

**University Union Operation of  
California State University, Sacramento**  
Sacramento, California

INDEPENDENT AUDITORS' REPORT, FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION

For the Fiscal Years Ended June 30, 2015 and 2014



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**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements 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, which comprise the statements of financial position as of June 30, 2015 and 2014, and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

**INDEPENDENT AUDITORS' REPORT**  
(Continued)

***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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed as supplemental 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.

*KCae Team, LLP*

September 15, 2015  
Chico, California

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,188,527	\$ 9,542,924
Accounts receivable	68,237	18,505
Interest receivable	7,079	5,603
Student fee receivable	98,218	94,655
Prepaid expenses	36,243	33,682
Inventory	1,221	1,351
Due from related parties	162,249	107,561
Capital assets, net of accumulated depreciation	1,060,566	913,506
 Total assets	 \$ 10,622,340	 \$ 10,717,787
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 31,818	\$ 95,679
Due to related parties	576,877	667,994
Unearned revenue	140,395	140,037
 Total liabilities	 749,090	 903,710
 NET ASSETS, UNRESTRICTED	 9,873,250	 9,814,077
 Total liabilities and net assets	 \$ 10,622,340	 \$ 10,717,787

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

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Operating income		
Student activity fee	\$ 6,794,527	\$ 6,278,141
Contract and lease payments	1,358,404	1,390,068
Program service fees	1,118,207	1,085,280
Contributions and grants	6,397	8,407
Interest and investment income	31,218	29,222
Total operating income	<u>9,308,753</u>	<u>8,791,118</u>
Other income		
Noncash donations	79,253	-
Insurance proceeds	52,010	-
Total other income	<u>131,263</u>	<u>-</u>
<b>Total revenues</b>	<u>9,440,016</u>	<u>8,791,118</u>
<b>EXPENSES</b>		
Building operations	3,468,977	3,097,246
Programs and services	3,795,442	3,631,670
Administration	2,116,424	2,032,281
Total expenses	<u>9,380,843</u>	<u>8,761,197</u>
<b>Change in net assets before discontinued operations</b>	59,173	29,921
<b>Discontinued operations (Note 10)</b>	<u>-</u>	<u>(35,049)</u>
<b>Change in net assets</b>	59,173	(5,128)
<b>Net assets, beginning of year</b>	<u>9,814,077</u>	<u>9,819,205</u>
<b>Net assets, end of year</b>	<u>\$ 9,873,250</u>	<u>\$ 9,814,077</u>

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

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Building Operations	Programs and Services	Administration	Total
Advertising	\$ 385	\$ 16,492	\$ 116	\$ 16,993
Conferences	425	8,679	2,883	11,987
Depreciation	308,795	-	-	308,795
Dues and subscriptions	7,676	65,017	122,811	195,504
Insurance	-	850	43,208	44,058
Loss on disposal of capital assets	638	-	-	638
Office expense	543	2,223	3,726	6,492
Outside services	947,098	3,244,571	1,839,065	6,030,734
Postage and delivery	39	311	593	943
Printing	641	11,253	8,259	20,153
Repairs and maintenance	1,173,386	15,341	14,829	1,203,556
Small equipment	354,519	-	-	354,519
Special events	-	200,293	-	200,293
Supplies	14,438	174,928	68,055	257,421
Telephone	5,384	21,347	6,711	33,442
Travel	989	12,957	6,168	20,114
Utilities	654,021	21,180	-	675,201
<b>Total functional expenses</b>	<b>\$ 3,468,977</b>	<b>\$ 3,795,442</b>	<b>\$ 2,116,424</b>	<b>\$ 9,380,843</b>

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

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEARS 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
<b>Total functional expenses</b>	<b><u>\$ 3,097,246</u></b>	<b><u>\$ 3,631,670</u></b>	<b><u>\$ 2,032,281</u></b>	<b><u>\$ 8,761,197</u></b>

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



**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 59,173	\$ 29,921
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	308,795	197,955
Loss on disposal of capital assets	638	8,648
(Increase) decrease in:		
Accounts receivable	(49,732)	6,302
Interest receivable	(1,476)	443
Student fee receivable	(3,563)	(9,489)
Prepaid expenses	(2,561)	(6,044)
Inventory	130	4,682
Due from related parties	(54,688)	(5,463)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(63,861)	12,212
Due to related parties	(91,117)	79,564
Unearned revenue	358	24,247
Total adjustments	42,923	313,057
Net cash provided by operating activities	102,096	342,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments related to the acquisition of capital assets	(456,493)	(237,397)
Loss on discontinued operations	-	(35,049)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(354,397)	70,532
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	9,542,924	9,472,392
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 9,188,527	\$ 9,542,924
<b>SUPPLEMENTAL DATA</b>		
Capital assets acquired through accounts payable	\$ -	\$ 23,247
Capital assets acquired through related parties	\$ -	\$ 9,253

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

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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, 2015 and 2014.
- 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, 2015 and 2014.

***Cash and Cash Equivalents***

The Union WELL Inc. invests its excess cash with the 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 (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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, 2015 and 2014, 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 (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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 2015 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, 2016. As of June 30, 2015, and June 30, 2014, student fee receivable amounts were \$98,218 and \$94,655, 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 Revenue***

Unearned revenue represents the amount of 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 2015 semester.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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 years ended June 30, 2015 and 2014, student activity fees include return of surplus revenue and recreational sports activity fees.

***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, 2015 and 2014, were \$16,993 and \$16,001, 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 uncertain tax positions 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 the tax expense. The Union WELL Inc. files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2010 and beyond, and the California returns for 2009 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 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, 2015, 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 (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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, 2015 and 2014, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$8,954,144 and \$9,274,415 and funds held at financial institutions in the amount of \$234,383 and \$268,509, respectively. The cash balances reported by financial institutions are \$468,820 and \$309,873, respectively. The amounts for years ended June 30, 2015, and June 30, 2014, were in excess of the insured amounts by \$218,820 and \$59,873, 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 investments 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, 2015 and 2014.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)**

As of June 30, 2015, the LAIF pool includes structured notes and asset-backed securities which total 2.08% of the total portfolio. These structured notes and asset-backed securities are subject to market risk as interest rates fluctuate. As of June 30, 2015, the fair value of LAIF is 100.04% of the carrying value. There are no LAIF funds invested in derivatives as of June 30, 2015. 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, 2015 and 2014:

June 30, 2015				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 8,954,144	\$ -	\$ 8,954,144

  

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

**NOTE 5 – CAPITAL ASSETS**

Capital assets consist of the following at June 30:

	2015	2014
Furniture and fixtures	\$ 595,960	\$ 615,428
Fitness equipment	514,603	194,690
Minor equipment	6,707	6,707
Leasehold improvements	1,893,461	1,852,048
Computers	473,319	388,177
Art work	23,761	23,761
Total	3,507,811	3,080,811
Less: accumulated depreciation	(2,447,245)	(2,167,305)
Capital – net	\$ 1,060,566	\$ 913,506

Depreciation expense for the fiscal years ended June 30, 2015 and 2014, was \$308,795 and \$197,955 respectively.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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 \$23,224 and \$22,755 for the fiscal years ended June 30, 2015 and 2014, respectively. The future minimum payments for the operating leases are as follows:

Fiscal Year Ending June 30,	Amount
2016	\$ 23,231
2017	18,989
2018	16,733
2019	2,273
Total	\$ 61,226

**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, 2015 and 2014, consisted of the following:

	2015	2014
Personnel services	\$ 3,775,303	\$ 3,570,269
Personnel benefits expenses	1,140,396	1,115,165
Payroll services	474,101	451,837
Accounting services	121,325	120,706
Other outside services	519,609	479,790
Total	\$ 6,030,734	\$ 5,737,767



**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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, 2015 and 2014, the Union WELL Inc. received payments for leased office space to UEI totaling \$469,578 and \$462,549, respectively, and leased office space to ASI totaling \$174,938 and \$180,296, respectively. For the fiscal years ended June 30, 2015 and 2014, the Union WELL Inc. received Public Safety fees from UEI totaling \$11,914 and \$10,917, respectively. For the fiscal years ended June 30, 2015 and 2014, the Union WELL Inc. received Public Safety Fees from ASI totaling \$4,940 and \$4,807, respectively. For the fiscal years ended June 30, 2015 and 2014, the Union WELL Inc. received payments from UFSS for space and programs totaling \$14,075 and \$6,125 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 \$1,236,551 and \$957,004 for campus cost recovery services which include administration, telephone, postage, IT support, and utilities; and \$187,301 and \$153,864 for personnel costs during the fiscal years ended June 30, 2015 and 2014, respectively. Sacramento State made payments to the Union WELL Inc. totaling \$952,870 and \$957,311 for services, space and programs for the fiscal years ended June 30, 2015 and 2014, respectively.

The Union WELL Inc. incurred expenses primarily related to catering services, video production and advertising by UEI in the amount of \$24,455 and \$13,412 for the fiscal years ended June 30, 2015 and 2014, respectively.

For fiscal years ended June 30, 2015 and 2014, the Union WELL Inc. was charged \$121,325 and \$120,706 respectively, for accounting and financial services provided by ASI.

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

	2015	2014
Sacramento State	\$ 158,139	\$ 104,676
UEI	2,969	2,803
UFSS	570	-
ASI	570	82
Total	<u>\$ 162,248</u>	<u>\$ 107,561</u>

The amounts due to related entities at June 30 is comprised of the following:

	2015	2014
Sacramento State	\$ 132,590	\$ 260,686
UEI	434,083	395,739
UFSS	-	-
ASI	10,204	11,569
Total	<u>\$ 576,877</u>	<u>\$ 667,994</u>

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**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 and 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 to ensure funds will be available to pay future obligations. For fiscal years ending June 30, 2015 and 2014, Union WELL, Inc., paid UEI \$67,000 and \$66,215 to be deposited into the UEI VEBA account on behalf of Union WELL, Inc., respectively. 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. For the fiscal year ended June 30, 2015, the OPEB unfunded liability for Union WELL, Inc., as of the most recent actuarial study dated July 1, 2013, was \$1,189,937. This includes balances of \$532,431, \$578,269, and \$79,237 for active vested, active non-vested and retired employees, respectively. For the fiscal year ended June 30, 2014, the OPEB unfunded liability for Union WELL, Inc., based on the actuarial study dated July 1, 2010, was \$1,187,807. This includes balances of \$544,424, \$525,651, and \$117,732 for active vested, active non-vested and retired employees, respectively. 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 \$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 the 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 "Discontinued Operations."

**NOTE 11 – NON CASH DONATIONS AND INSURANCE PROCEEDS**

During the fiscal year ended June 30, 2015, the Union WELL Inc. entered into an annual contract with SHI International for cloud document storage services. This agreement included a StorSimple 7020 server and 50TB of storage at no cost. These items have since been capitalized and included as part of the Union WELL Inc.'s assets. Additionally, during the fiscal year ended June 30, 2015, the Union WELL Inc. experienced a loss of multiple items when a fire broke out in a storage building resulting in an insurance proceeds payment. Both the noncash donation and the insurance proceeds are presented on the Statement of Activities as "Other Income."

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these statements, the Union WELL Inc. has evaluated events and transactions for potential recognition through September 15, 2015, 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, 2015  
(for inclusion in the California State University)

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 234,383
Short-term investments	8,954,144
Accounts receivable, net	237,565
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	135,682
<b>Total current assets</b>	<u>9,561,774</u>
<b>Noncurrent assets:</b>	
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	1,060,566
Other assets	-
<b>Total noncurrent assets</b>	<u>1,060,566</u>
<b>Total assets</b>	<u>10,622,340</u>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	-
Net pension obligation	-
Others	-
<b>Total deferred outflows of resources</b>	<u>-</u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	31,818
Accrued salaries and benefits payable	-
Accrued compensated absences – current portion	-
Unearned revenue	140,395
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Claims liability for losses and LAE - current portion	-
Depository accounts	576,877
Other liabilities	-
<b>Total current liabilities</b>	<u>749,090</u>
<b>Noncurrent liabilities:</b>	
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	-
Pension obligation	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<u>-</u>
<b>Total liabilities</b>	<u>749,090</u>
<b>Deferred inflows of resources:</b>	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	-
Others	-
<b>Total deferred inflows of resources</b>	<u>-</u>
<b>Net position:</b>	
Net investment in capital assets	1,060,566
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	8,812,684
<b>Total net position</b>	<u>\$ 9,873,250</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, 2015  
(for inclusion in the California State University)

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 6,794,527
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	897
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	1,118,207
Other operating revenues	1,489,667
	<hr/>
Total operating revenues	9,403,298

Expenses:

Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	6,549,116
Institutional support	539,602
Operation and maintenance of plant	1,982,692
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	308,795
	<hr/>
Total operating expenses	9,380,205
	<hr/>
Operating income (loss)	23,093

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	5,500
Investment income (loss), net	31,218
Endowment income (loss), net	-
Interest expenses	-
Other nonoperating revenues (expenses)	(638)
	<hr/>

    Net nonoperating revenues (expenses) 36,080

    Income (loss) before other additions 59,173

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
	<hr/>
Increase (decrease) in net position	59,173

Net position:

Net position at beginning of year, as previously reported	9,814,077
Restatements	-
Net position at beginning of year, as restated	<hr/> 9,814,077
Net position at end of year	<hr/> \$ 9,873,250

See accompanying notes to the supplemental schedules.







**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**  
Other Information  
June 30, 2015  
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 308,795
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 308,795</b>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior Period Adjustments	Reclassifications	Balance June 30, 2014 (Restated)	Additions	Reductions	Balance June 30, 2015	Current Portion	Long-Term Portion
Accrued compensated absences	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
<b>Total capitalized lease obligations</b>	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-revenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Note payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations, net</b>	-	-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021 - 2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
2051 - 2055	-	-	-
2056 - 2060	-	-	-
2061 - 2065	-	-	-
<b>Total minimum lease payments</b>	-	-	-
Less amounts representing interest	-	-	-
<b>Present value of future minimum lease payments</b>	-	-	-
Less: current portion	-	-	-
<b>Capitalized lease obligation, net of current portion</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**  
Other Information  
June 30, 2015  
(for inclusion in the California State University)

6 Long-term debt obligation schedule:

Year ending June 30	Revenue Bonds		All Other Long-Term Debt Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017						
2018						
2019						
2020						
2021 - 2025						
2026 - 2030						
2031 - 2035						
2036 - 2040						
2041 - 2045						
2046 - 2050						
2051 - 2055						
2056 - 2060						
2061 - 2065						
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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	\$ -	1,060,566	\$	1,060,566
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				
Portions of outstanding debt that is unspent at year-end				
Other adjustments: (please list)				
Add description				
Add description				
Add description				
Add description				
<b>Net position - net investment in capital asset</b>	<b>\$ -</b>	<b>1,060,566</b>	<b>\$</b>	<b>1,060,566</b>
7.2 Calculation of net position - Restricted for nonspendable - endowments:				
Portion of restricted cash and cash equivalents related to endowments	\$ -		\$	
Endowment investments				
Other adjustments: (please list)				
Add description				
Add description				
Add description				
Add description				
Add description				
Add description				
Add description				
Add description				
<b>Net position - Restricted for nonspendable - endowments per SNP</b>	<b>\$ -</b>	<b></b>	<b>\$</b>	<b></b>

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

Other Information

June 30, 2015

(for inclusion in the California State University)

**8 Transactions with related entities:**

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 187,301
Payments to University for other than salaries of University personnel	1,236,551
Payments received from University for services, space, and programs	952,870
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)	(132,590)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	158,139
Other amounts receivable from University	96,289

**9 Other postemployment benefits obligation (OPEB):**

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

**10 Pollution remediation liabilities under GASB Statement No. 49:**

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

See accompanying notes to the supplemental schedules.

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

Other Information

June 30, 2015

(for inclusion in the California State University)

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

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2014, as previously reported		\$ 9,814,077
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, 2014, as restated		<u>\$ 9,814,077</u>

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

	<u>Debit</u>	<u>Credit</u>
Net 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, 2015**

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
<b>UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES</b>					
Student activity fees	\$ 6,794,527	\$ -	\$ -	\$ -	\$ 6,794,527
Revenue from operations	2,483,008	-	-	-	2,483,008
Total program activities revenue	9,277,535	-	-	-	9,277,535
<b>Other income</b>					
Noncash donation	79,253	-	-	-	79,253
Insurance proceeds	-	-	52,010	-	52,010
Total other income	79,253	-	52,010	-	131,263
<b>Total unrestricted revenue</b>	<b>9,356,788</b>	<b>-</b>	<b>52,010</b>	<b>-</b>	<b>9,408,798</b>
<b>UNRESTRICTED EXPENSES</b>					
Personnel	-	-	-	-	-
Employee benefits	-	-	-	-	-
Advertising	16,993	-	-	-	16,993
Conferences	11,987	-	-	-	11,987
Depreciation	-	308,795	-	-	308,795
Dues and subscriptions	195,504	-	-	-	195,504
Insurance	44,058	-	-	-	44,058
Office expenses	6,492	-	-	-	6,492
Outside services	6,030,734	-	-	-	6,030,734
Postage and delivery	943	-	-	-	943
Printing	20,153	-	-	-	20,153
Repairs and maintenance	1,203,556	-	-	-	1,203,556
Small equipment	115,803	-	235,435	3,281	354,519
Special events expenses	200,293	-	-	-	200,293
Supplies	257,421	-	-	-	257,421
Telephone	33,442	-	-	-	33,442
Travel	20,114	-	-	-	20,114
Utilities	675,201	-	-	-	675,201
Total unrestricted expenses	8,832,694	308,795	235,435	3,281	9,380,205
<b>EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES</b>	<b>524,094</b>	<b>(308,795)</b>	<b>(183,425)</b>	<b>(3,281)</b>	<b>28,593</b>
Interest and investment income	23,367	-	7,851	-	31,218
Loss on disposal of capital assets	-	(638)	-	-	(638)
<b>EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES</b>	<b>547,461</b>	<b>(309,433)</b>	<b>(175,574)</b>	<b>(3,281)</b>	<b>59,173</b>
<b>INTERFUND TRANSFERS</b>					
Transfer of board designated funds	(178,299)	-	173,299	5,000	-
Fixed asset acquisitions	(76,700)	456,493	(379,793)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>292,462</b>	<b>147,060</b>	<b>(382,068)</b>	<b>1,719</b>	<b>59,173</b>
<b>NET ASSETS - beginning of year</b>	<b>5,831,187</b>	<b>913,506</b>	<b>3,016,789</b>	<b>52,595</b>	<b>9,814,077</b>
<b>NET ASSETS - end of year</b>	<b>\$ 6,123,649</b>	<b>\$ 1,060,566</b>	<b>\$ 2,634,721</b>	<b>\$ 54,314</b>	<b>\$ 9,873,250</b>

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE SUPPLEMENTAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 \$3,465,986 at June 30, 2015. 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, plus insurance proceeds and less actual replacements, represents the designation, which was \$2,634,721 as of June 30, 2015.

***Art Acquisition***

The Union WELL Inc. annually designates net assets of \$5,000 for art acquisition less actual purchases. As of June 30, 2015, the designation totaled \$54,314.

***Property and Equipment***

The Union WELL Inc. designates net assets based on the net book value of its property and equipment. At June 30, 2015, the designation totaled \$1,060,566.