



MATSON
& ISOM

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Independent Auditors' Report,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2014 and 2013

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
University Union Operation of
California State University, Sacramento
Sacramento, California

We have audited the accompanying statement of financial position of University Union Operation of California State University, Sacramento (the Union WELL, Inc.), a not-for-profit corporation, and a component unit of California State University, Sacramento, as of and for the year ended June 30, 2014; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the Union WELL, Inc. 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 internal control of the Union WELL, Inc. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union WELL, Inc., as of June 30, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

Continued

Other Matters

Another Auditor

The financial statements of the Union WELL, Inc., for the year ended June 30, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on September 17, 2013.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed as supplementary information in the table of contents is presented for purposes of additional analysis as required by the California State University Chancellor's Office and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the 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 financial statements as a whole.

Matson and Isom

September 16, 2014
Chico, California

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 9,542,924	\$ 9,472,392
Accounts receivable	18,505	24,807
Interest receivable	5,603	6,046
Student fee receivable	94,655	85,166
Prepaid expenses	33,682	27,638
Inventory	1,351	6,033
Due from related parties	107,561	102,098
Capital assets, net of accumulated depreciation	<u>913,506</u>	<u>850,212</u>
 Total assets	 <u>\$ 10,717,787</u>	 <u>\$ 10,574,392</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 95,679	\$ 60,220
Due to related parties	667,994	579,177
Unearned revenue	<u>140,037</u>	<u>115,790</u>
Total liabilities	903,710	755,187
 Net assets, unrestricted	 <u>9,814,077</u>	 <u>9,819,205</u>
 Total liabilities and net assets	 <u>\$ 10,717,787</u>	 <u>\$ 10,574,392</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Student activity fee	\$ 6,278,141	\$ 5,945,294
Contract and lease payments	1,390,068	1,358,955
Program service fees	1,085,280	898,128
Contributions and grants	8,407	3,950
Interest and investment income	29,222	35,686
Total revenues	<u>8,791,118</u>	<u>8,242,013</u>
EXPENSES		
Building operations	3,097,246	2,988,283
Programs and services	3,631,670	3,419,067
Administration	<u>2,032,281</u>	<u>1,867,455</u>
Total expenses	<u>8,761,197</u>	<u>8,274,805</u>
Change in net assets before extraordinary items	29,921	(32,792)
Extraordinary items and discontinued operations (Note 10)	<u>(35,049)</u>	<u>-</u>
Change in unrestricted net assets	(5,128)	(32,792)
Unrestricted net assets, beginning of year	<u>9,819,205</u>	<u>9,851,997</u>
Unrestricted net assets, end of year	<u>\$ 9,814,077</u>	<u>\$ 9,819,205</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Building Operations</u>	<u>Programs and Services</u>	<u>Administration</u>	<u>Total</u>
Advertising	\$ 1,458	\$ 14,388	\$ 155	\$ 16,001
Conferences	965	10,554	3,136	14,655
Depreciation	197,955	-	-	197,955
Dues and subscriptions	7,206	68,660	129,757	205,623
Insurance	-	817	46,062	46,879
Loss on disposal of capital assets	8,648	-	-	8,648
Office expense	942	2,617	3,064	6,623
Outside services	960,464	3,048,783	1,728,520	5,737,767
Postage and delivery	113	551	544	1,208
Printing	380	12,481	19,004	31,865
Repairs and maintenance	1,058,363	19,123	14,519	1,092,005
Small equipment	260,650	-	-	260,650
Special events	-	197,193	-	197,193
Supplies	14,219	197,984	70,414	282,617
Telephone	4,998	22,764	6,578	34,340
Travel	1,510	11,186	10,528	23,224
Utilities	579,375	24,569	-	603,944
Total functional expenses	<u>\$ 3,097,246</u>	<u>\$ 3,631,670</u>	<u>\$ 2,032,281</u>	<u>\$ 8,761,197</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Building Operations</u>	<u>Programs and Services</u>	<u>Administration</u>	<u>Total</u>
Advertising	\$ 432	\$ 5,423	\$ 4,247	\$ 10,102
Conferences	2,195	14,183	5,349	21,727
Depreciation	190,191	-	-	190,191
Dues and subscriptions	6,926	54,317	104,640	165,883
Insurance	-	387	33,519	33,906
Loss on disposal of capital assets	109,831	-	-	109,831
Office expense	926	2,766	2,904	6,596
Outside services	1,085,781	2,888,963	1,623,757	5,598,501
Postage and delivery	72	840	555	1,467
Printing	5,745	11,950	7,867	25,562
Repairs and maintenance	901,402	13,269	12,061	926,732
Small equipment	128,474	-	-	128,474
Special events	-	183,457	-	183,457
Supplies	7,888	188,499	56,884	253,271
Telephone	4,981	23,402	6,825	35,208
Travel	1,315	8,266	8,847	18,428
Utilities	542,124	23,345	-	565,469
Total functional expenses	<u>\$ 2,988,283</u>	<u>\$ 3,419,067</u>	<u>\$ 1,867,455</u>	<u>\$ 8,274,805</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,921	\$ (32,792)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,955	190,191
Loss on disposal of capital assets	8,648	109,831
(Increase) decrease in:		
Accounts receivable	6,302	6,166
Interest receivable	443	2,713
Student fee receivable	(9,489)	8,857
Prepaid expenses	(6,044)	(11,743)
Inventory	4,682	3,608
Due from related parties	(5,463)	5,103
Increase (decrease) in:		
Accounts payable and accrued liabilities	12,212	(176,278)
Due to related parties	79,564	(6,394)
Unearned revenue	24,247	622
Total adjustments	313,057	132,676
Net cash provided by operating activities	342,978	99,884
 CASH FLOWS FROM INVESTING ACTIVITIES		
Payments related to the acquisition of capital assets	(237,397)	(67,195)
Loss on discontinued operations	(35,049)	-
Net cash used by investing activities	(272,446)	(67,195)
 Net increase in cash and cash equivalents	70,532	32,689
 Cash and cash equivalents at end of year beginning of year	9,472,392	9,439,703
Cash and cash equivalents at end of year	\$ 9,542,924	\$ 9,472,392
 SUPPLEMENTAL DATA		
Capital assets acquired through accounts payable	\$ 23,247	\$ -
Capital assets acquired through related parties	\$ 9,253	\$ 9,253

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 – NATURE OF THE ORGANIZATION

The University Union Operation of California State University, Sacramento (the “Union WELL Inc.”) is organized pursuant to the General Nonprofit Corporation Law of the State of California and is governed by the Board of Directors of the Union WELL Inc. The Union WELL Inc. operates the University Union Building, Recreational Sports, and the Wellness Center (the “WELL”), legal title to which is held by the Board of Trustees of the California State University for the benefit of California State University, Sacramento (“Sacramento State”). The Union WELL Inc. offers a variety of events and services for the students and public including an assortment of vendors, food and programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. The Union WELL Inc. is required to classify net assets and revenues, expenses, gains and losses into three categories based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted and permanently restricted net assets:

- Unrestricted net assets are those with no donor restrictions.
- Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, and income and gains which can be expended, but for which restrictions have not yet been met. Such restrictions include donor imposed restrictions that have specified the purpose for which the net assets are spent, or time restrictions imposed by donors or implied by the nature of the gift. The Union WELL Inc. has no temporarily restricted net assets at June 30, 2014 and 2013.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Union WELL Inc. Generally, the donors of these assets permit the Union WELL Inc. to use all or part of the income earned on any related investments for general or specific purposes. The Union WELL Inc. does not have permanently restricted net assets as of June 30, 2014 and 2013.

Cash and Cash Equivalents

The Union WELL Inc. invests its excess cash with State of California-Local Agency Investment Fund (LAIF). The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the Union WELL Inc.’s position in the LAIF pool. The Union WELL Inc. considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Union WELL Inc. reports its investments at fair value as described in ASC Topic 820, *Fair Value Measurement*. ASC Topic 820 established a single authoritative definition of fair value, sets out a framework of measuring fair value, and requires additional disclosure about fair value measurement of assets such as investments.

This standard establishes a framework for measuring fair value for the investments held by the Union WELL Inc. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

Level 1: Inputs to the valuation methodology represent unadjusted quoted prices for identical assets or liabilities in active markets that the Union WELL Inc. has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable

Accounts receivable is composed of uncollected revenue generated from events including room reservations, leased space, and special events in the University Union Building and the WELL. The Union WELL Inc. reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. As of June 30, 2014 and 2013, the Union WELL Inc. has not recorded any allowance for doubtful accounts as all amounts were considered to be collectible.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Fee Receivable – Held by Sacramento State

Student fee receivable consists of student activity fees for the Fall 2014 semester collected by Sacramento State during the student registration. These fees will be remitted to the Union WELL Inc. during the fiscal year ending June 30, 2015. As of June 30, 2014 and June 30, 2013, student fee receivable amounts were \$94,655 and \$85,166, respectively.

Prepaid Expenses

These amounts are the result of payments made for goods and services to be utilized in future periods.

Inventory

The WELL opened in Fall 2010 with all inventory reported at cost based on the first-in, first-out basis. Inventory consists of items such as, chalk socks, clothing and ear buds.

Due from Related Parties

Due from related parties represents amounts owed to the Union WELL Inc. by Sacramento State, University Enterprises, Inc. (“UEI”), The University Foundation at Sacramento State (“UFSS”), and the Associated Students of California State University, Sacramento (“ASI”), for services and space provided by the Union WELL Inc. program activities.

Capital Assets

Capital assets are stated at cost. It is the policy of the Union WELL Inc. to capitalize all expenditures for property and equipment costing \$5,000 or more. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets, typically between 3 to 20 years.

Due to Related Parties

Due to related parties represents outstanding billings for administrative, accounting, and catering services provided to the Union WELL Inc. from Sacramento State, UEI, UFSS, and ASI.

Unearned Revenues

Unearned revenues represent the amount of the Union WELL Inc. programs and lease contracts that have been received in advance of providing the related services. Revenue is recognized on the date of the service. Unearned revenue also consists of student activity fees collected by Sacramento State from students during student registration for the Fall 2014 semester.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Activity Fees

Student activity fees are remitted directly to the Chancellor's Office of California State University to cover principal and interest payments on its debt obligations, fire insurance on the University Union and WELL Buildings, legislative costs, Chancellor's office overhead, and to provide a reserve for building improvements and replacement. Subject to certain limitations, student activity fees in excess of such requirements, or surplus revenue, are used to fund the Union WELL Inc. operations. For the fiscal year ended June 30, 2014 and 2013, student activity fees include return of surplus revenue and recreational sports activity fee.

Contract and Lease Payments

Contract and lease payments represent income received under operating and sublease agreements for space rented within the University Union Building and the WELL.

Advertising

Union WELL Inc. expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2014 and 2013, were \$16,001 and \$10,102, respectively.

Tax Status

The Union WELL Inc. qualifies for exemption from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, and similar provisions of state income tax regulations. The ruling provides that the Union WELL Inc. is not subject to excise tax under Section 4940(a) of the code. Income determined to be unrelated business income would be taxable.

The Union WELL Inc. follows ASC Topic 740-10-25, *Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The Union WELL Inc.'s practice is to recognize interest and penalties, if any, related to uncertain tax positions in tax expense. The Union WELL Inc. files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2009 and beyond, and the California returns for 2008 and beyond, remain subject to examination by the taxing authorities. The Union WELL Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; its group exemption; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Union WELL Inc. has determined that there is no impact on the accompanying financial statements related to this standard. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2014, and the Union WELL Inc. does not expect this to change significantly over the next 12 months.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various student services, programs, administration and general services have been summarized on a functional basis in the statement of activities. The building operations program represents depreciation, maintenance and operations for the University Union building and the WELL building. Programs and services represent programmatic spending for departments such as music and listening services, information desk, intramurals, club sports, the games room and all fitness activities related to the WELL. Those costs not directly associated with building operations and program services are allocated to administration expenses and consist of financial service fees, information technology and design and visual communications.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2014 and 2013, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$9,274,415 and \$9,069,756 and funds held at financial institutions in the amount of \$268,509 and \$402,636, respectively. The cash balances reported by financial institutions are \$309,873 and \$518,502, respectively. The amounts for years ended June 30, 2014 and 2013, were in excess of the insured amounts by \$59,873 and \$268,502, respectively, based on the limits insured by the Federal Deposit Insurance Corporation.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Although the Union WELL Inc. has funds held in LAIF, they are available for withdrawal on demand and are, therefore, recorded as cash equivalents. LAIF is sponsored by the California State Treasurer and prepares its market value report detailing the carrying cost and estimated fair value for the entire pool. The Union WELL Inc. used the multiplier provided by LAIF to determine the estimated fair value of its investment in the pool. The Union WELL Inc.'s investments in LAIF are measured on a recurring basis throughout the year.

The investments in LAIF are carried at amortized cost, which is deemed to not represent a material difference from fair value. The assets are valued at quoted prices for similar assets or liabilities in active markets. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Union WELL Inc. 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. There have been no changes in the methodologies used at June 30, 2014 and 2013.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

As of June 30, 2014, the LAIF pool includes structured notes and asset-backed securities which total 1.86% of the total portfolio. These structured notes and asset-backed securities are subject to market risk as interest rates fluctuate. As of June 30, 2014, the fair value of LAIF was 100.03% of the carrying value. There are no LAIF funds invested in derivatives as of June 30, 2014. LAIF has oversight by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. The Chairman of the LIAB is the State Treasurer or his designated representative. The District is considered to be a voluntary participant in the LAIF investment pool.

The following table sets forth by level, within the fair value hierarchy, the Union WELL Inc. assets at fair value as of June 30, 2014 and 2013:

June 30, 2014				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 9,274,415	\$ -	\$ 9,274,415

June 30, 2013				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 9,069,756	\$ -	\$ 9,069,756

NOTE 5 – CAPITAL ASSETS

Capital assets consist of the following at June 30:

	2014	2013
Furniture and fixtures	\$ 615,428	\$ 644,782
Fitness equipments	194,690	31,421
Minor equipment	6,707	6,707
Leashold improvemnets	1,852,048	1,832,586
Computers	388,177	361,051
Art work	23,761	23,761
Total	3,080,811	2,900,308
Less: Accumulated depreciation	(2,167,305)	(2,050,096)
Capital – net	\$ 913,506	\$ 850,212

Depreciation expense for the fiscal years ended June 30, 2014 and 2013, was \$197,955 and \$190,191, respectively.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6 – LEASE COMMITMENTS

The Union WELL Inc. has the following lease commitments for copiers and printers under non-cancelable leases. Total lease payments were \$22,755 and \$22,095 for the fiscal years ended June 30, 2014 and 2013, respectively. The future minimum payments for the operating leases are as follows:

Fiscal Year Ending June 30,	Amount
2015	\$ 22,889
2016	17,380
2017	13,356
2018	11,130
Total	<u>\$ 64,755</u>

NOTE 7 – OUTSIDE SERVICES

The Union WELL Inc. operates pursuant to a Memorandum of Understanding (MOU) with UEI and Sacramento State which, among other provisions, compensates UEI and Sacramento State employees assigned to the Union WELL Inc. and provides for the Union WELL Inc. to furnish related benefits coverage for these individuals. Such amounts are reported as outside services in the statement of functional expenses. Outside services for the fiscal years ended June 30, 2014 and 2013, consist of the following:

	2014	2013
Personnel services	\$ 3,570,269	\$ 3,475,721
Personnel benefits expenses	1,115,165	1,075,512
Payroll services	451,837	438,479
Accounting services	120,706	122,309
Other outside services	479,790	486,480
Total	<u>\$ 5,737,767</u>	<u>\$ 5,598,501</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 8 – RELATED PARTY TRANSACTIONS

Space located within the University Union Building is used or operated by Sacramento State, ASI, UFSS and UEI, component units of Sacramento State, under operating and sublease agreements that are renewed on an annual basis. For the fiscal years ended June 30, 2014 and 2013, the Union WELL Inc. received payments for leased office space to UEI totaling \$462,549 and \$461,928, respectively, and leased office space to ASI totaling \$180,296 and \$175,590, respectively. For the fiscal years ended June 30, 2014 and 2013, the Union WELL Inc. received public safety fees from UEI totaling \$10,917 and \$11,155, respectively. For the fiscal years ended June 30, 2014 and 2013, the Union WELL Inc. received public safety fees from ASI totaling \$4,807 and \$4,912, respectively. For the fiscal year ended June 30, 2014 and 2013, the Union WELL Inc. received payments from UFSS for space and programs totaling \$6,125 and \$4,229, respectively. Other than those disclosed elsewhere in these financial statements, transactions between the Union WELL Inc. and related organizations included the payments by the Union WELL Inc. to Sacramento State of \$957,004 and \$1,008,669 for campus cost recovery services which include administration, telephone, postage, IT support, and utilities, and \$153,864 and \$191,458 for personnel cost during the fiscal years ended June 30, 2014 and 2013, respectively. Sacramento State made payments to the Union WELL Inc. totaling \$957,311 and \$887,568 for services, space and programs for the fiscal years ended June 30, 2014 and 2013, respectively.

The Union WELL Inc. incurred expenses primarily related to catering services and advertising by UEI in the amount of \$13,412 and \$13,098 for the fiscal years ended June 30, 2014 and 2013, respectively.

For fiscal years ended June 30, 2014 and 2013, the Union WELL Inc. was charged \$120,706 and \$122,309, respectively, for accounting and financial services provided by ASI.

Balances and activities may differ from those reported in the related parties' financial statements due to timing differences between when payments and receipts are recorded.

The amount due from related entities at June 30 is comprised of the following:

	2014	2013
Sacramento State	\$ 104,676	\$ 100,597
UEI	2,803	1,482
UFSS	-	-
ASI	82	19
Total	\$ 107,561	\$ 102,098

The amount due to related entities at June 30 is compromised of the following:

	2014	2013
Sacramento State	\$ 260,686	\$ 174,494
UEI	395,739	394,677
UFSS	-	-
ASI	11,569	10,006
Total	\$ 667,994	\$ 579,177

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The employees assigned to Union WELL, Inc. under the provisions of the MOU with UEI are also eligible to participate in the UEI's OPEB plan. The UEI OPEB plan is a single-employer defined benefit healthcare plan administered by UEI. The plan provides lifetime post-retirement medical and dental coverage to its eligible employees who retire at age 55 or older who complete the required years of continuous CalPERS covered service. The plan also extends coverage to spouses/registered domestic partners and surviving spouses/registered domestic partners of qualified retirees. On May 17, 2011, UEI's Board of Directors approved the inclusion of UEI into the Voluntary Employee Beneficiary Association (VEBA) Plan. The VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding OPEB costs and ensure funds will be available to pay future obligations. In fiscal year 2013-14, Union WELL, Inc., paid UEI \$66,215 to be deposited into the UEI VEBA account on behalf of Union WELL, Inc. The amount of the annual contributions will be the higher of \$50,000 or 10% of the unfunded liability for retired and active vested employees. When the total post-retirement liability for all retired and active vested Union WELL Inc., staff is 100% funded, additional contributions would only be necessary to maintain the 100% funded level. Annual contributions will be paid to UEI no later than June 20 of each fiscal year and deposited into the VEBA account. The OPEB unfunded liability for Union WELL, Inc. retired and active vested employees was \$662,156 based on the actuarial study dated July 1, 2010. The OPEB unfunded liability for Union Well, Inc. active employees was \$1,187,807 based on the same actuarial study. This liability is included in the total OPEB unfunded liability recorded on UEI's financial statements. For full disclosures of OPEB and VEBA plans, see UEI's financial statements.

NOTE 10 – DISCONTINUED OPERATIONS

During the fiscal year ended June 30, 2014, the WELL Café discontinued operations within the WELL building. In order to prevent the WELL Café business/equipment from being sold to a new vendor, requiring the continuation of non-beneficial rental terms (low rent for 5 years), the Union WELL Inc. acquired equipment which the Union WELL Inc. would sell before the end of the fiscal year. The acquired equipment for sale had an assigned value of \$52,835; of this amount, equipment with an assigned value of \$42,049 was designated for sale to UEI, and equipment with an assigned value of \$10,786 was to be sold to a private party since the need for these items did not exist at Union WELL Inc. The Union WELL Inc. received \$16,925 for the items sold to UEI and received \$861 for the items sold to a private party. The sale occurred prior to fiscal year ended June 30, 2014, and the net loss from these transactions amounted to \$35,049 as presented on the Statement of Activities as "Extraordinary Items and Discontinued Operations."

NOTE 11 – SUBSEQUENT EVENTS

In preparing these statements, the Union WELL Inc. has evaluated events and transactions for potential recognition through September 16, 2014, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 268,509
Short-term investments	9,274,415
Accounts receivable, net	131,669
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	129,688
Total current assets	<u>9,804,281</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	913,506
Other assets	-
Total noncurrent assets	<u>913,506</u>
Total assets	<u>10,717,787</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	95,679
Accrued salaries and benefits payable	-
Accrued compensated absences – current portion	-
Unearned revenue	140,037
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Claims liability for losses and LAE – current portion	-
Depository accounts	667,994
Other liabilities	-
Total current liabilities	<u>903,710</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>903,710</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	-
Total deferred inflows of resources	<u>-</u>
Net position:	
Net investment in capital assets	913,506
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	8,900,571
Total net position	<u>\$ 9,814,077</u>

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**
Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2014
(for inclusion in the California State University)

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	6,278,141
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		1,474
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		1,085,280
Other operating revenues		<u>1,390,068</u>
Total operating revenues		<u>8,754,963</u>

Expenses:

Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		6,152,311
Institutional support		510,118
Operation and maintenance of plant		1,892,165
Student grants and scholarships		-
Auxiliary enterprise expenses		-
Depreciation and amortization		<u>197,955</u>
Total operating expenses		<u>8,752,549</u>
Operating income (loss)		<u>2,414</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		6,933
Investment income (loss), net		29,222
Endowment income (loss), net		-
Interest expenses		-
Other nonoperating revenues (expenses)		<u>(43,697)</u>
Net nonoperating revenues (expenses)		<u>(7,542)</u>
Income (loss) before other additions		(5,128)

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		<u>-</u>
Increase (decrease) in net position		(5,128)

Net position:

Net position at beginning of year, as previously reported		9,819,205
Restatements		-
Net position at beginning of year, as restated		<u>9,819,205</u>
Net position at end of year	\$	<u>9,814,077</u>

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Other Information

June 30, 2014

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2014:
 Portion of restricted cash and cash equivalents related to endowments \$ -
 All other restricted cash and cash equivalents -
 Total restricted cash and cash equivalents \$ -

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	9,274,415	-	9,274,415	-	-	-	9,274,415
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
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**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Other Information

June 30, 2014

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	23,761	-	-	23,761	-	-	-	23,761
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	23,761	-	-	23,761	-	-	-	23,761
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	1,832,586	-	-	1,832,586	39,435	(19,973)	-	1,852,048
Personal property:								
Equipment	1,043,961	-	-	1,043,961	230,462	(69,421)	-	1,205,002
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	2,876,547	-	-	2,876,547	269,897	(89,394)	-	3,057,050
Total capital assets	2,900,308	-	-	2,900,308	269,897	(89,394)	-	3,080,811
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,253,354)	-	-	(1,253,354)	(66,679)	18,265	-	(1,301,768)
Personal property:								
Equipment	(796,742)	-	-	(796,742)	(131,276)	62,481	-	(865,537)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
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Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(2,050,096)	-	-	(2,050,096)	(197,955)	80,746	-	(2,167,305)
Total capital assets, net	\$ 850,212	\$ -	\$ -	\$ 850,212	\$ 71,942	\$ (8,648)	\$ -	\$ 913,506

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**
Other Information
June 30, 2014
(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 197,955
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 197,955</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Balance June 30, 2014	Current Portion	Long-Term Portion
Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-revenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Note payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
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Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5 Future minimum lease payments - capital lease obligations:

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

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**
Other Information
June 30, 2014
(for inclusion in the California State University)

6 Long-term debt obligation schedule:

	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

7 Calculation of net position:

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets:			
Capital assets, net of accumulated depreciation	\$ -	\$ 913,506	\$ 913,506
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
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Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	\$ 913,506	\$ 913,506

7.2 Calculation of net position - Restricted for nonexpendable - endowments:

Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments: (please list)			
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Net position - Restricted for nonexpendable - endowments per SNP	\$ -	\$ -	\$ -

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Other Information

June 30, 2014

(for inclusion in the California State University)

8 Transactions with related entities:

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 153,864
Payments to University for other than salaries of University personnel	957,004
Payments received from University for services, space, and programs	957,311
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(260,686)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	104,640
Other amounts receivable from University	94,655

9 Other postemployment benefits obligation (OPEB):

Annual required contribution (ARC)	\$	-
Contributions during the year		-
Increase (decrease) in net OPEB obligation (NOO)		-
NOO - beginning of year		-
NOO - end of year	\$	-

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total pollution remediation liabilities	-
Less: current portion	-
Pollution remediation liabilities, net of current portion	\$ -

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

Other Information

June 30, 2014

(for inclusion in the California State University)

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2013, as previously reported	\$	9,819,205
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2013, as restated	\$	9,819,205

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

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

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF UNDESIGNATED AND DESIGNATED NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES					
Student activity fee	\$ 6,278,141	\$ -	\$ -	\$ -	\$ 6,278,141
Revenue from operations	2,483,755	-	-	-	2,483,755
Total program activities revenue	8,761,896	-	-	-	8,761,896
UNRESTRICTED EXPENSES					
Personnel	-	-	-	-	-
Employee benefits	-	-	-	-	-
Advertising	16,001	-	-	-	16,001
Conferences	14,655	-	-	-	14,655
Depreciation	-	197,955	-	-	197,955
Dues and subscriptions	205,623	-	-	-	205,623
Insurance	46,879	-	-	-	46,879
Office expenses	6,623	-	-	-	6,623
Outside services	5,737,767	-	-	-	5,737,767
Postage and delivery	1,208	-	-	-	1,208
Printing	31,865	-	-	-	31,865
Repairs and maintenance	1,092,005	-	-	-	1,092,005
Small equipment	106,337	-	153,313	1,000	260,650
Special events expenses	197,193	-	-	-	197,193
Supplies	282,617	-	-	-	282,617
Telephone	34,340	-	-	-	34,340
Travel	23,224	-	-	-	23,224
Utilities	603,944	-	-	-	603,944
Total unrestricted expenses	8,400,281	197,955	153,313	1,000	8,752,549
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES					
	361,615	(197,955)	(153,313)	(1,000)	9,347
Interest and investment income	21,621	-	7,601	-	29,222
Loss on discontinued operations	(35,049)	-	-	-	(35,049)
Loss on disposal of capital assets	-	(8,648)	-	-	(8,648)
Excess (Deficiency) of unrestricted revenue from over restricted expenses	348,187	(206,603)	(145,712)	(1,000)	(5,128)
INTERFUND TRANSFERS					
Transfer of board designated funds	(256,751)	-	251,751	5,000	-
Fixed asset acquisitions	(32,527)	269,897	(237,370)	-	-
CHANGE IN UNRESTRICTED NET ASSETS	58,909	63,294	(131,331)	4,000	(5,128)
Net assets - beginning of year	5,772,278	850,212	3,148,120	48,595	9,819,205
Net assets - end of year	\$ 5,831,187	\$ 913,506	\$ 3,016,789	\$ 52,595	\$ 9,814,077

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 – BASIS OF PRESENTATION

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with generally accepted accounting standards applicable to governmental not-for-profit organizations.

NOTE 2 – DESIGNATED NET ASSETS

Repairs and Replacement

The Union WELL Inc. annually designates net assets of \$100,000 plus 5% of the total replacement value of equipment, furniture and fixtures, for their repair and replacement. Total replacement value is determined using the latest available consumer price index and was estimated to be approximately \$3,035,014 at June 30, 2014. The cumulative amount of these net asset designations is limited to no more than 50% of the total replacement value of such equipment, furniture and fixtures plus \$100,000. This amount, plus interest earned and less actual replacements, represents the designation, which was \$3,016,789 as of June 30, 2014.

Art Acquisition

The Union WELL Inc. annually designates net assets of \$5,000 for art acquisition less actual purchases. As of June 30, 2014, the designation totaled \$52,595.

Property and Equipment

The Union WELL Inc. designates net assets based on the net book value of its property and equipment. At June 30, 2014, the designation totaled \$913,506.