

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

**Independent Auditor's Report,
Financial Statements and Supplemental Information**

For the Years Ended June 30, 2009 and 2008

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of the University Union Operation of California State University, Sacramento, (the "Union") as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Union's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Union as of June 30, 2008, were audited by other auditors whose report dated September 16, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above presents fairly, in all material respects, the financial position of the University Union Operation of California State University, Sacramento as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, the Union adopted Statement of Financial Accounting Standards (SFAS) No. 157 *Fair Value Measurement* in 2009.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements for the year ended June 30, 2009 taken as a whole. The supplemental information on pages 13 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
September 16, 2009

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 188,079	\$ 311,317
Accounts receivable	70,830	78,788
Investments	4,503,367	4,449,463
Due from related parties	229,694	212,481
Capital assets, net of accumulated depreciation	2,001,192	2,131,857
Total assets	\$ 6,993,162	\$ 7,183,906
LIABILITIES		
Accounts payable and accrued liabilities	\$ 155,826	\$ 220,374
Due to related parties	612,403	1,218,850
Total liabilities	768,229	1,439,224
NET ASSETS, UNRESTRICTED	6,224,933	5,744,682
Total liabilities and net assets	\$ 6,993,162	\$ 7,183,906

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
REVENUES		
Student activity fee	\$ 3,500,000	\$ 2,601,000
Contract and lease payments	731,928	720,709
Program service fees	550,368	492,235
Contributions and grants	-	9,050
Gains (loss) on disposal of fixed assets	(6,339)	2,469
Interest and investment income	<u>137,401</u>	<u>260,638</u>
Total revenues	<u>4,913,358</u>	<u>4,086,101</u>
EXPENSES		
Building operations	1,805,388	1,668,891
Programs and services	1,250,243	1,211,504
Administration	<u>1,377,476</u>	<u>1,020,435</u>
Total expenses	<u>4,433,107</u>	<u>3,900,830</u>
Change in net assets	480,251	185,271
Net assets, beginning of year	<u>5,744,682</u>	<u>5,559,411</u>
Net assets, end of year	<u>\$ 6,224,933</u>	<u>\$ 5,744,682</u>

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 and 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 480,251	\$ 185,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	362,944	347,495
(Gain) loss on disposal of property	6,339	(2,469)
(Increase) decrease in:		
Accounts receivable	7,958	93,934
Due from related parties	(17,213)	(93,833)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(64,548)	23,702
Due to related parties	(606,447)	621,846
Total adjustments	(310,967)	990,675
Net cash provided by operating activities	169,284	1,175,946
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(238,618)	(161,952)
Proceeds from the sale of investments	3,500,000	2,100,000
Purchase of investments	(3,553,904)	(2,829,340)
Net cash used for investing activities	(292,522)	(891,292)
NET INCREASE (DECREASE) IN CASH	(123,238)	284,654
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	311,317	26,663
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 188,079	\$ 311,317

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 – NATURE OF THE ORGANIZATION

The University Union Operation of California State University, Sacramento (the “Union”) is organized pursuant to the General Nonprofit Corporation Law of the State of California and is operated by the Board of Directors of the Union. The Union operates the University Union Building and will operate the Wellness Center building (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 has events for students and the public alike, a selection of vendors and food, and services for students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Union are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States.

Basis of Presentation

The Union presents its financial statements in accordance with SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, an organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

A summary of these classifications and the related restrictions, where applicable, is as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Union and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Union does not have temporarily restricted net assets as of June 30, 2009 and 2008.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Union. Generally, the donors of these assets permit the Union to use all or part of the income earned on any related investments for general or specific purposes. The Union does not have permanently restricted net assets as of June 30, 2009 and 2008.

Cash and Cash Equivalents

For financial statement purposes, the Union considers all investments with a maturity at purchase of three months or less to be cash equivalents, with the exception of those funds held in LAIF, which are held for investment purposes.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable is composed of invoices for room reservations, leased space, fees and other audio-video, technical and building services in the University Union Building. The Union reviews accounts receivable on a monthly basis to determine if any receivables will be potentially uncollectible. Were any receivable balances determined to be uncollectible; the Union would then establish an allowance for doubtful accounts. As of June 30, 2009 and 2008, the Union has not recorded any allowance for doubtful accounts as all amounts were considered to be collectible.

Investments

The Union invests its excess cash principally in interest bearing deposits with the State of California Investment Pool-Local Agency Investment Fund (LAIF). The investments in LAIF are carried at fair value and are available for withdrawal on demand.

Capital Assets

Capital assets are stated at cost or, if donated, at estimated market value on the date of donation. The Union capitalizes all expenditures for property and equipment in excess of \$1,000. All other capital assets are depreciated using the straight-line method over estimated useful lives of 3 to 20 years.

Student Activity Fee

Student activity fees are remitted directly to the Chancellor's Office of California State University to cover principal and interest payments on the revenue bonds, fire insurance on the University Union Building, legislative costs and 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 Union operations.

Contract and Lease Payments

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

Tax Status

The Union 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. Accordingly, there is no provision for income taxes in the financial statements. The Union has implemented the Financial Accounting Standards Board (FASB) Interpretation No 48 *Accounting for Uncertainty in Income Taxes*, and has determined there is no material impact on the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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. Building operations represents maintenance and operations and designated fund operations, including the Well; programs and services represent programmatic spending for departments such as food services, information desk and the games room. 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 marketing.

Reclassification

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. Such reclassification had no affect on the prior year net assets.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

In September 2006, SFAS No.157, *Fair Value Measurements* (SFAS No. 157), 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. As of June 30, 2009, the Union has evaluated the potential impact of adopting SFAS 157 for its investments, and the Union has determined that there is no significant impact on its financial statements

SFAS No. 157 establishes a framework for measuring fair value for the investments held by the Union. 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 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 has the ability to access.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 3— INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

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.

The investments in LAIF are carried at 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 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.

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.

The following table sets forth by level, within the fair value hierarchy, the Union's assets at fair value as of June 30, 2009.

Investments at Fair Value as of June 30, 2009

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 4,503,367	\$ -	\$ 4,503,367

There have been no changes in the methodologies used at June 30, 2009. The provisions of this Statement were applied prospectively as of the beginning of the fiscal year June 30, 2009, in which this Statement was initially applied.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 4 – CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 2,419,927	\$ 2,339,645
Leasehold improvements	2,681,581	2,621,753
Computers	575,253	489,637
Art work	21,710	21,710
Total	<u>5,698,471</u>	<u>5,472,745</u>
Less: Accumulated Depreciation	<u>(3,697,279)</u>	<u>(3,340,888)</u>
Capital – net	<u>\$ 2,001,192</u>	<u>\$ 2,131,857</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$362,944 and \$347,495 respectively.

NOTE 5 – LEASE COMMITMENTS

The Union has the following lease commitments for two copiers under noncancelable leases. The future minimum payments for the operating leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	\$ 6,408
2011	6,408
2012	6,408
2013	3,450
Total	<u>\$ 22,674</u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 6 – FUNCTIONAL EXPENSES

The following is a summary of functional expenses for the year ended June 30, 2009:

	<u>Building operations</u>	<u>Programs and services</u>	<u>Administration</u>	<u>Total</u>
Advertising	\$ -	\$ 2,106	\$ 11,251	\$ 13,357
Conferences	-	7,257	2,576	9,833
Depreciation	362,944	-	-	362,944
Dues and subscriptions	15,722	634	20,229	36,585
Insurance	-	800	33,855	34,655
Office expense	-	862	5,521	6,383
Outside services	796,537	933,426	1,139,675	2,869,638
Postage and delivery	-	716	499	1,215
Printing	42	7,185	8,899	16,126
Repairs and maintenance	219,494	25,369	3,583	248,446
Small equipment	108,673	878	-	109,551
Special events	-	136,703	-	136,703
Supplies	7,651	63,822	107,224	178,697
Telephone	5,769	27,966	8,626	42,361
Travel	561	21,536	35,538	57,635
Utilities	287,995	20,983	-	308,978
Total	<u><u>\$ 1,805,388</u></u>	<u><u>\$ 1,250,243</u></u>	<u><u>\$ 1,377,476</u></u>	<u><u>\$ 4,433,107</u></u>

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 6 – FUNCTIONAL EXPENSES (CONTINUED)

The following is a summary of functional expenses for the year ended June 30, 2008:

	<u>Building operations</u>	<u>Program and services</u>	<u>Administration</u>	<u>Total</u>
Advertising	\$ -	\$ 1,526	\$ 4,193	\$ 5,719
Conferences	225	4,551	4,145	8,921
Depreciation	347,495	-	-	347,495
Dues and subscriptions	8,898	707	23,403	33,008
Insurance	-	800	32,337	33,137
Office expense	-	5,839	3,243	9,082
Outside services	784,689	922,603	869,513	2,576,805
Postage and delivery	-	558	318	876
Printing	108	4,798	6,001	10,907
Repairs and maintenance	176,638	21,780	1,944	200,362
Small equipment	63,314	3,599	107	67,020
Special events	-	135,842	-	135,842
Supplies	4,886	45,347	44,122	94,355
Telephone	7,998	24,445	9,950	42,393
Travel	169	15,306	21,159	36,634
Utilities	274,471	23,803	-	298,274
Total	<u>\$ 1,668,891</u>	<u>\$ 1,211,504</u>	<u>\$ 1,020,435</u>	<u>\$ 3,900,830</u>

NOTE 7 –RELATED PARTY TRANSACTIONS

Space located within the University Union Building is used or operated by Sacramento State, Associated Students of California State University, Sacramento (“ASI”) and University Enterprises, Inc. (“UEI”) under operating and sublease agreements. Other than those disclosed elsewhere in these financial statements, transactions between the Union and related organizations included the payments by University Union to Sacramento State of \$531,975 and \$240,463 for campus cost recovery services which include administration, telephone, postage, IT support, and utilities, and \$357,966 and \$209,163 for personnel cost during the years ended June 30, 2009 and 2008, respectively. Sacramento State made payments to the Union totaling \$277,092 and \$265,055 for services, space and programs for the years ended June 30, 2009 and 2008, respectively.

For fiscal years ended June 30, 2009 and 2008, the Union was charged \$140,000 and \$147,855, respectively, for accounting and financial services provided by ASI.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 7 – RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2009	2008
Sacramento State	\$ 119,461	\$ 105,884
UEI	109,258	104,222
ASI	975	2,375
Total	<u>\$ 229,694</u>	<u>\$ 212,481</u>

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

	2009	2008
Sacramento State	\$ 166,140	\$ 426,544
UEI	437,537	700,665
ASI	8,726	91,641
Total	<u>\$ 612,403</u>	<u>\$ 1,218,850</u>

The Union operates pursuant to a Memorandum of Understanding with UEI and Sacramento State which, among other provisions, compensates UEI and Sacramento State employees assigned to the Union and provides for the Union to furnish related insurance coverage for these individuals. Such amounts are included in the Union's statement of activities for the years ended June 30, 2009 and 2008.

Outside services (see note 6) at June 30 consist of the following:

	2009	2008
Personnel	\$ 1,774,685	\$ 1,630,905
Related Expenses	610,612	529,980
Outside Service	484,341	415,920
Total	<u>\$ 2,869,638</u>	<u>\$ 2,576,805</u>

SUPPLEMENTAL INFORMATION

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF NET ASSETS**

June 30, 2009

(for inclusion in California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 188,079
Short-term investments	4,503,367
Accounts receivable, net	70,830
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	229,694
Total current assets	<u>4,991,970</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	2,001,192
Other assets	-
Total noncurrent assets	<u>2,001,192</u>
Total assets	<u>6,993,162</u>
Liabilities:	
Current liabilities:	
Accounts payable	155,826
Accrued salaries and benefits payable	-
Accrued compensated absences- current portion	-
Deferred revenue	-
Capitalized lease obligations - current portion	-
Long-term debt obligations - current portion	-
Self-insurance claims liability - current portion	-
Other liabilities	612,403
Total current liabilities	<u>768,229</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Deferred revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>768,229</u>
Net assets:	
Invested in capital assets, net of related debt	2,001,192
Restricted for:	
Nonexpendable - endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	4,223,741
Total net assets	<u>\$ 6,224,933</u>

The accompanying notes are an integral part of these supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS
Year Ended June 30, 2009
(for inclusion in California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$___0___)	\$ 3,500,000
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$___0___)	550,368
Other operating revenues	<u>731,928</u>
Total operating revenues	<u>4,782,296</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	4,070,163
Depreciation and amortization	<u>362,944</u>
Total operating expenses	<u>4,433,107</u>
Operating income (loss)	<u>349,189</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	-
Gifts, noncapital	-
Investment income (loss), net	137,401
Endowment income	-
Interest Expenses	-
Other nonoperating revenues (expenses)	<u>(6,339)</u>
Net nonoperating revenues (expenses)	<u>131,062</u>
Income (loss) before other additions	480,251
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	<u>480,251</u>
Net assets:	
Net assets at beginning of year, as previously reported	5,744,682
Restatements	-
Net assets at end of year	<u>\$ 6,224,933</u>

The accompanying notes are an integral part of these supplemental schedules.

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

June 30, 2009

(for inclusion in California State University)

1 Restricted cash and cash equivalents at June 30, 2009:

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, 2009:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	4,503,367	-	4,503,367	-	-	-	4,503,367
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total investments	4,503,367	-	4,503,367	-	-	-	4,503,367
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	4,503,367	-	4,503,367	-	-	-	4,503,367

The accompanying notes are an integral part of these supplemental schedules.

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

June 30, 2009

(for inclusion in California State University)

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
2.2 - Investments held by the University under contractual agreements at June 30, 2009 :							
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2009 :	\$	-	-	-	-	-	-
2.3 - Restricted current investments at June 30, 2009 related to:							
Add description	\$	-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Total restricted current investments at June 30, 2009	\$	-	-	-	-	-	-
2.4 - Restricted noncurrent investments at June 30, 2009 related to:							
Add description	\$	-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Add description		-	-	-	-	-	-
Total restricted noncurrent investments at June 30, 2009	\$	-	-	-	-	-	-

The accompanying notes are an integral part of these supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
June 30, 2009
(for inclusion in California State University)**

3.1 Composition of capital assets at June 30, 2009:

	Balance June 30, 2008	Prior period Adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2009
Nondepreciable capital assets:								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	21,710	-	-	21,710	-	-	-	21,710
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	21,710	-	-	21,710	-	-	-	21,710
Depreciable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,621,753	-	-	2,621,753	72,506	(12,678)	-	2,681,581
Personal property:								
Equipment	2,829,282	-	-	2,829,282	166,112	(214)	-	2,995,180
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	5,451,035	-	-	5,451,035	238,618	(12,892)	-	5,676,761
Total capital assets	5,472,745	-	-	5,472,745	238,618	(12,892)	-	5,698,471
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,561,092)	-	-	(1,561,092)	(103,148)	6,339	-	(1,657,901)
Personal property:								
Equipment	(1,779,796)	-	-	(1,779,796)	(259,796)	214	-	(2,039,378)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(3,340,888)	-	-	(3,340,888)	(362,944)	6,553	-	(3,697,279)
Total capital assets, net	\$ 2,131,857	-	-	2,131,857	(124,326)	(6,339)	-	2,001,192

3.2 - Detail of depreciation and amortization expense for the year ended June 30, 2009:

Depreciation and amortization expense related to capital assets	\$ 362,944
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 362,944

The accompanying notes are an integral part of these supplemental schedules.

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

June 30, 2009

(for inclusion in California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2008	Prior period adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Balance June 30, 2009	Current portion	Long-term portion
Accrued compensated absences	\$ 96,978	-	-	96,978		(96,978)	-	-	-
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	-	-	-	-	-	-	-	-	-
Other:									
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 96,978	-	-	96,978	-	(96,978)	-	-	-

The accompanying notes are an integral part of these supplemental schedules.

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

June 30, 2009

(for inclusion in California State University)

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2010	\$ -	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015 - 2019	-	-	-
2020 - 2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
2050 - 2054	-	-	-
2055 - 2059	-	-	-
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			-
Less amounts representing interest			-
Present value of future minimum lease payments			<hr/>
Less: current portion			-
Capitalized lease obligation, net of current portion			<hr/> <hr/> \$ -

The accompanying notes are an integral part of these supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
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June 30, 2009

(for inclusion in 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:									
2010	\$ -	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015 - 2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these supplemental schedules.

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

June 30, 2009

(for inclusion in California State University)

7 Calculation of net assets

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	2,001,192	2,001,192
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:			
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
(description)	-	-	-
Net assets - invested in capital assets, net of related debt	\$ -	2,001,192	2,001,192
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments: (please list)	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	\$ -	-	-

The accompanying notes are an integral part of these supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
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June 30, 2009

(for inclusion in California State University)

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

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

The accompanying notes are an integral part of these supplemental schedules.

UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF DESIGNATED NET ASSETS
JUNE 30, 2009

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES:					
Student activity fee	\$ 3,500,000	\$ -	\$ -	\$ -	\$ 3,500,000
Revenue from operations	1,282,296				1,282,296
Total program activities revenue	4,782,296	-	-	-	4,782,296
UNRESTRICTED EXPENSES:					
Advertising	13,357	-	-	-	13,357
Conferences	9,833	-	-	-	9,833
Depreciation	-	362,944	-	-	362,944
Dues and subscriptions	36,585	-	-	-	36,585
Insurance	34,655	-	-	-	34,655
Office expenses	6,383	-	-	-	6,383
Outside services	2,869,638	-	-	-	2,869,638
Postage and delivery	1,215	-	-	-	1,215
Printing	16,126	-	-	-	16,126
Repairs and maintenance	248,446	-	-	-	248,446
Small equipment	109,551	-	-	-	109,551
Special events expenses	136,703	-	-	-	136,703
Supplies	178,697	-	-	-	178,697
Telephone	42,361	-	-	-	42,361
Travel	57,635	-	-	-	57,635
Utilities	308,978	-	-	-	308,978
Total unrestricted expenses	4,070,163	362,944	-	-	4,433,107
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES	712,133	(362,944)	-	-	349,189
Interest and investment income	110,739		26,662	-	137,401
Gain (loss) on disposal of property and equipment	-	(6,339)	-	-	(6,339)
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES	822,872	(369,283)	26,662	-	480,251
INTERFUND TRANSFERS:					
Transfer of board designated funds	(401,322)		396,322	5,000	-
Fixed asset acquisitions*	2,156	238,618	(239,697)	(1,077)	-
CHANGE IN UNRESTRICTED NET ASSETS	423,706	(130,665)	183,287	3,923	480,251
NET ASSETS - beginning of year	2,317,038	2,131,857	1,268,015	27,772	5,744,682
NET ASSETS - end of year	\$ 2,740,744	\$ 2,001,192	\$ 1,451,302	\$ 31,695	\$ 6,224,933
Fund Number					

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

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 annually designates net assets of \$25,000 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 \$4,813,430 at June 30, 2009. 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 \$1,451,302 as of June 30, 2009.

Art Acquisition

The Union annually designates net assets of \$5,000 for art acquisition less actual purchases. As of June 30, 2009 the designation totaled \$31,695.

Property and Equipment

The Union designates net assets based on the net book value of its property and equipment. At June 30, 2009 and 2008, the designation totaled \$ 2,001,192 and \$2,131,857, respectively.