

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
(A Component Unit of  
California State University, Sacramento)**

Independent Auditor's Report,  
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2011 and 2010



**Certified Public Accountants.**

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
(A Component Unit of California State University, Sacramento)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

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

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of University Union Operation of California State University, Sacramento, ("UUOCI"), a component unit of California State University, Sacramento, as of June 30, 2011 and 2010 and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of UUOCI's management. 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 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 UUOCI'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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Union Operation of California State University, Sacramento, as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, on July 1, 2010, UUOCI adopted a change in its accounting policy for capitalizing fixed assets and retroactively applied the change effective July 1, 2009.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 15 through 25 is presented for purposes of additional analysis 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 basic financial statements as a whole.

*Macinnis & O'Connell LLP*

Sacramento, California  
September 20, 2011

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,294,040	\$ 7,210,371
Accounts receivable	29,170	27,963
Interest receivable	11,681	10,862
Student fee receivable - held by Sacramento State	99,023	95,068
Prepaid expenses	9,171	41,401
Inventory	3,453	-
Due from related parties	136,938	73,053
Capital assets, net of accumulated depreciation	1,299,893	1,381,000
 Total assets	 \$ 10,883,369	 \$ 8,839,718
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 90,617	\$ 97,021
Due to related parties	557,276	692,513
Unearned revenue	135,965	94,894
 Total liabilities	 783,858	 884,428
<b>NET ASSETS, UNRESTRICTED</b>		
	10,099,511	7,955,290
 Total liabilities and net assets	 \$ 10,883,369	 \$ 8,839,718

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>REVENUES AND GAINS</b>		
Student activity fee	\$ 7,652,423	\$ 6,434,536
Contract and lease payments	1,243,035	701,023
Program service fees	689,614	522,649
Contributions and grants	9,274	-
Warranty replacement	-	2,162
Interest and investment income	54,907	56,342
	9,649,253	7,716,712
<b>EXPENSES AND LOSSES</b>		
Building operations	2,613,539	1,662,265
Programs and services	2,702,753	1,936,573
Administration	2,188,379	1,775,443
Loss on disposal of capital assets	361	-
	7,505,032	5,374,281
<b>Change in net assets</b>	2,144,221	2,342,431
<b>Net assets, beginning of year, as restated</b>	7,955,290	5,612,859
<b>Net assets, end of year</b>	\$ 10,099,511	\$ 7,955,290

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,144,221	\$ 2,342,431
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	213,890	185,702
Loss on disposal of capital assets	361	-
(Increase) decrease in:		
Accounts receivable	(1,207)	24,098
Interest receivable	(819)	7,907
Student fee receivable	(3,955)	(95,068)
Prepaid expenses	32,230	(41,401)
Inventory	(3,453)	-
Due from related parties	(63,885)	156,641
Increase (decrease) in:		
Accounts payable and accrued liabilities	21,025	(86,234)
Due to related parties	(135,237)	80,110
Unearned revenue	41,071	94,894
Total adjustments	100,021	326,649
Net cash provided by operating activities	2,244,242	2,669,080
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments related to the acquisition of capital assets	(160,573)	(150,155)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,083,669	2,518,925
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	7,210,371	4,691,446
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 9,294,040	\$ 7,210,371
<b>SUPPLEMENTAL DATA</b>		
Capital assets acquired through accounts payable	\$ -	\$ 27,429

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 1 – NATURE OF THE ORGANIZATION**

University Union Operation of California State University, Sacramento (“UUOCI”), a component unit of California State University, Sacramento, is organized pursuant to the General Nonprofit Corporation Law of the State of California and is governed by the Board of Directors of UUOCI. UUOCI operates the University Union (Student Union), Campus Recreation, and the Well (Recreation Wellness Center), 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”). UUOCI 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**

The Financial Accounting Standards Board (“FASB”) implemented the FASB Accounting Standards Codification (the “Codification”) effective July 1, 2009. The Codification has become the source of authoritative Generally Accepted Accounting Principles (“GAAP”) recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then-existing accounting and reporting standards. All other non-grandfathered accounting literature not included in the Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (“ASC”).

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force abstracts, but instead will issue Accounting Standards Updates (“ASU”). ASUs will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the conclusions on the changes in the Codification.

***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 ASC Topic 958 Subtopics 205, 210, 225 and 230. UUOCI 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. UUOCI has no temporarily restricted net assets at June 30, 2011 and 2010.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by UUOCI. Generally, the donors of these assets permit UUOCI to use all or part of the income earned on any related investments for general or specific purposes. UUOCI does not have permanently restricted net assets as of June 30, 2011 and 2010.

***Cash and Cash Equivalents***

UUOCI 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 UUOCI's position in the LAIF pool. UUOCI considers its investments in LAIF and all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

***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. UUOCI reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. As of June 30, 2011 and 2010, UUOCI has not recorded any allowance for doubtful accounts as all amounts were considered to be collectible.

***Student Fee Receivable – Held by Sacramento State***

Student fee receivable consists of student activity fees for the fall semesters collected by Sacramento State during the student registration. These fees are remitted to UUOCI during the subsequent fiscal year. As of June 30, 2011 and June 30, 2010, student fee receivable amounts were \$99,023 and \$95,068, 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. Inventory consists of items such as, chalk, socks, karate ghis and t-shirts.



**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Due from Related Parties***

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

***Capital Assets***

Capital assets are stated at cost. It is the policy of UUOCI 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 UUOCI from Sacramento State, UEI, and ASI.

***Unearned Revenue***

Unearned revenue represents the amount UUOCI programs have received in advance of providing the related services, student activity fees collected by Sacramento State from students during student registration for the fall 2011 semester, and the advance funding of two grants received during the fiscal year ended June 30, 2011. Program service fees are recognized on the date of service of the program; student activity fees are recognized over the period of service; and grant revenue is recognized when qualified expenses have been incurred.

***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 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 provided to UUOCI and used to fund UUOCI operations. UUOCI received Student Activity fees of \$7,652,423 and \$6,434,536 for the fiscal years ended June 30, 2011 and June 30, 2010, respectively

***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.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Tax Status*

UUOCI qualifies for exemption from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, and similar provisions of state franchise tax regulations. Accordingly, there is no provision for income taxes in the financial statements. UUOCI applies ASC topic 740-10-25 for uncertainty in tax positions and has determined there is no material impact on the financial statements.

*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 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.

*Reclassifications*

UUOCI's investment in LAIF as of June 30, 2010 has been reclassified to cash and cash equivalents to conform to the current year's presentation.

*Change in Accounting Policy*

Effective July 1, 2010, UUOCI increased its capitalization threshold for fixed assets from \$1,000 to \$5,000 to comply with the guidelines of CSU Management Memo 95-22 and the State Administrative Manual (SAM Section 8600). The financial statements for the fiscal year ended June 30, 2010 have been restated to retroactively apply the change effective July 1, 2009. The effects of the restatements are summarized as follows:

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Change in Accounting Policy (Continued)*

		June 30, 2010
Capital assets, net, previously reported	\$	1,879,358
Restatement		(498,358)
Capital assets, net, as restated	\$	1,381,000
		June 30, 2009
Net assets, previously reported	\$	6,224,933
Restatement		(612,074)
Net assets, as restated	\$	5,612,859
Building operations expense, previously reported	\$	1,775,374
Restatement		(113,109)
Building operations expense, as restated	\$	1,662,265
Loss on disposal of capital assets, previously reported	\$	607
Restatement		(607)
Loss on disposal of capital assets, as restated	\$	-

**NOTE 3 – CASH AND CASH EQUIVALENTS**

As of June 30, 2011 and 2010, the carrying amount of cash and cash equivalents was \$475,409 and \$267,812, respectively, and the bank balances were \$1,068,731 and \$257,045, respectively, which are entirely insured by the Federal Deposit Insurance Corporation.

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT**

UUOCI reports its investments at fair value as described in ASC Topic 820. 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 UUOCI. 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 UUOCI has the ability to access.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 4 – 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.

UUOCI's investments in LAIF are reported at fair value. LAIF is sponsored by the California State Treasurer and prepares its market value report detailing the carrying cost and the estimated fair value for the entire pool. UUOCI used the multiplier provided by LAIF to determine the estimated fair value of its investment in the pool.

*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, UUOCI's assets at fair value as of June 30, 2011 and 2010.

Investments at Fair Value as of June 30, 2011				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 8,818,631	\$ -	\$ 8,818,631

Investments at Fair Value as of June 30, 2010				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 6,942,559	\$ -	\$ 6,942,559

There have been no changes in the methodologies used at June 30, 2011.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 5 – CAPITAL ASSETS**

Capital assets consist of the following at June 30:

	2011	2010
Furniture and fixtures	\$ 870,538	\$ 853,004
Leasehold improvements	2,046,525	2,064,802
Computers	314,489	287,708
Art work	23,761	23,761
Total	3,255,313	3,229,275
Less: Accumulated Depreciation	(1,955,420)	(1,848,275)
Capital – net	\$ 1,299,893	\$ 1,381,000

Depreciation expense for the fiscal years ended June 30, 2011 and 2010 was \$213,890 and \$185,702 respectively.

**NOTE 6 – LEASE COMMITMENTS**

UUOCI has the following lease commitments for copiers and printers under non-cancelable operating leases. Total lease payments were \$19,844 and \$7,854 for the fiscal years ended June 30, 2011 and 2010, respectively. The future minimum payments for the operating leases are as follows:

Fiscal Year Ending June 30,	Amount
2012	\$ 21,258
2013	21,188
2014	21,188
2015	16,535
2016	4,202
Total	\$ 84,371

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 7 – FUNCTIONAL EXPENSES**

The following is a summary of functional expenses for the fiscal year ended June 30, 2011:

	Building operations	Programs and services	Administration	Total
Advertising	\$ -	\$ 788	\$ 8,076	\$ 8,864
Conferences	-	3,725	7,696	11,421
Depreciation	213,890	-	-	213,890
Dues and subscriptions	6,938	62,916	62,620	132,474
Insurance	-	15,664	45,885	61,549
Office expense	376	4,684	4,776	9,836
Outside services	1,071,067	2,178,130	1,834,345	5,083,542
Postage and delivery	-	289	767	1,056
Printing	95	18,206	16,453	34,754
Repairs and maintenance	630,070	18,316	12,295	660,681
Small equipment	186,070	-	-	186,070
Special events	-	138,168	-	138,168
Supplies	11,155	210,486	174,777	396,418
Telephone	3,338	24,573	9,520	37,431
Travel	309	4,352	11,169	15,830
Utilities	490,231	22,456	-	512,687
Total functional expenses	<u>2,613,539</u>	<u>2,702,753</u>	<u>2,188,379</u>	<u>7,504,671</u>
Loss on disposal of capital assets	-	-	-	361
Total expenses	<u><u>\$ 2,613,539</u></u>	<u><u>\$ 2,702,753</u></u>	<u><u>\$ 2,188,379</u></u>	<u><u>\$ 7,505,032</u></u>

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 7 – FUNCTIONAL EXPENSES (CONTINUED)**

The following is a summary of functional expenses for the fiscal year ended June 30, 2010:

	Building operations	Programs and services	Administration	Total
Advertising	\$ -	\$ -	\$ 9,726	\$ 9,726
Conferences	-	2,345	3,819	6,164
Depreciation	185,702	-	-	185,702
Dues and subscriptions	7,871	25,021	46,428	79,320
Insurance	-	800	35,113	35,913
Office expense	-	1,201	1,385	2,586
Outside services	824,818	1,472,839	1,534,427	3,832,084
Postage and delivery	-	354	560	914
Printing	18	10,645	9,944	20,607
Repairs and maintenance	257,815	19,315	-	277,130
Small equipment	66,632	-	-	66,632
Special events	-	146,027	-	146,027
Supplies	6,690	184,091	111,862	302,643
Telephone	2,905	26,012	10,042	38,959
Travel	213	22,328	12,137	34,678
Utilities	309,601	25,595	-	335,196
Total functional expenses	<u>\$ 1,662,265</u>	<u>\$ 1,936,573</u>	<u>\$ 1,775,443</u>	<u>\$ 5,374,281</u>

UUOCI operates pursuant to a Memorandum of Understanding with UEI and Sacramento State which, among other provisions, compensates UEI and Sacramento State employees assigned to UUOCI and provides for UUOCI to furnish related benefits coverage for these individuals. Such amounts are reported as Outside Services in the preceding summaries of functional expenses. Outside services for the fiscal years ended June 30, 2011 and 2010 consist of the following:

	2011	2010
Personnel services	\$ 3,331,909	\$ 2,473,335
Personnel benefits expenses	1,029,858	780,882
Payroll services	346,413	299,822
Accounting services	120,106	120,000
Other outside services	255,256	158,045
Total	<u>\$ 5,083,542</u>	<u>\$ 3,832,084</u>

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 8 –RELATED PARTY TRANSACTIONS**

Space located within the University Union building is used or operated by Sacramento State, ASI 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, 2011 and 2010, UUOCI received payments for leased office space to UEI totaling \$467,576 and \$439,881, respectively, and leased office space to ASI totaling \$163,498 and \$139,229, respectively. Other than those disclosed elsewhere in these financial statements, transactions between UUOCI and related organizations included the payments by UUOCI to Sacramento State of \$758,528 and \$560,471 for campus cost recovery services, which include administration, telephone, postage, IT support, and utilities, and \$331,284 and \$251,471 for personnel costs during the fiscal years ended June 30, 2011 and 2010, respectively. Sacramento State made payments to UUOCI totaling \$715,004 and \$227,666 for services, space and programs for the fiscal years ended June 30, 2011 and 2010, respectively.

UUOCI incurred expenses primarily related to photo reproduction, catering services and advertising by UEI in the amount of \$46,359 and \$15,084 for the fiscal years ended June 30, 2011 and 2010, respectively.

For fiscal years ended June 30, 2011 and 2010, UUOCI was charged \$120,106 and \$120,000, respectively, for accounting and financial services provided by ASI.

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

	2011	2010
Sacramento State	\$ 133,814	\$ 71,748
UEI	1,867	1,070
UF	660	-
ASI	597	235
Total	<u>\$ 136,938</u>	<u>\$ 73,053</u>

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

	2011	2010
Sacramento State	\$ 168,693	\$ 137,360
UEI	377,883	545,053
ASI	10,700	10,100
Total	<u>\$ 557,276</u>	<u>\$ 692,513</u>

**NOTE 9 – SUBSEQUENT EVENTS**

In preparing these statements, UUOCI has evaluated events and transactions for potential recognition through September 20, 2011, the date the financial statements were available to be issued.



**SUPPLEMENTAL INFORMATION**

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

Schedule of Net Assets

June 30, 2011

(for inclusion in the California State University Financial Statements)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 475,409
Short-term investments	8,818,631
Accounts receivable, net	139,874
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	149,562
Total current assets	<u>9,583,476</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	1,299,893
Other assets	-
Total noncurrent assets	<u>1,299,893</u>
Total assets	<u>10,883,369</u>
Liabilities:	
Current liabilities:	
Accounts payable	90,617
Accrued salaries and benefits payable	-
Accrued compensated absences– current portion	-
Deferred revenue	135,965
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	557,276
Total current liabilities	<u>783,858</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>783,858</u>
Net assets:	
Invested in capital assets, net of related debt	1,299,893
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	8,799,618
Total net assets	<u>\$ 10,099,511</u>

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**  
Schedule of Revenues, Expenses, and Changes in Net Assets  
Fiscal Year Ended June 30, 2011  
(for inclusion in the California State University Financial Statements)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 7,652,423
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	9,274
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	689,614
Other operating revenues	1,243,035
Total operating revenues	<u>9,594,346</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	5,757,833
Institutional support	314,964
Operation and maintenance of plant	1,217,984
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	213,890
Total operating expenses	<u>7,504,671</u>
Operating income (loss)	<u>2,089,675</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	54,907
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	(361)
Net nonoperating revenues (expenses)	<u>54,546</u>
Income (loss) before other additions	2,144,221
State appropriations, capital	
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	
Increase (decrease) in net assets	<u>2,144,221</u>
Net assets:	
Net assets at beginning of year, as previously reported	8,453,648
Restatements	(498,358)
Net assets at beginning of year, as restated	<u>7,955,290</u>
Net assets at end of year	<u>\$ 10,099,511</u>

See accompanying notes to the supplemental schedules.

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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

**1 Restricted cash and cash equivalents at June 30, 2011:**

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	<u>\$ -</u>

**2.1 Composition of investments at June 30, 2011:**

	<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)	8,818,631	-	8,818,631	-	-	-	8,818,631
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	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>8,818,631</u>	<u>-</u>	<u>8,818,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,818,631</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u>\$ 8,818,631</u>	<u>\$ -</u>	<u>\$ 8,818,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,818,631</u>

See accompanying notes to the supplemental schedules.

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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

**2.2 Investments held by the University under contractual agreements at June 30, 2011:**

	<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>
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011 :	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**2.3 Restricted current investments at June 30, 2011 related to:**

	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
<b>Total restricted current investments at June 30, 2011</b>	<u>\$ -</u>

**2.4 Restricted noncurrent investments at June 30, 2011 related to:**

	<u>Amount</u>
Endowment investment	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
<b>Total restricted noncurrent investments at June 30, 2011</b>	<u>\$ -</u>

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO**  
Other Information (Continued)  
(for inclusion in the California State University Financial Statements)

**3.1 Composition of capital assets at June 30, 2011:**

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	22,910	851	-	23,761	-	-	-	23,761
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	22,910	851	-	23,761	-	-	-	23,761
Depreciable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,736,562	(671,760)	-	2,064,802	67,720	(85,997)	-	2,046,525
Personal property:								
Equipment	3,155,635	(2,014,923)	-	1,140,712	65,424	(21,109)	-	1,185,027
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	5,892,197	(2,686,683)	-	3,205,514	133,144	(107,106)	-	3,231,552
Total capital assets	5,915,107	(2,685,832)	-	3,229,275	133,144	(107,106)	-	3,255,313
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,742,251)	501,203	-	(1,241,048)	(85,874)	85,997	-	(1,240,925)
Personal property:								
Equipment	(2,293,498)	1,686,271	-	(607,227)	(128,016)	20,748	-	(714,495)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(4,035,749)	2,187,474	-	(1,848,275)	(213,890)	106,745	-	(1,955,420)
Total capital assets, net	\$ 1,879,358	\$ (498,358)	\$ -	\$ 1,381,000	\$ (80,746)	\$ (361)	\$ -	\$ 1,299,893

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:**

Depreciation and amortization expense related to capital assets	\$ 213,890
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 213,890

**3.3 Detail of intangible assets as of June 30, 2011:**

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	\$ -	\$ -	\$ -
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
<b>Total Intangible Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to the supplemental schedules.

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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**5 Future minimum lease payments - capital lease obligations:**

	Principal	Interest	Principal and Interest
Year ending June 30:			
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017 - 2021	-	-	-
2022 - 2026	-	-	-
2027 - 2031	-	-	-
2032 - 2036	-	-	-
2037 - 2041	-	-	-
2042 - 2046	-	-	-
2047 - 2051	-	-	-
2052 - 2056	-	-	-
2057 - 2061	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
<b>Capitalized lease obligation, net of current portion</b>			<u>\$ -</u>

See accompanying notes to the supplemental schedules.

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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

**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:								
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017 - 2021	-	-	-	-	-	-	-	-	-
2022 - 2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
2052 - 2056	-	-	-	-	-	-	-	-	-
2057 - 2061	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**7 Calculation of net assets**

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
<b>7.1 Calculation of net assets - Invested in capital assets, net of related debt</b>			
Capital assets, net of accumulated depreciation	\$ -	\$ 1,299,893	\$ 1,299,893
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
	\$ -	\$ 1,299,893	\$ 1,299,893
<b>7.2 Calculation of net assets - Restricted for nonexpendable - endowments</b>			
Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
<b>Net assets - Restricted for nonexpendable - endowments per SNA</b>	\$ -	\$ -	\$ -

See accompanying notes to the supplemental schedules.



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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

<b>8</b>	<b>Transactions with Related Entities</b>	<b>Amount</b>
	Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ (331,284)
	Payments to University for other than salaries of University personnel	(758,528)
	Payments received from University for services, space, and programs	715,004
	Gifts-in-kind to the University from Auxiliary Organizations	-
	Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
	Accounts (payable to) University (enter as negative number)	(168,693)
	Other amounts (payable to) University (enter as negative number)	-
	Accounts receivable from University	133,814
	Other amounts receivable from University	99,023
<b>9</b>	<b>Other Postemployment Benefits Obligation (OPEB)</b>	
	Annual required contribution (ARC)	\$ -
	Contributions during the year	-
	Increase (decrease) in net OPEB obligation (NOO)	-
	NOO - beginning of year	-
	NOO - end of year	\$ -
<b>10</b>	<b>Pollution remediation liabilities under GASB Statement No. 49:</b>	
	<b>Description</b>	<b>Amount</b>
	Add description	\$ -
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Add description	-
	Total pollution remediation liabilities	\$ -
	Less: current portion	-
	Pollution remediation liabilities, net of current portion	\$ -
<b>11</b>	<b>The nature and amount of the prior period adjustment(s) recorded to beginning net assets</b>	
	<b>Net Asset Class</b>	<b>Amount</b>
		<b>Dr. (Cr.)</b>
	Net assets as of June 30, 2010, as previously reported	\$ 8,453,648
	Prior period adjustments:	
	1 Change in policy for capitalization of fixed assets to \$5,000	(498,358)
	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 assets as of June 30, 2010, as restated	\$ 7,955,290

See accompanying notes to the supplemental schedules.

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

Other Information (Continued)

June 30, 2011

(for inclusion in the California State University Financial Statements)

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

Other Information

June 30, 2011

(for inclusion in the California State University Financial Statements)

**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 Due to policy change for fixed assets from \$1,000 to \$5,000		
Capital Assets Net of Accumulated Depreciation	\$ 498,358	
Net Assets, Unrestricted		\$ 498,358
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)	-	-

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
SCHEDULE OF UNDESIGNATED AND DESIGNATED NET ASSETS  
JUNE 30, 2011**

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
<b>UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES:</b>					
Student activity fee	\$ 7,652,423	\$ -	\$ -	\$ -	\$ 7,652,423
Revenue from operations	1,941,923	-	-	-	1,941,923
Total program activities revenue	9,594,346	-	-	-	9,594,346
<b>UNRESTRICTED EXPENSES:</b>					
Advertising	8,864	-	-	-	8,864
Conferences	11,421	-	-	-	11,421
Depreciation	-	213,890	-	-	213,890
Dues and subscriptions	132,474	-	-	-	132,474
Insurance	61,549	-	-	-	61,549
Office expenses	9,836	-	-	-	9,836
Outside services	5,083,542	-	-	-	5,083,542
Postage and delivery	1,056	-	-	-	1,056
Printing	34,754	-	-	-	34,754
Repairs and maintenance	660,681	-	-	-	660,681
Small equipment	144,815	-	40,905	350	186,070
Special events expenses	138,168	-	-	-	138,168
Supplies	396,418	-	-	-	396,418
Telephone	37,431	-	-	-	37,431
Travel	15,830	-	-	-	15,830
Utilities	512,687	-	-	-	512,687
Total unrestricted expenses	7,249,526	213,890	40,905	350	7,504,671
<b>EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES</b>	2,344,820	(213,890)	(40,905)	(350)	2,089,675
Interest and investment income	47,038	-	7,869	-	54,907
Loss on disposal of capital assets	-	(361)	-	-	(361)
<b>EXCESS (DEFICIENCY ) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES</b>	2,391,858	(214,251)	(33,036)	(350)	2,144,221
<b>INTERFUND TRANSFERS:</b>					
Transfer of board designated funds	(405,395)	-	400,395	5,000	-
Fixed asset acquisitions	(70,909)	133,144	(62,235)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	1,915,554	(81,107)	305,124	4,650	2,144,221
<b>NET ASSETS - beginning of year, as restated</b>	4,817,679	1,381,000	1,721,116	35,495	7,955,290
<b>NET ASSETS - end of year</b>	\$ 6,733,233	\$ 1,299,893	\$ 2,026,240	\$ 40,145	\$ 10,099,511

See accompanying notes to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
NOTES TO THE SUPPLEMENTAL SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 that apply FASB standards.

**NOTE 2 – DESIGNATED NET ASSETS**

***Repairs and Replacement***

UUOCI 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 \$3,307,889 at June 30, 2011. 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 \$235,000. This amount, plus interest earned and less actual replacements, represents the designation, which was \$2,026,240 as of June 30, 2011.

***Art Acquisition***

UUOCI annually designates net assets of \$5,000 for art acquisition less actual purchases. As of June 30, 2011 the designation totaled \$40,145.

***Property and Equipment***

UUOCI designates net assets based on the net book value of its property and equipment. At June 30, 2011, the designation totaled \$1,299,893.