HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Including Schedules Prepared for Inclusion
in the Financial Statements of the
California State University

Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt State University Center
Arcata, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of Humboldt State University Center, a component unit of Humboldt State University (HSU), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Humboldt State University Center as of June 30, 2014, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the schedule of funding progress and other postemployment benefits on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Humboldt State University Center's basic financial statements. The schedule of net position, the schedule of revenues, expenses and changes in net position, and other information (supplementary information on pages 21-28) are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of Humboldt State University Center, referred to above, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014, on our consideration of Humboldt State University Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt State University Center's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
September 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Management's Discussion and Analysis
Year Ended June 30, 2014

This section of Humboldt State University Center Board of Directors (University Center) annual financial report presents management's overview and analysis of the financial activities of the University Center for the year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standard Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. This standard is applicable to University Center because it is a component unit of Humboldt State University (HSU). Consistent with HSU, University Center has adopted the business-type activity (BT) reporting model to represent its activities.

The financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain complete understanding of the financial picture of University Center.

Statement of Net Position: The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions on the net position of University Center.

Statement of Revenues, Expenses, and Changes in Net Position: The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

Reporting Entity: The financial statements of HSU will be separated between HSU and its component units. The latter are separate I.R.C. 501 (c) (3) non-profit auxiliary organizations whose financial information will be presented in a discrete column and in the footnotes of HSU's financial statements. Consequently, these auxiliaries must comply with the same governmental rulings and present their individual separate audited financial statements in the same format.

Analytical Overview

A summary of key financial statement information is presented below:

	2014	2013	Increase (Decrease)	Percent Change
Assets:				
Current assets	$ 9,650,459	$ 8,746,634	$ 903,825	10.33%
Capital assets, net of accumulated depreciation	989,980	1,119,037	(129,057)	(11.53%)
Restricted cash and cash equivalents	1,947,536	3,336,007	(1,388,471)	(41.62%)
Total Assets	$12,587,975	$13,201,678	$ (613,703)	(4.65%)
Liabilities:				
Current liabilities	$ 788,548	$ 876,406	$ (87,858)	(10.02%)
Non-current liabilities	1,723,826	3,091,497	(1,367,671)	(44.24%)
Total Liabilities	2,512,374	3,967,903	(1,455,529)	(36.68%)
Net Position:				
Net investment in capital assets	989,980	1,119,037	(129,057)	(11.53%)
Restricted, expendable – other	6,500	0	6,500	N/A
Unrestricted	9,079,121	8,114,738	964,383	11.88%
Total Net Position	10,075,601	9,233,775	841,826	9.12%
Total Liabilities and Net Position	$12,587,975	$13,201,678	$ (613,703)	(4.65%)

Statement of Net Position Variance Analysis between 2014 and 2013

Current assets increased by $903,825. Current assets include: cash and cash equivalents, unreserved cash in Local Agency Investment Fund (LAIF), accounts receivable, prepaid expenses, inventory and other current assets. The increase is largely due to a reduction in the other postemployment benefits (OPEB) obligation which reduced the amount of cash that must be reserved to cover the obligation.

Capital assets, net, decreased by $129,057, which was the result of new dining equipment purchases of $48,101 and UC improvements to the south lounge of $50,173 offset by depreciation expense of $227,331.

Restricted cash and cash equivalents decreased by $1,388,471 primarily as a result of a $1,200,000 contribution to reduce the OPEB obligation.

The University Center has a cash balance of $679,602 in the checking account and $10,605,346 held in LAIF of which $1,947,536 is restricted to fund OPEB obligations. This combined total of unrestricted cash of $9,337,412 is approximately 64.08% of the operating revenue of the 2013-14 fiscal year. This balance allows the University Center the ability to fund ongoing repair and maintenance projects, the ability to weather an unforeseen circumstance or expense, and provides adequate operating capital.

Current liabilities decreased by $87,858. Current liabilities include: accounts payable, unearned revenue, current portion of OPEB obligations and other current liabilities. The decrease is largely due to a reduction in unearned revenues which is attributable to the timing of receiving the 2014-2015 CenterArts season subscriptions.

Non-current liabilities decreased by $1,367,671. The noncurrent liabilities represent the OPEB obligation and net pension cost liability that are required to be recognized and booked in accordance with the parameters of

GASB Statement No. 45. The decrease in obligation was a result of the University Center's efforts to fund the liability with contributions to VEBA Trust. The obligation, along with the current portion of the OPEB obligation, has been offset by a restriction of cash shown in total assets.

The GASB 45 requirement to recognize postemployment benefit liability, as determined by an actuarial study dated December 1, 2013, found the actuarial accrued liability to be $3,856,320. University Center participates in the VEBA Trust developed by the California State University Auxiliary Organizations Association to hold plan assets to fund this accrued liability. University Center approved and transferred $1,200,000 to the VEBA trust in the current year to further meet this obligation. As of the December 1, 2013 valuation, plan assets held by VEBA were $2,434,909 leaving an unfunded actuarial liability of $1,421,411. University Center continues to designate funds towards this obligation.

Net position increased by $841,826 reflecting the cumulative net change in assets and liabilities for the year.

Operating Results
Years Ended June 30, 2014 and 2013

	2014	2013	Change	Percent Change
Revenues:				
Operating revenues:				
Dining sales	$11,140,111	$10,790,052	$ 350,059	3.24%
CenterArts sales	1,235,377	963,224	272,153	28.25%
Center Activities sales	480,565	444,583	35,982	8.09%
Student fees	960,000	960,000	0	0.00%
Other revenues	763,050	714,338	48,712	6.82%
Total Operating Revenues	14,579,103	13,872,197	706,906	5.10%
Expenses:				
Operating expenses	13,538,415	12,933,266	605,149	4.68%
Depreciation	227,331	228,495	(1,164)	(0.51%)
Total Operating Expenses	13,765,746	13,161,761	603,985	4.59%
Operating Income	813,357	710,436	102,921	14.49%
Non-Operating Revenues (Expenses)				
Investment income	28,469	36,647	(8,178)	(22.32%)
Contribution to HSU	0	(315,850)	315,850	(100.00%)
Postretirement related changes other than net periodic pension cost	0	414,301	(414,301)	(100.00%)
Total Non-Operating Revenue/(Expenses)	28,469	135,098	(106,629)	(78.93%)
Increase (decrease) in net position	841,826	845,534	(3,708)	(0.44%)
Net Position at beginning of year	9,233,775	8,388,241	845,534	10.08%
Net Position at ending of year	$ 10,075,601	$ 9,233,775	$ 841,826	9.12%

Revenue and Expense Variance Analysis between 2014 and 2013

Operating revenues are sales from operations and student fee monies. Sales from operations are comprised of dining services (The "J" and the Cupboard in the Residence Halls, The Depot, Library Cafe, Hilltop Marketplace and College Creek Marketplace), outsourced bookstore operations to Follett Inc. and student programming services for Center Activities, Student Recreation Center, Humboldt Bay Aquatic Center and CenterArts.

Current year operating revenues increased by $706,906. Dining sales increased due to an increase in student enrollment and meal contracts. CenterArts increase in gate revenues was the result of larger and a greater number of shows than the previous year. The increase in these revenues was also attributable to increases in operating expenses.

Current year *operating expenses* consist of auxiliary enterprise expenses of $13,538,415 and depreciation expense of $227,331. Prior year operating expenses consisted of auxiliary enterprise expenses of $12,933,266 and depreciation expense of $228,495. Current year operating expenses increased by $603,985. The majority of the increases were incurred in the areas of cost of sales and event costs when compared to the prior year.

Investment income was $28,469 which was a decrease of $8,178 over the prior year. Investment income is comprised of interest from LAIF. The decrease from the prior year is primarily due to market fluctuation.

Contribution to HSU decreased $315,850. The University Center paid HSU $315,850 in the previous year for the remaining balance of its obligation to HSU's West Gym project. There is no future commitment to HSU at this time.

Postretirement related changes other than net periodic pension cost of $414,301 in the previous year were the result of compliance with the reporting requirements of GASB Statement No. 45 on July 1, 2012. There were no such changes in the current year.

Net assets increased by $841,826 for the year ended June 30, 2014 as a result of an increase in operating revenues and decrease in operating expenditures.

Factors Impacting Future Periods

The California State University continues to face uncertain State funding due to the budget situation in the State of California. As such, HSU continues to face potential challenges in managing its enrollment, especially in areas of recruitment and retention. Lower enrollment numbers would likely have a negative impact on the revenue of the University Center. Management continues to monitor operating costs in the University Center and review its operations and make adjustments accordingly

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BASIC FINANCIAL STATEMENTS

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Statement of Net Position
June 30, 2014

Assets:	
Current assets:	
Cash and cash equivalents	$ 679,602
Short-term investments	8,657,810
Accounts receivable, net	159,574
Inventories	142,576
Prepaid expenses	10,897
Total current assets	9,650,459
Noncurrent assets:	
Restricted cash and cash equivalents	1,947,536
Capital assets, net	989,980
Total noncurrent assets	2,937,516
Total assets	12,587,975
Liabilities	
Current liabilities:	
Accounts payable	69,813
Accrued salaries and benefits payable	57,963
Accrued compensated absences	116,730
Current postemployment benefits obligation	223,710
Unearned revenues	102,748
Other liabilities	217,585
Total current liabilities	788,548
Noncurrent liabilities:	
Other postemployment benefits obligation	1,197,701
Net pension cost liability	526,125
Total noncurrent liabilities	1,723,826
Total liabilities	2,512,374
Net position:	
Net investment in capital assets	989,980
Restricted:	
Expendable - other	6,500
Unrestricted	9,079,121
Total net position	$ 10,075,601

See accompanying notes

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2014

Revenues:	
Operating revenues:	
Revenue from operations	$ 13,619,103
Student fees	960,000
Total operating revenues	14,579,103
Expenses:	
Operating expenses:	
Cost of sales	4,911,937
Salaries & wages	3,754,086
Employee benefits	1,189,894
Rent	716,872
Depreciation	227,331
Advertising & promotion	21,722
Repairs & maintenance	618,950
Utilities	205,422
Communications	72,659
Bank service charges	172,695
Outside professional services	39,305
Dues & subscriptions	8,955
Business & professional meetings	22,453
Insurance	75,803
Services from other funds	185,866
Supplies & services	253,240
Event costs	1,007,035
Vehicle	14,783
Operating contributions to Humboldt State University	171,236
Other & miscellaneous	95,502
Total operating expenses	13,765,746
Operating income	813,357
Nonoperating revenues (expenses):	
Investment income	28,469
Net nonoperating revenues, net	28,469
Increase (decrease) in net position	841,826
Net position:	
Net position at beginning of year	9,233,775
Net position at end of year	$ 10,075,601

See accompanying notes

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2014

Cash flows from operating activities		
Cash received from customers	$	14,469,470
Cash payments to suppliers for operations		(8,258,063)
Cash payments to employees for services		(6,315,260)
Cash payments for general and administrative expenses		(381,435)
Net cash provided (used) by operating activities		(485,288)
Cash flows from capital financing activities		
Acquisition of capital assets		(98,274)
Net cash provided (used) by capital activities		(98,274)
Cash flows from investing activities		
Investment income		28,469
Net cash provided (used) by investing activities		28,469
Net increase (decrease) in cash and cash equivalents		(555,093)
Cash and cash equivalents, beginning of the year		11,840,041
Cash and cash equivalents, end of the year	$	11,284,948
Reconciliation to cash per Statement of Net Position		
Cash and cash equivalents	$	679,602
Short term investments		8,657,810
Restricted cash		1,947,536
Total cash and cash equivalents, end of year	$	11,284,948

Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$	813,357
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		227,331
Noncash other postretirement benefits cost		63,088
Changes in operating assets and liabilities:		
Accounts receivables		(36,992)
Inventories		(30,814)
Prepaid expenses		(2,641)
Accounts payable		(15,598)
Accrued salaries and benefits		5,149
Accrued compensated absenses		4,729
Unearned revenue		(72,641)
Pensions payable		(45,951)
Postemployment benefit obligation		(1,405,608)
Other liabilities		11,303
Total adjustments		(1,298,645)
Net cash provided (used) by operating activities	$	(485,288)

See accompanying notes

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Humboldt State University Center Board of Directors (University Center) have been prepared to conform with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The summary of significant accounting policies is presented to assist in understanding University Center's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

University Center is an auxiliary organization of Humboldt State University (HSU) in Arcata, California, and the California State University System. As an affiliated organization component unit of HSU, University Center's financial data is included in HSU's financial statements. University Center is a nonprofit corporation formed to promote the welfare of HSU and its students and employees.

Nature of Activities

The primary activities of University Center are to develop, finance and operate the College Union, bookstore (currently under outside management), and dining services on the HSU campus. During the fiscal year ending June 30, 2014, University Center provided management services to the Northern Humboldt Recreation and Park District. University Center is primarily supported by student fees and dining sales, and contracted revenues from students at HSU.

University Center has a management agreement with Follett Higher Education Group, Inc. (Follett) which gives Follett the exclusive right to operate the bookstore on campus and the internet for the University Center. The agreement has an initial termination date of June 30, 2018.

Basis of Presentation

University Center has determined that it should apply generally accepted accounting principles applicable to governmental entities based on an amendment to the articles of incorporation and bylaws that has clarified University Center's relationship as a component unit of HSU.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. University Center has elected to use the proprietary fund reporting model for special-purpose governments engaged only in business-type activities. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. In accordance with the business-type activities reporting model, University Center prepares its statement of cash flows using the direct method.

Accounts Receivable

University Center provides a reserve for uncollectible accounts that is based upon a review of outstanding receivables. Accounts receivable considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible. No reserve for uncollectible accounts was deemed necessary as of June 30, 2014.

Reserved Cash

The Board of Directors has reserved cash in the amount of $1,947,536 to be used for pension and postretirement health benefits.

Cash and Cash Equivalents

University Center considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. Amounts included in the Local Agency Investment Fund (LAIF) are considered to be investments.

Capital Assets

Capital assets are recorded at cost less depreciation calculated by the straight-line method. Building improvements are depreciated over a five- to twenty-year life. Equipment, furniture, and fixtures are depreciated over a five- to ten-year life. Work in progress represents expenditures for facility improvements not placed in service during the year.

University Center capitalizes acquisitions of equipment that have a useful life greater than one year and are in excess of $5,000, improvements in excess of $10,000, and intangible property in excess of $5,000.

At June 30, 2014, $210,923 of equipment is used by University Center but is not recorded on the statement of net position because title is held by an outside granting agency. Additionally, University Center uses office facilities and equipment which are the property of the California State University. No lease payments are required for the use of these facilities.

Unearned Revenues

Unearned revenues consist of unamortized contribution revenue and amounts collected in advance for season tickets and class registrations. Unearned contribution revenue of $57,143 represents the unamortized portion of $100,000 received from Follett to be amortized over a seven-year term on a straight line basis.

Income Taxes

University Center qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Inventories

The food and beverage inventory is stated at cost, using the first-in, first-out (FIFO) method. At June 30, 2014, the cost of the food and beverage inventory was $142,576.

Pension and Postretirement Health Benefits Liabilities

University Center recognizes the underfunded status of defined benefit pension and other postretirement plans as a liability in the statement of net position and recognizes changes in the funded status in the year in which the changes occur in unrestricted net position, unless a minimum amortization is required to be included as a component of net periodic postretirement benefit cost in accordance with applicable accounting standards.

Revenue Recognition

Student Fees - Student union fees are recorded when received from the revenue bond program.

Revenue from operations - All revenue from operations including, but not limited to, bookstore commissions, food sales, and vending, is recorded when earned.

Investment Income - Investment income is recorded at the time it is earned.

Classification of Revenues and Expenses

University Center considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to University Center's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Certain other transactions are reported as nonoperating revenues and expense in accordance with GASB Statement No. 35. These nonoperating activities include net investment income, nonoperating contributions to HSU, and postretirement related changes other than net periodic pension cost.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. University Center reports three categories of net position, as follows:

Net Investment in Capital Assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted Expendable – Other – subject to externally imposed conditions that can be fulfilled by the actions of the University Center or the passage of time. At June 30, 2014, University Center has restricted funds of $6,500. In May 2014, University Center received a donation to be used for the purchase of olympic platforms for the student recreation center. The University Center expects to purchase the platforms using these funds during the upcoming fiscal year.

Unrestricted Net Position - consists of all other net position that does not meet the definition of the above component and is available for general use by University Center.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position.

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.

NOTE 2 - CASH AND CASH INVESTMENTS

University Center maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. At June 30, 2014, University Center's uninsured and uncollateralized cash balance was $413,357. Custodial credit risk is the risk that in the event of the failure of a counterparty, University Center would not be able to recover the value of its investments that are in the possession of an outside party. Financial instruments that potentially subject University Center to custodial risk are investments in excess of amounts insured by the FDIC. No policy exists related to custodial risk specifically. University Center's investment policy does not prohibit deposits in single institutions that expose University Center to custodial credit risk. Management believes the organization is not exposed to any significant credit risk related to cash.

University Center's short-term investment portfolio consists entirely of investments in LAIF, a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.*

The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2014, cash in LAIF was $10,605,346. Of this amount, $1,947,536 is reserved for pension and postretirement health benefits.

NOTE 3 - CAPITAL ASSETS

The change in capital assets for the year ended June 30, 2014, is as follows:

	Balance 6/30/13	Additions	Deletions	Balance 6/30/14
Equipment & furniture	$ 1,273,153	$ 48,101	$ (33,805)	$ 1,287,449
Building & improvements	2,725,337	50,602	-	2,775,939
Work in progress	429	-	(429)	-
Accumulated depreciation	(2,879,882)	(227,331)	33,805	(3,073,408)
Capital assets, net	$ 1,119,037	$ (128,628)	$ (429)	$ 989,980

Depreciation expense for the year ended June 30, 2014, was $227,331.

NOTE 4 - COMPENSATED ABSENCES

Compensated absences consist of vacation leave earned by employees based on services rendered. Employees may accumulate up to 400 hours of vacation depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with the employee. Therefore, a liability for sick leave benefits is not accrued.

NOTE 5 - PENSION PLAN

University Center participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which provides retirement and disability benefits for salaried employees. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to University Center in accordance with reporting standards established by the GASB. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.
CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814. The CalPERS statement of investment policy updated July 22, 2014, provides a description of investment policies, strategies and other factors and is available at http://www.calpers.ca.gov/eip-docs/investments/policies/invo-policy-statement/total-fund-statement.pdf.

CalPERS follows a strategic asset allocation policy that identifies the percentage of funds to be invested in each asset class. The asset allocation and market value of assets shown below reflect the values of the Public Employers' Retirement Fund (PERF) in its entirety as of June 30, 2012, the most recent information available. University Center participates in the Miscellaneous 2% at 55 Risk Pool whose assets are part of PERF and are invested accordingly.

Asset Class	Market Value ($ Billion)	Current Allocation
Public Equity	113.0	48.3%
Private Equity	33.9	14.5%
Fixed Income	42.6	18.2%
Cash Equivalents	7.5	3.2%
Real Assets	24.8	10.6%
Inflation Assets	7.0	3.0%
Absolute Return Strategy (ARS)	5.1	2.2%
Total fund	$ 233.9	100.0%

At the date University Center began participating in the cost-sharing plan, a liability was determined by CalPERS for each of the cost-sharing plan participants, called a "side fund liability," which was established to account for each organization's share of the Pool's unfunded liability. The side fund liability is calculated by CalPERS annually and includes liability calculations for the subsequent two years using estimated employer payroll and estimated return on Plan assets in accordance with generally accepted accounting principles.

Amounts recognized in the statement of net position at June 30, 2014, consist of:

Pension liability	$ 526,125

The following table sets forth the calculation of the University Center's side fund liability as of June 30, 2014:

Accrued employee benefit cost related to side fund liability:	
Balance at beginning of year	$ 572,076
Service cost	127,567
Actual employer contributions	(219,959)
Interest cost	46,441
Side fund liability at year end	$ 526,125

Service cost was calculated using 8.551% of payroll for the year ended June 30, 2014. The contribution rate to CalPERS was 14.744% of $1,491,835 actual payroll of for the year ended June 30, 2014. The contribution rate is projected to be 16.949% for fiscal year 2014-2015, which includes agencies that have elected the 2% at 55 risk pool plan. The side fund is credited on an annual basis with the actuarial investment return assumption. This assumption was 7.5% for the year ended June 30, 2014.

University Center's contributions to CalPERS for each of the last three fiscal years is as follows:

Year Ending June 30	Required Contribution	Percent Contributed
2012	$ 209,514	100%
2013	216,464	100%
2014	219,959	100%

The employees' contributions were $99,401 for the year ended June 30, 2014. Contributions expected to be paid to the plan by the University Center during the next fiscal year are $275,674.

The net pension cost liability is a significant estimate and it is at least reasonably possible that the estimate will change within one year of the date of the financial statements and the effect of that change could be material.

NOTE 6 - INCOME TAXES

University Center is exempt from federal and state income taxes under IRC Section 501(c)(3) and California Revenue and Taxation Code Section 23701, except for amounts based on unrelated business income. Unrelated business income is derived from a contract with the North Humboldt Recreation and Park District. For the fiscal year ending June 30, 2014, no income tax is due on unrelated business income. Further, the Internal Revenue Service has determined that University Center is not a private foundation within the meaning of IRC Section 509(a).

NOTE 7 - OPERATING LEASES

University Center leases its facilities under several operating leases from HSU (See Note 1). Following is a summary of operating leases and renewal options:

	Contingent Annual Rental	Expiration Date	Renewal Options
Jolly Giant Commons - food service facilities	7% of gross sales	June 30, 2014	None
Effective July 1, 2014	11% of gross sales	June 30, 2017	None
Hilltop Marketplace	ranges from 6-7% of gross sales	June 30, 2017	5 years
College Creek Marketplace	7% of gross sales	June 30, 2014	None
Effective July 1, 2014	11% of gross sales	June 30, 2017	None
Giant's Cupboard - food service facility	7% of gross sales	June 30, 2014	None
Effective July 1, 2014	11% of gross sales	June 30, 2017	None

Following is a summary by property of rental expense under all operating leases for the fiscal year ended June 30, 2014:

Jolly Giant Commons (HSU)	$ 393,825
Hilltop Marketplace (HSU)	8,053
College Creek Marketplace (HSU)	168,293
Giant's Cupboard (HSU)	115,021
Total	$ 685,192

NOTE 8 - POSTRETIREMENT HEALTH BENEFITS

University Center provides medical coverage through the CalPERS medical plan. Benefited employees hired prior to July 1, 2006, who are eligible to retire from CalPERS, are 100% vested. Benefited employees hired on or after July 1, 2006, are 50% vested at age 50 if they have 10 years of service. With every additional year of service the vesting increases by 5% reaching 100% for employees who are age 50 or older who have at least 20 years of service. The University Center's premium contribution cannot be less than what is defined by CalPERS Section 22892(b).

In the fiscal year ended June 30, 2012, University Center began participating in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association). The Auxiliaries Multiple Employer VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding post-retirement healthcare benefits for recognized auxiliaries of the California State University System. University Center's contributions to VEBA for each of the last three fiscal years is as follows:

Year Ending June 30	Contribution
2012	$ 600,000
2013	1,200,000
2014	1,200,000

The Auxiliaries Multiple Employer VEBA seeks an average total annual return net of fees and expenses of 3.0% plus the Consumer Price Index for All Urban Consumers: U.S. City Average – All Items. To achieve its return objectives, the Auxiliaries Multiple Employer VEBA's investment portfolio is allocated among a number of asset classes.

University Center implemented GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as of July 1, 2012, and has recorded the cost and obligation of these benefits in the financial statements. The beginning Other Postemployment Benefit (OPEB) obligation was established as of July 1, 2012, the effective date University Center applying generally accepted accounting principles applicable to governmental entities.

Annual OPEB Cost and Net OPEB Obligation

University Center's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of University Center's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

Annual required contribution	$ 1,613,001
Interest cost on net OPEB obligation	165,836
Amortization adjustment to ARC	(1,715,749)
Annual OPEB cost	$ 63,088
Actual contributions:	
Premiums paid	(205,608)
VEBA contribution	(1,200,000)
Total actual contributions	(1,405,608)
Decrease in net OPEB obligation	(1,342,520)
Net OPEB obligation, beginning of year	2,763,931
Net OPEB obligation- end of year	$ 1,421,411
Current OPEB obligation	$ 223,710
Noncurrent OPEB obligation	1,197,701
Total OPEB obligation	$ 1,421,411

University Center's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Cumulative Net OPEB Obligation
June 30, 2014	$ 63,088	2264%	$1,421,411
June 30, 2013	323,332	441%	2,763,931

Funding Status and Funding Progress

As of December 1, 2013, the most recent actuarial valuation date, the plan was 63.14% funded. The actuarial accrued liability for benefits was $3,856,320 and the unfunded actuarial accrued liability (UAAL) was $1,421,411. The covered payroll (annual payroll of active employees covered by the plan) was $1,222,344, and the ratio of the UAAL to the covered payroll was 116%.

As of June 30, 2014, the market value of the plan assets was $3,365,134. It is University Center's plan to continue funding this liability in the coming year.

Actuarial valuations of an ongoing benefit plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below, presents the second year of information for the actuarial value of plan assets. In subsequent years, the schedule of funding progress will provide information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the December 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses) which is the current expected long-term investment returns on plan assets, the maximum annual healthcare cost trend of 4.0 percent, an annual payroll increase of 2.75 percent, and an inflation factor of 2.75 percent per year. The initial UAAL was fully amortized at transition on July 1, 2012.

NOTE 9 – UNRESTRICTED NET POSITION

Unrestricted net position consists of the following board designated classifications as of June 30, 2014:

Appropriations tor reserves	
Working capital and current operations – General Fund	$ 2,299,086
Working capital and current operations - Commercial Fund	3,356,118
Growth and development reserve – General Fund	1,391,971
Growth and development reserve – Commercial Fund	2,031,946
Total unrestricted net position	$ 9,079,121

NOTE 10 - RELATED PARTY TRANSACTIONS

Management Services

University Center provides accounting and/or other management services to HSU Associated Students (AS). Based on agreements, University Center earned $167,410 from AS for services during the year ended June 30, 2014.

Leases

University Center has lease agreements with HSU that are described in Note 7.

As part of ongoing operations, University Center contributed $171,236 of dining goods and services to HSU during the year ended June 30, 2014.

NOTE 11 – FOLLETT OPERATING AGREEMENT

On June 16, 2011, University Center entered into an agreement with Follett Higher Education Group, Inc. (FOLLETT) for FOLLETT to provide exclusive contracted bookstore management services for the period of July 1, 2011 through June 30, 2018, the initial term per the contract. The agreement will renew automatically for three one-year periods beginning on the day after the last day of the initial term. During each agreement year, FOLLETT will pay a minimum annual guaranteed payment or the applicable percentage of net sales of the bookstore, whichever is greater, as detailed in the contract. For the year ended June 30, 2014, University Center received $372,171 from FOLLETT under the contract.

REQUIRED SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
SCHEDULE OF FUNDING PROGRESS OF OTHER
POSTEMPLOYMENT BENEFITS
June 30, 2014

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)— Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of Payroll ([a-b]/c)
07/01/12	$ 4,465,184	$ 599,414	$3,865,770	13.4%	$ 1,073,400	360%
12/01/13	3,856,320	2,434,909	1,421,411	63.1%	1,222,344	116%

The year ended June 30, 2012, represented the year of implementation of GASB Statement No. 45. In future years, as actuarial valuations become available, three-year trend information will be provided.

OTHER SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY CENTER

BOARD OF DIRECTORS

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 679,602
Short-term investments	8,657,810
Accounts receivable, net	159,574
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	153,473
Total current assets	9,650,459
Noncurrent assets:	
Restricted cash and cash equivalents	—
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	1,947,536
Capital assets, net	989,980
Other assets	—
Total noncurrent assets	2,937,516
Total assets	12,587,975
Deferred outflows of resources:	
Unamortized loss on refunding(s)	
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	69,813
Accrued salaries and benefits payable	57,963
Accrued compensated absences– current portion	116,730
Unearned revenue	109,247
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	441,295
Total current liabilities	795,048
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	1,197,701
Other liabilities	526,125
Total noncurrent liabilities	1,723,826
Total liabilities	2,518,874
Deferred inflows of resources:	
Deferred service concession arrangement receipts	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	989,980
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	6,500
Unrestricted	9,079,121
Total net position	$ 10,075,601

See the accompanying auditors' report and note to supplementary information.

HUMBOLDT STATE UNIVERSITY CENTER

BOARD OF DIRECTORS

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $_____)	$	960,000
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 $_____)		13,619,103
Other operating revenues		—
Total operating revenues		14,579,103
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		—
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		13,538,415
Depreciation and amortization		227,331
Total operating expenses		13,765,746
Operating income (loss)		813,357
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		28,469
Endowment income (loss), net		—
Interest Expenses		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		28,469
Income (loss) before other additions		841,826
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		841,826
Net position:		
Net position at beginning of year, as previously reported		9,233,775
Restatements		—
Net position at beginning of year, as restated		9,233,775
Net position at end of year	$	10,075,601

See the accompanying auditors' report and note to supplementary information.

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Other Information
June 30, 2014
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowme	$	-
All other restricted cash and cash equivalents		-
Total restricted cash and cash equivalents	$	-

2.1 Composition of investments at June 30, 2014:

		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)		8,657,810	-	8,657,810	-	1,947,536	1,947,536	10,605,346
Wachovia Short Term Fund		-	-	-	-	-	-	-
Wachovia Medium Term Fund		-	-	-	-	-	-	-
Wachovia Equity Fund		-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF		-	-	-	-	-	-	-
Common Fund - Short Term Fund		-	-	-	-	-	-	-
Common Fund - Others		-	-	-	-	-	-	-
Debt securities		-	-	-	-	-	-	-
Equity securities		-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)		-	-	-	-	-	-	-
Land and other real estate		-	-	-	-	-	-	-
Certificates of deposit		-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Mutual funds		-	-	-	-	-	-	-
Money Market funds		-	-	-	-	-	-	-
Collateralized mortgage obligations:								
Inverse floaters		-	-	-	-	-	-	-
Interest-only strips		-	-	-	-	-	-	-
Agency pass-through		-	-	-	-	-	-	-
Partnership interests (includes private pass-through)		-	-	-	-	-	-	-
Alternative investments		-	-	-	-	-	-	-
Hedge funds		-	-	-	-	-	-	-
Other major investments:							-	-
Add description		-	-	-	-	-	-	-
Add description		-	-	-	-	-	-	-
Add description		-	-	-	-	-	-	-
Add description		-	-	-	-	-	-	-
Add description		-	-	-	-	-	-	-
Add description		-	-	-	-	-	-	-
Total investments		8,657,810	-	8,657,810	-	1,947,536	1,947,536	10,605,346
Less endowment investments (enter as negative number)						-	-	-
Total investments		8,657,810	-	8,657,810	-	1,947,536	1,947,536	10,605,346

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014 :	-	-	-	-	-	-	-

2.3 Restricted current investments at June 30, 2014 related to:

		Amount
Add description	$	—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Total restricted current investments at June 30, 2014	$	—

2.4 Restricted noncurrent investments at June 30, 2014 related to:

		Amount
Endowment investment	$	—
Cash reserved for postretirement health benefits		1,947,536
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Total restricted noncurrent investments at June 30, 2014	$	1,947,536

See accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Other Information
June 30, 2014
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	429	-	-	429	-	-	(429)	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	429	-	-	429	-	-	(429)	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	2,725,337	-	-	2,725,337	50,173	-	429	2,775,939
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,273,153	-	-	1,273,153	48,101	(33,805)	-	1,287,449
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	3,998,490	-	-	3,998,490	98,274	(33,805)	429	4,063,388
Total capital assets	3,998,919	-	-	3,998,919	98,274	(33,805)	-	4,063,388
Less accumulated depreciation/amortization:								
Buildings and building improvements	(1,805,551)	-	-	(1,805,551)	(147,743)	-		(1,953,294)
Improvements, other than buildings	-	-	-	-	-	-		-
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	-	-	-	-	-	-		-
Personal property:								
Equipment	(1,074,331)	-	-	(1,074,331)	(79,588)	33,805		(1,120,114)
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Software and websites	-	-	-	-	-	-		-
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	-	-	-	-	-	-		-
Other intangible assets:								
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
Total intangible assets	-	-	-	-	-	-		-
Total accumulated depreciation/amortization	(2,879,882)	-	-	(2,879,882)	(227,331)	33,805		(3,073,408)
Total capital assets, net	$ 1,119,037	-	-	1,119,037	(129,057)	-	-	989,980

See accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Other Information
June 30, 2014
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	$	227,331
Amortization expense related to other assets		—
Total depreciation and amortization	$	227,331

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	$ 112,001	—	—	112,001	98,680	(93,951)	116,730	116,730	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—		—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—		—
Unamortized loss on refunding	—	—	—	—	-	-	—		—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	$ 112,001	—	—	112,001	98,680	(93,951)	116,730	116,730	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			$ —

See accompanying auditors' report and note to supplementary information

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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ 989,980	—	989,980
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	$ 989,980	—	989,980
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowm	$ —	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per	$ —	—	—

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8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 505,163
Payments to University for other than salaries of University personnel	662,210
Payments received from University for services, space, and programs	856,027
Gifts-in-kind to the University from Auxiliary Organizations	171,236
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(6,459)
Other amounts (payable to) University (enter as negative number)	(9,462)
Accounts receivable from University	11,610
Other amounts receivable from University	57,702

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$ 63,088
Contributions during the year	(1,405,608)
Increase (decrease) in net OPEB obligation (NOO)	(1,342,520)
NOO - beginning of year	2,763,931
NOO - end of year	$ 1,421,411

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	—
Total pollution remediation liabilities	$ —
Less: current portion	—
Pollution remedition liabilities, net of current portion	—

See accompanying auditors' report and note to supplementary information

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2013, as previously reported		$ 9,233,775
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated		$ 9,233,775

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

	Debit	Credit
Net position class:_____		
1 (breakdown of adjusting journal entry)	$ —	
		—
Net position class:_____		
2 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
3 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
4 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
5 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
6 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
7 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
8 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
9 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
10 (breakdown of adjusting journal entry)	—	
		—

See accompanying auditors' report and note to supplementary information

NOTE 1 – SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), Humboldt State University Center Board of Directors (University Center) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between University Center's financial statements and the supplementary schedules for CSU.

ADDITIONAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Humboldt State University Center
Arcata, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Humboldt State University Center, a component unit of Humboldt State University (HSU), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Humboldt State University Center's basic financial statements, and have issued our report thereon dated September 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humboldt State University Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt State University Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt State University Center's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt State University Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
September 12, 2014