

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

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

June 30, 2010

With

Report of Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Humboldt State University Center
Board of Directors
Arcata, California

We have audited the accompanying statement of financial position of the Humboldt State University Center Board of Directors as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Humboldt State University Center Board of Directors as of June 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of net assets, the schedule of revenues, expenses and changes in net assets, and other information (supplementary information on pages 15 - 22) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to auditing procedures applied in the examination 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.

Hunter, Hunter & Hunt

September 28, 2010

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010

ASSETS

Current Assets:

Cash on hand & commercial accounts	\$ 589,925
Deposits held in custody for Humboldt State University Alumni Association	152,255
Unreserved cash in LAIF funds	<u>3,679,620</u>
Total Cash	4,421,800
Accounts and other receivables	199,925
Inventory	1,255,201
Prepaid expenses	19,603
Vendor credit available	<u>37,484</u>
Total Current Assets	<u>5,934,013</u>

Fixed Assets:

Building & improvements	2,658,431
Equipment, furniture & fixtures	<u>1,513,577</u>
Total	4,172,008
Less: Accumulated depreciation	<u>(3,386,082)</u>
Net Fixed Assets	<u>785,926</u>

Other Assets:

Cash reserved for pension costs & postretirement health benefits	<u>7,386,631</u>
	<u>\$ 14,106,570</u>

TOTAL ASSETS

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts payable	\$ 254,622
Accrued liabilities	489,333
Postretirement health benefits	209,611
Deposits held in custody for Humboldt State University Alumni Association	152,255
Deferred revenues	<u>61,188</u>
Total Current Liabilities	1,167,009

Long-term Liabilities:

Net pension cost liability	674,921
Postretirement health benefits	<u>6,711,710</u>
TOTAL LIABILITIES	<u>8,553,640</u>

Net Assets:

Unrestricted net assets	<u>5,552,930</u>
TOTAL NET ASSETS	<u>5,552,930</u>

TOTAL LIABILITIES & NET ASSETS

\$ 14,106,570

See Accompanying Notes

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CHANGE IN UNRESTRICTED NET ASSETS

OPERATING REVENUES & SUPPORT:

Revenues from operations	\$ 15,079,599
Revenues from operations	6,849,181
Less cost of sales	<u>8,230,418</u>
Net revenues from operations	890,000
Return of surplus revenue funds	75,011
Interest	<u>9,195,429</u>
Total Operating Revenues & Support	<u>9,195,429</u>

OPERATING EXPENDITURES:

Salaries & wages	3,708,492
Employee benefits	1,514,364
Rent	539,408
Depreciation	246,892
Advertising & promotion	173,364
Repairs & maintenance	495,696
Utilities	212,021
Communications	73,278
Bank service charges	213,104
Outside professional services	22,856
Dues & subscriptions	11,606
Business & professional meetings	17,914
Insurance	81,638
Services from other funds	105,666
Supplies & services	278,998
Event costs	789,225
Vehicle	13,864
Other & miscellaneous	261,835
Total Operating Expenditures	<u>8,760,221</u>

OPERATING INCOME 435,208

NONOPERATING REVENUES (EXPENSES):

Postretirement related changes other than net periodic pension cost	<u>456,523</u>
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CHANGE IN UNRESTRICTED NET ASSETS 891,731

NET ASSETS, BEGINNING OF YEAR 4,661,199

NET ASSETS, END OF YEAR \$ 5,552,930

See Accompanying Notes

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in unrestricted net assets	\$ 891,731
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	246,892
Employee pension benefits	(24,345)
Nonoperating employee postretirement health benefit costs	(456,523)
(Increase) Decrease in operating assets:	
Receivables, net	257,803
Inventories	(25,988)
Prepaid expenses	38,368
Vendor credit available	118,692
Increase (Decrease) in operating liabilities:	
Accounts payable	(265,038)
Accrued liabilities	(56,242)
Deposits held in custody	(35,651)
Deferred revenues	(37,285)
Postretirement health benefits	<u>407,421</u>
Net cash provided by (used by) operating activities	<u>1,059,835</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment/improvements	(125,494)
Transfer from cash to reserves	<u>53,639</u>
Net cash provided by (used by) investing activities	<u>(71,855)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

987,980

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

3,433,820

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 4,421,800

See Accompanying Notes

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Humboldt State University Center Board of Directors (University Center) 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.

Organization

University Center is an auxiliary organization of Humboldt State University (HSU) in Arcata, California, and is a component unit of the California State University. University Center is a nonprofit corporation formed to promote the welfare of HSU and its students and employees. The primary activities of University Center are to develop, finance and operate the College Union, bookstore, and dining services on the HSU campus. During the fiscal year ending June 30, 2010, University Center provided management services to the HSU Alumni Association, and the Northern Humboldt Recreation and Park District. University Center is primarily supported by student fees, bookstore and dining sales, and contracted revenues from students at HSU.

Basis of Accounting

Assets and liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

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, 2010.

Reserved Cash

The Board of Directors has reserved cash in the amount of \$7,386,631 to be used for pension and postretirement health benefits.

Cash and Cash Equivalents

For the purpose of the statement of cash flows University Center considers all certificates of deposits and insured money market accounts with a maturity of three months or less, to be cash equivalents.

Deposits Held in Custody

Funds administered by University Center on behalf of HSU Alumni Association are recorded as deposits held in custody and are recorded as a current liability. University Center is acting as an agent for the transactions of the HSU Alumni Association and accordingly, HSU Alumni Association's financial activities have not been recorded in the accompanying statement of activities.

Fair Value Measurements

University Center defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The following methods and assumptions are used in estimating fair value disclosures for financial instruments:

For cash, cash equivalents, receivables, and other payables, the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

Fixed Assets

Fixed 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 three to ten year life.

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, 2010, \$204,416 of equipment is used by University Center but is not recorded on the statement of financial 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.

Income Taxes

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

In June 2006, the Financial Standards Accounting Board (FASB) issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which requires that any reserves, or related accruals, be recorded in the financial statements for any uncertain tax positions that the organization has taken or expects to take on a tax return. University Center has adopted ASC 740-10 for the year ended June 30, 2010. See Note 7.

Inventories

The bookstore inventory is recorded at cost and maintained on the retail method. The food and beverage inventory is stated at cost, using the first-in, first-out (FIFO) method. At June 30, 2010, the cost of the bookstore inventory was \$1,136,142, and the cost of the food and beverage inventory was \$119,059.

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 financial position and recognizes changes in the funded status in the year in which the changes occur in unrestricted net assets.

Recent Accounting Pronouncements

University Center has adopted the disclosures provided by FASB Staff Position Statement 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*, as codified in FASB ASC 715-20 which include a description of investment policies and strategies, the fair value of each class of plan assets, and a description of how the overall expected long-term rate-of-return-on-assets assumption was determined.

Revenue Recognition

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

Commercial Revenue - All commercial revenue including, but not limited to, book and supply sales, food sales, and vending, is recorded when earned.

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

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

Deposits held in custody for HSU Alumni Association includes \$44,039 in cash and cash equivalents and \$108,216 held in a six-month certificate of deposit that matures in August 2010 and earns an annual percentage yield of 1.5%. (See Note 5).

University Center maintains cash in the State of California Local Agency Investment Fund (LAIF), an investment pool. 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, 2010, cash in LAIF was \$11,066,251. Of this amount, \$7,386,631 is reserved for pension and postretirement health benefits.

NOTE 3 - CONCENTRATION OF CREDIT RISK

University Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The maximum amount of loss due to this risk would be \$154,718 as of June 30, 2010. Management believes the company is not exposed to any significant credit risk related to cash.

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities as of June 30, 2010, consist of the following:

Salaries and benefits payable	\$ 56,791
Compensated absences	149,762
HSU card clearing	123,816
HSU services agreement payable	35,357
Other	<u>123,607</u>
Total	<u>\$ 489,333</u>

NOTE 5 - HSU ALUMNI ASSOCIATION

University Center had an agreement with HSU Alumni Association to provide accounting and business services through June 30, 2010. University Center was paid \$7,138 for the services provided for the year ended June 30, 2010.

The financial position of the HSU Alumni Association as of June 30, 2010, is as follows:

Current assets:	
Cash & cash equivalents	\$ 152,255
Other receivables	818
Prepaid expenses	<u>10,800</u>
Total current assets	<u>\$ 163,873</u>

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

Current liabilities:	
Accounts payable	\$ 6,095
Other payables	<u>982</u>
Total current liabilities	<u>7,077</u>
Unrestricted net assets	<u>156,796</u>
Total current liabilities and net assets	<u>\$ 163,873</u>

The activities of the HSU Alumni Association for the year ended June 30, 2010, are as follows:

Revenues:	
Revenue from operations	\$ 103,864
Interest revenues	<u>2,505</u>
Total revenues	<u>106,369</u>
Expenditures:	
Outside professional services	10,850
Accounting services	7,138
Distribution to others	21,100
Other general and administrative expenses	<u>95,401</u>
Total expenditures	<u>134,489</u>
Decrease in unrestricted net assets	(28,120)
Beginning net assets	<u>184,916</u>
Ending net assets	<u>\$ 156,796</u>

HSU Alumni Association distributed \$18,600 to HSU Advancement Foundation, \$2,000 to HSU, and \$500 to the HSU Alumni Wildlife Chapter during the year ended June 30, 2010.

NOTE 6 - PENSION PLAN

University Center contracts with the California Public Employee's Retirement System (CalPERS) to provide its salaried employees retirement and disability benefits which are paid by the State of California. Through June 30, 2003, the CalPERS retirement and disability plan was an agent multiple-employer retirement plan. Therefore, University Center is required under generally accepted accounting principles to disclose the components of net pension costs and the projected benefit obligation.

CalPERS issues a separate comprehensive annual financial report that includes financial statements and 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 dated December 14, 2009, 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, 2008, the most

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

recent information available. University Center participates in the Miscellaneous 2% at 55 Risk Pool whose assets are part of PERF and are invested accordingly.

<u>Asset Class</u>	<u>Market Value (\$ Billion)</u>	<u>Current Allocation</u>	<u>Target</u>
Total cash equivalents	4.3	1.8%	0.0%
Total global fixed income	59.9	25.3%	19.0%
Total equities	146.4	61.7%	66.0%
Inflation Linked (ILAC)	4.7	2.0%	5.0%
Total real estate	21.8	9.2%	10.0%
Total fund	<u>237.1</u>	<u>100.0%</u>	<u>100.0%</u>

Effective July 1, 2003, University Center began participation in a CalPERS cost-sharing multiemployer pension plan whereby other entities with benefits similar to the University Center participate in the same cost-sharing plan. At the date the 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 financial position at June 30, 2010, consist of:

Pension liability	<u>\$ 674,921</u>
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The following table sets forth the calculation of the University Center's side fund liability as of June 30, 2010:

Accrued employee benefit cost related to side fund liability:	
Balance at beginning of year	\$ 699,266
Service cost	136,859
Actual employer contributions	(226,958)
Interest cost	<u>65,754</u>
Side fund liability at year end	<u>\$ 674,921</u>

Service cost was calculated using 8.081% of payroll for the year ended June 30, 2010. The contribution rate to CalPERS was 13.401% of actual payroll of \$1,693,590 for the year ended June 30, 2010. The side fund is credited on an annual basis with the actuarial investment return assumption. This assumption was 7.75% for the year ended June 30, 2010. The employees' contributions were \$114,104 for the year ended June 30, 2010. Contributions expected to be paid to the plan by the University Center during the next fiscal year are \$233,394.

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 would be material.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 7 - INCOME TAXES

University Center is exempt from federal and state income taxes under Internal Revenue Code (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, 2010, 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).

The open audit periods are 2006 through 2008. University Center has analyzed the tax positions taken for filing with the Internal Revenue Service and the State of California. The organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the financial statements. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2010.

NOTE 8 - 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, 2010	None
BSS Marketplace	ranges from 6-7% of gross sales	June 30, 2012	5 years
South Campus Marketplace	ranges from 6-7% of gross sales	June 30, 2012	5 years
Giant's Cupboard - food service facility	7% of gross sales	June 30, 2010	None

Following is a summary by property of rental expense under all operating leases:

Jolly Giant Commons (HSU)	\$ 378,129
BSS Marketplace (HSU)	9,325
South Campus Marketplace (HSU)	31,779
Giant's Cupboard (HSU)	120,175
Total	<u>\$ 539,408</u>

No amounts were due at June 30, 2010.

NOTE 9 - 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

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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).

The following information is based on a measurement date of June 30, 2010:

Change in benefit obligation:	
Benefit obligation at end of prior year	\$ 6,970,422
Service cost	137,104
Interest cost	411,443
Amendments	-
Actuarial (gain)/loss	(456,523)
Benefits paid	<u>(141,125)</u>
Benefit obligation at end of year	<u>\$ 6,921,321</u>

Change in plan assets:	
Fair value of plan assets at beginning of year	\$ -
Actual return on assets	-
Employer contribution	141,125
Benefits paid	<u>(141,125)</u>
Fair value of plan assets at end of year	<u>\$ -</u>

Funded status:	<u>\$ (6,921,321)</u>
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Amounts recognized in the statement of financial position consist of:	
Current assets	\$ -
Noncurrent assets	-
Current liabilities	209,611
Noncurrent liabilities	<u>6,711,710</u>
Total	<u>\$ 6,921,321</u>

Amounts recognized in unrestricted net assets consist of:	
Net actuarial gain/(loss)	\$ (120,172)
Prior service (cost)/credit	-
Transition obligation (cost)/credit	-
Net amount recognized in unrestricted net assets	<u>\$ (120,172)</u>

Components of net periodic postretirement benefit cost:	
Service cost	\$ 137,104
Interest cost	411,443
Expected return on net assets	-
Amortization of unrecognized net (gain)/loss	-
Amortization of unrecognized prior service cost	-
Amortization of unrecognized transition obligation	<u>-</u>
Total net periodic postretirement benefit cost	548,547

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:	
Net actuarial (gain)/loss incurred in year	<u>(456,523)</u>
Total recognized in net benefit cost and unrestricted net assets	<u>\$ 92,024</u>

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

Accumulated postretirement benefit obligation \$ 6,921,321

The assumptions used in the measurement of the University Center's benefit obligation and net periodic benefit cost for the year ended June 30, 2010, are as follows:

Weighted-average assumptions used to determine pension benefit obligation at June 30, 2010:

Discount rate	6.00%
Rate of compensation increase	N/A

Weighted-average assumptions used to determine net periodic postretirement benefit cost for year ended June 30, 2010:

Discount rate	6.50%
Expected rate of return on plan assets	0.00%
Rate of compensation increase	N/A

Medical trend:

Initial	9.50%
Ultimate	4.50%
Number of years to ultimate trend rate	9

If assumed health care trend rates were increased by 1%, the service cost, interest cost and accumulated benefit obligation would be increased as indicated below:

	Increase in <u>Dollars</u>	Percent <u>Increase</u>
Service	\$ 41,433	32.03%
Interest cost	72,165	17.54%
Accumulated postretirement benefit obligation	1,130,944	17.16%

The University Center does not expect to contribute any funds to the plan during the next fiscal year. Projected net periodic costs of \$548,547 are expected to be accrued during the next fiscal year. The following benefit payments are expected to be paid:

Years ending June 30,	
2011	\$ 209,611
2012	239,972
2013	273,991
2014	306,540
2015	343,885
2016-2020	2,216,321

The accumulated postretirement benefit obligation 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 would be material.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 10 - RELATED PARTY TRANSACTIONS

Management Services

University Center provides accounting and/or other management services to HSU Alumni Association (See Note 5) and HSU Associated Students. Based on agreements, University Center was paid \$228,330 by HSU Associated Students for services during the year ended June 30, 2010. HSU Associated Students owed \$17,618 to University Center at June 30, 2010.

Leases

University Center has lease agreements with HSU that are described in Note 8.

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses by functional classification for the year ended June 30, 2010, are as follows:

Operating program services expenditures:	
Bookstore	\$ 4,528,969
Dining	7,249,418
CenterArts	1,094,053
Center Activities	<u>792,488</u>
Total program services expenditures	13,664,928
Supporting services expenditures:	
General operations/facilities & administration	<u>1,944,474</u>
Total expenses by functional classification	15,609,402
Less cost of sales included with revenues on the statement of activities	<u>(6,849,181)</u>
Total expenditures in the operating and nonoperating expenditures section of the statement of activities	<u>\$ 8,760,221</u>

NOTE 12 - FAIR VALUE MEASUREMENTS

Fair values of financial instruments measured on a recurring basis at June 30, 2010, are as follows:

	Fair Value	Fair Value Measurements at 6/30/10 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of assets:				
LAIF	\$ 11,066,251	\$ -	\$ 11,066,251	\$ -

**HUMBOLDT STATE UNIVERSITY CENTER
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June 30, 2010**

Fair value of liabilities:					
Pension liability	\$	674,921	\$	-	\$ 674,921
Postretirement health benefits liability		6,921,321		-	6,921,321

The fair value for the pension liability is determined by CalPERS using estimated employer payroll and estimated returns on plan assets. The fair value for the postretirement health benefits liability is determined by an actuarial consulting firm, based on assumptions and a discount rate authorized by CalPERS, the plan sponsor.

A reconciliation of fair value measurements using Level 3 inputs is as follows:

Pension liability:	
July 1, 2009	\$ 699,266
Service and interest costs	202,613
Employer contributions	(226,958)
June 30, 2010	<u>\$ 674,921</u>
Postretirement health benefits liability:	
July 1, 2009	\$ 6,970,422
Service and interest costs	548,547
Actuarial (gain)/loss	(456,523)
Benefits paid	(141,125)
June 30, 2010	<u>\$ 6,921,321</u>

In the statement of activities, service and interest costs, employer contributions, and benefits paid are reported with other employee benefit costs in operating expenditures and the postretirement health benefits actuarial gain of \$456,523 is reported as nonoperating revenue.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, University Center has evaluated events and transactions for potential recognition or disclosure through September 28, 2010, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

Schedule of Net Assets

June 30, 2010

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 589,925
Short-term investments	3,679,620
Accounts receivable, net	199,925
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	1,312,288
Total current assets	<u>5,781,758</u>

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	7,386,631
Capital assets, net	785,926
Other assets	-
Total noncurrent assets	<u>8,172,557</u>
Total assets	<u>13,954,315</u>

Liabilities:

Current liabilities:

Accounts payable	254,622
Accrued salaries and benefits payable	56,791
Accrued compensated absences-- current portion	149,762
Deferred revenue	61,188
Capitalized lease obligations -- current portion	-
Long-term debt obligations -- current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	492,391
Total current liabilities	<u>1,014,754</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	-
Other postemployment benefits obligation	6,711,710
Other liabilities	674,921
Total noncurrent liabilities	<u>7,386,631</u>
Total liabilities	<u>8,401,385</u>

Net assets:

Invested in capital assets, net of related debt	785,926
Restricted for:	
Nonexpendable -- endowments	-
Expendable:	
	-
	-
	-
	-
	-
Unrestricted	<u>4,767,004</u>
Total net assets	<u>\$ 5,552,930</u>

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

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 890,000
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 \$_____)	15,079,599
Other operating revenues	-
Total operating revenues	<u>15,969,599</u>

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	15,362,510
Depreciation and amortization	246,892
Total operating expenses	<u>15,609,402</u>
Operating income (loss)	<u>360,197</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	75,011
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	456,523
Net nonoperating revenues (expenses)	<u>531,534</u>
Income (loss) before other additions	891,731

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	<u>891,731</u>

Net assets:

Net assets at beginning of year, as previously reported	4,661,199
Restatements	-
Net assets at beginning of year, as restated	<u>4,661,199</u>
Net assets at end of year	<u>\$ 5,552,930</u>

(for inclusion in the California State University)

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

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**
Other Information
June 30, 2010
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2010:

	Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfer of Completed CWIP	Balance June 30, 2010
Nondepreciable capital assets:								
Land and land improvements	-	-	-	\$ -	-	-	\$ -	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	10,040	-	-	10,040	-	-	(10,040)	-
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	10,040	-	-	10,040	-	-	(10,040)	-
Depreciable capital assets:								
Buildings and building improvements	2,931,964	-	-	2,931,964	92,262	(375,835)	10,040	2,658,431
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,733,792	-	-	1,733,792	33,233	(253,448)	-	1,513,577
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	4,665,756	-	-	4,665,756	125,495	(629,283)	10,040	4,172,008
Total capital assets	4,675,796	-	-	4,675,796	125,495	(629,283)	-	4,172,008
Less accumulated depreciation:								
Buildings and building improvements	(2,265,339)	-	-	(2,265,339)	(128,953)	374,963	-	(2,019,329)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(1,503,134)	-	-	(1,503,134)	(117,939)	254,320	-	(1,366,753)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(3,768,473)	-	-	(3,768,473)	(246,892)	629,283	-	(3,386,082)
Total capital assets, net	907,323	-	-	907,323	(121,397)	\$ -	\$ -	785,926

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital ass	\$ 246,892
Amortization expense related to other assets	---
Total depreciation and amortization	\$ 246,892

3.3 Detail of intangible assets as of June 30, 2010:

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	-	-	-
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Total Intangible Assets	\$ -	\$ -	\$ -

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

Other Information
June 30, 2010

(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2009	Prior period adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Balance June 30, 2010	Long-term portion	Current portion
\$	181,404	—	\$	181,404	—	(31,642)	\$	—	149,762
Accrued compensated absences	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:	—	—	—	—	—	—	—	—	—
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:	—	—	—	—	—	—	—	—	—
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:	—	—	—	—	—	—	—	—	—
California State University Risk Management Authority Loan	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$	—	\$	181,404	—	(31,642)	\$	—	149,762

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015	—	—	—
2016-2020	—	—	—
2021-2025	—	—	—
2026-2030	—	—	—
2031-2035	—	—	—
2036-2040	—	—	—
2041-2045	—	—	—
2046-2050	—	—	—
2051-2055	—	—	—
2056-2060	—	—	—
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	—	—	\$

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Other Information
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6 Long-term debt obligation schedule

	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2011	\$ —	—	—	—	—	—
2012	—	—	—	—	—	—
2013	—	—	—	—	—	—
2014	—	—	—	—	—	—
2015	—	—	—	—	—	—
2016-2020	—	—	—	—	—	—
2021-2025	—	—	—	—	—	—
2026-2030	—	—	—	—	—	—
2031-2035	—	—	—	—	—	—
2036-2040	—	—	—	—	—	—
2041-2045	—	—	—	—	—	—
2046-2050	—	—	—	—	—	—
2051-2055	—	—	—	—	—	—
2056-2060	—	—	—	—	—	—
Total	\$ —	—	—	—	—	—

7 Calculation of net assets - Invested in capital assets, net of related debt

	Auxiliary Organizations		Total	
	GASB	FASB	Auxiliaries	
7.1 Calculation of net assets - Invested in capital assets, net of related debt				
Capital assets, net of accumulated depreciation	\$ —	\$ 785,926	\$ 785,926	
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	—	—	—	
Net assets - invested in capital assets, net of related debt	\$ —	\$ 785,926	\$ 785,926	

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)	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Add description	—	—	—	
Net assets - Restricted for nonexpendable - endowments per SNA	\$ —	—	—	

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
Other Information
June 30, 2010
(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 114,468
Payments to University for other than salaries of University personnel	1,032,946
Payments received from University for services, space, and programs	7,244,486
Gifts-in-kind to the University from Auxiliary Organizations	161,146
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	150,879
Accounts (payable to) University (enter as negative number)	(20,724)
Other amounts (payable to) University (enter as negative number)	(97,748)
Accounts receivable from University	25,835
Other amounts receivable from University	44,011

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 92,024
Contributions during the year	(141,125)
Increase (decrease) in net OPEB obligation (NOO)	(49,101)
NOO - beginning of year	6,970,422
NOO - end of year	<u>\$ 6,921,321</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Asset</u> <u>Class</u>	<u>Amount</u> <u>Dr. (Cr.)</u>
Net assets as of June 30, 2009, as previously reported		\$ 4,661,199
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 assets as of June 30, 2009, as restated		<u>\$ 4,661,199</u>

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

Other Information

June 30, 2010

(for inclusion in the California State University)

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

	<u>Debit</u>	<u>Credit</u>
Net 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)	—	—

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

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2010**

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.