

**SONOMA STUDENT UNION CORPORATION**

**ROHNERT PARK, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Sonoma Student Union Corporation  
Rohnert Park, California

We have audited the accompanying basic financial statements of the business-type activities and the major fund of Sonoma Student Union Corporation as of June 30, 2007 and for the fiscal year then ended, as listed in the table of contents. These basic financial statements are the responsibility of Sonoma Student Union Corporation's management. Our responsibility is to express an opinion on these basic financial statements based upon our audit. The prior year summarized comparative information has been derived from Sonoma Student Union Corporation's 2006 financial statements and, in our report dated August 2, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the major fund of Sonoma Student Union Corporation as of June 30, 2007, and the respective changes in financial position and cash flow and the respective budgetary comparison listed as part of the basic financial statements for the fiscal year then ended, in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information, but we did not audit this information and express no opinion on it.



R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
August 14, 2007

Sonoma Student Union Corporation  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

This section of Sonoma Student Union Corporation's annual financial report presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2007. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to Sonoma Student Union Corporation's audited financial statements, which are comprised of the basic financial statements, and the footnotes and supplementary information. This annual report is prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The Business-Type Activity (BTA) reporting model is used which best represents the activities of Sonoma State University (the University) and its auxiliaries. Sonoma Student Union Corporation is one of four non-profit auxiliaries on the University campus.

The required financial statements include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Notes to the financial statements, supplementary detail and/or statistical information, and this summary support these statements. All sections must be considered together to obtain a complete understanding of the financial picture of Sonoma Student Union Corporation.

Statement of Net Assets: This statement includes all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Assets"; this section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of Sonoma Student Union Corporation as a whole.

Statement of Revenues, Expenses and Changes in Net Assets: This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under accrual basis, all increases or decreases in net assets are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently revenues and/or expenditures reported during this fiscal year may result in changes to cash flow in a future period.

Statement of Revenues and Expenditures – Budget and Actual (optional): This is supplementary information as provided in previous audit reports for analysis purposes only.

Statement of Cash Flows: This statement reflects inflows and outflows of cash, summarized by operating, capital, financing and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to the Financial Statements: This additional information is essential to a full understanding of the data reported in the basic financial statements.

Supplemental Information: This is offered to support the required financial statements and to assist the reader in a clearer understanding of the operating units within Sonoma Student Union Corporation.

Sonoma Student Union Corporation  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2007

Reporting Entity

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

Analytical Overview

Governmental Activities

Table 1  
Governmental Net Assets at June 30, 2007

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets:			
Current assets	\$ 329,233	\$ 561,822	\$ 902,630
Noncurrent assets	<u>340,467</u>	<u>357,373</u>	<u>374,412</u>
Total assets	<u>669,700</u>	<u>919,195</u>	<u>1,277,042</u>
Liabilities			
Current liabilities	79,906	77,894	89,543
Noncurrent liabilities	<u>8,521</u>	<u>15,315</u>	<u>8,400</u>
Total liabilities	<u>88,427</u>	<u>93,209</u>	<u>97,943</u>
Net assets			
Invested in capital assets, net of related debt	340,467	357,373	374,412
Unrestricted	<u>240,806</u>	<u>468,613</u>	<u>804,687</u>
Total net assets	<u>\$ 581,273</u>	<u>\$ 825,986</u>	<u>\$ 1,179,099</u>

Summary

Total assets of Sonoma Student Union Corporation have decreased this year by \$249,495. This classification is comprised of Current Assets (Cash, Accounts Receivable, and Prepaid Expenses), which decreased overall by \$232,589 and Capital Assets, which decreased by \$16,906. The latter category is presented net of accumulated depreciation.

Liabilities have decreased \$4,782 this year. Current liabilities increased \$2,012 and Noncurrent liabilities decreased \$6,794, due to vacation accruals and the payout to Bob Williams, the Associate Director, who retired in June 2007.

Net Assets invested in Capital Assets, net of related debt, have decreased \$16,906 and Unrestricted Net Assets have decreased \$227,807, for a total decrease in Net Assets of \$244,713.

Sonoma Student Union Corporation  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2007

Comparative Analysis of Current and Prior Year Activities and Balances

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating revenues and expenses:			
Operating revenues	\$ 1,924,441	\$ 1,737,976	\$ 2,450,894
Operating expenses	<u>2,192,706</u>	<u>2,104,899</u>	<u>2,148,486</u>
Net operating income (loss)	<u>\$ (268,265)</u>	<u>\$ (366,923)</u>	<u>\$ 302,408</u>
Non-operating revenues (expenses)			
Gifts, noncapital	\$ -	\$ 1,022	\$ 300
Investment income, net	<u>23,552</u>	<u>12,788</u>	<u>8,564</u>
Non-operating net income	<u>23,552</u>	<u>13,810</u>	<u>8,864</u>
Increases (decreases) in net assets	<u>\$ (244,713)</u>	<u>\$ (353,113)</u>	<u>\$ 311,272</u>

Operating revenues - The Campus Union Fee category was the main contributor, decreasing by \$181,000. Other operating revenues increased \$5,465. In prior years, Cost of Goods Sold was included in Student Services, but in the current year has been reclassified and netted against Sales and Services.

Operating expenses – Overall, operating expenses increased by \$87,807 or 4.15%. The most significant increase was for Compensation and Benefits which increased by \$68,004.

Investment income, net - An increase in investment income reflects new practices regarding cash flow for operations in the prior fiscal year.

Budgetary Highlights

Actual income from programs and services was approximately \$30,000 less than budgeted. Expenses were within 1% of the budgeted amount.

Actual operating revenue was \$67,499 less than budget. Operating Expenses were \$20,866 more than forecasted. The result was an operating loss of \$268,265.

The net operating loss was reduced approximately \$108,000 compared to 2006 and \$66,000 compared to 2005.

In the non-operating category, Gifts, non-capital were \$104,212 under budget, while Investment Income was \$8,552 more than expected, resulting in an unfavorable net change in Non-operating Income of \$95,660.

The budgeted net decrease of net assets was \$60,689. Actual changes in net assets decreased by \$244,713 resulting in an unfavorable net change in net assets of \$184,024.

Sonoma Student Union Corporation  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

Factors Impacting Future Periods

- Year Round Operations will have continued to have implications for operating expenses, particularly in student employee wages.
- Minimum Wage: a second (January-08) increase in the minimum wage will have implications for student wages, the category of highest corporation operating expenses.
- Planned personnel changes, creation of a new position; decision not to replace a vacated position, will result in modest salary savings.
- Project costs for the University Center project will be incurred this fiscal year.

Contacting the Student Union's Financial Management

These Basic Financial Statements are intended to provide students, taxpayers, investors, and creditors with a general overview of Sonoma Student Union Corporation's finances. Questions about this Report should be directed to the Sonoma State Student Union at 1801 East Cotati Avenue, Rohnert Park, California 94928.

Sonoma Student Union Corporation  
STATEMENTS OF NET ASSETS  
 June 30, 2007  
 (With Comparative Totals for June 30, 2006)

	2007	2006
Assets:		
Current assets		
Cash and cash equivalents	\$ 324,373	\$ 543,219
Accounts receivable, net	433	13,693
Prepaid expenses and other assets	4,427	4,910
Total current assets	329,233	561,822
Non-current assets		
Capital assets, net	340,467	357,373
Total non-current assets	340,467	357,373
Total assets	669,700	919,195
Liabilities:		
Current liabilities		
Accounts payable	5,285	6,773
Accrued salaries and benefits payable	13,584	13,274
Accrued compensated absences, current portion	28,933	23,999
Deferred revenue	28,420	29,902
Other liabilities	3,684	3,946
Total current liabilities	79,906	77,894
Non-current liabilities		
Accrued compensated absences, net of current portion	8,521	15,315
Total non-current liabilities	8,521	15,315
Total liabilities	88,427	93,209
Net assets:		
Invested in capital assets, net of related debt	340,467	357,373
Unrestricted	240,806	468,613
Total net assets	\$ 581,273	\$ 825,986

The accompanying notes are an integral part of these financial statements.

Sonoma Student Union Corporation Exhibit A  
SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)

	2007	2006
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 1,551,000	\$ 1,370,000
Sales and services of auxiliary enterprises	365,980	369,405
Other operating revenues	7,461	(1,429)
Total operating revenues	1,924,441	1,737,976
Expenses:		
Student services	2,158,372	2,069,764
Student grants and scholarships	5,250	5,063
Depreciation	29,084	30,072
Total operating expenses	2,192,706	2,104,899
Operating income (loss)	(268,265)	(366,923)
Nonoperating revenues (expenses):		
Gifts, noncapital	-	1,022
Investment income, net	23,552	12,788
Net nonoperating revenues (expenses)	23,552	13,810
Change in net assets	(244,713)	(353,113)
Net assets:		
Net assets, beginning of period	825,986	1,179,099
Net assets, end of period	\$ 581,273	\$ 825,986

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL

For the Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Operating revenues:			
Student tuition and fees	\$ 1,551,000	\$ 1,551,000	\$ -
Sales and services of auxiliary enterprises	399,998	365,980	(34,018)
Other operating revenues	<u>50,860</u>	<u>7,461</u>	<u>(43,399)</u>
Total operating revenues	<u>2,001,858</u>	<u>1,924,441</u>	<u>(77,417)</u>
Expenses:			
Operating expenses:			
Student services	2,108,159	2,158,372	(50,213)
Student grants and scholarships	-	5,250	(5,250)
Depreciation	<u>73,600</u>	<u>29,084</u>	<u>44,516</u>
Total operating expenses	<u>2,181,759</u>	<u>2,192,706</u>	<u>(10,947)</u>
Operating income (loss)	<u>(179,901)</u>	<u>(268,265)</u>	<u>(88,364)</u>
Nonoperating revenues (expenses):			
Gifts, noncapital	104,212	-	(104,212)
Investment income, net	<u>15,000</u>	<u>23,552</u>	<u>8,552</u>
Net nonoperating revenues (expenses)	<u>119,212</u>	<u>23,552</u>	<u>(95,660)</u>
Increase (decrease) in net assets	<u>\$ (60,689)</u>	<u>\$ (244,713)</u>	<u>\$ (184,024)</u>

The accompanying notes are an integral part of these financial statements.

Sonoma Student Union Corporation  
STATEMENTS OF CASH FLOWS

Exhibit C

For the Year Ended June 30, 2007

(With Comparative Totals for the Year Ended June 30, 2006)

	2007	2006
Cash flows from operating activities:		
Student tuition and fees	\$ 1,551,000	\$ 1,370,000
Grants non-governmental	-	1,022
Payments to suppliers	(1,111,682)	(1,075,361)
Payments to employees	(1,048,933)	(989,832)
Payments to students	(5,250)	(5,063)
Sales and services of auxiliary enterprises	364,498	363,001
Other receipts (payments)	20,459	384,621
Net cash provided (used) by operating activities	(229,908)	48,388
Cash flows from capital and related financing activities:		
Acquisition of property, plant and equipment	(12,490)	(13,034)
Net cash provided (used) by capital and related financing activities	(12,490)	(13,034)
Cash flows from investing activities:		
Investment income (loss)	23,552	12,788
Net cash provided (used) by investing activities	23,552	12,788
Net increase (decrease) in cash	(218,846)	48,142
Cash - beginning of period	543,219	495,077
Cash - end of period	\$ 324,373	\$ 543,219
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (268,265)	\$ (366,923)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	29,084	30,072
Loss on disposal of assets	312	-
Gifts, noncapital	-	1,022
Change in assets and liabilities:		
Accounts receivable, net	13,260	387,027
Prepaid expenses	483	1,924
Accounts payable	(1,488)	(6,912)
Accrued salaries and benefits payable	310	3,023
Accrued compensated absences	(1,860)	6,536
Deferred revenue	(1,482)	(6,404)
Other liabilities	(262)	(977)
Cash flows reported in other categories	(229,908)	48,388
Interest on noncapital related debt	-	-
Net cash provided (used) by operating activities	\$ (229,908)	\$ 48,388

The accompanying notes are an integral part of these financial statements.

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

NOTE 1 - ORGANIZATION

Sonoma Student Union Corporation was organized in 1975 to promote and furnish facilities for the educational development and academic services of Sonoma State University. Sonoma Student Union Corporation is a nonprofit, auxiliary corporation operating on the campus of Sonoma State University (the University). As such, Sonoma Student Union Corporation is a component unit of the University, which is part of the California State University System.

Sonoma Student Union Corporation's first and foremost role is to serve as a focal point for student life outside the classroom. Sonoma Student Union Corporation strives to enhance the student's university experience by offering programs that contribute to the student's emotional and physical well-being and to his/her intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, intramural athletics, recreation and fitness programs, and student organizations.

To accomplish this mission, Sonoma Student Union Corporation has entered into an operating agreement with the California State University Trustees and is reported as a component unit on the Sonoma State University Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The financial statements present only the statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows of Sonoma Student Union Corporation.

Sonoma Student Union Corporation is one of four recognized Sonoma State University auxiliary organizations. Auxiliary organizations are legally separate entities that provide services primarily to the University's students and faculty.

B. Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Financial statements required by GASB Statements 34 and 35 include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

Sonoma Student Union Corporation records revenue in part from fees and other charges for services to external users, and accordingly has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for Sonoma Student Union Corporation to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, Sonoma Student Union Corporation prepares its statement of cash flows using the direct method.

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Election of Applicable FASB Statements

Sonoma Student Union Corporation uses all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. Sonoma Student Union Corporation has elected not to adopt the pronouncements issued by FASB after November 30, 1989.

D. Classification of Current and Noncurrent Assets and Liabilities

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

E. Cash Equivalents

Sonoma Student Union Corporation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

F. Investments

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net assets as investment income, net.

G. Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or if donated, at estimated fair value at date of donation. Capital assets, including infrastructure, with a value of \$1,000 or more and with a useful life of one year or more are capitalized. Capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from five to forty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation expense is shown separately in the statement of revenues, expenses, and changes in net assets rather than being allocated among other categories of operating expenses. Depreciation expense for the year ended June 30, 2007 was \$29,084.

H. Deferred Revenue

Deferred revenue consists primarily of fees collected in advance but not yet earned as of the year-end.

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

Employees accrue annual leave at rates based on length of service and job classification. Employee vacation benefits earned, but not used, are recognized as liabilities of Sonoma Student Union Corporation. Sick leave benefits are earned and accumulated for each employee. However, accumulated sick leave benefits are not recognized as liabilities of Sonoma Student Union Corporation because the payment of such benefits is not probable or estimable.

J. Net Assets

Sonoma Student Union Corporation's net assets are classified into the following net asset categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Unrestricted: All other categories of net assets. In addition, unrestricted net assets may be designated for use by management of Sonoma Student Union Corporation.

K. Classification of Revenues and Expenses

Sonoma Student Union Corporation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to Sonoma Student Union Corporation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses or capital contributions in accordance with GASB Statement No. 35. These nonoperating activities include Sonoma Student Union Corporation's net investment income, gifts, and interest expense.

L. Income Taxes

Sonoma Student Union Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Sonoma Student Union Corporation is also exempt from California franchise taxes and, therefore, has made no provision for Federal or California income taxes. In addition, Sonoma Student Union Corporation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

M. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

N. Comparative data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

O. Risk Management

Sonoma Student Union Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the organization carries commercial insurance.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

At June 30, 2007 and 2006, cash and cash equivalents were \$324,373 and \$543,219, respectively. The corresponding bank balance was \$413,741 for 2007 and \$581,707 in 2006. The differences between the cash and cash equivalents balance and the bank balance are related to deposits in transit and outstanding checks. The bank insures \$100,000 by federal depository insurance. The balance is uninsured and held by the financial institutions in Sonoma Student Union Corporation's name. It is the opinion of management that the uninsured portion is not of particular concern at this time due to the solvency of the financial institutions.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, Sonoma Student Union Corporation's deposits may not be returned to it. As of June 30, 2007, \$217,487 of the bank balance of \$413,741 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the University's name.

Cash and cash equivalents at June 30:

	2007	2006
Book balance	\$ 324,373	\$ 543,219
Bank balance	<u>413,741</u>	<u>581,707</u>
Difference between book balance and bank	<u>\$ (89,368)</u>	<u>\$ (38,488)</u>

Significant reconciling items consist of:

Deposit in transit	\$ 2,685	\$ 2,450
Outstanding checks	(94,253)	(43,138)
Change and change fund	<u>2,200</u>	<u>2,200</u>
Total	<u>\$ (89,368)</u>	<u>\$ (38,488)</u>

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (concluded)

B. Restricted Cash and Cash Equivalents

Sonoma Student Union Corporation does not have restricted cash or cash equivalents.

C. Investments Held Under Contractual Agreements

Sonoma Student Union Corporation does not hold investments on behalf of others.

D. Composition of Investments

Sonoma Student Union Corporation does not have short-term or long-term investments. It does move "excess" cash to a money market account and this is included in *cash and cash equivalents* in the statement of net assets.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2007 consisted of the following:

	2007		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Due from other auxiliary organizations	\$ -	\$ -	\$ -
Due from University	-	-	-
Other accounts receivable	433	-	433
Total	\$ 433	\$ -	\$ 433

Accounts receivable at June 30, 2006 consisted of the following:

	2006		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Due from other auxiliary organizations	\$ 4,746	\$ -	\$ 4,746
Due from University	8,169	-	8,169
Other accounts receivable	778	-	778
Total	\$ 13,693	\$ -	\$ 13,693

NOTE 5 - PREPAID EXPENSES

Prepaid expense balances are calculated and adjusted at year-end to properly charge funds in the period benefited. Prepaid expenses as of June 30 are comprised of the following:

	2007	2006
Workers' compensation	\$ 2,978	\$ 3,166
Benefits	895	1,114
Leases	137	137
Other	417	493
Total	\$ 4,427	\$ 4,910

Sonoma Student Union Corporation  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 consisted of the following:

	Balance <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	Balance <u>June 30, 2007</u>
Depreciable capital assets:					
Leasehold improvements	\$ 600,510	\$ -	\$ -	\$ -	\$ 600,510
Personal property:					
Equipment	<u>197,364</u>	<u>12,490</u>	<u>(113,598)</u>	<u>-</u>	<u>96,256</u>
Total depreciable capital assets	<u>797,874</u>	<u>12,490</u>	<u>(113,598)</u>	<u>-</u>	<u>696,766</u>
Less accumulated depreciation:					
Leasehold improvements	(265,592)	(19,654)	-	-	(285,246)
Personal property:					
Equipment	<u>(174,909)</u>	<u>(9,430)</u>	<u>113,286</u>	<u>-</u>	<u>(71,053)</u>
Total accumulated depreciation	<u>(440,501)</u>	<u>(29,084)</u>	<u>113,285</u>	<u>-</u>	<u>(356,299)</u>
Net capital assets	<u>\$ 357,373</u>	<u>\$ (16,594)</u>	<u>\$ (312)</u>	<u>\$ -</u>	<u>\$ 340,467</u>
Depreciation and amortization expense related to capital assets					\$ 29,084
Amortization expense related to other assets					<u>-</u>
Total depreciation and amortization					<u>\$ 29,084</u>

Capital assets activity for the year ended June 30, 2006 consisted of the following:

	Balance <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	Balance <u>June 30, 2006</u>
Depreciable capital assets:					
Leasehold improvements	\$ 600,510	\$ -	\$ -	\$ -	\$ 600,510
Personal property:					
Equipment	<u>189,209</u>	<u>13,033</u>	<u>(4,878)</u>	<u>-</u>	<u>197,364</u>
Total depreciable capital assets	<u>789,719</u>	<u>13,033</u>	<u>(4,878)</u>	<u>-</u>	<u>797,874</u>
Less accumulated depreciation:					
Leasehold improvements	(244,834)	(20,758)	-	-	(265,592)
Personal property:					
Equipment	<u>(170,473)</u>	<u>(9,314)</u>	<u>4,878</u>	<u>-</u>	<u>(174,909)</u>
Total accumulated depreciation	<u>(415,307)</u>	<u>(30,072)</u>	<u>4,878</u>	<u>-</u>	<u>(440,501)</u>
Net capital assets	<u>\$ 374,412</u>	<u>\$ (17,039)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,373</u>
Depreciation and amortization expense related to capital assets					\$ 30,072
Amortization expense related to other assets					<u>-</u>
Total depreciation and amortization					<u>\$ 30,072</u>

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NOTE 7 - ACCRUED COMPENSATED ABSENCES

Employee vacation benefits earned, but not used, are recognized as liabilities of Sonoma Student Union Corporation. Total accrued vacation benefits payable was \$37,454 and \$39,314 as of June 30, 2007 and 2006, respectively.

Sick leave benefits are earned and accumulated for each employee. However, accumulated sick leave benefits are not recognized as liabilities of Sonoma Student Union Corporation because the payment of such benefits is not probable or estimable.

	2007		
	Current	Noncurrent	Total
Accrued compensated absences	\$ 28,933	\$ 8,521	\$ 37,454
Total	\$ 28,933	\$ 8,521	\$ 37,454
	2006		
	Current	Noncurrent	Total
Due from other auxiliary organizations	\$ 23,999	\$ 15,315	\$ 39,314
Total	\$ 23,999	\$ 15,315	\$ 39,314

NOTE 8 - DEFERRED REVENUE

Deferred revenue as of June 30 represents that portion of fees received, but not yet earned as of the year-end. The amounts of fees to be earned are:

	2007	2006
Program – Summer Camp	\$ 13,115	\$ 16,290
Fitness Center	15,305	13,612
Total	\$ 28,420	\$ 29,902

NOTE 9 - LONG-TERM LIABILITIES

Sonoma Student Union Corporation does not have any long-term debt or liabilities except for compensated absences.

Long-term liabilities activity for the year ended June 30, 2007 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Long-term portion	Current portion
Compensated absences	\$ 39,314	\$ 35,782	\$ (37,642)	\$ 37,454	\$ 8,521	\$ 28,933
Long-term debt obligations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total long-term liabilities	\$ 39,314	\$ 35,782	\$ (37,642)	\$ 37,454	\$ 8,521	\$ 28,933

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NOTE 9 - LONG-TERM LIABILITIES (concluded)

Long-term liabilities activity for the year ended June 30, 2006 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Long-term <u>portion</u>	Current <u>portion</u>
Compensated absences	\$ 32,778	\$ 33,873	\$ (27,337)	\$ 39,314	\$ 15,315	\$ 23,999
Long-term debt obligations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total long-term liabilities	<u>\$ 32,778</u>	<u>\$ 33,873</u>	<u>\$ (27,337)</u>	<u>\$ 39,314</u>	<u>\$ 15,315</u>	<u>\$ 23,999</u>

NOTE 10 - LEASE OBLIGATIONS

Sonoma Student Union Corporation is obligated under an operating lease for the use of personal property in the copy center and in the recreation center. The lease provides a baseline usage and additional charges are incurred if the usage exceeds this count.

Future minimum lease payments under operating leases having remaining terms in excess of one year are as follows:

	<u>Operating Leases</u>
Year ending June 30:	
2008	\$ 2,411
2009	2,411
2010	<u>1,406</u>
Total minimum lease payments	<u>\$ 6,228</u>
 Present value of future minimum lease payments	 <u>\$ 3,133</u>

Equipment rental expense under this operating lease for the years ended June 30, 2007 and 2006 totaled \$41,917 and \$42,266 respectively.

NOTE 11 - PENSION PLAN AND POSTRETIREMENT BENEFITS

A. Plan Description

Sonoma Student Union Corporation, as an agency of the State of California, contributes to the California Public Employees' Retirement System (CalPERS). The State's plan with CalPERS is an agent multiple-employer defined benefit pension plan. For Sonoma Student Union Corporation, the plan acts as a cost-sharing multiple-employer defined benefit pension plan that provides a defined benefit pension and post-retirement benefit program for substantially all eligible Sonoma Student Union Corporation employees. CalPERS functions as an investment and administrative agent for its members. The plan also provides survivor, death and disability benefits. The Public Employees' Medical and Hospital Care Act covers eligible employees for medical benefits.

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.

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NOTE 11 - PENSION PLAN AND POSTRETIREMENT BENEFITS (concluded)

B. Funding Policy

Active plan members are required to contribute 7% of their monthly covered salary. The employer is required to contribute at an actuarially determined rate. The fiscal year 2006-2007 rate was 13.242%. The current rate for FY 07/08 is 13.382% of annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Sonoma Student Union Corporation's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2005	\$	32,677
2006		49,782
2007		54,538

NOTE 12 - CLASSIFICATION OF OPERATING EXPENSES

Sonoma Student Union Corporation has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net assets, but to provide the natural classification of those expenses as an additional disclosure. For the years ended June 30, 2007 and 2006, operating expenses by natural classification consisted of the following:

2007	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation	Total
Functional classification:						
Student services	\$ 1,047,383	\$ 221,584	\$ -	\$ 889,405	\$ -	\$ 2,158,372
Student grants and scholarships	-	-	5,250	-	-	5,250
Depreciation	-	-	-	-	29,084	29,084
Total	<u>\$ 1,047,383</u>	<u>\$ 221,584</u>	<u>\$ 5,250</u>	<u>\$ 889,405</u>	<u>\$ 29,084</u>	<u>\$ 2,192,706</u>
2006	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation	Total
Functional classification:						
Student services	\$ 999,391	\$ 201,572	\$ -	\$ 879,918	\$ -	\$ 2,080,881
Student grants and scholarships	-	-	5,063	-	-	5,063
Depreciation	-	-	-	-	30,072	30,072
Total	<u>\$ 999,391</u>	<u>\$ 201,572</u>	<u>\$ 5,063</u>	<u>\$ 879,918</u>	<u>\$ 30,072</u>	<u>\$ 2,116,016</u>

In prior years, Cost of Goods Sold was included in Student Services, but in the current year has been re-characterized and netted against Sales and Services.

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NOTE 13 - TRANSACTIONS WITH RELATED ENTITIES

Sonoma Student Union Corporation has an operating agreement with the California State University Trustees for the provision of certain auxiliary activities including student activities, cultural events, intramural athletics, recreation and fitness programs, and student organizations. The agreement permits Sonoma Student Union Corporation to use buildings and facilities within the campus in the provision of these services. The agreement provides for reimbursement of allowable direct costs plus an allocable portion of indirect costs associated with facilities, goods, and services provided by the University on behalf of the California State University Trustees in accordance with CSU Executive Order 753 - Allocation of Costs to Auxiliary Enterprises and the University's annual cost allocation plan. These amounts are included in *student services expenses* in the statement of revenues, expenses, and changes in net assets.

In addition, Sonoma Student Union Corporation has been granted authority to enter into subleases with the University and its auxiliary organizations. The fees received from these leases are included in *sales and services of auxiliary enterprises* in the statement of revenues, expenses, and changes in net assets.

Related party activities during the years ended June 30, 2007 and 2006 are reflected below.

	2007	2006
Payments to the University in accordance with CSU Executive Order 753	\$ 409,471	\$ 409,471
Payments to the University and recognized auxiliary organizations for services, office space rental, and programs	83,235	56,009
Amounts received from the University and recognized auxiliary organizations	206,585	201,756
Amounts received from the University as pass through for Student Fees organizations	1,551,000	1,770,000
Amounts receivable from the University and recognized auxiliary organizations (included in accounts receivable in the statement of net assets)	-	12,544
Amounts payable to the University and recognized auxiliary organizations (included in accounts payable in the statement of net assets)	875	-

NOTE 14 - CALCULATION OF NET ASSETS –INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

	2007	2006
Capital assets, net of accumulated depreciation	\$ 340,467	\$ 357,373
Long-term debt obligations, current portion	-	-
Long-term debt obligations, net of current portion	-	-
Total	\$ 340,467	\$ 357,373