1,		
2019	\$	31,113
2020		25,571
2021		38,260
2022		48,627
2023		66,869
2024-2028		654,815
	\$	865,255

The Union expects to contribute the pay-as-you-go cost of \$31,113 during the next fiscal year.

**University Student Union
California State University, Northridge**

**Notes to Financial Statements
June 30, 2019 and 2018**

The following table includes the amounts in net assets without donor restrictions expected to be recognized as components of net periodic benefit cost over the 2019-20 fiscal year:

	<u>2019</u>
Net actuarial loss	\$ 50,282
Net prior service credit	(6,113)

Note 9 - Commitments

Operating leases

The Union leases office equipment under a noncancelable operating lease expiring in July 2023. For each of the years ended June 30, 2019 and 2018, total rent expense under the lease was \$23,322.

The following is a schedule of the Union's minimum lease requirements under the noncancelable lease:

Year ending June 30,	
2020	\$ 15,920
2021	15,246
2022	15,246
2023	<u>15,246</u>
	<u>\$ 61,658</u>

Supplementary Information

**University Student Union
California State University, Northridge**

**Schedule of Net Position
Year Ended June 30, 2019
(for inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 423,317
Short-term investments	5,116,334
Accounts receivable, net	60,038
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	101,443
Total current assets	<u>5,701,132</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	710,016
Other assets	-
Total noncurrent assets	<u>710,016</u>
Total assets	<u>6,411,148</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	527,530
Accrued salaries and benefits	594,935
Accrued compensated absences, current portion	300,588
Unearned revenues	308,297
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	31,113
Total current liabilities	<u>1,762,463</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	2,852,291
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>2,852,291</u>
Total liabilities	<u>4,614,754</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	710,016
Restricted for:	-
Nonexpendable – endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,086,378
Total net position	<u>\$ 1,796,394</u>

**University Student Union
California State University, Northridge**

**Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019
(for inclusion in the California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 14,729,026
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	2,189,199
Scholarship allowances (enter as negative)	-
Other operating revenues	314,577
Total operating revenues	<u>17,232,802</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	14,634,680
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	47,659
Auxiliary enterprise expenses	2,300,271
Depreciation and amortization	180,231
Total operating expenses	<u>17,162,841</u>
Operating income (loss)	<u>69,961</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	58,872
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(354,193)
Other nonoperating revenues (expenses) - interagency transfers	-
Net nonoperating revenues (expenses)	<u>(295,321)</u>
Income (loss) before other revenues (expenses)	<u>(225,360)</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(225,360)
Net position:	
Net position at beginning of year, as previously reported	2,021,754
Restatements	-
Net position at beginning of year, as restated	2,021,754
Net position at end of year	<u>\$ 1,796,394</u>

**University Student Union
California State University, Northridge**

**Other Information
Year Ended June 30, 2019
(for inclusion in the California State University)**

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-	
All other restricted cash and cash equivalents	-	
Noncurrent restricted cash and cash equivalents	-	
Current cash and cash equivalents	423,317	
Total	\$ 423,317	

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	36,132		36,132
Repurchase agreements	14,512	-	14,512
Certificates of deposit	211,908	-	211,908
U.S. agency securities	1,476,280	-	1,476,280
U.S. treasury securities	1,679,240	-	1,679,240
Municipal bonds	69,967	-	69,967
Corporate bonds	1,414,412	-	1,414,412
Asset backed securities	213,600	-	213,600
Mortgage backed securities	283	-	283
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
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)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	5,116,334	-	5,116,334
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 5,116,334	\$ -	\$ 5,116,334

**University Student Union
California State University, Northridge**

**Other Information
Year Ended June 30, 2019
(for inclusion in the California State University)**

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 36,132				36,132
Repurchase agreements	14,512	-	14,512		-
Certificates of deposit	211,908	-	211,908		-
U.S. agency securities	1,476,280	-	1,476,280	-	-
U.S. treasury securities	1,679,240	-	1,679,240	-	-
Municipal bonds	69,967	-	69,967	-	-
Corporate bonds	1,414,412	-	1,414,412	-	-
Asset backed securities	213,600	-	213,600	-	-
Mortgage backed securities	283	-	283	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
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)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	\$ 5,116,334	\$ -	\$ 5,080,202	\$ -	\$ 36,132

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of

Discretely Presented Component Units.

Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):

Current	Noncurrent	Total
5,116,334	-	\$ 5,116,334

3.1 Composition of capital assets:

**University Student Union
California State University, Northridge**

**Other Information
Year Ended June 30, 2019
(for inclusion in the California State University)**

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	784,938	-	-	-	-	91,900	-	-	876,838
Personal property:									
Equipment	1,499,460	-	-	-	-	114,675	(92,683)	-	1,521,452
Library books and materials	-	-	-	-	784,938	-	-	-	-
Intangible assets:					1,499,460				
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	2,284,398	-	-	-	-	206,575	(92,683)	-	2,398,290
Total capital assets	2,284,398	-	-	-	-	206,575	(92,683)	-	2,398,290
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)					2,284,398				
Buildings and building improvements	-	-	-	-	2,284,398	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(423,270)	-	-	-	-	(51,193)	-	-	(474,463)
Personal property:									
Equipment	(1,177,456)	-	-	-	(423,270)	(129,038)	92,683	-	(1,213,811)
Library books and materials	-	-	-	-	(1,177,456)	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,600,726)	-	-	-	(1,600,726)	(180,231)	92,683	-	(1,688,274)
Total capital assets, net	\$ 683,672	\$ -	\$ -	\$ -	\$ -	\$ 26,344	\$ 92,683	\$ -	\$ 710,016
					683,672				

**University Student Union
California State University, Northridge**

**Other Information
Year Ended June 30, 2019
(for inclusion in the California State University)**

Depreciation and amortization expense related to capital assets	\$ 180,231
Amortization expense related to other assets	
Total depreciation and amortization	\$ 180,231

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclassi- fications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 265,936		\$ 265,936	\$ 327,951	\$ (293,299)	\$ 300,588	\$ 300,588	
2. Claims liability for losses and loss adjustment expenses								
3. Capital lease obligations:								
Gross balance								
Unamortized net premium/(discount)								
Total capital lease obligations								
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)								
4.2 Commercial paper								
4.3 Notes payable (SRB related)								
4.4 Others:								
Total others								
Sub-total long-term debt								
4.5 Unamortized net bond premium/(discount)								
Total long-term debt obligations								
Total long-term liabilities	\$ 265,936		\$ 265,936	\$ 327,951	\$ (293,299)	\$ 300,588	\$ 300,588	

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020									
2021									
2022									
2023									
2024									
2025 - 2029									
2030 - 2034									
2035 - 2039									
2040 - 2044									
2045 - 2049									
Thereafter									
Total minimum lease payments									
Less: amounts representing interest									
Present value of future minimum lease payments									
Unamortized net premium/(discount)									
Total capital lease obligations									
Less: current portion									
Capital lease obligations, net of current portion									\$ -

6 Long-term debt obligations schedule:

**University Student Union
California State University, Northridge**

**Other Information
Year Ended June 30, 2019
(for inclusion in the California State University)**

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	7,177,712	1,221,874	289,790	315,300	-	5,630,004	-	14,634,680
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	47,659	-	-	47,659
Auxiliary enterprise expenses	1,097,845	324,319	88,783	89,639	-	699,685	-	2,300,271
Depreciation and amortization	-	-	-	-	-	-	180,231	180,231
Total operating expenses	\$ 8,275,557	\$ 1,546,193	\$ 378,573	\$ 404,939	\$ 47,659	\$ 6,329,689	\$ 180,231	\$ 17,162,841

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-

Total deferred outflows of resources

\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-

Total deferred inflows of resources

\$ -

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