

# University Student Union of California State University, Stanislaus

Financial Statements and Supplemental Information

Year Ended June 30, 2019



# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Financial Statements and Supplemental Information

Year Ended June 30, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
University Student Union of California State University, Stanislaus

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 of California State University, Stanislaus as of June 30, 2019, 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.

### Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 1 to the financial statements, the Organization reported a deficit in net assets for the year ended June 30, 2019. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, University Student Union of California State University, Stanislaus adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

### Report on Supplemental Information

Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 16-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 23, 2019

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Financial Position

June 30, 2019

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### ASSETS

#### Current Assets:

Cash and cash equivalents	\$	484,984
Accrued interest receivable		507
Due from related parties		194,343
Other current assets		<u>3,013</u>

Total Current Assets 682,847

Property and Equipment, net 838

Total Assets \$ 683,685

### LIABILITIES AND NET DEFICIT

#### Current Liabilities:

Accounts payable	\$	7,456
Accrued expenses		42,218
Due to related parties		<u>10,079</u>

Total Current Liabilities 59,753

#### Non-Current Liabilities:

Post-retirement benefit obligation		1,263,290
Pension obligation		<u>284,202</u>

Total Non-Current Liabilities 1,547,492

Total Liabilities 1,607,245

#### Net Assets (Deficit):

Without donor restrictions (923,560)

Total Liabilities and Net Deficit \$ 683,685

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Activities

Year Ended June 30, 2019

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### Revenue and Other Support Without Donor Restrictions:

Student fees	\$	896,013
Donation		41,690
Leases		36,231
Space rental		12,318
Programs		7,205
Information desk		5,156

Total Revenue and Other Support Without Donor Restrictions 998,613

### Expenses:

#### Program services:

Leadership	84,976
Program board activities	49,558
Reservation services	23,852
Information desk	5,896
Marketing and design services	1,257

Total Program Services 165,539

General and administrative 730,472

Total Expenses 896,011

Operating Net Income 102,602

### Non-Operating Revenues:

Investment return, net	6,348
Other	5,278

Total Non-Operating Gains 11,626

Change in Net Assets 114,228

Net Assets - Without Donor Restrictions, beginning (1,037,788)

Net Assets - Without Donor Restrictions, ending \$ (923,560)

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Statement of Functional Expenses**

Year Ended June 30, 2019

	Program Services						Total
	Reservation Services	Program Board Activities	Leadership	Information Desk	Marketing and Design Services	General and Administration	
Payroll - wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,257	\$ 211,257
Retirement	-	-	-	-	-	172,921	172,921
Employee benefits	-	-	-	-	-	76,464	76,464
Student assistants	18,998	15,615	35,962	-	-	-	70,575
Payroll - taxes	48	71	249	-	-	16,160	16,528
<b>Total Salaries and Related Expenses</b>	<b>19,046</b>	<b>15,686</b>	<b>36,211</b>	<b>-</b>	<b>-</b>	<b>476,802</b>	<b>547,745</b>
Contractual services	465	614	15,000	69	-	136,894	153,042
Rent	-	-	-	-	-	56,244	56,244
Events	92	26,490	6,348	-	-	767	33,697
Travel	28	1,110	6,848	-	-	12,081	20,067
Accounting and legal	-	-	-	-	-	18,708	18,708
Supplies and services	1,554	116	3,050	5,028	-	3,627	13,375
Insurance	-	-	-	-	-	8,573	8,573
Advertising	-	2,272	1,482	-	-	4,409	8,163
Minor equipment	2,004	1,454	2,132	773	-	1,161	7,524
Employee and board function	-	-	7,105	-	-	387	7,492
Miscellaneous	-	-	2,648	26	-	456	3,130
Telephone	-	202	1,663	-	-	1,264	3,129
Overhead, Chancellor's office	-	-	-	-	-	3,045	3,045
Training	-	6	1,375	-	-	1,465	2,846
Dues and subscriptions	-	-	-	-	-	2,742	2,742
Printing	-	1,538	1,094	-	-	-	2,632
State pro rata charges	-	-	-	-	-	1,482	1,482
Depreciation	-	-	-	-	1,257	-	1,257
Repairs and maintenance	663	70	20	-	-	365	1,118
<b>Total Expenses</b>	<b>\$ 23,852</b>	<b>\$ 49,558</b>	<b>\$ 84,976</b>	<b>\$ 5,896</b>	<b>\$ 1,257</b>	<b>\$ 730,472</b>	<b>\$ 896,011</b>

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Cash Flows

Year Ended June 30, 2019

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Cash Flows from Operating Activities:	
Increase in net assets	\$ 114,228
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,257
Change in operating assets and liabilities:	
Accrued interest receivable	7,423
Due from related parties	101,184
Other current assets	(1,007)
Accounts payable	(1,617)
Accrued expenses	1,203
Due to related parties	(991)
Post-retirement benefit obligation	166,665
Pension obligation	<u>(25,812)</u>
Net Cash Provided by Operating Activities	<u>362,533</u>
Net Increase in Cash and Cash Equivalents	362,533
Cash and Cash Equivalents, beginning	<u>122,451</u>
Cash and Cash Equivalents, ending	<u>\$ 484,984</u>



# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies

#### Nature of Activities

University Student Union of California State University, Stanislaus (Organization) was incorporated in the State of California on May 17, 1994, under the name of University Union of California State University, Stanislaus. On October 18, 1999, it was renamed to University Student Union of California State University, Stanislaus. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Stanislaus (CSU Stanislaus or the University) which has campuses in Turlock and Stockton, California. The Organization operates a student union facility as a student body center for the benefit of the students, faculty, staff, and alumni, in order to promote and assist the education program of CSU Stanislaus. The Organization's primary source of revenue is student fees that have been remitted to CSU Stanislaus and are available upon request by the Organization.

#### Liquidity and Going Concern

In evaluating the Organization's ability to continue as a going concern, management considered the conditions and events that could raise substantial doubt about the Organization's ability to continue as a going concern within 12 months after the Organization's financial statements are issued. Management considered the Organization's current financial condition and liquidity sources, including current funds available, forecasted future cash flow and the Organization's conditional and unconditional obligations due.

The accompanying financial statements have been prepared on a going concern basis. However, the Organization reported an undesignated deficit in net assets of \$1.3 million for the year ended June 30, 2019. The deficit is caused by a prior year gift, in 2018, of \$4,171,161 to the University for construction of the new building. In order to fulfill the payment, the Organization received a donation from Associated Students, Inc. of California State University, Stanislaus, withdrew about \$1.5 million from its investment fund, and used a majority of their cash. The Organization planned and reserved for the expenditures and knowingly decreased net assets with the assumption that net assets would rebuild once a new student fee referendum goes into effect. These factors raise substantial doubt about the Organization's ability to continue as a going concern.

To mitigate these adverse conditions, the Organization is utilizing student fees' collected for the 2018-2019 academic year to pay for operations. In the 2019-2020 academic year, a fee referendum will go into effect, increasing fee's available for use by the Organization. In addition, the Organization has embarked on a brick campaign, launched in September 2018, to help rebuild the organizational reserves.

While management believes these plans address the adverse conditions, there is risk that these projections may not occur as planned, therefore substantial doubt continues to exist regarding the Organization's ability to continue as a going concern for the 12-month period beginning on September 20, 2019. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty concerning the Organization's ability to continue as a going concern.

#### New Accounting Pronouncement

During the year ended June 30, 2019, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions until the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding their financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the year ended June 30, 2019.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Functional Expense Allocations

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefitted. Such allocations are determined by the management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Depreciation	Allocated based on program
Insurance	Allocated directly to Administration
Occupancy	Allocated directly to Administration
Office supplies	Allocated based on usage
OPEB	Allocated directly to Administration
Other costs	Allocated based on usage
Printing	Allocated based on usage
Contractual and professional services	Allocated directly to Administration
Salaries and benefits	Allocated based on program
Telephone	Allocated based on usage
Training	Allocated based on usage
Travel	Allocated based on purpose of travel

#### Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2019 and therefore no amounts have been accrued.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time. If amounts become uncollectible, they will be charged to operations when that determination is made.

#### Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 7 years.

#### Student Fees

Each matriculated student of the University is required to pay \$84 per semester for student body fees. These payments support the Organization's operations and are collected and held by the University. Funds are released to the Organization on a reimbursement basis after expenditures have been incurred and billed to the University. The Organization records revenues from student fees as expenditures are billed to the University throughout the year.

#### Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

#### Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Fair Value Measurements, continued

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2019, due to the relative short maturities of these instruments.

#### Future Accounting Standards

The Financial Accounting Standards Board (FASB) has issued three substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Organization is in the process of assessing how this new ASU and subsequent updates will affect the Organization's reporting of revenues. This assessment includes determining the effect of the new standard on the Organization's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Organization does not currently expect adoption to have a material effect on its revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance will assist nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. This update is effective for transactions in which the entity serves as the resource recipient for fiscal years beginning after December 15, 2018. The Organization is evaluating the effect that the provisions of ASU 2018-08 will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

#### Subsequent Events

The Organization has evaluated subsequent events through September 23, 2019, which is the date the financial statements were available to be issued.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 2 – Liquidity and Availability

The Organization's financial assets available within one year of the financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	484,984
Accrued interest receivable		507
Due from related parties		<u>194,343</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>679,834</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirement in short-term investments.

### Note 3 – Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At June 30, 2019, the Organization had \$151,169 of uninsured deposits with financial institutions. In addition, the Organization has deposited cash in the State Treasury's Local Agency Investment Fund (LAIF). Deposits in LAIF are carried at fair value as reported by LAIF and are not insured by the federal government nor the State of California.

Cash on hand	\$	1,185
Deposits with financial institutions		400,906
Investments in LAIF		<u>82,893</u>
Total cash and cash equivalents	\$	<u><u>484,984</u></u>

#### Investments in LAIF

As of June 30, 2019, investments are in LAIF, which is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. The investment is considered a cash equivalent as it is used to fund any operating deficit. Realized gains, losses and interest income are included in investment return in the statement of activities. The Organization's investments in LAIF are measured and reported at fair value based on NAV. The instruments in LAIF have no unfunded commitment, no redemption frequency, and no redemption notice period as of June 30, 2019.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 4 – Property and Equipment

Property and equipment consist of the following:

Equipment	\$	45,369
Less: Accumulated Depreciation		<u>(44,531)</u>
	\$	<u>838</u>

### Note 5 – State Reserve Net Assets

The University designates a portion of the tuition fees each semester to the Organization. This portion is reported as reserved net assets on the University's financial statements. As of June 30, 2019 the Organization's reserve was \$920,587.

### Note 6 – Related Party Transactions

The Organization enters into transactions with related parties, including:

California State University, Stanislaus (CSU Stanislaus)  
California State University, Stanislaus Auxiliary and Business Services (ABS)  
California State University, Stanislaus Foundation (Foundation)  
Associated Students, Inc. of California State University, Stanislaus (ASI)

Transactions with related parties consist of the following:

	CSU Stanislaus	ABS	ASI	Foundation	Total
Due from related parties	\$ 188,319	\$ -	\$ 2,546	\$ 3,478	\$ 194,343
Due to related parties	(676)	(1,153)	(7,414)	(836)	(10,079)
Payment from related parties for services, space and programs	807,126	1,333	141,711	38,711	988,881
Payments made to related parties for other than salaries	(361,009)	(12,482)	(23,436)	-	(396,927)
Gifts-in-kind to related parties	-	-	-	-	-

### Note 7 – Pension Plan

The Organization contributes to the California Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating entities within the State of California. The four auxiliary organizations at California State University, Stanislaus, contribute to PERS through the California State University, Stanislaus Auxiliary and Business Services (ABS). All direct full-time the Organization employees are covered by the plan. Reimbursed employees are covered by CSU Stanislaus' plan.

The defined benefit plan uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from the date of employment until retirement. The auxiliaries fund the plan based upon a percentage of qualified payrolls. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 7 – Pension Plan, continued

In addition to a contribution made by the Organization, active participating employees are required to contribute 5% of their monthly salary. Pension benefit for the year ended June 30, 2019 was \$25,812.

#### Funded Status:

	<u>Miscellaneous</u>	<u>Pepra Plan</u>
Valuation date	June 30, 2017	June 30, 2017
Present value of projected benefits	\$ 1,040,953	\$ 73,869
Entry age normal accrued liability	\$ 755,220	\$ 22,384
Fair value of plan assets	\$ 569,303	\$ 20,507
Unfunded liability	\$ 185,917	\$ 1,826
Funded ratio	75.4%	91.8%

#### Amounts recognized in the Statement of Financial Position:

Pension obligation	\$ <u>157,949</u>
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The significant actuarial assumptions used to calculate the above pension benefit obligation were as follows:

Investment return (net of administrative expenses)	7.25%
Projected salary increases	0.40% - 8.5%
Inflation	2.63%
Overall payroll growth	2.88%

Actuarial information as of June 30, 2019 is currently unavailable.

In addition to the Active plans, the Organization has a pension plan which was transferred from ABS and assumed by the Organization. The plan had an outstanding pension obligation of \$126,253 at June 30, 2019. No comprehensive annual financial report is issued by CalPERS for the pension plan, and it is recorded at the value set upon transfer. The plan is inactive, and no new participants are added to the plan.

CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS' annual financial report may be obtained from the CalPERS Headquarters Office, 400 Q Street, Sacramento, California 95811. Information about benefits and contributions expected to be paid in each of the next five fiscal years and the five years thereafter have not been provided by CalPERS.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Notes to Financial Statements

Year Ended June 30, 2019

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### Note 8 – Post-Retirement Benefit Plan

The Organization provides lifetime post-retirement medical coverage to employees (and their dependents) who retire at age 50 or older with at least five years of service with ABS, ASI, Stanislaus or the Organization. The Organization pays a portion of the cost of the benefit, up to a predetermined maximum. Retirees are responsible for costs in excess of the maximum. At June 30, 2019, the Organization had 6 employees who were eligible to participate in the plan. The Organization made contributions to the plan of \$30,349 as of June 30, 2019.

#### Obligations and Funded Status at June 30

##### Change in Benefit Obligation:

Benefit obligation at beginning of year	\$	1,096,625
Service cost		29,662
Interest cost		44,181
Actuarial gain		123,171
Benefits paid		(30,349)
Benefit obligation at end of year	\$	<u>1,263,290</u>

##### Funded Status:

Benefit obligation	\$	1,263,290
Unrecognized net actuarial gain		529,507
Accrued benefit cost	\$	<u>733,783</u>

Measurement date June 30, 2019

Unfunded status at end of year \$ 1,263,290

##### Amounts recognized in the Statement of Financial Position:

Post-retirement benefit obligation \$ 1,263,290

##### Net Periodic Benefit Cost:

Service cost	\$	29,662
Interest cost		44,181
Amortization of net loss		43,419
Net periodic benefit cost	\$	<u>117,262</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

#### Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.



**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Notes to Financial Statements**

Year Ended June 30, 2019

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**Note 8 – Post-Retirement Benefit Plan, continued**

Assumptions

Weighted-average assumptions used to determine benefit obligations

Discount rate	3.50%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A
Health care cost trend rate assumed for next year	6.50%
Rate to which the cost trend rate is assumed to decline (the	5.00%
Year that the rate reaches the ultimate trend rate	3 years

Expected Benefit Payments

2020	\$	44,423
2021		49,423
2022		56,187
2023		63,268
2024		60,775
2025-2029		258,056

**SUPPLEMENTAL INFORMATION**

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Schedule of Net Position**

Year Ended June 30, 2019

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 402,091
Short-term investments	82,893
Accounts receivable, net	194,850
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	3,013
Total current assets	<u>682,847</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	838
Other assets	—
Total noncurrent assets	<u>838</u>
Total assets	<u>683,685</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	17,535
Accrued salaries and benefits	10,204
Accrued compensated absences, current portion	32,014
Unearned revenues	—
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	—
Total current liabilities	<u>59,753</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	1,263,290
Net pension liability	284,202
Other liabilities	—
Total noncurrent liabilities	<u>1,547,492</u>
Total liabilities	<u>1,607,245</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	838
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	<u>(924,398)</u>
Total net position	<u>\$ (923,560)</u>

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS****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	\$	896,013
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		60,910
Scholarship allowances (enter as negative)		—
Other operating revenues		—
Total operating revenues		<u>956,923</u>
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		719,915
Institutional support		136,894
Operation and maintenance of plant		16,097
Student grants and scholarships		—
Auxiliary enterprise expenses		21,848
Depreciation and amortization		1,257
Total operating expenses		<u>896,011</u>
Operating income (loss)		<u>60,912</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		41,690
Investment income (loss), net		6,348
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		5,278
Other nonoperating revenues (expenses) - interagency transfers		—
Net nonoperating revenues (expenses)		<u>53,316</u>
Income (loss) before other revenues (expenses)		114,228
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		114,228
Net position:		
Net position at beginning of year, as previously reported		(1,037,788)
Restatements		—
Net position at beginning of year, as restated		<u>(1,037,788)</u>
Net position at end of year	\$	<u><u>(923,560)</u></u>

See independent auditors' report.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Other Information

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

**Total**

-
402,091
\$ 402,091

### 2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
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)	82,893		82,893
State of California Surplus Money Investment Fund (SMIF)			-
<b>Total investments</b>	<b>82,893</b>	-	<b>82,893</b>
Less endowment investments (enter as negative number)	-		-
<b>Total investments, net of endowments</b>	<b>\$ 82,893</b>	-	<b>82,893</b>

See independent auditors' report.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Other Information

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	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
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)	82,893	-	-	-	82,893
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
<b>Total investments</b>	<b>\$ 82,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,893</b>

### 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.*

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv pool):			\$ -

See independent auditors' report.

# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Other Information

June 30, 2019

(for inclusion in the California State University)

### 3.1 Composition of capital assets:

	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
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
<b>Personal property:</b>									
Equipment	45,369	-	-	-	45,369	-	-	-	45,369
Library books and materials	-	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	45,369	-	-	-	45,369	-	-	-	45,369
<b>Total capital assets</b>	45,369	-	-	-	45,369	-	-	-	45,369
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
<b>Personal property:</b>									
Equipment	(43,274)	-	-	-	(43,274)	(1,257)	-	-	(44,531)
Library books and materials	-	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	(43,274)	-	-	-	(43,274)	(1,257)	-	-	(44,531)
<b>Total capital assets, net</b>	\$ 2,095	-	-	-	2,095	(1,257)	-	-	838

### 3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,257
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	\$ 1,257

See independent auditors' report.

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Other Information**

June 30, 2019

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Recla ssifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 31,574		31,574	57,076	(56,636)	32,014	32,014	-
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
<b>Total capital lease obligations</b>	-	-	-	-	-	-	-	-
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:								
-	-		-			-	-	-
-	-		-			-	-	-
-	-		-			-	-	-
-	-		-			-	-	-
-	-		-			-	-	-
<b>Total others</b>	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
<b>Total long-term debt obligations</b>	-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	\$ 31,574	-	31,574	57,076	(56,636)	32,014	32,014	-



# UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Other Information

June 30, 2019

(for inclusion in the California State University)

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

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2020			-			-	-	-	-
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025 - 2029			-			-	-	-	-
2030 - 2034			-			-	-	-	-
2035 - 2039			-			-	-	-	-
2040 - 2044			-			-	-	-	-
2045 - 2049			-			-	-	-	-
Thereafter			-			-	-	-	-
<b>Total minimum payments</b>	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									\$ -

See independent auditors' report.

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Other Information**

June 30, 2019

(for inclusion in the California State University)

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**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	
Payments to University for other than salaries of University personnel	361,009
Payments received from University for services, space, and programs	807,126
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(676)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	188,319
Other amounts receivable from University (enter as positive number)	

**8 Restatements/Prior period adjustments:**

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement/PPA:

Debit/(Credit)
----------------

Transaction #1	Enter transaction description
----------------	-------------------------------

Transaction #2	Enter transaction description
----------------	-------------------------------

**UNIVERSITY STUDENT UNION OF CALIFORNIA STATE UNIVERSITY, STANISLAUS**

**Other Information**

June 30, 2019

(for inclusion in the California State University)

**9 Natural classifications of operating expenses:**

	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	262,834	92,944	123,518	49,403		191,216		719,915
Institutional support						136,894		136,894
Operation and maintenance of plant						16,097		16,097
Student grants and scholarships								-
Auxiliary enterprise expenses	18,998	48				2,802		21,848
Depreciation and amortization							1,257	1,257
<b>Total operating expenses</b>	<b>\$ 281,832</b>	<b>92,992</b>	<b>123,518</b>	<b>49,403</b>		<b>347,009</b>	<b>1,257</b>	<b>896,011</b>

**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 - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

**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 - others	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

See independent auditors' report.