

The Student Union of San José State University

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

**June 30, 2025
(With Summarized Totals for 2024)**



The Student Union of San José State University

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Independent Auditor's Report

To the Board of Directors
The Student Union of San José State University
(A California State University Auxiliary Organization)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Student Union of San José State University, a component unit of California State University, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Student Union of San José State University's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Student Union of San José State University as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Student Union of San José State University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Student Union of San José State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Student Union of San José State University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Student Union of San José State University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Student Union of San José State University's June 30, 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 9, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 31, and the Schedule of OPEB Contributions on page 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Student Union of San José State University's basic financial statements. The accompanying supplementary information on pages 34 to 39 is presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and is not a required part of the basic financial statements.

The accompanying supplementary 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 information is 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 15, 2025, on our consideration of The Student Union of San José State University'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Student Union of San José State University's 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 The Student Union of San José State University's internal control over financial reporting and compliance.



Los Angeles, California
September 15, 2025

The Student Union of San José State University

Management's Discussion and Analysis Year Ended June 30, 2025 (Unaudited)

Management's Discussion and Analysis

This section of The Student Union of San José State University's (the "Student Union") annual financial report includes management's discussion and analysis of the financial performance of the Student Union for the fiscal year ended June 30, 2025. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

Introduction to The Student Union of San José State University

The Student Union is a California State University auxiliary organization that manages and maintains major facilities at the San José State University (the "University") campus located in downtown San José, California. The Student Union began its operations at San José State University in October 1969 and became incorporated in March 1982. The facilities include the Student Union building, the Spartan Recreation and Aquatic Center (SRAC), and the Event Center Arena. The nonprofit corporation has been in business for more than 50 years in California and receives no state funding. Revenue is derived from program fees collected from students, various service fees and the rental of space in its facilities. Students interact with the Student Union on a daily basis through the use of facilities, participation in sponsored events or through a Student Union program. The Student Union also acts as a bridge to the greater campus community, whose members make use of recreational opportunities and attend the diverse concerts and events on the San José State University campus.

The student fees collected in recent periods are primarily used to maintain and operate the facilities that provide a social, recreational and educational space for all the students, which include all of the new and returning residential students. Student Union facilities enhance the opportunities for students, faculty and staff to socialize, congregate and engage outside of the classroom.

The Student Union is governed by its board of directors (the "Board"), composed of 14 voting members:

- Students—eight
- Faculty—two
- Ex-Officio—three
- Community Member—one

The Student Union's executive director is the Board secretary, which is a nonvoting position. The board of directors meets at least once quarterly, reviews and develops policy, and approves the annual budget. The executive director manages, and is administratively responsible for, the day-to-day operations of the corporation.

There are four subcommittees of the Board that address: personnel, facilities and programs, audits, and the finances and reserves of the corporation.

The Student Union's financial reserves consist of cash and investments. These reserves are reviewed quarterly by the Board to ensure the financial stability of the Student Union as well as provide adequate funding for future minor capital improvements and the continued operations of its facilities.

The Student Union of San José State University

Management's Discussion and Analysis Year Ended June 30, 2025 (Unaudited)

Introduction to the Financial Statements

The Student Union's financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. These statements are supported by the notes to the financial statements and management's discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial position of the Student Union.

Statement of net position: The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions (if any) on the net position of the Student Union.

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 for the year and is summarized by operating, capital and related financing, and investing activities. This statement is prepared using the direct method of cash flows and therefore presents the gross rather than net amounts for the year's activities.

Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Student Union's financial activities as of and for the year ended June 30, 2025. Included are comparative analyses of the current and prior years' activities and balances and a discussion of restrictions (if any) of the Student Union's net position.

The Student Union of San José State University

Management's Discussion and Analysis Year Ended June 30, 2025 (Unaudited)

Condensed Summary of Net Position

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

	2025	2024	Change
Assets:			
Current assets	\$ 1,251,508	\$ 974,747	\$ 276,761
Capital assets, net	628,758	724,346	(95,588)
Noncurrent assets	6,549,612	5,994,678	554,934
Total assets	8,429,878	7,693,771	736,107
Deferred outflows of resources	1,535,179	1,486,382	48,797
Liabilities:			
Current liabilities	965,891	907,335	58,556
Total liabilities	965,891	907,335	58,556
Deferred inflows of resources	1,521,346	1,635,265	(113,919)
Net position:			
Net investment in capital assets	628,758	724,346	(95,588)
Unrestricted - Student Services	6,849,062	5,913,207	935,855
Total net position	\$ 7,477,820	\$ 6,637,553	\$ 840,267

Assets: Total assets increased by \$0.7 million overall from fiscal year 2024 to fiscal year 2025 primarily due to increases in operating cash, carrying value of investments, and other post-employment benefits ("OPEB") offset by a decrease in prepaid expenses and the carrying value of capital assets. Operating cash increased \$0.3 million, investments increased \$0.4 million, OPEB asset increased \$0.1 million. The carrying value of capital assets decreased \$0.1 million.

Current assets increased by \$0.3 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase of \$0.3 million in operating cash.

Capital assets decreased by \$0.1 million from fiscal year 2024 to fiscal year 2025 due to current year depreciation and amortization expense of \$0.2 million offset by the acquisition cost of capital assets of \$0.1 million.

Noncurrent assets increased by \$0.5 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in the carrying value of investments of \$0.5 million and net OPEB asset of \$0.1 million.

Liabilities: Current liabilities increased by \$0.1 million from fiscal year 2024 to fiscal year 2025 primarily due to an increase in accrued payroll and related expenses.

The Student Union of San José State University

Management's Discussion and Analysis Year Ended June 30, 2025 (Unaudited)

Net position: Total net position increased by \$0.9 million from fiscal year 2024 to fiscal year 2025 due to a decrease in investment in capital assets of \$0.1 million offset by an increase in unrestricted balance of \$1.0 million.

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

Condensed Summary of Revenues, Expenses and Changes in Net Position:

	2025	2024	Change
Operating revenues:			
Total operating revenues	\$ 15,630,343	\$ 11,573,751	\$ 4,056,592
Operating expenses:			
Total operating expenses	15,423,462	13,507,970	1,915,492
Total operating income (loss)	206,881	(1,934,219)	2,141,100
Nonoperating revenues:			
Investment income, net	665,951	636,306	29,645
Increase (decrease) in net position	872,832	(1,297,913)	(2,170,745)
Net position:			
Beginning of year, as reported	6,637,553	7,935,466	(1,297,913)
Restatement due to GASB 101 adoption	(32,565)	-	(32,565)
Net position, beginning of year, as restated	6,604,988	7,935,466	(1,330,478)
End of year	\$ 7,477,820	\$ 6,637,553	\$ 840,267

Operating revenues: Total operating revenues increased by \$4.1 million from fiscal year 2024 to fiscal year 2025 due to increases in student union fee funding and rental income offset by a decrease in service fees.

Student union fee funding revenue used for operations increased by \$3.9 million from fiscal year 2024 to fiscal year 2025 due to increased funding and represented approximately 86% of total operating revenues in fiscal year 2025 compared to 83% in fiscal year 2024.

Rental income increased \$0.3 million from fiscal year 2024 to fiscal year 2025 and consists of unrelated party event rents, bowling alley shoe rentals, and AV tech service rentals. Wireless cell tower rents were collected and paid to campus during fiscal year 2025. Upon adoption of GASB 87, Student Union determined that while they had contractual agreements to collect ATM and wireless cell tower rents with third party vendors, in substance these leases were held with the University. All payments collected during fiscal year 2025 related to those agreements were recorded as a liability and paid to campus during the fiscal year. In addition, lease receivables and deferred inflows under GASB 87 were not recorded on Student Union's books as a result of these contracts. The Student Union had no leases that qualified as a lease under GASB 87, *Leases*.

The Student Union of San José State University

**Management's Discussion and Analysis
Year Ended June 30, 2025
(Unaudited)**

Remaining operating revenues decreased by \$0.1 million from fiscal year 2024 to fiscal year 2025 due to a decrease in service fees of \$0.1 million.

Operating expenses: Total operating expenses increased by \$1.9 million overall from fiscal year 2024 to fiscal year 2025 due primarily to an increase in wages and benefits as well as event costs, repair and maintenance costs, and small equipment purchases, offset by a decrease in depreciation and business services.

Wages and benefits increased by approximately \$1.2 million from fiscal year 2024 to fiscal year 2025. There were increases of \$0.7 million in event costs, \$0.1 million in repairs and maintenance, and \$0.1 million in small equipment purchases. There was a decrease of \$0.1 million in depreciation and \$0.1 million in business services from fiscal year 2024 to fiscal year 2025.

Nonoperating revenues (expenses): Nonoperating revenues (expenses) are derived from sources that are not part of the Student Union's primary business functions. Included in this classification is investment income (loss) and gain (loss) on disposition of capital assets.

Investment income for the year ended June 30, 2025 was \$0.6 million, consistent with the prior year ended June 30, 2024. The \$0.6 million investment income is comprised of \$0.3 million in interest and dividend income and \$0.3 million in realized and unrealized gains.

Basic Financial Statements

The Student Union of San José State University

**Statement of Net Position
June 30, 2025
With Summarized Totals at June 30, 2024**

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 1,056,840	\$ 753,222
Investments	257	18
Accounts receivable	30,828	31,659
Prepaid expenses and other current assets	163,583	189,848
Total current assets	<u>1,251,508</u>	<u>974,747</u>
Noncurrent assets		
Investments	5,796,841	5,340,221
Capital assets, net	628,758	724,346
Net OPEB asset	752,771	654,457
Total noncurrent assets	<u>7,178,370</u>	<u>6,719,024</u>
Total assets	<u>8,429,878</u>	<u>7,693,771</u>
Deferred outflows of resources		
OPEB deferred outflows—differences between projected and actual experience and changes in assumptions	1,049,478	1,027,284
OPEB deferred outflows—other post-employment benefits (OPEB) contributions after the measurement date	485,701	459,098
Total deferred outflows of resources	<u>1,535,179</u>	<u>1,486,382</u>
<u>Liabilities and Net Position</u>		
Current liabilities		
Accounts payable	157,278	146,532
Accrued payroll and related expenses	638,983	572,128
Other accrued liabilities	169,630	188,675
Total current liabilities	<u>965,891</u>	<u>907,335</u>
Total liabilities	<u>965,891</u>	<u>907,335</u>
Deferred inflows of resources		
OPEB deferred inflows—changes in assumptions and differences in expected and actual experience	1,521,346	1,635,265
Net position		
Net investment in capital assets	628,758	724,346
Unrestricted - Student Services	6,849,062	5,913,207
Total net position	<u>\$ 7,477,820</u>	<u>\$ 6,637,553</u>

See Notes to Financial Statements.

The Student Union of San José State University

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
Operating revenues		
Student union fee funding	\$ 13,477,639	\$ 9,577,426
Service fees	727,566	662,989
Rental income	442,358	190,127
Event services revenue	76,112	108,736
Club and intramural sports revenue	902,736	1,034,156
Other	3,932	317
	<u>15,630,343</u>	<u>11,573,751</u>
Total operating revenues		
Operating expenses		
Wages, benefits and taxes	9,219,697	8,040,745
Insurance	216,062	221,490
Supplies	357,046	308,742
Communications	395,542	384,269
Repairs and maintenance	305,386	235,410
Event costs	1,498,266	784,886
Small equipment purchases	212,227	72,311
Depreciation and amortization	213,894	362,712
Business services	1,746,404	1,932,839
Club and intramural sports program	1,029,361	995,047
Miscellaneous	197,800	101,532
Project expenditures	31,777	67,987
	<u>15,423,462</u>	<u>13,507,970</u>
Total operating expenses		
Operating income (loss)	<u>206,881</u>	<u>(1,934,219)</u>
Nonoperating revenues		
Investment income, net	<u>665,951</u>	<u>636,306</u>
Net nonoperating revenues	<u>665,951</u>	<u>636,306</u>
Change in net position	<u>872,832</u>	<u>(1,297,913)</u>
Net position, beginning of year, as reported	6,637,553	7,935,466
Restatement due to GASB 101 adoption	<u>(32,565)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>6,604,988</u>	<u>7,935,466</u>
Net position, end of year	<u>\$ 7,477,820</u>	<u>\$ 6,637,553</u>

See Notes to Financial Statements.

The Student Union of San José State University

**Statement of Cash Flows
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024**

	2025	2024
Cash flows from operating activities		
Sales and services of auxiliary enterprises	\$ 15,631,174	\$ 11,485,260
Payments to suppliers	(5,971,905)	(5,100,542)
Payments to employees	(6,192,124)	(5,360,864)
Payments to students	(3,239,510)	(2,598,215)
Other payments	(14,803)	(146,252)
Net cash provided by (used in) operating activities	212,832	(1,720,613)
Cash flows from capital and related financing activities		
Acquisitions of capital assets	(118,306)	-
Net cash used in capital and related financing activities	(118,306)	-
Cash flows from investing activities		
Interest income	341,350	253,395
Proceeds from sales of investments	12,367,742	8,304,580
Purchases of investments	(12,500,000)	(6,976,788)
Net cash provided by investing activities	209,092	1,581,187
Net increase (decrease) in cash and cash equivalents	303,618	(139,426)
Cash and cash equivalents, beginning	753,222	892,648
Cash and cash equivalents, end	\$ 1,056,840	\$ 753,222
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 206,881	\$ (1,934,219)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	213,894	362,712
Change in assets and liabilities		
Accounts receivable	831	20,245
Prepaid expenses and other current assets	26,265	(29,147)
Deferred outflows of resources	(48,797)	213,883
Accounts payable	10,746	2,717
Accrued payroll and related expenses	34,290	35,243
Other accrued liabilities	(19,045)	30,401
Deferred inflows of resources	(113,919)	(163,034)
Net OPEB asset/liability	(98,314)	(259,414)
Net cash provided by (used in) operating activities	\$ 212,832	\$ (1,720,613)

See Notes to Financial Statements.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Note 1 - Nature of the Organization

The Student Union of San José State University (the "Student Union") is an auxiliary organization in the California State University ("CSU") system. The purposes of the Student Union are to provide cultural, educational, social and recreational services to the San José State University (the "University") campus community, and to manage and operate the renovated Student Union building, the Event Center Arena, and the Spartan Recreation and Aquatic Center.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Student Union have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to government entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the Student Union is considered to be a special-purpose government engaged only in business-type activities. The GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP, as prescribed by the GASB. For financial reporting purposes, the Student Union is also considered to be a component unit of CSU and is included in their financial statements as a discretely presented component unit.

Classification of current and noncurrent assets and liabilities

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

Cash and cash equivalents

The Student Union considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Student Union maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Student Union has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Club sports cash

A bank account was established to hold instructionally related activities ("IRA") funds upon mutual agreement with the University in a Memorandum of Understanding ("MOU") dated August 1, 2006, and subsequently amended on December 1, 2018, allowing the Student Union to manage and oversee the University's Club Sports Program. The Student Union inherited Intramural Sports from Associated Students Inc. in 2017. These funds are to be used for allowable expenditures as outlined in the MOU, including insurance premiums for participants, programmatic and administrative support, hiring full-time and support staff, and hiring officials. Under the terms of the MOU, the Student Union may receive a program fee allocation from the University totaling \$375,000 for Club Sports and \$125,000 for Intramurals. During the year ended June 30, 2025, Student Union received \$375,000 for Club Sports and \$125,000 for Intramurals. In addition to IRA funds, the Student Union collects

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

student dues for club sports and these funds are retained in a separate bank account from the IRA funds. At June 30, 2025, unspent cash totaled \$235,502.

Investments

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

Accounts receivable

Accounts receivable are recorded when services are performed at the actual amount expected to be collected. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2025.

Capital assets

The Student Union's premises are leased from the Trustees of the CSU system. All building costs, capital equipment, operating expenses, and repairs and maintenance costs, however, are obligations of the Student Union. The Student Union capitalizes all equipment purchases over \$5,000.

Depreciation and amortization

Capital assets are recorded at acquisition price less accumulated depreciation. Donated capital assets are recorded at their estimated acquisition value. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years or, in the case of leasehold improvements, generally the lesser of 15 years or the life of the lease.

Compensated absences

The Student Union accrues vacation benefits for eligible full-time employees at various rates, depending upon the length of service. The Student Union also accrues sick leave for employees as described below. The total liability for these accruals consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash.

Eligible full-time employees accrue sick leave at the rate of 96 hours at January 1 each year. Effective January 1, 2025, eligible full-time employees accrue sick leave at the rate of 4 hours per pay period, and unused sick leave as of December 31 is allowed to carry over into the subsequent calendar year.

The Student Union adopted the mandated sick leave for non-benefited employees as of July 1, 2024. Effective January 1, 2025, all non-benefited employees who work more than 30 days per year accrue 3.34 hours of sick leave per pay period during their first six months of employment with no carryover allowed.

Neither benefited nor non-benefited employees are paid for unused sick leave upon termination of employment.

Accrued compensated absences at June 30, 2025 were \$317,768 and included in accrued payroll and related expenses on the statement of net position.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Net position

The Student Union's net position is classified into the following net asset categories:

Net investment in capital assets – Capital assets less accumulated depreciation and outstanding balances of bonds, mortgages, notes, lease liabilities, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – expendable – Net position subject to externally imposed conditions that can be fulfilled by the actions of the Student Union or by the passage of time.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Student Union. Board-designated net position consists of funds designated for local reserve projects, including capital equipment if the project cost does not exceed the capitalization policy, as well as funds designated for club sports program.

Revenue

The University allocates a portion of the Student Union fee funding collected during the academic year for Student Union operations based on the Student Union's University-approved annual operating budget. The allocation of operating funds follows a retention of collected Student Union fees for debt service obligations and a reserve for capital expenditures. The Student Union fee is a mandatory part of a student's Tuition and Fees and is paid to the University and held in the Student Union Fee Trust for payment of debt service, contribution to the reserve for capital expenditures, and distribution of operating funds to the Student Union. The Student Union recognizes fee funding as revenue when earned. Rental income is recognized as revenue when earned and consists of unrelated party event fees and bowling alley shoe rental.

Classification of revenues and expenses

The Student Union considers operating revenues and expenses to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to their primary functions, which are program fees, rental income and other miscellaneous activities.

Certain other transactions are reported as nonoperating revenues and expenses, including investment income and capital or noncapital contributions to related entities.

Other post-employment benefits other than pensions

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Student Union's OPEB plan and additions to/deductions from the Student Union's fiduciary net position have been determined on the same basis as they are reported by the Student Union. For this purpose, the Student Union recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Concentrations

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

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Income taxes

The Student Union is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Revenues and Taxation Code, respectively. Accordingly, no provision for income taxes has been recorded. Form 990, filed by the Student Union, is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Generally, the Student Union is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years before 2022.

The Student Union has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Student Union's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

Use of estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the amounts of reported assets and liabilities in the financial statements and accompanying notes, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements adopted

Effective for the fiscal year beginning July 1, 2024, the Student Union implemented the provisions of GASB Statement No. 101, *Compensated Absences* ("GASB 101"). This Statement replaces GASB Statement No. 16 and establishes a unified model for recognizing and measuring liabilities associated with compensated absences.

Under GASB 101, a liability is recognized for leave that:

- Is attributable to services already rendered,
- Accumulates and carries forward to future periods,
- Is more likely than not to be used for time off or otherwise paid or settled.

Previously, the Student Union accrued vacation leave only. Sick leave, although earned and carried forward subject to certain limitations, was not accrued because it was not paid upon termination. Under GASB 101, the Student Union reviewed historical usage patterns and determined that a portion of accumulated sick leave is more likely than not to be used. As a result, the Student Union now recognizes a liability for that portion in the basic financial statements.

Except for the line items listed in the table below, the June 30, 2024 basic financial statements were not restated for implementation of GASB 101 because it was not considered practical to do so. History of employee sick leave usage is not readily available for the time period prior to June 30, 2024 and the impact to net position as of June 30, 2023 is not considered material to the Student Union's financial statements.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

The implementation of GASB 101 had the following effect on financial statement line items as of July 1, 2024:

Net position, as previously reported	\$ 6,637,553
Cumulative effect of implementing GASB 101	<u>(32,565)</u>
Net position, as restated	<u>\$ 6,604,988</u>

Comparative totals

The financial statements include certain prior year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Student Union's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Note 3 - Liquidity and availability

The Student Union regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Student Union has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. At June 30, 2025, the Student Union had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 1,056,840
Accounts receivable	30,828
Less: club sports cash	<u>(235,502)</u>
	<u>\$ 852,166</u>

Note 4 - Investments

Investments consist of the following at June 30, 2025:

UBS Financial Services, Inc. ("UBS")	
Exchange traded funds	\$ 2,555,050
Fixed income mutual and exchange traded funds	1,764,078
Mutual funds	143,250
Equity securities	545,432
Hedge funds	284,389
Private equity funds	444,806
Cash	<u>60,093</u>
	<u>\$ 5,797,098</u>

Investment policy

The Student Union's investment policy (the "Policy") sets forth the guidelines for the investments of the Student Union, which includes cash accounts that are classified as investments.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Interest rate risk

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

	June 30, 2025						
	Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Fixed income mutual and exchange traded funds	\$ 1,764,078	\$ 367,378	\$ 424,814	\$ -	\$ -	\$ 216,645	\$ 755,241

Credit risk

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

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

The credit risk profile for fixed income mutual and exchange traded funds at June 30, 2025 is as follows:

Investment Type	Amount	Credit Rating
Fixed Income Mutual and Exchange Traded Funds	\$ 228,800	AAA
Fixed Income Mutual and Exchange Traded Funds	662,588	AA
Fixed Income Mutual and Exchange Traded Funds	339,585	A
Fixed Income Mutual and Exchange Traded Funds	412,441	BBB
Fixed Income Mutual and Exchange Traded Funds	68,623	BB
Fixed Income Mutual and Exchange Traded Funds	40,927	B
Fixed Income Mutual and Exchange Traded Funds	11,114	Below B
Total fixed income mutual and exchange traded funds	<u>\$ 1,764,078</u>	

Concentration of credit risk

The Policy of the Student Union contains certain limitations on the amount that can be invested in any one issuer. The Student Union did not have any investments in any one issuer (other than mutual funds) that represent 5% or more of the Student Union's total investments as of June 30, 2025.

Custodial credit risk

Custodial credit risk for deposits is the risk that the Student Union will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of the Student Union's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. In accordance with the Policy, all certificates of deposit are FDIC-insured and limited to \$250,000 at any one institution. At June 30, 2025, deposits exceeded the FDIC-insured amount by \$1,042,988, which is uninsured and collateralized by securities held by the pledging financial institutions.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the Student Union would not be able to recover its investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. U.S. Treasury issues and federally sponsored enterprise issues are held by Securities Investor Protection Corporation ("SIPC") -insured brokers and are not registered with the issuer in the Student Union's name. SIPC-insured amounts are limited to \$500,000. At June 30, 2025, amounts susceptible to custodial credit risk exceeded the SIPC-insured amount by \$45,432.

Fair value measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, requires assets and liabilities to be measured at fair value and disclosures to be made on the fair value measurements, the level of fair value hierarchy, and valuation techniques. Fair value is defined 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, and disclosed in one of the following hierarchies:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices in active markets for identical assets or liabilities, either directly or indirectly.
- Level 3: Inputs that are unobservable in situations where there is little or no market activity for the asset or liability and significant to the overall fair value measurement.

The fair value of exchange traded funds, fixed income mutual and exchange traded funds, mutual funds, equity securities, and hedge funds were derived from quoted prices in active markets; therefore, they are classified as Level 1.

The fair value of private equity funds is determined using the net asset value ("NAV") of shares held by the Student Union at the value reported by the fund, which can lag for 45 days. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

The following table summarizes the Student Union's investments' fair value hierarchy:

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Description	June 30, 2025	Fair Value Measurement at Reporting Date Using		
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 2,555,050	\$ 2,555,050	\$ -	\$ -
Fixed income mutual and exchange traded funds	1,764,078	1,764,078	-	-
Mutual funds	143,250	143,250	-	-
Equity securities	545,432	545,432	-	-
Hedge funds	284,389	284,389	-	-
Total investments by fair value level	5,292,199	<u>\$ 5,292,199</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Private equity funds	444,806			
Cash	60,093			
Total investments	<u>\$ 5,797,098</u>			

The following table lists investments in companies that are valued at NAV at June 30, 2025:

Asset category	NAV in funds	No. of funds	Redemption terms	Redemption instructions	Redemption restrictions in place at year end	Unfunded commitments at year end
Private equity funds	\$ 444,806	3	Not eligible for redemption	Not redeemable	Not redeemable	\$ 40,691

The Student Union reviews valuations and assumptions provided by investment fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. For the year ended June 30, 2025, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Student Union believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5 - Capital Assets

Capital assets consist of the following at June 30, 2025:

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

	2024	Additions	Retirements	Transfers	2025
Computer equipment	\$ 49,184	\$ -	\$ -	\$ -	\$ 49,184
Furniture and equipment	4,180,498	118,306	(106,370)	-	4,192,434
Leasehold improvements	3,266,796	-	(26,300)	-	3,240,496
	<u>7,496,478</u>	<u>118,306</u>	<u>(132,670)</u>	<u>-</u>	<u>7,482,114</u>
Less accumulated depreciation and amortization					
Computer equipment	(34,648)	(4,955)	-	-	(39,603)
Furniture and equipment	(3,644,076)	(141,841)	106,370	-	(3,679,547)
Leasehold improvements	(3,093,408)	(67,098)	26,300	-	(3,134,206)
	<u>(6,772,132)</u>	<u>(213,894)</u>	<u>132,670</u>	<u>-</u>	<u>(6,853,356)</u>
Total accumulated depreciation and amortization					
	<u>(6,772,132)</u>	<u>(213,894)</u>	<u>132,670</u>	<u>-</u>	<u>(6,853,356)</u>
Net book value	<u>\$ 724,346</u>	<u>\$ (95,588)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,758</u>

Note 6 - OPEB Plan

Other post-employment benefit obligation

The Student Union follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This OPEB plan is considered an agent-multiemployer plan.

General information about the OPEB plan

Plan description

The Student Union provides lifetime retiree medical coverage to eligible employees and their dependents under the Other Post-Employment Benefit Program of the San Jose State University Student Union. For employees hired before January 1, 2013, retirement at age 50 with at least five years of Student Union service is required. For employees hired on or after January 1, 2013, retirement at age 55 with at least five years of Student Union service is required. Employees who have attained age 55 and have at least 20 years of Student Union service qualify for benefits under the plan regardless of hire date. The medical plan benefits are contracted with the California Public Employees' Retirement System ("CalPERS") under the Public Employees' Medical and Hospital Care Act ("PEMHCA").

Benefits provided

The plan provides health care and dental benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

Contributions

The Student Union adopted the entry age normal actuarial cost method prefunding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan uses a 6.25% discount rate for year ended June 30, 2025, assuming the Student Union continues prefunding 100% of each future year's

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

annual required contribution. The Student Union assumes an open 30-year level dollar amortization of the unfunded actuarial accrued liability.

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

The Student Union has voluntarily opted for a funding policy under which it will contribute 100% of its actuarially determined annual required contribution. Contributions to the OPEB plan from the Student Union for the year ended June 30, 2025 were \$485,701.

Employees covered by benefit terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	44
	<hr/>
	59
	<hr/>

OPEB asset, OPEB expense and deferred inflows and outflows of resources related to OPEB

The Student Union's net OPEB asset was \$752,771 at June 30, 2025. The Student Union's net OPEB asset was measured as of June 30, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023 for the year ended June 30, 2025 as allowed per the standard.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

The changes in net OPEB asset are as follows for the year ended June 30, 2025:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024 <i>Measurement date June 30, 2023</i>	\$ 4,165,515	\$ 4,819,972	\$ (654,457)
Expected changes during the period			
Service cost	334,613	-	334,613
Interest cost	276,286	-	276,286
Expected investment income	-	309,928	(309,928)
Employer contributions	-	459,098	(459,098)
Administrative fees	-	(22,256)	22,256
Benefit payments	(159,098)	(159,098)	-
Total expected changes during the period	451,801	587,672	(135,871)
	4,617,316	5,407,644	(790,328)
Unexpected changes during the period			
Changes due to premiums and estimated claims	360,080	-	360,080
Changes due to investment experience	-	322,523	(322,523)
Change due to plan experience	360,080	322,523	37,557
Total unexpected changes during the period	360,080	322,523	37,557
Balance at June 30, 2025 <i>Measurement date June 30, 2024</i>	\$ 4,977,396	\$ 5,730,167	\$ (752,771)

For the year ended June 30, 2025, the Student Union recognized OPEB expense of \$224,671 which is included in wages, benefits and taxes on the statement of revenues, expenses and changes in net position.

OPEB expense for the year ended June 30, 2025 is as follows:

Service cost	\$ 334,613
Interest on OPEB liability	276,286
Projected earnings	(309,928)
Administrative expenses	22,256
Deferred (inflows) outflows of resources	
Change in assumptions	(45,830)
Differences between expected and actual experience	(98,646)
Differences between projected and actual earnings	45,920
OPEB expense	\$ 224,671

The Student Union of San José State University

**Notes to Financial Statements
June 30, 2025**

At June 30, 2025, the Student Union reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,265	\$ (728,806)
Changes of assumptions	177,477	(338,585)
Net difference between projected and actual earnings on OPEB plan investments	<u>497,736</u>	<u>(453,955)</u>
Total	<u>\$ 1,049,478</u>	<u>\$ (1,521,346)</u>

Of the total amount reported as deferred outflows at June 30, 2025, related to OPEB, \$485,701 resulting from Student Union contributions subsequent to the measurement date of June 30, 2024 and before the end of the fiscal year will be included as a reduction of the net OPEB liability for the year ended June 30, 2026.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2026	\$ (116,550)
2027	20,137
2028	(228,731)
2029	(167,768)
2030	(98,449)
Thereafter	<u>119,493</u>
Total	<u>\$ (471,868)</u>

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Actuarial assumptions

The June 30, 2025 total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.25%
Health care cost trend rates	6.00% in 2026 fluctuating down to 3.9% by 2075
Dental rate	4.00%

Mortality rates for June 30, 2025 were based on the CalPERS 2021 Mortality Pre- and Post-retirement Table for Males or Females, as appropriate.

The retirement rates used in the most recent CalPERS Public Agency Miscellaneous were 2.0% at 55 for actives hired before January 1, 2013, and 2.0% at 62 for actives hired on or after January 1, 2013.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weight; the expected future real rates of return by the target asset allocation percentage; and by adding expected inflation.

As of June 30, 2025, the long-term expected rates of return for each major investment class in the plan's portfolio are as follows:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	41.0%	6.00%
Fixed income	39.0%	1.30%
Real assets	8.0%	3.60%
International equity	12.0%	4.90%
Total	100.0%	

Discount rate

The discount rate used to measure the total June 30, 2025, OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that Student Union contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Student Union, as well as what the Student Union's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current discount rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB liability (asset)	\$ (65,330)	\$ (752,771)	\$ (1,318,976)

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the Student Union, as well as what the Student Union's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

	1% Decrease	Health Care Cost Trend	1% Increase
Net OPEB liability (asset)	\$ (1,398,139)	\$ (752,771)	\$ 49,100

Retirement plan

The Student Union has an annuity purchase plan under Section 403(b) of the IRC. Under this qualified plan, eligible employees may defer their salary through contributions to the plan, subject to IRC limits, and the Student Union will match up to 4% for eligible employees as well as employer discretionary contributions. The Student Union's plan contributions for fiscal year 2025 were \$256,730 and are included in wages, benefits and taxes on the statement of revenues, expenses and changes in net position.

Note 7 - Related Parties

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

Receivables from affiliates at June 30, 2025 are as follows:

Receivable from San José State University	\$ 17,817
Receivable from auxiliary organizations	
Associated Students, Inc.	5,537
Tower Foundation of San Jose State University	562
	<u>\$ 23,916</u>

The receivables from affiliates are included on the accompanying statement of net position in accounts receivable.

The Student Union of San José State University

Notes to Financial Statements June 30, 2025

Payables to affiliates at June 30, 2025 are as follows:

Payable to San José State University	\$	5,333
Payable to auxiliary organizations		
Associated Students, Inc.		<u>5,662</u>
	\$	<u>10,995</u>

The payables to affiliates are included on the accompanying statement of net position in accounts payable.

For the year ended June 30, 2025, the related party transactions included:

Payments to the University for other than salaries of University personnel	\$	783,984
Payments received from the University for services, space, and programs	\$	14,154,965

Note 8 - Self-Insured Workers' Compensation and Unemployment Insurance Plans

The Student Union participated in a self-insured workers' compensation and unemployment insurance plan with certain other California State University Auxiliary Organizations that was established as a separate entity risk pool to manage claims and risks. The plan was called the California State University Risk Management Authority ("CSURMA"), a Joint Powers Authority ("JPA"), to form the Auxiliary Organizations Risk Management Alliance ("AORMA") workers' compensation and unemployment insurance coverage program. AORMA workers' compensation and unemployment insurance coverage program members share risk among themselves. The workers' compensation and unemployment insurance program has been integrated with the CSURMA program, with assets and risk handled separately through the AORMA workers' compensation coverage program.

CSURMA-AORMA has assumed liability for all historical AO-COMP claims and, with the permission of the state of California, all claims will be managed and paid for through the JPA. Effective January 1, 2015, CSURMA-AORMA joined the Public Risk Innovation, Solution, and Management ("PRISM"), (previously named CSAC Excess Insurance Authority) Excess Workers Compensation Program. PRISM is responsible for all covered losses within the self-insured retention layer, which results in reducing AORMA's outstanding liabilities. The pooled retention for each claim was increased from \$500,000 to \$750,000 effective July 1, 2017. Members of CSURMA-AORMA and the JPA are jointly and severally liable; currently, the program is fully funded and has sufficient funds to cover all costs.

Premiums allocated to the Student Union are based on applying individual class code rates determined by an independent actuary to the Student Union's payroll and modified by further application of the Student Union's experience modification (ex-mod) factor. The ex-mod is calculated using the Student Union's loss history and payroll from the three prior policy years. The premium includes an estimate of the amount for incurred but not reported claims.

Although considerable variability is inherent in such estimates, the Student Union believes its premiums are reasonably adequate to cover future claims. Funds in excess of those needed to

The Student Union of San José State University

**Notes to Financial Statements
June 30, 2025**

maintain a conservative funding of liabilities are returned to members on an annual basis. The Student Union did not receive any refund distributions during the fiscal year ended June 30, 2025.

At June 30, 2025, there were 55 full time employees and 397 part time and student employees that were covered by the CSURMA–AORMA workers' compensation and unemployment insurance program. For the fiscal year ending June 30, 2026, deposits to the workers compensation program have been calculated to be \$114,544 and are invoiced quarterly by CSURMA during the fiscal year.

During the fiscal year ending June 30, 2026, deposits to the Unemployment Insurance Program have been calculated to be \$21,009 and are invoiced quarterly by CSURMA during the fiscal year.

Required Supplementary Information

The Student Union of San José State University

Schedule of Changes in the Net OPEB Liability and Related Ratios June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	\$ 334,613	\$ 313,192	\$ 304,070	\$ 252,842	\$ 213,651	\$ 222,014	\$ 204,643	\$ 128,947
Interest	276,286	262,629	235,196	282,923	256,530	247,140	203,720	212,590
Differences between expected and actual experience	-	-	-	(1,101,878)	(16,081)	(77,164)	(19,264)	(191,473)
Change in benefit terms	360,080	70,976	-	-	-	-	272,883	-
Changes in assumptions	-	(110,149)	-	(134,099)	288,802	(174,689)	-	(303,704)
Benefit payments	(159,098)	(135,082)	(124,061)	(101,717)	(85,144)	(64,787)	(53,556)	(44,122)
Net change in total OPEB liability	811,881	401,566	415,205	(801,929)	657,758	152,514	608,426	(197,762)
Total OPEB liability - beginning	4,165,515	3,763,949	3,348,744	4,150,673	3,492,915	3,340,401	2,731,975	2,929,737
Total OPEB liability - ending (a)	4,977,396	4,165,515	3,763,949	3,348,744	4,150,673	3,492,915	3,340,401	2,731,975
Plan fiduciary net position:								
Contributions - employer	459,098	435,082	424,061	501,717	628,940	308,583	297,352	282,088
Net investment income	632,451	380,358	(920,761)	922,532	125,802	121,901	166,397	195,470
Benefit payments	(159,098)	(135,082)	(124,061)	(101,717)	(85,144)	(64,787)	(53,556)	(44,122)
Administrative expense	(22,256)	(19,378)	(20,667)	(1,599)	(9,851)	(9,700)	(16,773)	(8,909)
Net change in plan fiduciary net position	910,195	660,980	(641,428)	1,320,933	659,747	355,997	393,420	424,527
Plan fiduciary net position - beginning	4,819,972	4,158,992	4,800,420	3,479,487	2,819,740	2,463,743	2,070,323	1,645,796
Plan fiduciary net position - ending (b)	5,730,167	4,819,972	4,158,992	4,800,420	3,479,487	2,819,740	2,463,743	2,070,323
Student Union's net OPEB (asset) liability - ending (a) - (b)	\$ (752,771)	\$ (654,457)	\$ (395,043)	\$ (1,451,676)	\$ 671,186	\$ 673,175	\$ 876,658	\$ 661,652

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Plan fiduciary net position as a percentage of the total OPEB liability	115%	116%	110%	143%	84%	81%	74%	76%
Covered payroll	\$ 3,880,702	\$ 3,609,951	\$ 3,136,187	\$ 3,492,100	\$ 3,552,453	\$ 2,978,976	\$ 2,606,247	\$ 2,452,176
Student Union's net OPEB (asset) liability as a percentage of covered payroll	-19%	-18%	-13%	-42%	19%	23%	34%	27%

The Student Union of San José State University

Schedule of OPEB Contributions June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 307,455	\$ 218,407	\$ 206,941	\$ 212,244	\$ 283,978	\$ 283,023	\$ 280,032	\$ 243,176
Contributions in relation to the actuarially determined contribution	485,701	459,098	435,082	424,061	501,717	308,583	297,352	282,088
Contribution excess	<u>\$ (178,246)</u>	<u>\$ (240,691)</u>	<u>\$ (228,141)</u>	<u>\$ (211,817)</u>	<u>\$ (217,739)</u>	<u>\$ (25,560)</u>	<u>\$ (17,320)</u>	<u>\$ (38,912)</u>
Covered payroll	\$ 4,461,038	\$ 3,880,702	\$ 3,609,951	\$ 3,780,708	\$ 3,492,100	\$ 3,552,453	\$ 2,978,976	\$ 2,606,247
Contributions as a percentage of covered payroll	10.89%	11.83%	12.05%	11.22%	14.37%	8.69%	9.98%	10.82%
<i>Information presented prospectively beginning with 2018 due to implementation of GASB 75.</i>								

Notes to schedule:

Valuation date: 6/30/2023
 Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Dollar
Amortization period	Open 30 year
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.50%
Health care cost trend rates at June 30, 2025	6.0% in 2026 fluctuating down to 3.9% by 2075
Dental rate	4.00%
Salary increases	3.00%
Investment rate of return	6.25%
Retirement age	50 to 75
	Retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2% at 55 for actives hired before January 1, 2013, and 2% at 62 for actives hired on or after January 1, 2013
Mortality	The mortality rates used in this valuation are those used in the most recent 2021 CalPERS experience study
Mortality Improvement	MW Scale 2022 generational
Benefit changes	None
Changes in actuarial assumptions and methods	None

Supplementary Information

The Student Union of San José State University

Schedule of Net Position June 30, 2025 (for inclusion in the California State University Financial Statements)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,056,840
Short-term investments	257
Accounts receivable, net	30,828
Lease receivable, current portion	—
P3 receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	163,583
Total current assets	1,251,508
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Lease receivable, net of current portion	—
P3 receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	5,796,841
Capital assets, net	628,758
Other assets	752,771
Total noncurrent assets	7,178,370
Total assets	8,429,878
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	1,535,179
Leases	—
P3	—
Others	—
Total deferred outflows of resources	1,535,179
Liabilities:	
Current liabilities:	
Accounts payable	157,278
Accrued salaries and benefits	321,215
Accrued compensated absences, current portion	317,768
Unearned revenues	—
Lease liabilities, current portion	—
SBITA liabilities - current portion	—
P3 liabilities - current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	169,630
Total current liabilities	965,891
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Lease liabilities, net of current portion	—
SBITA liabilities, net of current portion	—
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	—
Total liabilities	965,891
Deferred inflows of resources:	
P3 service concession arrangements	—
Net pension liability	—
Net OPEB liability	1,521,346
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Lease	—
P3	—
Others	—
Total deferred inflows of resources	1,521,346
Net position:	
Net investment in capital assets	628,758
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	6,849,062
Total net position	\$ 7,477,820

The Student Union of San José State University

Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2025 (for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		—

Grants and contracts, noncapital:

Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises, gross		2,152,704
Scholarship allowances (enter as negative)		—
Other operating revenues		13,477,639
Total operating revenues		<u>15,630,343</u>

Expenses:

Operating expenses:

Instruction		—
Research		—
Public service		—
Academic support		—
Student services		15,209,568
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		213,894
Total operating expenses		<u>15,423,462</u>
Operating income (loss)		<u>206,881</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		665,951
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		<u>665,951</u>
Income (loss) before other revenues (expenses)		<u>872,832</u>

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		<u>872,832</u>

Net position:

Net position at beginning of year, as previously reported		6,637,553
Restatements		(32,565)
Net position at beginning of year, as restated		<u>6,604,988</u>
Net position at end of year		<u>\$ 7,477,820</u>

The Student Union of San José State University

Other Information

June 30, 2025

(for inclusion in the California State University Financial Statements)

1 Cash and cash equivalents:

Current cash and cash equivalents	\$ 1,056,840
Total	\$ 1,056,840

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 257	\$ 59,836	\$ 60,093
Mutual funds	-	1,907,328	1,907,328
Exchange traded funds	-	2,555,051	2,555,051
Equity securities	-	545,432	545,432
Alternative investments:			
Private equity (including limited partnerships)	-	444,806	444,806
Hedge funds	-	284,388	284,388
Total investments	\$ 257	\$ 5,796,841	\$ 5,797,098

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 60,093	\$ 60,093	\$ -	\$ -	\$ -
Mutual funds	1,907,328	1,907,328	-	-	-
Exchange traded funds	2,555,051	2,555,051	-	-	-
Equity securities	545,432	545,432	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	444,806	-	-	-	444,806
Hedge funds	284,388	284,388	-	-	-
Total investments	\$ 5,797,098	\$ 5,352,292	\$ —	\$ —	\$ 444,806

2.3 Investments held by the University under contractual agreements:

NOTHING TO REPORT

The Student Union of San José State University

Other Information June 30, 2025 (for inclusion in the California State University Financial Statements)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Depreciable/Amortizable capital assets:									
Leasehold improvements	\$ 3,266,796	\$ -	\$ -	\$ -	\$ 3,266,796	\$ -	\$ (26,300)	\$ -	\$ 3,240,496
Personal property:									
Equipment	4,229,682	-	-	-	4,229,682	118,306	(106,370)	-	4,241,618
Total depreciable/amortizable capital assets	7,496,478	-	-	-	7,496,478	118,306	(132,670)	-	7,482,114
Total capital assets	7,496,478	-	-	-	7,496,478	118,306	(132,670)	-	7,482,114
 Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Leasehold improvements	(3,093,408)	-	-	-	(3,093,408)	(67,098)	26,300		(3,134,206)
Personal property:									
Equipment	(3,678,724)	-	-	-	(3,678,724)	(146,796)	106,370		(3,719,150)
Total accumulated depreciation/amortization	(6,772,132)	-	-	-	(6,772,132)	(213,894)	132,670	-	(6,853,356)
Total capital assets, net excluding ROU assets	\$ 724,346	\$ -	\$ -	\$ -	\$ 724,346	\$ (95,588)	\$ -	\$ -	\$ 628,758
 3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense related to capital assets	213,894								
Total depreciation and amortization	\$ 213,894								

The Student Union of San José State University

Other Information

June 30, 2025

(Continued)

(for inclusion in the California State University Financial Statements)

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 292,229		\$ 292,229	\$ 25,539		\$ 317,768	\$ 317,768	\$ -
Total long-term liabilities						\$ 317,768	\$ 317,768	\$ -

5 Future minimum payments schedule - leases, SBITA, P3:

NOTHING TO REPORT

6 Future minimum payments schedule - Long-term debt obligations:

NOTHING TO REPORT

7 Transactions with related entities:

Payments to University for other than salaries of University personnel	\$ 783,984
Payments received from University for services, space, and programs	\$ 14,154,965
Accounts (payable to) University	\$ (5,333)
Accounts receivable from University	\$ 17,817

8 Restatements

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

Restatement #1

Enter transaction description

Unrestricted

Accrued compensated absences, current portion

Accrued compensated absences, net of current portion

Debit/(Credit)
\$ 32,565
(32,565)
-
\$ -

The Student Union of San José State University

Other Information

June 30, 2025

(Continued)

(for inclusion in the California State University Financial Statements)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Student services	\$ 7,349,381	\$ 1,388,915	\$ 256,730	\$ 224,671		\$ 5,989,871		\$ 15,209,568
Depreciation and amortization							213,894	213,894
Total operating expenses	\$ 7,349,381	\$ 1,388,915	\$ 256,730	\$ 224,671	\$ -	\$ 5,989,871	\$ 213,894	\$ 15,423,462

Select type of pension plan >>

Defined Contribution Plan

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - net OPEB liability

\$ 1,535,179

Total deferred outflows of resources

\$ 1,535,179

2. Deferred Inflows of Resources

Deferred inflows - net OPEB liability

\$ 1,521,346

Total deferred inflows of resources

\$ 1,521,346

11 Other nonoperating revenues (expenses)

NOTHING TO REPORT

Independent Auditor's 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*

To the Board of Directors
The Student Union of San José State University
(A California State University Auxiliary Organization)

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities of The Student Union of San José State University (the "Student Union"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Student Union's basic financial statements, and have issued our report thereon dated September 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Student Union's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Student Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Student Union'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Student Union'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 financial statements. 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 results 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.

CohnReznick LLP

Los Angeles, California
September 15, 2025



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