

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

Independent Auditor's Report,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2012 and 2011

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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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, (the "Union WELL Inc."), a component unit of California State University, Sacramento, as of June 30, 2012 and 2011 and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Union WELLS'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 the Union WELL Inc.'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, 2012 and 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 16 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 financial statements as a whole.

Maciee Gini & O'Connell LLP

Sacramento, California
September 12, 2012

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 9,439,703	\$ 9,294,040
Accounts receivable	30,973	29,170
Interest receivable	8,759	11,681
Student fee receivable	94,023	99,023
Prepaid expenses	15,895	9,171
Inventory	9,641	3,453
Due from related parties	107,201	136,938
Capital assets, net	1,073,786	1,299,893
	\$ 10,779,981	\$ 10,883,369
LIABILITIES		
Accounts payable and accrued liabilities	\$ 236,498	\$ 90,617
Due to related parties	576,318	557,276
Unearned revenue	115,168	135,965
	927,984	783,858
NET ASSETS, UNRESTRICTED		
	9,851,997	10,099,511
Total liabilities and net assets	\$ 10,779,981	\$ 10,883,369

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
REVENUES		
Student activity fee	\$ 5,702,198	\$ 7,652,423
Contract and lease payments	1,330,326	1,243,035
Program service fees	931,218	689,614
Contributions and grants	15,300	9,274
Interest and investment income	42,823	54,907
	Total revenues	9,649,253
	8,021,865	
EXPENSES		
Building operations	3,097,015	2,613,900
Programs and services	3,097,509	2,702,753
Administration	2,074,855	2,188,379
	Total expenses	7,505,032
	8,269,379	
Change in net assets	(247,514)	2,144,221
Net assets, beginning of year	10,099,511	7,955,290
Net assets, end of year	\$ 9,851,997	\$ 10,099,511

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Building operations	Programs and services	Administration	Total
Advertising	\$ -	\$ 461	\$ 5,371	\$ 5,832
Conferences	100	6,439	4,490	11,029
Depreciation	204,822	-	-	204,822
Dues and subscriptions	8,923	72,476	118,448	199,847
Insurance	-	13,779	41,800	55,579
Loss on disposal of capital assets	91,179	-	-	91,179
Office expense	402	3,394	6,036	9,832
Outside services	1,034,227	2,602,792	1,713,693	5,350,712
Postage and delivery	-	279	673	952
Printing	-	11,718	15,907	27,625
Repairs and maintenance	830,796	22,563	19,224	872,583
Small equipment	388,553	-	-	388,553
Special events	-	153,550	-	153,550
Supplies	10,631	153,595	124,189	288,415
Telephone	4,217	22,922	11,078	38,217
Travel	1,210	7,854	13,946	23,010
Utilities	521,955	25,687	-	547,642
Total functional expenses	<u>\$ 3,097,015</u>	<u>\$ 3,097,509</u>	<u>\$ 2,074,855</u>	<u>\$ 8,269,379</u>

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Building operations</u>	<u>Programs and services</u>	<u>Administration</u>	<u>Total</u>
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
Loss on disposal of capital assets	361	-	-	361
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>\$ 2,613,900</u>	<u>\$ 2,702,753</u>	<u>\$ 2,188,379</u>	<u>\$ 7,505,032</u>

See accompanying notes to the financial statements.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (247,514)	\$ 2,144,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	204,822	213,890
Loss on disposal of capital assets	91,179	361
(Increase) decrease in:		
Accounts receivable	(1,803)	(1,207)
Interest receivable	2,922	(819)
Student fee receivable	5,000	(3,955)
Prepaid expenses	(6,724)	32,230
Inventory	(6,188)	(3,453)
Due from related parties	29,737	(63,885)
Increase (decrease) in:		
Accounts payable and accrued liabilities	132,720	21,025
Due to related parties	19,042	(135,237)
Unearned revenue	(20,797)	41,071
Total adjustments	449,910	100,021
Net cash provided by operating activities	202,396	2,244,242
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(56,733)	(160,573)
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,663	2,083,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,294,040	7,210,371
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,439,703	\$ 9,294,040
SUPPLEMENTAL INFORMATION		
Capital assets acquired through accounts payable	\$ 13,161	\$ -

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, 2012 AND 2011**

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

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, *Not-for-Profit Entities*, requires the Union WELL Inc. 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, 2012 and 2011.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2012 and 2011.

Cash and Cash Equivalents

The Union WELL Inc. invests its excess cash with the State of California-Local Agency Investment Fund (LAIF). The Union WELL Inc. reports its investment in LAIF at fair value. 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.

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, 2012 and 2011, the Union WELL Inc. has not recorded any allowance for doubtful accounts as all amounts were considered to be collectible.

Student Fee Receivable

Student fee receivable consists of student activity fees for the fall 2012 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, 2013. As of June 30, 2012 and 2011, student fee receivable amounts were \$94,023 and \$99,023, 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 the fall 2010 with all inventory reported at cost. Inventory consists of items such as, chalk, socks, karate gi's, clothing, ear buds and duffle bags.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from Related Parties

Due from related parties represents amounts owed to the Union WELL Inc. 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 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, UF and ASI.

Unearned Revenue

Unearned revenue represents the amount the Union WELL Inc. programs have 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 2012 semester.

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 used to fund the Union WELL Inc. operations. For the fiscal year ended June 30, 2012, student activity fees include return of surplus revenue and recreational sports activity fee.

Contract and Lease Payments

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

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

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

The Union WELL Inc. follows ASC Topic 740-10-25, *Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The tax years ended 2007, 2008, 2009, 2010, and 2011 are still open to audit for both federal and state purposes. 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 there is no impact on the accompanying financial statements related to this standard.

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.

Reclassification

Certain amounts presented in the prior year were reclassified in order to be consistent with the current year’s presentation.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2012 and 2011, cash and cash equivalents represent short term investments in LAIF in the amounts of \$9,314,363 and \$8,818,631 and funds held at financial institutions in the amounts of \$125,340 and \$475,409, respectively, and the amounts reported by financial institutions was \$198,696 and \$1,068,731, respectively, which are entirely insured by the Federal Deposit Insurance Corporation.

NOTE 4 – FAIR VALUE MEASUREMENT

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.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 4 –FAIR VALUE MEASUREMENT (CONTINUED)

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 the estimated fair value for the entire pool. The Union WELL Inc. used the multiplier provided by LAIF to determine the estimated fair value of its investment in the pool. The Union WELL Inc.'s investments in LAIF are measured on a non-reoccurring basis through out the year and are based on level 2 inputs, or observable inputs.

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 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, 2012 and 2011.

The following table sets forth by level, within the fair value hierarchy, the Union WELL Inc. assets at fair value as of June 30, 2012 and 2011.

June 30, 2012				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 9,314,363	\$ -	\$ 9,314,363

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

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 5 – CAPITAL ASSETS

Capital assets consist of the following at June 30:

	2012	2011
Furniture and fixtures	\$ 686,049	\$ 870,538
Fitness equipment	13,720	-
Minor equipment	6,707	-
Leasehold improvements	2,055,175	2,046,525
Computers	346,650	314,489
Art work	23,761	23,761
Total	3,132,062	3,255,313
Less: Accumulated Depreciation	(2,058,276)	(1,955,420)
Capital Assets – net	\$ 1,073,786	\$ 1,299,893

Depreciation expense for the fiscal years ended June 30, 2012 and 2011 was \$204,822 and \$213,890, respectively.

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 \$21,258 and \$19,844 for the fiscal years ended June 30, 2012 and 2011, respectively. The future minimum payments for the operating leases, which cease in 2016, are as follows:

Fiscal Year Ending June 30,	Amount
2013	\$ 20,998
2014	20,998
2015	16,388
2016	3,817
Total	\$ 62,201

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 7 – OUTSIDE SERVICES

The Union WELL Inc. 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 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, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Personnel services	\$ 3,442,226	\$ 3,331,909
Personnel benefits expenses	1,019,922	1,029,858
Payroll services	397,285	346,413
Accounting services	120,400	120,106
Other outside services	370,879	255,256
Total	<u>\$ 5,350,712</u>	<u>\$ 5,083,542</u>

NOTE 8 –RELATED PARTY TRANSACTIONS

Space located within the University Union Building and the WELL 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, 2012 and 2011, the Union WELL Inc. received payments for leased office space to UEI totaling \$467,988 and \$467,576, respectively, and leased office space to ASI totaling \$169,460 and \$163,498, respectively. For the fiscal year ended June 30, 2012, the Union WELL Inc. received payment for Public Safety fees from ASI totaling \$1,178. 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 \$962,780 and \$758,528, respectively, for campus cost recovery services which include administration, telephone, postage, IT support, and utilities, and \$253,322 and \$331,284, respectively, for personnel cost during the fiscal years ended June 30, 2012 and 2011. Sacramento State made payments to the Union WELL Inc. totaling \$917,263 and \$715,004, respectively, for services, space and programs for the fiscal years ended June 30, 2012 and 2011.

The Union WELL Inc. incurred expenses primarily related to catering services and advertising by UEI in the amount of \$18,919 and \$46,359 for the fiscal years ended June 30, 2012 and 2011.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 8 –RELATED PARTY TRANSACTIONS (CONTINUED)

For fiscal years ended June 30, 2012 and 2011, the Union WELL Inc. was charged \$120,400 and \$120,106 respectively, for accounting and financial services provided by ASI.

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

	<u>2012</u>	<u>2011</u>
Sacramento State	\$ 105,682	\$ 133,814
UEI	1,444	1,867
UF	-	660
ASI	<u>75</u>	<u>597</u>
Total	<u>\$ 107,201</u>	<u>\$ 136,938</u>

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

	<u>2012</u>	<u>2011</u>
Sacramento State	\$ 198,300	\$ 168,693
UEI	367,625	377,883
UF	390	-
ASI	<u>10,003</u>	<u>10,700</u>
Total	<u>\$ 576,318</u>	<u>\$ 557,276</u>

NOTE 9 – SUBSEQUENT EVENTS

In preparing these statements, the Union WELL Inc. has evaluated events and transactions for potential recognition through September 12, 2012, 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, 2012
(for inclusion in the California State University)**

Assets:

Current assets:	
Cash and cash equivalents	\$ 125,340
Short-term investments	9,314,363
Accounts receivable, net	133,755
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	132,737
Total current assets	9,706,195
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	1,073,786
Other assets	-
Total noncurrent assets	1,073,786
Total assets	10,779,981

Liabilities:

Current liabilities:	
Accounts payable	236,498
Accrued salaries and benefits payable	-
Accrued compensated absences- current portion	-
Deferred revenue	115,168
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	576,318
Total current liabilities	927,984
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	-
Total liabilities	927,984

Net assets:

Invested in capital assets, net of related debt	1,073,786
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	8,778,211
Total net assets	\$ 9,851,997

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
JUNE 30, 2012
(for inclusion in the California State University)**

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$ _____)	\$	5,702,198
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		9,950
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		931,218
Other operating revenues		<u>1,330,326</u>
Total operating revenues		<u>7,973,692</u>

Expenses:

Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		6,065,555
Institutional support		472,541
Operation and maintenance of plant		1,435,282
Student grants and scholarships		-
Auxiliary enterprise expenses		-
Depreciation and amortization		<u>204,822</u>
Total operating expenses		<u>8,178,200</u>
Operating income (loss)		<u>(204,508)</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		5,350
Investment income (loss), net		42,823
Endowment income (loss), net		-
Interest Expenses		-
Other nonoperating revenues (expenses)		<u>(91,179)</u>
Net nonoperating revenues (expenses)		<u>(43,006)</u>
Income (loss) before other additions		(247,514)

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		<u>-</u>
Increase (decrease) in net assets		(247,514)

Net assets:

Net assets at beginning of year, as previously reported		10,099,511
Restatements		<u>-</u>
Net assets at beginning of year, as restated		<u>10,099,511</u>
Net assets at end of year	\$	<u><u>9,851,997</u></u>

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
JUNE 30, 2012
(for inclusion in the California State University)**

1 Restricted cash and cash equivalents at June 30, 2012:

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, 2012:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	9,314,363	-	9,314,363	-	-	-	9,314,363
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>9,314,363</u>	<u>-</u>	<u>9,314,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,314,363</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u>\$ 9,314,363</u>	<u>\$ -</u>	<u>\$ 9,314,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,314,363</u>

2.2 Investments held by the University under contractual agreements at June 30, 2012:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2012 related to:

Add description	\$ -
Add description	-
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, 2012	<u>\$ -</u>

2.4 Restricted noncurrent investments at June 30, 2012 related to:

Endowment investment	\$ -
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, 2012	<u>\$ -</u>

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
JUNE 30, 2012**

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	23,761	-	-	23,761	-	-	-	23,761
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	\$ 23,761	\$ -	\$ -	\$ 23,761	\$ -	\$ -	\$ -	\$ 23,761
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,046,525	-	-	2,046,525	8,651	-	-	2,055,176
Personal property:								
Equipment	1,185,027	-	-	1,185,027	61,243	(193,145)	-	1,053,125
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total depreciable/amortizable capital assets	3,231,552	-	-	3,231,552	69,894	(193,145)	-	3,108,301
Total capital assets	\$ 3,255,313	\$ -	\$ -	\$ 3,255,313	\$ 69,894	\$ (193,145)	\$ -	\$ 3,132,062
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,240,925)	-	-	(1,240,925)	(76,379)	-	-	(1,317,304)
Personal property:								
Equipment	(714,495)	-	-	(714,495)	(128,443)	101,966	-	(740,972)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total accumulated depreciation/amortization	(1,955,420)	-	-	(1,955,420)	(204,822)	101,966	-	(2,058,276)
Total capital assets, net	\$ 1,299,893	\$ -	\$ -	\$ 1,299,893	\$ (134,928)	\$ (91,179)	\$ -	\$ 1,073,786

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 204,822
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 204,822

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
JUNE 30, 2012
(for inclusion in the California State University)**

4 Long-term liabilities activity schedule:

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	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:	\$	\$	\$
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018 - 2022	-	-	-
2023 - 2027	-	-	-
2028 - 2032	-	-	-
2033 - 2037	-	-	-
2038 - 2042	-	-	-
2043 - 2047	-	-	-
2048 - 2052	-	-	-
2053 - 2057	-	-	-
2058 - 2062	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
Capitalized lease obligation, net of current portion			\$ -

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
JUNE 30, 2012
(for inclusion in the California State University)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2017-2022	-	-	-	-	-	-	-	-	-
2023-2027	-	-	-	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-	-
2053-2057	-	-	-	-	-	-	-	-	-
2058-2061	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	\$ 1,073,786	\$ 1,073,786
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	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - invested in capital assets, net of related debt	\$ -	\$ 1,073,786	\$ 1,073,786
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)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	\$ -	\$ -	\$ -

See accompanying note to the supplemental schedules.

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

JUNE 30, 2012

(for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ (253,322)
Payments to University for other than salaries of University personnel	(962,780)
Payments received from University for services, space, and programs	917,263
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)	(198,300)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	105,682
Other amounts receivable from University	94,023

9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Asset Class	Amount
		Dr. (Cr.)
Net assets as of June 30, 2011, as previously reported	\$	10,099,511
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 assets as of June 30, 2011, as restated	\$	10,099,511

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
OTHER INFORMATION
JUNE 30, 2012
(for inclusion in the 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)	—	—

See accompanying note 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, 2012**

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
		Operations	Property and Equipment	Repairs and Replacement	
UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES:					
Student activity fee	\$ 5,702,198	\$ -	\$ -	\$ -	\$ 5,702,198
Revenue from operations	2,276,844	-	-	-	2,276,844
Total program activities revenue	7,979,042	-	-	-	7,979,042
UNRESTRICTED EXPENSES:					
Advertising	5,832	-	-	-	5,832
Conferences	11,029	-	-	-	11,029
Depreciation	-	204,822	-	-	204,822
Dues and subscriptions	199,847	-	-	-	199,847
Insurance	55,579	-	-	-	55,579
Office expenses	9,832	-	-	-	9,832
Outside services	5,350,712	-	-	-	5,350,712
Postage and delivery	952	-	-	-	952
Printing	27,625	-	-	-	27,625
Repairs and maintenance	872,583	-	-	-	872,583
Small equipment	78,341	-	309,612	600	388,553
Special events expenses	153,550	-	-	-	153,550
Supplies	288,415	-	-	-	288,415
Telephone	38,217	-	-	-	38,217
Travel	23,010	-	-	-	23,010
Utilities	547,642	-	-	-	547,642
Total unrestricted expenses	7,663,166	204,822	309,612	600	8,178,200
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES	315,876	(204,822)	(309,612)	(600)	(199,158)
Interest and investment income	35,213	-	7,610	-	42,823
Loss on disposal of capital assets	-	(91,179)	-	-	(91,179)
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES	351,089	(296,001)	(302,002)	(600)	(247,514)
INTERFUND TRANSFERS:					
Transfer of board designated funds	(914,253)	-	909,253	5,000	-
Fixed asset acquisitions	(33,588)	69,894	(36,306)	-	-
CHANGE IN UNRESTRICTED NET ASSETS	(596,752)	(226,107)	570,945	4,400	(247,514)
NET ASSETS - beginning of year	6,733,233	1,299,893	2,026,240	40,145	10,099,511
NET ASSETS - end of year	<u>\$ 6,136,481</u>	<u>\$ 1,073,786</u>	<u>\$ 2,597,185</u>	<u>\$ 44,545</u>	<u>\$ 9,851,997</u>

See accompanying note to the supplemental schedules.

**UNIVERSITY UNION OPERATION OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2012**

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 represent financial statements that are prepared in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB).

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 \$3,185,050 at June 30, 2012. 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 \$750,000. This amount, plus interest earned and less actual replacements, represents the designation, was \$2,597,185 as of June 30, 2012.

Art Acquisition

The Union WELL Inc. annually designates net assets of \$5,000 for art acquisition less actual purchases. As of June 30, 2012 the designation totaled \$44,545.

Property and Equipment

The Union WELL Inc. designates net assets based on the net book value of its property and equipment. At June 30, 2012, the designation totaled \$1,073,786.