

# **The Student Union of San José State University**

*(A California State University Auxiliary  
Organization)*

Financial Report  
June 30, 2011

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## Independent Auditor's Report

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

We have audited the accompanying statements of net assets of The Student Union of San José State University (a California State University auxiliary organization) (the Student Union) as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Student Union's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Student Union as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements. The schedules, listed in the table of contents as supplementary information on pages 19 through 31, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial statements of the Student Union are also included as a component unit of the basic financial statements of San José State University, the primary reporting entity.

*McGladrey & Pullen, LLP*

Los Angeles, CA  
September 20, 2011

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

**Management's Discussion and Analysis  
Years Ended June 30, 2011 and 2010**

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**Management's Discussion and Analysis**

This section of the Student Union of San José State University (the Student Union) annual financial report includes management's discussion and analysis of the financial performance of the Student Union for fiscal years ended June 30, 2011 and 2010. This discussion should be read in conjunction with the financial statements and notes.

**Introduction to the Student Union of San José State University**

The Student Union is a California State University auxiliary organization that manages and maintains three major facilities at the San José State University campus located in downtown San Jose, California. The Student Union began its operations at San José State University in October 1969 and became incorporated in March 1982. The facilities include the Student Union Building, the Aquatic Center, the Event Center Building and an ATM Building. The non-profit corporation has been in business for over 41 years in California and receives no state funding. Revenue is derived from student fees collected from the prior year as well as revenues earned from various service fees and rental of space. Students interact with the Student Union, Inc. on a daily basis, either through the use of facilities, participation in sponsored events, or through a Student Union program. The Student Union also acts as a bridge to the greater campus communities, whose members make use of recreational facilities and attend the diverse concerts and events on the San José State University campus.

To further these goals, the Student Union is undergoing a major renovation and expansion. The Student Center Facilities Project will include the expansion of the current Student Union building to the west and east sides, as well as the complete renovation of the current Student Union building. The student fees being collected will also pay for the expansion and renovation of the Sport Club and Aquatic Center. The expansion and renovation of all the facilities will better meet the needs and demands of our increased student clubs and organizations, as well as providing social, recreational, and educational space for all of our students, including our residential students. The new facilities will provide a vibrant campus center for students, faculty and staff to socialize, eat and engage outside of the classroom.

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

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

The Student Union's Executive Director is the Board Secretary which is a non-voting position. The Board of Directors meets at least once quarterly, reviews and develops policy and approves the annual budget. The Executive Director manages and is administratively responsible for the day to day operations of the corporation. There are four subcommittees that address personnel, facilities and programs, the annual audit and the finances and reserves of the Student Union.

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

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

**Management's Discussion and Analysis  
Years Ended June 30, 2011 and 2010**

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**Introduction to the Financial Statements**

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

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

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

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

**Analytical Overview**

**Summary**

The following discussion highlights management's understanding of the key financial aspects of the Student Union's financial activities as of and for the years ended June 30, 2011, 2010 and 2009. Included are comparative analyses of current and prior years' activities and balances and a discussion of restrictions (if any) of the Student Union's net assets.

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

**Management's Discussion and Analysis  
Years Ended June 30, 2011 and 2010**

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**Condensed Summary of Net Assets**

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>			
Current assets	\$ 1,000,940	\$ 1,162,340	\$ 1,195,156
Other noncurrent assets	10,239,034	8,268,851	6,674,961
Total assets	<u>\$ 11,239,974</u>	<u>\$ 9,431,191</u>	<u>\$ 7,870,117</u>
<b>Liabilities:</b>			
Current liabilities	\$ 1,296,813	\$ 1,043,772	\$ 1,138,776
Noncurrent liabilities	825,290	619,925	403,985
Total liabilities	<u>\$ 2,122,103</u>	<u>\$ 1,663,697</u>	<u>\$ 1,542,761</u>
<b>Net assets:</b>			
Unrestricted:			
Investments in capital	\$ 2,571,165	\$ 2,500,430	\$ 1,858,508
Board-designated	1,372,141	1,569,118	1,551,539
Unrestricted	5,174,565	3,697,946	2,917,309
Total net assets	<u>\$ 9,117,871</u>	<u>\$ 7,767,494</u>	<u>\$ 6,327,356</u>

**Assets**

Total assets increased \$1.8 million from FY 2010 to FY 2011, is primarily due to gains in the investment portfolio. Total assets increased \$1.6 million from FY 2009 to FY 2010 due to gains in the investment portfolio of approximately \$800K as well as an increase of \$642K in investment in capital.

Current assets decreased \$161K from FY 2010 to FY 2011 due to timing differences in cash balances at year-end for operational purposes. Current assets decreased \$33K from FY 2009 to FY 2010 also due to timing differences in cash balances at year-end.

Other noncurrent assets increased \$2.0 million from FY 2010 to FY 2011 due to an increase in capital assets purchased and return on investments. Other noncurrent assets increased \$1.6 million from FY 2009 to FY 2010 due to an increase in capital.

**Liabilities**

Current liabilities increased \$253K from 2010 to FY 2011, primarily due to additional arena events in June 2011 with their related payroll and other expenses, while current liabilities decreased \$95K from FY 2009 to FY 2010 due to less events in June from prior year. Noncurrent liabilities increased by \$205K from FY 2010 to FY 2011; noncurrent liabilities increased \$216K from FY 2009 to FY 2010. The increases in noncurrent liabilities are primarily due to the annual funding of the Net OPEB Obligation (NOO) for Other Post-Employment Benefit Programs for retirees.

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

**Management's Discussion and Analysis  
Years Ended June 30, 2011 and 2010**

**Net assets:** Total net assets increased by \$1.35 million from FY 2010 to FY 2011 due to an increase in capital assets of \$71K, decrease in Board-designated projects of \$197K, and an increase of \$1.5 million in unrestricted assets. Total net assets increased \$1.4 million from FY 2009 to FY 2010 due to an increase in capital of \$642K, increase in Board-designated projects of \$18K and increase of \$781K in unrestricted assets.

**Restricted resources:** Net assets of the Student Union do not include any restricted resources.

**Restricted net assets:** All net assets of the Student Union are unrestricted.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:			
Student Union fees	\$ 4,813,427	\$ 4,743,464	\$ 4,396,233
Service fees	347,839	371,509	400,732
Reimbursement of event costs	562,957	520,105	700,339
Rental income	1,704,428	1,576,551	1,622,029
Reimbursement of wages and benefits	388,932	371,743	321,558
Commissions	111,342	205,728	243,164
Other	76,981	58,442	36,921
Total operating revenues	<u>8,005,906</u>	<u>7,847,542</u>	<u>7,720,976</u>
Operating expenses:			
Wages and benefits	3,747,932	3,481,280	3,411,613
Insurance	209,258	220,023	216,059
Supplies	239,530	221,840	245,746
Communications	39,281	38,789	44,451
Repairs and maintenance	179,916	179,841	183,410
Utilities	929,519	955,437	979,580
Event costs	640,725	594,629	784,202
Small equipment purchases	55,967	57,878	89,843
Depreciation	338,235	278,068	216,089
Business services	1,136,493	995,769	1,007,911
Miscellaneous	37,121	38,891	49,018
Project expenditures	109,114	141,231	223,823
Total operating expenses	<u>7,663,091</u>	<u>7,203,676</u>	<u>7,451,745</u>
Total operating income	342,815	643,866	269,231
Nonoperating revenues (expenses):			
Investment income (loss)	1,007,562	796,272	(4,829)
Increase in net assets	1,350,377	1,440,138	264,402
Net assets:			
Beginning of year	7,767,494	6,327,356	6,062,954
End of year	<u>\$ 9,117,871</u>	<u>\$ 7,767,494</u>	<u>\$ 6,327,356</u>

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

**Management's Discussion and Analysis  
Years Ended June 30, 2011 and 2010**

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**Operating revenues:** Total operating revenues increased \$158K from FY 2010 to FY 2011 primarily due to an increase in Student Union fees and an increase in rental income. There was also a significant decrease in commissions from FY 2010 to FY 2011. Total operating revenues increased \$127K from FY 2009 to FY 2010 primarily due to an increase in Student Union fees and a decrease in reimbursement of event costs.

Student Union fees are approximately 56 percent to 60 percent of total operating revenues. Student Union fees increased by \$70K from FY 2010 to FY 2011. Student Union fees increased by \$347K from FY 2009 to FY 2010. These fees are returned for operations and increase or decrease to balance the annual budget and fund capital projects that are approved by the Board.

Rental income increased \$128K from FY 2010 to FY 2011 primarily due to Event Center Arena income. Rental income in the prior year had actually decreased by \$45K from FY 2009 to FY 2010.

Reimbursement of event costs increased by \$43K from FY 2010 to FY 2011. Reimbursement of event costs decreased \$180K from FY 2009 to FY 2010 primarily due to the USOC event held in FY 2009.

Commission income decreased significantly by \$94K from FY 2010 to FY 2011. Commission income also decreased \$37K from FY 2009 to FY 2010. All other operating revenues increased \$12K from FY 2010 to FY 2011 and increased by \$42K from FY 2009 to FY 2010.

**Operating expenses:** Operating expenses increased by \$459K from FY 2010 to FY 2011. Operating expenses decreased \$248K (3 percent) from FY 2009 to FY 2010.

Operating expenses for the Student Union are principally made up of wages and benefits which are approximately 46 percent to 49 percent of total operating expenses and other expenses that support the managing and upkeep of three main facilities on the campus. Wages and benefits increases of \$267K from FY 2010 to FY 2011 are due primarily to the increased need for staffing at events in the Event Center Arena. This correlates directly with the increase in rental income in the Arena. Other increases are due to benefit costs which continue to escalate on a consistent basis annually. All other operating expenses increased by \$193K from FY 2010 to FY 2011 while they decreased by \$318K from FY 2009 to FY 2010.

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

Investment income increased by \$211K from FY 2010 to FY 2011. Investment income increased by \$800K from FY 2009 to FY 2010.

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

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

**Statements of Net Assets  
June 30, 2011 and 2010**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash and cash equivalents (Note 10)	\$ 458,115	\$ 700,510
Investment (Notes 3 and 10)	294,823	298,581
Accounts receivable, net (Note 9)	203,079	120,237
Prepaid expenses and other	44,923	43,012
<b>Total current assets</b>	<b>1,000,940</b>	<b>1,162,340</b>
<b>Noncurrent Assets</b>		
Restricted cash	25,000	25,000
Investments (Notes 3 and 10)	7,510,604	5,615,539
Funds held in trust	132,265	127,882
Capital assets, net (Notes 4 and 5)	2,571,165	2,500,430
<b>Total noncurrent assets</b>	<b>10,239,034</b>	<b>8,268,851</b>
	<b>\$ 11,239,974</b>	<b>\$ 9,431,191</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 9)	\$ 712,820	\$ 606,850
Accrued payroll and related expenses	481,955	376,533
Other accrued liabilities	102,038	60,389
<b>Total current liabilities</b>	<b>1,296,813</b>	<b>1,043,772</b>
Funds Held in Trust Liability	132,265	127,882
Other Postretirement Benefit Obligation (Note 6)	693,025	492,043
<b>Total liabilities</b>	<b>2,122,103</b>	<b>1,663,697</b>
<b>Net Assets</b>		
Investment in capital assets	2,571,165	2,500,430
Unrestricted:		
Board-designated (Note 5)	1,372,141	1,569,118
Unrestricted	5,174,565	3,697,946
<b>Total net assets</b>	<b>\$ 9,117,871</b>	<b>\$ 7,767,494</b>

See Notes to Financial Statements.

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

**Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended June 30, 2011 and 2010**

	2011	2010
Operating revenues:		
Student Union fees	\$ 4,813,427	\$ 4,743,464
Service fees	347,839	371,509
Reimbursement of event costs	562,957	520,105
Rental income	1,704,428	1,576,551
Reimbursed wages and benefits	388,932	371,743
Commissions	111,342	205,728
Other	76,981	58,442
<b>Total operating revenues</b>	<b>8,005,906</b>	<b>7,847,542</b>
Operating expenses:		
Wages and benefits (Note 6)	3,747,932	3,481,280
Insurance	209,258	220,023
Supplies	239,530	221,840
Communications	39,281	38,789
Repairs and maintenance	179,916	179,841
Utilities	929,519	955,437
Event costs	640,725	594,629
Small equipment purchases	55,967	57,878
Depreciation	338,235	278,068
Business services (Note 8)	1,136,493	995,769
Miscellaneous	37,121	38,891
Project expenditures	109,114	141,231
<b>Total operating expenses</b>	<b>7,663,091</b>	<b>7,203,676</b>
<b>Operating income</b>	<b>342,815</b>	<b>643,866</b>
Nonoperating income:		
Investment income, net	1,007,562	796,272
<b>Increase in net assets</b>	<b>1,350,377</b>	<b>1,440,138</b>
Net assets:		
Beginning of year	7,767,494	6,327,356
End of year	<b>\$ 9,117,871</b>	<b>\$ 7,767,494</b>

See Notes to Financial Statements.

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

**Statements of Cash Flows  
Years Ended June 30, 2011 and 2010**

	2011	2010
Cash Flows From Operating Activities		
Payments to suppliers	\$ (3,162,187)	\$ (3,091,443)
Payments to employees	(3,048,055)	(2,919,076)
Payments to students	(552,208)	(531,838)
Sales and services of auxiliary enterprises	7,710,192	7,644,158
Other receipts	102,578	49,050
<b>Net cash provided by operating activities</b>	<b>1,050,320</b>	<b>1,150,851</b>
Cash Flows From Capital and Related Financing Activities		
Acquisitions of capital assets	(408,970)	(919,990)
Cash Flows From Investing Activities		
Investment income proceeds	1,007,562	329,903
Unrealized gain (loss) on investments	(355,683)	466,369
(Purchase) of investments, net	(1,535,624)	(786,862)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,292,715)</b>	<b>9,410</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(242,395)</b>	<b>240,271</b>
Cash and Cash Equivalents		
Beginning of year	700,510	460,239
End of year	<b>\$ 458,115</b>	<b>\$ 700,510</b>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 342,815	\$ 643,866
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	338,235	278,068
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(82,842)	337,415
(Increase) in prepaid expenses and other current assets	(1,911)	(8,288)
(Increase) decrease in accounts payable	105,970	(162,939)
Increase in accrued salaries and benefits	105,422	41,019
Increase (decrease) in funds held in trust	-	(194,230)
Increase in other liabilities	242,631	215,940
<b>Net cash provided by operating activities</b>	<b>\$ 1,050,320</b>	<b>\$ 1,150,851</b>

See Notes to Financial Statements.

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

**Notes to Financial Statements**

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**Note 1. General Information**

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

**Note 2. Summary of Significant Accounting Policies**

**Basis of presentation:** The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis in conformity with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The GASB requires the Student Union to comply with GASB pronouncements as well as Financial Accounting Standards Board (FASB) Standards and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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

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

**Accounts receivable:** Accounts receivable are recorded when services are performed at the actual amount expected to be collected. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2011 and 2010.

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

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

- **Glass Reserve Account**—This account was established upon mutual agreement between the Student Union and Spartan Shops, Inc., another auxiliary on the campus. The funds are specifically designated for the repair and replacement of any exterior glass in the Student Union Building. All repairs and replacement of glass are handled by the Student Union, as well as payment of the vendor's invoice. The balances in this account as of June 30, 2011 and 2010 were \$20,221 and \$20,201, respectively.

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

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

- **Instructionally Related Activities (IRA) Trust Account**—This account was established upon mutual agreement with San José State University in a Memorandum of Understanding dated August 1, 2006, allowing the Student Union to manage and oversee the SJSU Club Sports Program. The funds are held in trust for the following obligations:
  - Insurance for SJSU Club Sports participants.
  - Insurance for other recognized student clubs' and organizations' events.
  - SJSU Club Sports teams annual allocations and contingency funds.
  - Reimbursement to Student Union for Club Sports' departmental expenditures.
  - The IRA Trust Account balance at June 30, 2011 and 2010 was \$83,186 and \$83,011, respectively.
- **SJSU Club Sports Checking Account**—This account was established as a result of a CSU Chancellor's Office Executive Order prohibiting any recognized student organizations from having off-campus bank accounts. As a result of the Executive Order, all recognized SJSU Club Sports teams have opened a bank account, with the Student Union overseeing the account and processing their financial transactions. The balance in this checking account as of June 30, 2011 and 2010 was \$28,858 and \$24,670, respectively.

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

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

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

**Compensated absences:** The Student Union accrues vacation benefits for eligible employees at various rates depending upon length of service. Eligible full-time employees accrue sick leave at the rate of 96.0 hours at January 1 each year. Employees are not paid for unused sick leave at the end of employment. At June 30, 2011 and 2010, the Student Union had balances of \$184,291 and \$175,979 of compensated absences, respectively. During 2011 and 2010, \$181,566 and \$181,743, respectively, of compensated absences was earned and \$173,254 and \$195,422, respectively, was used.

**Student Union employees:** Certain Student Union employees are employees of the University, and are reimbursed by the Student Union.

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

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

**Use of estimates:** In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Pronouncement issues:** The Student Union adopted GASB Statement No. 59, *Financial Instruments Omnibus*; GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. These statements did not have a significant impact on the financial statements.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for years beginning after June 15, 2011; and in June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53)*, effective for periods beginning after June 15, 2011. Management has not currently determined what, if any, impact the implementation of these GASB pronouncements may have on the financial statements of the Student Union.

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

**Notes to Financial Statements**

**Note 3. Investments**

	2011		2010	
	Fair Value	Unrealized Gain (Loss)	Fair Value	Unrealized Gain (Loss)
Local Agency Investment Fund	\$ 245,298	\$ -	\$ 244,416	\$ -
Corporate bonds and notes	243,766	(5,364)	49,582	451
Mutual funds, equities	898,483	243,672	706,599	44,495
Mutual funds, fixed income	5,979,901	417,012	4,386,972	305,867
Mutual funds, other	388,454	32,355	331,135	(20,072)
Certificates of deposit	-	-	141,251	1,251
Cash and money balances	49,525	-	54,165	-
	<u>\$ 7,805,427</u>	<u>\$ 687,675</u>	<u>\$ 5,914,120</u>	<u>\$ 331,992</u>

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

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

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

		June 30, 2011						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term								
investments		\$ 6,223,667	\$ 176,673	\$ 1,662,440	\$ 2,520,456	\$ -	\$ -	\$ 1,864,098
		June 30, 2010						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term								
investments		\$ 4,577,805	\$ 1,095,680	\$ -	\$ 26,505	\$ 223,828	\$ 45,667	\$ 3,186,125

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

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

**Notes to Financial Statements**

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**Note 3. Investments (Continued)**

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

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

Investment Type	2011	2010	S&P Credit Rating
Fixed Income Mutual Funds	\$ 1,883,669	\$ 871,207	AAA
Fixed Income Mutual Funds	361,784	210,133	AA
Fixed Income Mutual Funds	615,332	407,767	A
Corporate Bonds	243,766	49,317	A
Fixed Income Mutual Funds	1,105,086	1,926,910	BBB
Fixed Income Mutual Funds	767,221	984,743	BB
Fixed Income Mutual Funds	1,246,809	77,827	B
Fixed Income Mutual Funds	-	49,901	Below B
Fixed Income Mutual Funds	-	-	Not rated
Total fixed income securities	\$ 6,223,667	\$ 4,577,805	

**Concentration of credit risk:** The Policy of the Student Union contains certain limitations on the amount that can be invested in any one issuer and is listed in the table above. The Student Union did not have any investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5 percent or more of the Student Union's total investments as of June 30, 2011 and 2010.

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

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

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

**Note 4. Capital Assets**

Capital assets consist of the following at June 30:

	2010	Additions	Deletions	2011
Computer equipment	\$ 46,185	\$ 35,356	\$ (18,257)	\$ 63,284
Software	56,300	-	(7,905)	48,395
Furniture and equipment	1,050,620	247,173	(241,882)	1,055,911
Leasehold improvements	4,056,255	190,231	(317,920)	3,928,566
Projects in progress	103,968	371,370	(435,160)	40,178
	<u>5,313,328</u>	<u>844,130</u>	<u>(1,021,124)</u>	<u>5,136,334</u>
Less accumulated depreciation	(2,812,898)	(338,235)	585,964	(2,565,169)
Net book value	<u>\$ 2,500,430</u>	<u>\$ 505,895</u>	<u>\$ (435,160)</u>	<u>\$ 2,571,165</u>

	2009	Additions	Deletions	2010
Computer equipment	\$ 46,185	\$ -	\$ -	\$ 46,185
Software	56,300	-	-	56,300
Furniture and equipment	779,187	271,433	-	1,050,620
Leasehold improvements	3,511,666	544,589	-	4,056,255
Projects in progress	-	103,968	-	103,968
	<u>4,393,338</u>	<u>919,990</u>	<u>-</u>	<u>5,313,328</u>
Less accumulated depreciation	(2,534,830)	(278,068)	-	(2,812,898)
Net book value	<u>\$ 1,858,508</u>	<u>\$ 641,922</u>	<u>\$ -</u>	<u>\$ 2,500,430</u>

**Note 5. Board-Designated Net Assets**

Board-designated net assets are composed of the following at June 30:

	2011	2010
Board-designated:		
Capital equipment	\$ 214,359	\$ 297,815
Other designated assets	1,157,782	1,271,303
	<u>\$ 1,372,141</u>	<u>\$ 1,569,118</u>

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

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

**Notes to Financial Statements**

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**Note 6. Employment Benefit and Compensation Plans**

**Other Postretirement Benefit Obligation (OPEB):**

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

**Funding policy:** The Student Union adopted entry age normal cost method prefunding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan supports the use of a 7.75 percent interest rate and amortizes unfunded actuarial accrued liability over 30 years on a level dollar basis, with projected salary increases of 3.25 percent per year.

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

**Annual cost and funding progress:** Based on the latest actuarial valuation report (dated April 2011 and available at the Student Union upon request), the funded status of the OPEB program as of June 30 was as follows:

	2011	2010
Actuarial accrued liability (AAL)	\$ 1,907,705	\$ 2,081,664
Actuarial value of plan assets	-	315,687
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,907,705</u>	<u>\$ 2,397,351</u>
Funded ratio (actuarial value of plan asset/AAL)	-	-
Annual covered payroll (active plan member)	\$ 1,752,747	\$ 1,700,000
UAAL as a percentage of annual covered payroll	109%	141%

Based on the report, the Student Union's annual required contribution (ARC) for the fiscal years ended June 30, 2011 and 2010 was \$239,476 and \$211,765, respectively.

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

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**Note 6. Employment Benefit and Compensation Plans (Continued)**

The net OPEB obligation (NOO) as of June 30 was as follows:

	2011	2010
Annual required contribution	\$ 239,476	\$ 225,849
Unfunded ARC from prior year	13,627	-
Contributions during the year	(52,121)	(49,493)
Increase in NOO	200,982	176,356
NOO, beginning of year	492,043	315,687
NOO, end of year	<u>\$ 693,025</u>	<u>\$ 492,043</u>

The amount of \$693,025 will be transferred into a trust account approved by the Board of Directors at their August 26, 2011 Board meeting. As of September 20, 2011, the transfer has not occurred.

**Retirement plan:** The Student Union has an annuity purchase plan under Section 403(b) of the IRC. Under this plan, eligible employees may defer their salary through contributions to the plan, subject to IRC limits, and the Student Union will match up to 6 percent for eligible employees as well as employer discretionary contributions. The Student Union's plan contributions for fiscal years 2011 and 2010 were \$133,794 and \$130,076 respectively.

**Note 7. Event Activity**

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

**Note 8. Operating Leases**

The following properties are leased at no charge from the Trustees of the California State University: the Student Union Building, the ATM Building, the Aquatic Center and the Event Center. The renewed lease agreement expires on June 30, 2012 and requires the Student Union's compliance with various conditions concerning operation of the facilities. The Student Union does not pay monthly rent to the University but does reimburse the University for Cost Allocations to Non-CSU Fund Entities for Expenses incurred by the CSU Operating Fund. These cost allocations are billed quarterly. The Student Union paid the University \$407,713 and \$410,275 in 2011 and 2010, respectively, for these cost allocations. Cost allocations include reimbursement for SJSU Business and Financial Services, Chancellor's Office annual audit fees, University Police security fees, property and building insurance as well as facility use fees. Facility use fees were \$183,916 in 2011 and 2010 and are projected at \$184,740 for 2012. These facility use fees are a part of the totals listed above and are expected to be \$407,965 payable to the University in 2012.

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

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

**Notes to Financial Statements**

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**Note 9. Related Parties**

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

Receivables from affiliates at June 30 are as follows:

	2011	2010
Receivable from San José State University	\$ 6,904	\$ 57,684
Receivable from auxiliary organizations:		
Spartan Shops	102,640	44,454
Associated Students, Inc.	1,597	7,783
SJSU Foundation	530	3,745
SJSU Tower Foundation	2,214	3,202
	<u>\$ 113,885</u>	<u>\$ 116,868</u>

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

Payables to affiliates at June 30 are as follows:

	2011	2010
Payable to San José State University	\$ 459,226	\$ 405,475
Payable to auxiliary organizations:		
Spartan Shops	857	6,467
Associated Students, Inc.	3,077	2,298
SJSU Foundation	53,360	-
SJSU Tower Foundation	5,501	-
	<u>\$ 522,021</u>	<u>\$ 414,240</u>

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

**Note 10. Concentration of Credit Risk**

The Student Union maintains its cash balances in several financial institutions in the Greater Bay Area and, at times, may exceed federally insured limits. The majority of the liquid funds are in mutual funds which are maintained by UBS Financial Services, Inc. The Student Union has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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

**Schedule of Net Assets**

**June 30, 2011**

**(For inclusion in the California State University)**

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 458,115
Short-term investments	294,823
Accounts receivable, net	203,079
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	44,923
Total current assets	<u>1,000,940</u>
Noncurrent assets:	
Restricted cash and cash equivalents	25,000
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	7,510,604
Capital assets, net	2,571,165
Other assets	132,265
Total noncurrent assets	<u>10,239,034</u>
Total assets	<u>11,239,974</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	712,820
Accrued salaries and benefits payable	297,704
Accrued compensated absences – current portion	184,291
Deferred revenue	-
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability – current portion	-
Depository accounts	-
Other liabilities	102,038
Total current liabilities	<u>1,296,853</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Deferred revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	132,265
Other postemployment benefits obligation	693,025
Other liabilities	-
Total noncurrent liabilities	<u>825,290</u>
Total liabilities	<u>2,122,143</u>
Net assets:	
Invested in capital assets, net of related debt	2,571,165
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	6,546,706
Total net assets	<u>\$ 9,117,871</u>

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

**Schedule of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ -
Grants and contracts, noncapital:	-
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	7,928,925
Other operating revenues	<u>76,981</u>
Total operating revenues	<u><u>8,005,906</u></u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	8,300
Auxiliary enterprise expenses	7,316,556
Depreciation and amortization	<u>338,235</u>
Total operating expenses	<u>7,663,091</u>
Operating income	<u><u>342,815</u></u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income, net	1,007,562
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues	<u>1,007,562</u>
Income before other additions	<u>1,350,377</u>
State appropriations, capital	
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase in net assets	<u><u>1,350,377</u></u>
Net assets:	
Net assets at beginning of year, as previously reported	7,767,494
Restatements	-
Net assets at beginning of year, as restated	<u>7,767,494</u>
Net assets at end of year	<u><u>\$ 9,117,871</u></u>

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

**Other Information**

**Year Ended June 30, 2011**

**(For inclusion in the California State University)**

**1. Restricted cash and cash equivalents at June 30, 2011:**

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	25,000
	<u>\$ 25,000</u>

**2.1 Composition of investments at June 30, 2011:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	245,298	-	245,298	-	-	-	245,298
Wachovia Short-term Fund	-	-	-	-	-	-	-
Wachovia Medium-term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT Pool	-	-	-	-	-	-	-
Common Fund – Short-term Fund	-	-	-	-	-	-	-
Common Fund – Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	243,766	243,766	243,766
Equity securities	-	-	-	-	898,483	898,483	898,483
Fixed income securities (treasury notes, GNMAs)	-	-	-	-	5,979,901	5,979,901	5,979,901
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	388,454	388,454	388,454
Money Market Funds	49,525	-	49,525	-	-	-	49,525
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	294,823	-	294,823	-	7,510,604	7,510,604	7,805,427
Less endowment investments	-	-	-	-	-	-	-
	<u>\$ 294,823</u>	<u>\$ -</u>	<u>\$ 294,823</u>	<u>\$ -</u>	<u>\$ 7,510,604</u>	<u>\$ 7,510,604</u>	<u>\$ 7,805,427</u>

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

**Other Information (Continued)  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

**2.2 Investments held by the University under contractual agreements at June 30, 2011:**

Portion of investments in Note 2.1 held  
by the University under contractual  
agreements at June 30, 2011

\$ - \$ - \$ - \$ - \$ -

---

**2.3 Restricted current investments at June 30, 2011 related to:**

	Amount
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2011	\$ -

**2.4 Restricted noncurrent investments at June 30, 2011, related to:**

	Amount
Endowment investments	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2011	\$ -

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

**Other Information (Continued)  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

**3.1 Composition of capital assets at June 30, 2011:**

	Balance June 30, 2010	Prior Period Adjustments	Reclassifications	Balance June 30, 2010 (Restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
<b>Nondepreciable capital assets:</b>								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress	103,968	-	-	103,968	371,370	(435,160)	-	40,178
Intangible assets	-	-	-	-	-	-	-	-
<b>Total nondepreciable capital assets</b>	<b>103,968</b>	<b>-</b>	<b>-</b>	<b>103,968</b>	<b>371,370</b>	<b>(435,160)</b>	<b>-</b>	<b>40,178</b>
<b>Depreciable capital assets:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	4,056,255	-	-	4,056,255	190,231	(317,920)	-	3,928,566
Personal property:								
Equipment	1,153,105	-	-	1,153,105	282,529	(268,044)	-	1,167,590
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
<b>Total depreciable capital assets</b>	<b>5,209,360</b>	<b>-</b>	<b>-</b>	<b>5,209,360</b>	<b>472,760</b>	<b>(585,964)</b>	<b>-</b>	<b>5,096,156</b>
<b>Total cost</b>	<b>5,313,328</b>	<b>-</b>	<b>-</b>	<b>5,313,328</b>	<b>844,130</b>	<b>(1,021,124)</b>	<b>-</b>	<b>5,136,334</b>
<b>Less accumulated depreciation:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(2,057,300)	-	-	(2,057,300)	(196,791)	317,920	-	(1,936,171)
Personal property:								
Equipment	(755,598)	-	-	(755,598)	(141,444)	268,044	-	(628,998)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation</b>	<b>(2,812,898)</b>	<b>-</b>	<b>-</b>	<b>(2,812,898)</b>	<b>(338,235)</b>	<b>585,964</b>	<b>-</b>	<b>(2,565,169)</b>
<b>Net capital assets</b>	<b>\$ 2,500,430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,500,430</b>	<b>\$ 505,895</b>	<b>\$ (435,160)</b>	<b>\$ -</b>	<b>\$ 2,571,165</b>

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

**Other Information (Continued)  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:**

Depreciation and amortization expense related to capital assets	\$ 338,235
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b><u><u>\$ 338,235</u></u></b>

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

**Other Information (Continued)  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

**4. Long-term liabilities activity schedule:**

	Balance June 30, 2010	Prior Period Adjustments	Reclassifications	Balance June 30, 2010 (Restated)	Additions	Reductions	Balance June 30, 2011	Current Portion	Long-Term Portion
Accrued compensated absences	\$ 175,979	\$ -	\$ -	\$ 175,979	\$ 181,566	\$ (173,254)	\$ 184,291	\$ 184,291	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
<b>Total capitalized lease obligations</b>	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (nonrevenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	-	-	-	-	-	-	-	-	-
Unamortized bond premium (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations, net</b>	-	-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	\$ 175,979	\$ -	\$ -	\$ 175,979	\$ 181,566	\$ (173,254)	\$ 184,291	\$ 184,291	\$ -

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

**Other Information (Continued)  
Year Ended June 30, 2011  
(For inclusion in the California State University)**

**5. Future minimum capital lease payments:**

Years Ending June 30,	Principal	Interest	Principal and Interest
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
2052-2056	-	-	-
2057-2061	-	-	-
Total minimum lease payments			-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less current portion			-
Capitalized lease obligations, net of current portion			\$ -

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**Other Information (Continued)  
Year Ended June 30, 2011  
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**6. Long-term debt obligation schedule:**

Years Ending June 30,	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017-2021	-	-	-	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-	-
2057-2061	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Student Union of San José State University  
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**Other Information (Continued)  
Year Ended June 30, 2011  
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**7.1 Calculation of net assets—invested in capital assets, net of related debt:**

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
Capital assets, net of accumulated depreciation	\$ 2,571,165	\$ -	\$ 2,571,165
Capitalized lease obligations, current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations, current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other	-	-	-
<b>Net assets, invested in capital assets, net of related debt</b>	<b>\$ 2,571,165</b>	<b>\$ -</b>	<b>\$ 2,571,165</b>

**7.2 Calculation of net assets—Restricted for nonexpendable endowments:**

Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments (please list):	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>Net assets, restricted for nonexpendable endowments per SNA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Student Union of San José State University  
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**Other Information (Continued)  
Year Ended June 30, 2011  
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**8. Transactions with related entities:**

	Total
Reimbursements to University for salaries of University personnel working on contracts, grants and other programs	\$ 563,448
Reimbursements to University for other than salaries of University personnel	1,599,134
Payments received from University for services, space and programs	826,608
Gifts-in-kind to University from Auxiliary Organizations	-
Gifts (cash or assets) to University from recognized Auxiliary Organizations	8,300
Accounts (payable to) University (enter as negative number)	(459,226)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	6,904
Other amounts receivable from University	-

**9. Other Postemployment Benefits Obligation (OPEB):**

Annual required contribution (ARC)	\$ 239,476
Contributions during the year	(38,494)
Increase in net OPEB obligation (NOO)	<u>200,982</u>
NOO - beginning of year	492,043
NOO - end of year	<u><u>\$ 693,025</u></u>

**Student Union of San José State University  
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**Other Information (Continued)  
Year Ended June 30, 2011  
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**10. Pollution remediation liabilities under GASB Statement No. 49:**

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

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

	Net Asset Class	Amount
Net assets as of June 30, 2010, as previously reported		\$ 7,767,494
Prior period adjustments:		
1. (list description of each adjustment)		-
2. (list description of each adjustment)		-
3. (list description of each adjustment)		-
4. (list description of each adjustment)		-
5. (list description of each adjustment)		-
6. (list description of each adjustment)		-
<b>Net assets as of June 30, 2010, as restated</b>		<b>\$ 7,767,494</b>

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**Other Information (Continued)  
Year Ended June 30, 2011  
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**Provide a detailed breakdown of the journal entries booked to record each prior period adjustment:**

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