

UNIVERSIDAD DE COSTA RICA

- *Financial Statements and Independent Auditors' Opinion*
- *As of December 31, 2014 and 2013*
- *Final Report*

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REPORT OF INDEPENDENT AUDITORS

*To the University Board
Universidad de Costa Rica*

We have audited the accompanying financial statements of *Universidad de Costa Rica* which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, as well as the corresponding notes, which represent a summary of the most significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of *Universidad de Costa Rica* is responsible for the preparation and fair presentation of the financial statements in conformity with the accounting bases described in Note 1. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

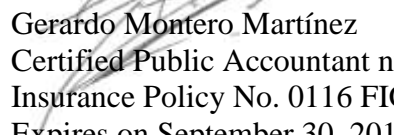
Basis for the Qualified Opinion

As of December 31, 2014 and 2013 the accounts receivable 'Interim Finance External Link' regarding the Program for Integral Health Care (PAIS), with a balance of ¢ 4,038,485 (in thousands) and ¢ 4,643,259 (in thousands) respectively is showing little recovery during the 2014 period. However the university administration has booked an allowance for doubtful accounts receivable in the amount of ¢ 1,405,259 (thousand) to cover all accounts receivable included the entry of Interim Finance External Link, there would be a possible balance open in the amount of ¢3.260.040 (thousands) as of December 31, 2014. Maintaining this amount in the open, without adjusting the allowance for doubtful accounts affects the fairness of the financial statements, although the Legal Office is working on the necessary arrangements for recovery before the courts.

Qualified Opinion

In our opinion, except for the effects of the adjustments, if any, that could have been determined as necessary had we evaluated the effects of that stated in the Basis for a Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of ***Universidad de Costa Rica*** as of December 31, 2014 and 2013, its financial performance, and cash flows for the years then ended, in conformity with the accounting bases described in the Note 1.

DESPACHO CARVAJAL & COLEGIADOS CERTIFIED PUBLIC ACCOUNTANTS



Gerardo Montero Martínez
Certified Public Accountant number 1649
Insurance Policy No. 0116 FIG 7
Expires on September 30, 2015

San José, Costa Rica, April 21, 2015

“Exempt from Law Stamps No.6663 of the Costa Rican Association of Certified Public Accountants by article Number 8”.

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013
(Expressed in Thousands of Colones)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	3	32.750.428	35.860.376
Investments in securities	4	16.382.171	11.719.542
Accounts and notes receivable, net	5	5.657.961	6.373.324
Inventories, net	6	2.887.497	1.814.894
Accumulated interests	7	307.393	217.473
Prepaid expenses		246.773	6.718
Total current assets		58.232.223	55.992.327
<i>Non current assets</i>			
Property, plant, and equipment, net	8	93.447.528	61.011.201
Long-term investments		111.490	92.358
Other assets	9	279.659	517.314
Total non current assets		93.838.677	61.620.873
Total assets		152.070.900	117.613.200
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Current liabilities</i>			
Current portion of the long term debt	10	869.559	1.151.404
Accounts payable	11	4.716.811	4.255.811
Deductions and withholdings payable	12	4.387.410	5.651.737
Accumulated expenses payable	13	2.651.026	100.338
Deferred liability	14	1.914.799	846
Total current liabilities		14.539.605	11.160.136
<i>Non current liabilities</i>			
Long term notes payable	13	19.477.376	499.880
Total liabilities		34.016.981	11.660.016

(Continuous...)

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013
(Expressed in thousands of colones)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<i>Stockholders' Equity</i>			
Fixed capital	1-s	71.542.886	60.874.759
Committed surplus	15	46.565.046	41.249.277
Surplus of the period	16	12.308	2.626.598
Surplus of loan fund		763.940	761.068
Capital in books		361.674	348.207
Capital contributions		100.164	81.031
Provision for doubtful accounts and inventories		(1.538.715)	(159.549)
Unrealized profit in investments in securities		246.617	171.793
<i>Total stockholders' equity</i>		<u>118.053.919</u>	<u>105.953.184</u>
<i>Total liabilities and stockholders' equity</i>		<u>152.070.900</u>	<u>117.613.200</u>
 <i>Memoranda Accounts</i>	 32	 <u>1.308.671</u>	 <u>3.715.340</u>

The accompanying notes are an integral part of the financial statements

(Ends...)

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

INCOME STATEMENTS

For the years ended December 31, 2014 and 2013
(Expressed in thousands of colones)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<i>Income by basic class</i>			
Tax on goods and services	17	513.192	411.116
Other tax income		37.761	116.748
<i>Sale of goods and services</i>			
Sale of goods		643.641	622.024
Sale of services	18	4.127.315	12.485.366
Administrative fees	19	7.062.884	6.579.239
<i>Subtotal</i>		<u>12.384.793</u>	<u>20.214.493</u>
Income from property	20	2.981.693	3.388.103
Fines, penalties, auctions and confiscations		416.758	428.040
Other non tax income		220.776	437.621
<i>Transfers –Public Sector</i>			
Transfers – Central Government	21	205.075.663	180.638.928
Transfers – Deconcentrated Entities	22	438.416	685.536
Transfers – Decentralized Institutions	23	139.784	100.247
<i>Subtotal</i>		<u>205.653.863</u>	<u>181.424.711</u>
Transfers – Private Sector	24	928.588	983.851
Transfers – External Sector	25	107.056	61.069
Capital income		181.884	168.936
Financing income	26	44.144.797	42.011.499
<i>General total income</i>		<u>267.020.208</u>	<u>249.118.323</u>

(Continuous...)

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

INCOME STATEMENTS

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of Colones)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<i>Expenses</i>			
Remunerations	27	157.555.210	146.091.022
Services	28	15.233.012	13.689.634
Materials and supplies		5.181.798	6.136.569
Interests and commissions		322.811	115.037
Financial assets		8.852	16.940
Long-term assets	29	16.946.965	17.640.837
Transfers	30	24.907.150	21.295.242
Amortizations		103.126	91.856
<i>Total expenses</i>		220.258.924	205.077.137
Surplus before transfers		46.761.284	44.041.186
Committed surplus	1-p	(46.565.046)	(41.249.277)
Loan fund		(183.930)	(165.311)
Net surplus of the year		12.308	2.626.598

The accompanying notes are an integral part of the financial statements

(Ends...)

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of Colones)

	<i>Surplus of the Period</i>	<i>Committed Surplus</i>	<i>Loan Fund</i>	<i>Allowance for Doubtful Accounts and Inventories</i>	<i>Fixed capital</i>	<i>Unrealized Profit in Investment s and Securities</i>	<i>Capital in Books</i>	<i>Capital Contributions</i>	<i>Total</i>
<i>Balance as of December 31, 2012</i>	772.550	41.145.859	604.064	(119.992)	52.153.065	164.753	393.930	79.664	95.193.893
Surplus of the period	2.626.598	---	---	---	---	---	---	---	2.626.598
Transfers to results	(772.550)	---	---	---	---	---	---	---	(772.550)
Transfer of committed surplus	---	(41.145.859)	---	---	---	---	---	---	(41.145.859)
Record of the new committed surplus	---	41.249.277	---	---	---	---	---	---	41.249.277
Movements of the period	---	---	157.004	---	---	7.040	(45.723)	1.367	119.688
Net increase in properties, plant, and equipment	---	---	---	---	8.721.694	---	---	---	8.721.694
Allowance for doubtful accounts	---	---	---	(39.557)	---	---	---	---	(39.557)
<i>Balance as of December 31, 2013</i>	2.626.598	41.249.277	761.068	(159.549)	60.874.759	171.793	348.207	81.031	105.953.184
Surplus of the period	12.308	---	---	---	---	---	---	---	12.308
Transfers to results	(2.626.598)	---	---	---	---	---	---	---	(2.626.598)
Transfer of committed surplus	---	(41.249.277)	---	---	---	---	---	---	(41.249.277)
Record of the new committed surplus	---	46.565.046	---	---	---	---	---	---	46.565.046
Movements of the period	---	---	2.872	---	---	74.824	13.466	19.133	110.295
Net increase in properties, plant, and equipment	---	---	---	---	10.668.127	---	---	---	10.668.127
Allowance for doubtful accounts	---	---	---	(1.379.166)	---	---	---	---	(1.379.166)
<i>Balance as of December 31, 2014</i>	12.308	46.565.046	763.940	(1.538.715)	71.542.886	246.617	361.673	100.164	118.053.919

The accompanying notes are an integral part of the financial statements

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

CASH FLOW STATEMENTS

For the years ended as of December 31, 2014 and 2013
(Expressed in Thousands of Colones)

	2014	2013
<i>Operating Activities:</i>		
Surplus of the year	12.308	2.626.598
<i>Items applied to results that do not require (provide) funds</i>		
Depreciation	6.306.771	5.351.078
Allowance for inventory losses	17.980	(670)
Allowance for doubtful accounts	1.361.186	40.227
Committed surplus	5.315.769	103.418
Accumulated surplus from the previous period	(2.626.598)	(772.550)
Other capitalizable disbursements	(1.268.871)	80.130
Fixed capital	10.668.127	8.721.694
<i>Subtotal</i>	19.786.672	16.149.925
Accounts and notes receivable	(645.824)	(696.695)
Accumulated interests	(89.920)	237.150
Accounts payable	(281.844)	533.176
Accumulated expense payable	(1.264.327)	759.410
Deferred liabilities	1.913.953	846
Prepaid expenses	(240.055)	(1.058)
Inventories	(1.090.583)	1.855.804
Withholdings payable	461.000	52.005
<i>Funds from operating activities</i>	18.549.072	18.890.563
<i>Investment Activities:</i>		
Acquisition of property, plant, and equipment	(38.743.098)	(14.299.247)
Long-term investments	(19.132)	(1.367)
Investments in securities at more than 90 days	(4.662.629)	9.236.958
Other assets	237.655	311.610
<i>Funds used in investment activities</i>	(43.187.204)	(4.752.046)
<i>Financing Activities:</i>		
Amortization of the long-term debt	21.528.184	(91.856)
<i>Funds used in financing activities</i>	21.528.184	(91.856)
Net variation of cash and cash equivalents	(3.109.948)	14.046.661
Cash and cash equivalents at the beginning of the year	35.860.376	21.813.715
<i>Cash and cash equivalents at the end of the year (see Note 3)</i>	35.750.428	35.860.376

The accompanying notes are an integral part of the financial statement

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2014 and 2013
(Expressed in Thousands of Colones)

Note 1- Summary of Operations and Principal Accounting Policies

Nature of Business

The Universidad de Costa Rica (the University) was created by Law number 362 on August 26, 1940 as an Autonomous State Institution of Higher Education with full independence in the performance of duties and legal capacity under the Constitution of the Republic of Costa Rica.

The main source of income is the current funds of the State, through a Special Fund for Financing of Higher Education (Law number 5909) and other grants (external Link), included on an annual basis in the national budget and drawn by the Government in twelve installments.

Additionally, the University earns income –during the normal course of business– from fees charged to students, sale of goods and services, donations and interests on investments in securities.

Administration and Governance

The University Assembly is the highest authority. The University Board is the governing body, and the Provost is the executive officer who holds the highest rank.

Audit

In financial and economic terms, the University is governed by the Financial Administration Law of Costa Rica, number 8131 from September 2001, and Administrative Contract Regulations, which observance is enforced by the Office of the Comptroller General of Costa Rica.

The University is subject to other regulatory provisions and guidelines, including those contained in the Internal Control Law issued in *Alcance Digital* number 62 to official journal La Gaceta number 167 from September 2, 2004, and the Technical Standards Manual on Budget to be observed by Decentralized Entities and Agencies. Decentralized Units and Municipalities are subject to audit by the Office of the Comptroller General of Costa Rica (from September 27, 1988).

Basis to Prepare Financial Statements

The University is subject to the provisions of the Law of Financial Administration and Public Budget number 8131, published in La Gaceta on October 16, 2001. Pursuant to the provisions set forth in penultimate paragraph, Article 1 of this Law, the Office of the Comptroller General of Costa Rica is responsible for setting basic technical standards on the financial administration system to be applied by state universities, municipalities, and state-owned banks.

Under Article 12 of the Constitutional Law of the Office of the Comptroller General of Costa Rica number 7428, the University is appointed as the governing body for the Higher Control and Auditing System of the Treasury, and authorized to issue mandatory provisions, rules, policies and guidelines for proper use of public funds.

The most important accounting policies applied by the Institution in preparing financial statement are described below:

a) Budgetary-Accounting System

The accounting system is equity-budget based. Therefore, the structure combines cash and accrual basis, and the result of operations is reflected in financial and budgetary reports at any given time.

As a result of the above, financial and budgetary reports are prepared on the basis of an accrual accounting system, except for income of charges on tuition fees and yields from investments through brokerage firms and investment funds at state-owned banks. This income is recorded on the cash basis.

Funds are classified into two types: those from External Link and Current Funds. The end result of the operations of External Link is entered in the Committed Surplus to further the development of the different projects for the following year until completion. For Current Funds, the result of the operations is settled every year and reflected in the free surplus or deficit for the respective year and later rebudgeted the following year through special budget in accordance with the projects designed and approved in the institutional budget plan.

Main differences from International Financial Reporting Standards

Income:

The main source of income of the University is recorded on a cash basis, except for income on time certificates recorded on an accrual basis.

Expenses:

All expenses are recorded on a cash basis, except for the following cases where recorded on an accrual basis:

- a. Social security contributions, Christmas bonus, and legal benefits under External Link only to University staff and officers
- b. Expenditure for school aid bonus to employees working for External Link funds (see Note 1-d). This policy was first implemented in 2010.

Budget commitments are not considered actual expenses for the year. Pursuant to official communication DI-AA-246 (00975) of the Comptroller General, budget commitments must be recorded in the “Committed Surplus” equity account. These funds must be in effect by the end of the fiscal year so that they can be used in the course of the following year.

Property, Plant and Equipment

All disbursements on the purchase of property, plant and equipment are recorded as expenses. Later, in accordance with asset capitalization policies in place, these are considered part of property, plant and equipment. The balancing item is included in the “Fixed Capital” equity account.

Depreciation of property, plant and equipment is systematically considered not as expense for the year but as an increase in the accrued depreciation account against a decrease in the originating “Fixed Capital” equity account.

The University does not consider asset value impairment when determining that assets are not making future profits because it is a non-profit higher education institution. These expenses are not included in the income statement, for assets have been previously considered in this statement as a disbursement from the time of the purchase.

Other Accounts

Doubtful accounts are included in the allowance for doubtful accounts. The balancing item is included in equity accounts.

Obsolete, damaged or impaired inventory is included in the “Allowance for Obsolescence” account. The balancing item is included in equity accounts.

For loan fund control, recovery is recorded as income and loans as expenditure for the year. Loan fund deficit or surplus is determined by December 31 of every year and obtained by the difference between expenditures for loans to students and professors (scholarship or tuition fees) and income for repayment of these loans.

In addition to the above, the University applies the International Financial Reporting Standards (IFRS) to record some transactions, provided that they are not included in the above items, where appropriate.

Fund Control

Considering University bookkeeping, six sections have been developed for separation of funds. These include:

1. Current Funds
2. Supporting Companies
3. Premises
4. Loans
5. Restricted Funds
6. Special Courses
7. Supplementary Financing Graduate Programs
8. Intra-project Funds
9. CONARE System Funds
10. Institucional Improvement Plan

Current funds include State funds through the Special Fund for Financing of Higher Education – FEES (Law number 5909).

Sections originated from External Link (2. Supporting Companies 5. Restricted Funds 6. Special Courses) were developed to maintain more control over income and expenditures of constituent projects through their incorporation into the budget plan of the Institution.

Sections 7, 8, and 9, were created in 2008, as a response to the growth and diversification experienced in time for the projects classified as restricted funds and special courses. This subdivision was approved by the Vice-Rector of Administration, and what it searches is that projects can be grouped according to their nature.

Section 10 was created with reference to the Project for Improvement of Higher Education of the International Bank for Reconstruction and Development (IBRD Loan No. 8194-CR). The revenues in this project are specifically intended to finance the initiatives approved in the plan, which has to do with investment in infrastructure and equipment.

The state of Revenues and Expenditures Capitalized is a statement prepared on a cash basis, which includes all the income received during the period and all expenses or expenditures that are incurred, which therefore does not include the depreciation of movable and immovable property, amortization of computer programs and estimates for accounts and notes receivable and inventory obsolescence. These accounts have a counterpart registry against Immobilized Capital.

b) Financial Year

The fiscal year of the University starts on January 1 and ends on December 31 of each year.

c) Currency and Transactions in Foreign Currency

Accounting records of the Institution are expressed in Costa Rican colones. Information on foreign exchange regulations is contained in Note 2. The Institution records transactions in foreign currency at the exchange rate in effect at the time of the transaction. When determining financial situation and income from operations, the Institution values and adjusts its assets and liabilities in foreign currency at the exchange rate in force as of the date of such conversion or valuation. Resulting differences are applied to the results of the period in which they occur.

d) Cash and Cash Equivalents

The Institution considers any highly liquid marketable securities with an original maturity of three months or less and unrestricted funds to be cash equivalents.

e) Allowance for Doubtful Accounts

Allowance for doubtful accounts for the sale of goods and services, salaries paid in excess, and other relatively significant items uses the balance aging method.

Allowance for receivables of loans to professors is estimated by a balance aging system of promissory notes upon the date of execution, with a percentage of uncollectibility based on irrecoverability for the last years.

Considering the budgeting-accounting system is used for accounting records, allowance for doubtful accounts is included in equity account, thereby not affecting income accounts.

f) Investments in Securities

The Institution classifies investments in marketable securities according to the categories below:

- ✓ **Available for sale:** Investments for an indefinite period of time for sale only when the Institution requires liquidity or for changes to the market, generating capital gains.

Investments available for sale are recorded at the acquisition cost, reducing accrued interest on the purchase. Highly liquid investment funds are recorded according to valuation by investment fund administrators.

Statements of account for investment funds make no difference between interest income and profits or losses for the effect of valuation at market prices. Accordingly, the effect is included in equity and, when realized, in income as interest income.

- ✓ **Upon maturity:** Time certificates of deposit due upon maturity; valued at cost.
- ✓ **Restricted:** Funds from sources external to the Institution (public or private international and national bodies); valued at cost, reducing accrued interest on the purchase.

g) Inventories

Warehouse inventories are valued at the average cost. An accounting item shows obsolete, damaged or impaired inventory. Merchandises in transit are valued at the invoice price.

h) Property, Plant and Equipment

Property, plant and equipment are valued at acquisition and construction costs; donations are valued at the billing price or valuation at the time of the donation. Costs for construction and construction works in progress are charged to a suspense account and transferred to final accounts after construction works are completed.

Major renovations and improvements extending the useful life of assets are capitalized against an equity account. When assets are sold, donated or excluded for loss, the equity account and accumulated depreciation are affected. In contrast, costs for repair and maintenance not extending the useful life of assets are included in income for the year when the transaction is made.

Considering the budgetary-accounting system is used for accounting records, all disbursements on the purchase of property, plant and equipment are included in the income statement. After being included in the income statement, assets of property, plant and equipment are considered in compliance with asset capitalization policies in place.

In considering this, the balancing entry is an equity account. Depreciation of these assets is systematically considered not as expense for the year but as an increase in the accrued depreciation account against a decrease in the originating equity account.

In 2006, the University adopted a land revaluation policy, applying price indices. The effect of revaluation is included in equity as revaluation surplus. This revaluation used price indices but did not consider: a) location of properties according to geographical and business areas, properties including heritage buildings, and b) the index was not originally applied in the pricing of each land. By December 31, 2012, the Administration decided to reverse this record, thereby correcting the situation observed the year before.

Depreciation is calculated by the straight-line method over the estimated useful life of depreciable assets. Annual percentages detailed below were directly charged to the Fixed Capital account, provided that expenditure was affected when the asset was purchased. Depreciation is recorded by December 31 of every year, except when assets are derecognized under special circumstances:

Active	Depreciation rate
Buildings	2%
Facilities	10%
Furniture, equipment and vehicles	10%
Amortization of computer systems	33.33%

Starting in 2008, a policy was developed to record depreciation on a monthly basis for assets classified as furniture, equipment, machinery and Links. For software and computer licenses, depreciation is calculated on a biannual basis. For other categories such as books, livestock, desks, buildings and facilities, depreciation adjustments are calculated on an annual basis, except when assets are derecognized.

i) Accounts Receivable

Accounts receivable are recorded at the amortized cost. Allowance for doubtful accounts is determined and adjusted at the end of each year.

j) Expenses Paid in Advance

Expenses paid advance are amortized on a monthly basis until renewed or terminated.

k) Other Assets

Computer programs are valued at the acquisition cost. Amortization is calculated by the straight-line method over the estimated useful life of assets.

l) Contribution to the Savings and Loan Fund and Legal Benefits

The University makes a monthly contribution to the employee's Savings and Loan Fund equal to 2.5% of salaries. This benefit is paid to employees upon termination of employment through the Savings and Loan Board.

The right to severance payment amounts to one month's salary for every year of service, to a maximum of 15 years by collective agreement.

Pursuant to the Worker Protection Law, the University makes a contribution to the Labor Capitalization Fund equal to 3% of salaries of employees, provided that they maintain the working relationship with no limit of years of work.

This type of contribution is called defined contribution plan. It is a post-employment plan in which the University makes pre-determined contributions to the Fund but is not legally or effectively bound to make additional contributions, should the Fund have insufficient assets to cover the benefits of employees related to services provided in the current year and previous years.

m) Current Transfers

Current transfer income is considered when effectively received. In 2014 and 2013, current transfer income from the Central Government accounted for 81% and 73% of the total income reported by the Institution.

n) Non-Derivative Financial Instruments

Financial instruments consist of investments in securities, accounts and notes receivable, cash and cash equivalents, and accounts and notes payable.

A financial asset is written off when the Institution loses control over contractual rights that comprise the asset, that is, when rights are realized, expired or assigned to third parties.

A financial liability is written off when the contractual obligation has been paid, satisfied or expired.

ñ) Asset Value Impairment

The University does not consider asset value impairment when determining that assets are not making future profits because it is a non-profit higher education institution. Considering a budgetary-accounting system is used for accounting records, these expenses are not included in the income statement, for assets have been previously considered in this statement as outlay from the time of the purchase.

o) Budget Commitments

These are actual liabilities for obligations pertaining to the purchase of goods and services where the trade had not been settled by the end of the year. As amended in 2002, the General Financial Administration Law of Costa Rica, Article 5, Section 2, provides that budget commitments must not be considered actual expenses for the year. Accordingly, no liability is reported.

By official communication DI-AA-246 (00975), the Office of the Comptroller General of Costa Rica provided that expenses ended December 31 of every year must not include budget commitments but must be recorded in the Committed Surplus equity account.

p) Committed Surplus

These are funds to which the source is earmarked and the allocation committed. These funds must be in effect by the end of the fiscal year so that they can be used in the course of the following year, thereby maintaining the source and allocation. Funds reported in the Committed Surplus by December 31, 2014 in the amount of ¢46.565.046 (thousands).

q) Loan Fund for Professors and Students

For loan fund control, recovery is recorded as income and loans as expenditure for the year. Loan fund deficit or surplus is determined by December 31 of every year and obtained by the difference between expenditure for loans to students and professors (scholarship or tuition fees) and income for repayment of these loans.

r) Net Surplus for the Year

It is the excess of income over actual expenditure at the closing of operations by December 31 of every year, not earmarked at that time of year. The amount of Budget Commitments (included in the Committed Surplus) is not considered actual expenditure.

s) Fixed Capital

It is the net value of current assets owned by the Institution through purchase, donation or construction and used by the different units.

t) Deferred Tax

The University is not subject to income tax, thereby keeping no deferred tax records.

Note 2- Financial Risk Management

During the normal course of operations, the Institution is exposed to a variety of financial risks to be minimized through the application of risk management policies and procedures. These policies cover market risk, liquidity risk, interest rate risk, and foreign exchange risk.

Market Risk

Public universities have been prominent in the higher education market. Today a number of private universities provide higher education to students. This market has evolved to offer education options. The University charges tuition fees significantly lower than those of private universities, thus building competitive advantages. This means the right number of students to generate income. The Institution is also supported by transfers from the Government of Costa Rica as part of its funding obligations to higher education.

Liquidity Risk

The Institution makes investments in securities of the public sector to provide liquidity. Most of the net income to fund operations of the University is drawn by the Special Fund for Financing of Higher Education (FEES), generating earnings used by the University for the development of its operations.

Interest Rate Risk

The Institution manages major assets and liabilities, most in the form of cash, investments in securities and bank loans, subject to interest rate fluctuation. The Institution expects that the interest rate paid does not increase significantly in the short term.

Exchange Rate Risk

The Costa Rican colón may experience major depreciation or appreciation against the US dollar, in line with the exchange rate band policy of the Central Bank of Costa Rica. As of December 31, 2014, reference exchange rates for the purchase and sale of US dollars were ₡533.31 and ₡545.53, and by December 31, 2013, ₡495.01 and ₡508.80, respectively.

The Institution has no significant liabilities denominated in US dollars. Therefore, depreciation of the colón against the dollar may not affect profits, financial position, and cash flows.

Note 3- Cash and Cash Equivalents

At December 31, 2014 and 2013 cash and cash equivalents are detailed as follows:

	<u>2014</u>	<u>2013</u>
<i>Cash in bank accounts</i>		
State banks	1.700.558	3.255.175
Banco Popular y de Desarrollo Comunal	161.745	269.898
World Bank General Fund	1.335.874	---
<i>Founds in boxes</i>	<u>1.203.520</u>	<u>1.143.075</u>
<i>Subtotal</i>	<u>4.401.697</u>	<u>4.668.148</u>
<i>Cash equivalents</i>		
Term deposit certificates Banco Nacional de Costa Rica	2.014.400	14.516.900
Term deposit certificates Banco de Costa Rica	16.004.500	15.000.000
Term deposit certificates Banco Crédito Agrícola de Cartago	1.500.000	---
Monetary Stabilization Bond BPDC	610.000	---
Mutual found Banco Nacional de Costa Rica	7.755.834	---
BCR Valores Puesto de Bolsa, S.A.	463.997	379.948
Popular SAFI	---	2.001
Popular Valores Puesto de Bolsa, S.A.	---	1.293.379
<i>Total cash equivalents</i>	<u>28.348.731</u>	<u>32.192.228</u>
<i>Total cash and cash equivalents</i>	<u>32.750.428</u>	<u>35.860.376</u>

Note 4- Investments in Securities

The balance of investments in securities as of December 31, 2014 and 2013 is detailed as follows:

	2014	2013
<i>Held-to-maturity: (1)</i>	5.060.633	1.526.271
<i>Available-for-sale: (2)</i>	8.867.129	7.894.946
<i>Restricted: (3)</i>	2.454.409	2.298.325
Total	16.382.171	11.719.542

Detail of investments according to their nature as of December 31, 2014 is as follows:

Issuer	Instrument	Rate	Maturity	Book Value
Held-to-Maturity Securities (1)				
<i>Colones</i>				
BNCR		CDP	06/07/2015	5.000.000
BNCR		CDP	01/11/2016	22.000
BNCR		CDP	01/04/2019	2.330
BCR		CDP	20/04/2015	2.000
BCR		CDP	14/05/2015	21.000
BCR		CDP	14/05/2015	1.000
BCR		CDP	04/09/2015	6.900
BCR		CDP	12/10/2015	3.650
BCR		CDP	14/01/2016	977
Total at maturity, in colones				5.059.857
<i>Dólares</i>				
BNCR		CDP	12/01/2016	776
Total at maturity, in dollars				5.060.633

Issuer	Instrument	Rate	Maturity	Book Value
Available-for-Sale Securities (2)				
<i>Colones</i>				
BCR		BEM	17/06/2015	199.700
BCR		BEM	14/09/2016	56.450
BCR		BEM	14/09/2016	105.000
BCR		TUDES	13/07/2016	15.629
BCR		TUDES	13/07/2016	221.179
BCR		TUDES	12/01/2022	58.086
BCR		TUDES	12/01/2022	240.849
BCR		TUDES	12/01/2022	140.311
BCR		TUDES	12/01/2022	57.946

Issuer	Instrument	Rate	Maturity	Book Value
BCR		TP	24/06/2015	250.000
BCR		TP	24/01/2018	298.747
BNCR		BEM	22/06/2016	714.808
BNCR		BEM	22/06/2016	636.435
BNCR		BEM	05/09/2017	544.911
BPDC		BEM	17/06/2015	543.750
BPDC		BEM	17/06/2015	36.250
BPDC		BEM	15/07/2015	313.466
BPDC		BEM	15/07/2015	559.832
BPDC		BEM	09/12/2015	125.000
BPDC		BEM	09/12/2015	168.000
BPDC		BEM	09/12/2015	51.000
BPDC		BEM	09/12/2015	12.000
BPDC		BEM	09/12/2015	400.000
BPDC		BEM	16/03/2016	100.000
BPDC		BEM	16/03/2016	170.000
BPDC		BEM	16/03/2016	13.000
BPDC		BEM	13/07/2016	190.910
BPDC		BEM	14/09/2016	150.000
BPDC		BEM	14/09/2016	189.000
BPDC		BEM	18/01/2017	97.871
BPDC		BEM	18/01/2017	14.000
BPDC		BEM	18/01/2017	19.632
BPDC		TP	22/06/2016	198.900
BPDC		TP	22/06/2016	158.900
BPDC		TP	22/06/2016	351.000
BPDC		TP	28/06/2017	454.593
BPDC		TP	28/06/2017	146.837
BPDC		TUDES	13/07/2016	132.231
BPDC		TUDES	12/01/2022	131.476
BPDC		TUDES	12/01/2022	164.709
BPDC		TUDES	12/01/2022	218.411
BPDC		TUDES	12/01/2022	135.349
BPDC		TUDES	12/01/2022	9.522
BPDC		TUDES	12/01/2022	9.513
BPDC		TUDES	12/01/2022	61.926
				8.867.129

Issuer	Instrument	Rate	Maturity	Book Value
Restricted investments (3)				
Colones				
BNCR	6,50%	CDP	05/06/2015	1.032.050
BCAC	6,50%	CDP	05/06/2015	127.964
BCR	7,10%	CDP	08/03/2015	10.000
BCR	7,10%	CDP	08/03/2015	18.500
Total restricted colones				1.188.514
Dólares				
BCAC	4,80%	CDP	04/01/2021	1.066.620
BPDC	5,06%	TP	26/11/2025	5.188
BPDC		TP	26/11/2025	12.249
BPDC		TP	26/11/2025	94.731
BPDC		TP	26/11/2025	1.038
BPDC		TP	26/11/2025	66.314
BPDC		TP	26/11/2025	17.121
BPDC		TP	26/11/2025	1.114
BPDC		POPULAR SAFI		179
BPDC		POPULAR SAFI		492
BPDC		POPULAR SAFI		347
BPDC		POPULAR SAFI		449
BPDC		POPULAR SAFI		53
Total dolar restricted				1.265.895
Total inversiones restringidas				2.454.409
Total investments restricted				16.382.171

Note 5- Accounts and Notes Receivable

At December 31, 2014 and 2013 the detail of the accounts and notes receivable is as follows:

	2014	2013
Loans receivable from teachers and students (I)	580.009	595.757
Allowance for doubtful loan	(95.537)	(78.537)
Sub- total, net	484.472	517.220
Interim Finance external link		
Program PAIS	4.038.485	4.643.259
Other Programas	193.613	90.694
Accounts receivable services	230.714	290.634
Wages drawn in excess	100.626	94.076
Receivable to the Government and other entities	5.356	5.931
Monthly payroll salary advancesual	3.118	2.863
Recovery workers employer contributions	45.822	35.953
Multiple documents in judicial recovery	5.866	5.866
Assistants and students scholarships hours	6.419	7.204

	<u>2014</u>	<u>2013</u>
Unidentified debit notes	20.622	2.124
Other accounts receivable	14.658	18.895
UCR-PAIS Convention (a)	---	719.677
Registration for payment (b)	1.913.449	---
Sub-total (2)	6.578.748	5.917.176
Allowance for doubtful accounts receivable (c)	(1.405.259)	(61.072)
Total, net	5.657.961	6.373.324

(a) This account represents the balances in process of collection by the PAIS project, for which an agreement requiring payment of the CCSS, based on the statements of expenditure presented by the UCR at the end of each month signed.

(b) It is transferred and incorporated into the financial statements, the balance of accounts receivable of tuition at 31/12/2014, following the dispositions of the Comptroller General of the Republic in the note DFOE-SOC-0684, and report DFOE-SOC -IF-11-2014 listed in Letter R-6255-2014. This balance was handled within the memorandum accounts in the period 2013. The amount recorded in the statement of financial position as receivable accounts for the concept of tuition collection at December 31, 2014, corresponded to a net amount of ¢ 1.913.449.160, which includes (surcharge tuition fee), minus discount tuition scholarship and minus discount credit limit tuition; this entry has its contraccount in the accounts payable as a deferred liability for the same amount (see note 14). The composition of the item is detailed below:

+Tuition	2.520.688.160
+Others	119.908.485
-Discount scholarship	(547.002.495)
-Discount credit limit	(180.144.990)
Total	1.913.449.160

(c) The estimate is updated at the end of each period, from December 31 of each year and its increase or decrease is due to the degree of concentration of outstanding balance at higher deadlines per year over the previous period.

(I) Schedule on Ageing of Notes Receivable

Account Name	0-3 months	3 to 6 months	6 months to 1 year	More than 1 year	Balance as of 31/12/2013
Short term student loans	---	39	---	---	39
Long-term student loans	4.782	229	---	6	5.017
Reimbursement of 20% of the scholarship (a)	305.339	3.747	---	4.045	313.131
Loans to faculty	36.476	302	1.161	2.124	40.063
Disbursed in excess - scholarship agreement	18.952	---	---	---	18.952
Breach of contract (b)	113.600	---	---	55.741	169.341
Notes receivable under legal collection	---	---	---	33.466	33.466
Total notes receivable	479.149	4.317	1.161	95.382	580.009

- (a) It is stated that the fellow must repay by cash 20% of the total rotated by the University in case of default on the contract communicates the OAICE penalty.
- (b) Refers to payments to be made by scholars who have defaulted on the contract award or any other debt related to the grant as stipulated in Regulation Regime Beneficiary for the Improvement of teachers and staff services. Monthly recovery is variable due to the nature of the account. The ex-grantee for breach of contract will also include a 25% penalty, plus any other outstanding receivables category by the University.

(2) Schedule on Ageing of Balances of Miscellaneous Accounts Receivable

Nombre de cuenta	0-3 meses	3 a 6 meses	6 a 1 año	A más de 1 año	Saldo al 31/12/2014
Students pay tuition arrangements	831	142	---	99	1.072
Advances monthly payroll	3.345	---	---	(227)	3.118
Wages drawn in excess	54.202	443	1.678	4.966	61.289
Banks Accounts receivable and other	427	---	---	33	460
Ministry of Finance charges retention	---	---	---	4.896	4.896
Policies receivable	---	---	---	166	166
Accounts receivable from suppliers	---	---	---	240	240
Interim Financing External link (a)	162.274	---	---	4.069.824	4.232.098
Student	1.739	743	487	647	3.616
Wages drawn in excess inactive Officials (b)	13.129	1.411	2.616	22.181	39.337
Unidentified debit notes	17.871	2.494	203	54	20.622
Recovery workers employer contributions	9.791	10.937	4.261	20.832	45.821
Deductibles receivable Drivers	2.123	---	---	521	2.644
Debit notes for returned checks	---	12	---	774	786
Round. Editorial coordination assets Unit service	11.213	215	1.162	31	12.621
Selling goods and services Semanario Universidad	2.221	122	169	599	3.111
Accounts receivable number	2.155	---	3.562	380	6.097
Hours attendees student scholarships	1.166	116	45	5.092	6.419
Selling goods and services restricted funds	18.157	4.529	9.176	5	31.867
Selling goods and services auxiliary	130.935	27.083	24.487	610	183.115
Student debt recovery	---	---	---	36	36
Registration for payment	---	---	582.642	1.330.807	1.913.449
Sub-Total accounts receivable	431.579	48.247	630.488	5.462.566	6.572.880
Judicial Documents Collection	---	---	---	5.868	5.868
Total accounts receivable	431.579	48.247	630.488	5.468.434	6.578.748

(a) Mainly the Overdraft expenses relative to revenues, recognized and authorized result of the agreement with the CCSS to develop the Program for Comprehensive Health Care (PAIS).

(b) Salaries officials turned inactive excess corresponds to wages overpaid. It is stated that the fellow must repay by cash 20% of the total rotated by the University in case of default on the contract communicates the OAICE penalty.

Starting on January 2012, in order to comply with the University Comptroller's Office instructions, the name of the account "External Link Overdraft" was changed to "Temporary Financing, External Link". The account corresponds to the temporary financing for External Link projects, authorized on the basis of the "General Rules for Preparing and Implementing the Budget of University of Costa Rica" G-3-35, which states that, in specific situations, these activities may request temporary financing to the corresponding Vice-Provost, while the cash flow is balanced.

Note 6- Inventories

As of December 31, 2014 and 2013, the detail of inventories is as follows:

	<u>2014</u>	<u>2013</u>
Main supply warehouse	106.015	93.365
Main reagent warehouse	22.407	24.105
Dentistry warehouse	70.939	80.151
Publishing house warehouse	361.673	348.207
Publication warehouse	165.415	157.261
<i>Sub total</i>	<u>726.449</u>	<u>703.089</u>
<i>Allowance for losses from obsolescence</i>		
Main supply warehouse	(11.000)	(9.400)
Dentistry warehouse	(19.000)	(2.410)
Main reagents warehouse	(7.800)	(8.015)
Publishing house warehouse	(36)	(35)
Raw material warehouse	(83)	(80)
<i>Total allowance</i>	<u>(37.919)</u>	<u>(19.940)</u>
Merchandise in transit (1)	2.198.967	1.131.745
<i>Total, net</i>	<u>2.887.497</u>	<u>1.814.894</u>

(1) The merchandise in transit account corresponds mainly to advance payments to suppliers to acquire materials or supplies, which does not imply that merchandise is in the warehouse.

Note 7- Accumulated Interests

As of December 31, 2014 and 2013, the detail is as follows:

	<u>2014</u>	<u>2013</u>
Banco Nacional de Costa Rica	90.834	14.790
Banco de Costa Rica	65.757	78.287
Banco Popular y de Desarrollo Popular	129.653	116.938
Investments –External Link	21.149	6.627
Banco Crédito Agrícola de Cartago	---	831
<i>Total</i>	<u>307.393</u>	<u>217.473</u>

Note 8- Property, Plant, and Equipment

As of December 31, 2014 and 2013, detail of property, plant, and equipment is as follows:

	<u>2014</u>	<u>2013</u>
Lands	8.341.439	5.022.927
Buildings	46.684.197	15.448.168
Facilities	2.972.406	1.772.552
Furniture and equipment	74.588.149	64.564.791
Vehicles	4.161.122	3.689.687
Constructions in process (1)	1.715.157	9.221.247
<i>Sub-Total</i>	<u>138.462.470</u>	<u>99.719.372</u>
Accumulated depreciation	(45.014.942)	(38.708.171)
<i>Total, net</i>	<u>93.447.528</u>	<u>61.011.201</u>

(1) Details of the works in progress and the progress percentage as of December 31, 2014 and 2013 are shown below:

	<u>2014</u>	<u>2013</u>
Stadium Ecological	304.181	304.181
Guardhouse,, S.R. Guanacaste	---	1.067
Social Sciences building	---	132.489
Construction Continuing Education Plans	---	22.423
Building Research in Education	---	471.348
Laboratory LANAMME Force and Road Safety	---	2.037.595
Construction Laboratory School Biologic	---	8.000
Multipurpose Room Lab and Campus Tacares	---	173.744
Student Life remodeling Head West	---	140.870
Lift ladder School of Pharmacy	---	120.040
Annexe OEPI	---	20.210
Inves building. Lankester Botanical Garden	---	957
Building LANAMME	---	428
Soda Faculty of Education Building	---	200.308
Hall of the University Archive	---	24.320
Green Arena locker	---	197.624
Butterfly	---	20.300
Building for Continuing Education	---	1.555.237
Building Social Research Institute	580.064	20.170
Multipurpose court roof Pacific Headquarters	---	156.226
Construction Monitoring Center E.E.F.Baudrit	---	42.739
Dining Student Housing Construction	---	83.939
Garage building of the Faculty of Social Sciences	---	2.800.000
New Regional Headquarters access Lemon	---	149.342

	2014	2013
Math Building Construction	---	386.928
Building Construction Faculty of Social Sciences	---	1.953
School of Geology Auditorium-Remodeling	---	60.113
Readjustment of Santa Cruz Campus Buildings	---	744
World Bank Health School Building	1.242	1.230
Readjustment of Access Garage Building LANAMME	---	65.389
Offices INISA expansion module	314.806	693
Vehicular Bridge Construction Headquarters Caribbean	---	17.940
Structure demolition and land clearing SEP	---	2.700
Building World Bank regional headquarters Guanacaste	905	---
Building World Bank regional headquarters Caribbean	590	---
Industrial Bank Building engineering	670	---
Mergency school auditorium Fac. Medicine	34.553	---
Emergency Dental School faculty	42.724	---
Remodeling West Headquarters Laboratory	202.135	---
Product and elevator agrifood sciences	77.088	---
Sidewalk Sector West Headquarters	14.124	---
Product and elevator enclosure Grecia	36.266	---
Remodeling rectory	96.437	---
CITA headquarters soil survey Guanacaste	848	---
Nurse CIL	7.135	---
Soil Study Villa 2	947	---
Soil Study Musical Arts	442	---
Total	1.715.157	9.221.247

Movement of property, plant, and equipment, and the corresponding depreciation, is reconciled as follows:

2014	<i>Additions</i>						<i>Balance as of 31/12/2014</i>
	<i>Balance as of 31/12/2013</i>	<i>Purchase</i>	<i>Adjustments</i>	<i>Donations</i>	<i>Total Increases</i>	<i>Disposals</i>	
<i>Concept</i>							
Lands	5.022.927	---	708.103	2.610.410	3.318.512	---	8.341.439
Buildings	15.448.169	---	31.439.698	379.801	31.819.499	---	47.267.668
Facilities	1.772.552	---	2.331.540	---	2.331.540	---	4.104.092
Other constructions and improvements	9.221.246	---	---	---	---	9.221.246	---
Furniture	3.669.933	591.098	135.645	28.624	755.367	37.252	4.388.048
Office equipment	508.796	22.772	---	665	23.437	35.198	497.035
Lab equipment	21.251.108	3.357.508	62.066	355.506	3.775.080	173.479	24.852.709
Books	9.391.096	---	1.293.529	---	1.293.529	---	10.684.625
Educational equipment	4.338.116	565.734	10.583	21.267	597.972	105.653	4.830.435
Vehicles	3.689.687	472.972	---	---	472.972	1.538	4.161.121
Agricultural and industrial machinery	1.430.151	244.341	36.652	6.116	287.109	4.730	1.712.530

2014							
<i>Concept</i>	<i>Additions</i>						<i>Balance as of 31/12/2014</i>
	<i>Balance as of 31/12/2013</i>	<i>Purchase</i>	<i>Adjustments</i>	<i>Donations</i>	<i>Total Increases</i>	<i>Disposals</i>	
Miscellaneous	1.457.821	183.123	10.583	1.767	195.473	8.287	1.645.007
Discotheque	4.204	---	---	---	---	---	4.204
Printing equipment	320.461	80.169	45	---	80.214	545	400.130
Music equipment	598.526	67.132	---	1.080	68.212	370	666.368
Tools	151.074	9.070	1.081	---	10.151	4.086	157.139
Telephone equipment	526.952	35.124	417	1.336	36.877	9.702	554.127
Radio equipment	302.668	---	---	---	---	6.785	295.883
Security equipment	1.127.335	175.098	---	1.369	176.468	40.496	1.263.307
Animal equipment	125.472	---	23.180	---	23.180	---	148.652
Computer equipment	15.520.854	2.484.041	23.596	70.380	2.578.017	567.507	17.531.364
Works of Art	95.905	3.175	200	324	3.699	---	99.604
Home equipment	561.693	32.073	563	2.147	34.784	12.212	584.265
Maritime equipment	22.963	---	---	---	---	---	22.963
Communication equipment	3.159.663	1.050.931	60.805	2.395	1.114.131	24.039	4.249.755
Totals	99.719.372	9.374.361	36.138.286	3.483.187	48.996.223	10.253.125	138.462.470

2013							
<i>Concepto</i>	<i>Adiciones</i>				<i>Total de</i>		<i>Saldo al 31/12/2013</i>
	<i>Saldo al 31/12/2012</i>	<i>Compra</i>	<i>Ajustes</i>	<i>Donaciones</i>	<i>Aumentos</i>	<i>Retiros</i>	
Lands	4.880.981	141.946	---	---	141.946	---	5.022.927
Buildings	15.235.713	---	212.456	---	212.456	---	15.448.169
Facilities	1.751.750	---	25.331	---	25.331	4.529	1.772.552
Other constructions and improvements	3.476.100	6.074.423	50.423	---	6.124.846	379.700	9.221.246
Furniture	3.194.272	392.890	59.039	110.403	562.332	86.671	3.669.933
Office equipment	507.605	13.973	608	1.448	16.029	14.838	508.796
Lab equipment	18.479.638	2.717.779	61.062	213.233	2.992.074	220.604	21.251.108
Books	7.103.360	2.285.315	---	2.781	2.288.096	360	9.391.096
Educational equipment	3.802.363	611.748	3.302	12.965	628.015	92.262	4.338.116
Vehicles	3.402.456	210.269	---	76.962	287.231	---	3.689.687
Agricultural and industrial machinery	1.252.209	176.319	689	4.057	181.065	3.123	1.430.151
Miscellaneous	1.318.090	105.770	38.162	4.040	147.972	8.241	1.457.821
Discotheque	4.204	---	---	---	---	---	4.204
Printing equipment	295.261	25.259	---	---	25.259	59	320.461
Music equipment	512.562	86.051	170	---	86.221	257	598.526
Tools	147.049	4.866	214	---	5.080	1.055	151.074
Telephone equipment	510.203	33.914	1.385	990	36.290	19.540	526.952
Radio equipment	302.459	---	70	2.665	2.735	2.526	302.668
Security equipment	1.055.625	96.498	---	4.859	101.357	29.647	1.127.335
Animal equipment	125.592	330	2.050	---	2.380	2.500	125.472
Computer equipment	14.791.238	1.333.025	24.400	52.357	1.409.782	680.166	15.520.854
Works of Art	33.996	8.900	2.546	50.500	61.946	37	95.905
Home equipment	496.347	68.633	1.818	3.413	73.864	8.518	561.693
Maritime equipment	16.995	5.998	---	---	5.998	30	22.963
Communication equipment	2.724.056	447.611	12.198	733	460.542	24.935	3.159.663
Total	85.420.124	14.841.518	495.923	541.406	15.878.847	1.579.599	99.719.372

2014

Depreciación

Concepto	Saldo al 31/12/2013	Disminuciones	Adiciones	Saldo al 31/12/14
Lands	4.542.978	---	434.530	4.977.508
Buildings	1.310.995	---	148.618	1.459.613
Facilities	1.803.890	65.845	289.820	2.027.865
Other constructions and improvements	9.657.380	115.355	2.027.105	11.569.130
Furniture	5.030.591	---	1.034.932	6.065.523
Office equipment	2.237.070	88.972	375.273	2.523.371
Lab equipment	2.126.508	1.281	303.749	2.428.976
Books	684.050	3.105	134.233	815.178
Educational equipment	653.746	6.124	148.362	795.984
Vehicles	4.204	---	---	4.204
Agricultural and industrial machinery	242.215	545	29.579	271.249
Miscellaneous	341.488	370	45.226	386.344
Discotheque	117.952	1.896	9.311	125.367
Printing equipment	295.773	7.955	42.560	330.378
Music equipment	283.105	6.575	9.018	285.548
Tools	546.328	30.598	108.888	624.618
Telephone equipment	7.457.482	468.591	1.524.241	8.513.132
Radio equipment	314.835	8.662	42.450	348.623
Security equipment	11.667	---	1.797	13.464
Animal equipment	1.045.914	4.576	407.529	1.448.867
Total	38.708.171	810.450	7.117.221	45.014.942

2013

Depreciación

Concepto	Saldo al 31/12/2012	Disminuciones	Adiciones	Saldo al 31/12/2013
Lands	4.239.983	---	302.995	4.542.978
Buildings	1.203.802	4.528	111.721	1.310.995
Facilities	1.571.000	23.176	256.066	1.803.890
Other constructions and improvements	7.994.469	121.492	1.784.403	9.657.380
Furniture	4.121.871	---	908.720	5.030.591
Office equipment	1.978.483	79.156	337.743	2.237.070
Lab equipment	1.841.179	---	285.329	2.126.508
Books	570.708	2.823	116.165	684.050
Educational equipment	517.979	5.247	141.014	653.746
Vehicles	4.204	---	---	4.204

2013

Depreciación

<i>Concepto</i>	<i>Saldo al 31/12/2012</i>	<i>Disminuciones</i>	<i>Adiciones</i>	<i>Saldo al 31/12/2013</i>
Agricultural and industrial machinery	221.588	59	20.686	242.215
Miscellaneous	302.836	257	38.909	341.488
Discotheque	108.167	919	10.704	117.952
Printing equipment	268.893	16.164	43.044	295.773
Music equipment	270.658	2.501	14.948	283.105
Tools	469.692	23.538	100.174	546.328
Telephone equipment	6.627.808	579.268	1.408.942	7.457.482
Radio equipment	279.744	7.746	42.837	314.835
Security equipment	9.895	30	1.802	11.667
Animal equipment	754.133	6.992	298.773	1.045.914
Total	33.357.092	873.896	6.224.975	38.708.171

Note 9- Other Assets

As of December 31, 2014 and 2013, this account shows the following detail:

	<u>2014</u>	<u>2013</u>
Telephone rights	15.089	15.089
Security deposits	66.872	64.510
Computer programs and rights	2.274.355	2.195.810
Performance and bid bonds	353	353
Amortization of software	(2.077.010)	(1.758.448)
Total, net	279.659	517.314

Note 10- Accounts Payable

As of December 31, 2014 and 2013, this account shows the following balance:

	<u>2014</u>	<u>2013</u>
Void checks payable, in reserve (I)	327.157	614.540
Accounts payable to suppliers	14.556	72.664
Deposits in bid and performance bonds	130.251	139.839
Non identified deposits	274.710	97.948
UCR access card - deposit	57.289	51.974
Insurance payable to INS	35.175	31.306
Other accounts payable	30.421	143.133
Total	869.559	1.151.404

(1) Checks which, six months after not being cashed, are registered in this liability account.

Note 11- Deductions and Withholdings Payable

As of December 31, 2014 and 2013, the account is broken down as follows:

	<u>2014</u>	<u>2013</u>
Income tax withholdings	594.777	539.181
Instituto Nacional de Seguros	134.359	93.553
Sociedad de Seguros de Vida del Magisterio Nacional	178.528	163.267
Banco Popular y de Desarrollo Comunal	104.865	97.449
Caja Costarricense de Seguro Social	570.236	533.591
Junta Administradora de Ahorro y Préstamo de la UCR	2.287.615	2.017.927
Cooperativa de Ahorro y Crédito y Consumo (I)	244.828	236.110
Fondo de Pensiones y Jubilaciones del Magisterio Nacional	427.009	390.635
Unions, professional associations, BCR (I)	21.987	29.550
Other withholdings payable	152.607	154.548
Total	<u>4.716.811</u>	<u>4.255.811</u>

(1) Employees subscriptions are withheld through payroll and deposited to each organization on a monthly basis.

Note 12- Accumulated Expenses Payable

As of December 31, 2014 and 2013, the account is broken down as follows:

	<u>2014</u>	<u>2013</u>
Employer contribution –CCSS	680.537	875.106
Employer contribution - Banco Popular	48.580	47.327
IVM employer contributions	273.047	277.672
L.P.T. CCSS – mandatory registration	145.741	141.982
LPT CCSS-Labor Capitalization Fund	291.482	283.963
Contributions to Junta de Ahorro y Préstamo	244.814	238.243
Junta de Pensiones y Jubilaciones del Magisterio	443.349	200.876
Employment rights, restricted funds (I)	1.108.366	1.960.487
Employment rights, supporting companies (I)	223.862	450.693
Employment rights, self-funded classes (I)	475.428	431.648
School bonus - external link	452.204	743.740
Total	<u>4.387.410</u>	<u>5.651.737</u>

(1) It corresponds to provisions for employment rights (severance) through supporting companies, restricted funds, and self-funded courses for the use and hire of temporary staff during the operative development of the projects.

Note 13- Notes Payable on the Long Term

As of December 31, 2014 and 2013, this account is broken down as follows:

	<u>2014</u>	<u>2013</u>
Banco Nacional de Costa Rica , interest rate: base lending rate of the BCCR plus one percent point. Original amount: ¢1,100,000,000, expires on December 13, 2018. Collateral: goodwill and authorization by the Comptroller General of the Republic indicating that the financing is duly budgeted. Investment Plan: payment of the debt with Banco Popular y de Desarrollo Comunal for the construction of the new building for the Electrical Engineering School	497.092	600.218
Fideicomiso UCR---BCR---2011 (I)	21.631.310	---
Less: Current portion of the long-term debt	(2.651.026)	(100.338)
Total long-term debt	<u>19.477.376</u>	<u>499.880</u>

(I) Trust UCR-BCR-2011

- a) Long-term debt according to the trust UCR-BCR 2011 referring to the financing of the construction of the building of the Faculty of Social Sciences. The principal amount was of ¢17,365,466,090, with a term 26 years; and interest rate applied of 10.87%.
- b) Long-term debt according to the trust UCR-BCR 2011 referring to the financing of the construction of the building of Agrifood Sciences Library UCAGRO, the principal amount was of ¢ 1,840,361,007, with a term of 18.58 years, and interest rate applied of 11.00%.
- c) Long-term debt according to the trust BCR UCR-2011, referring to the financing of the construction of the building of University Student Housing, the principal amount was of ¢ 2,425,482,856, with a term of 18.58 years, and interest rate applied of 11 %.

Note 14- Deferred liabilities

He moved and incorporated into the financial statements the ¢ 1,914,799 balance of accounts receivable of registration to December 31, 2014, following the provisions of the Comptroller General of the Republic, communicated by note DFPE SOC068 and reports - DFOE-SOC-IF-11-2014 office indicated in R-6255-2014, this balance was handled within accounts.

Note 15- Committed Surplus

As of December 31, 2014 and 2013, this account shows the following details:

	<u>2014</u>	<u>2013</u>
Restricted funds (1)	8.366.046	8.591.726
Supporting companies (1)	2.897.909	2.711.036
Special courses (1)	465.835	458.340
Cultural groups, CBE-cafeterias and copy services (2)	161.730	187.651
CONARE recognition and kit	39.217	18.668
Renewal of scientific and technological equipment (2)	647.300	848.575
Investment projects (2)	6.257.051	4.816.742
Budget obligations of the period (3)	11.503.166	13.657.833
Graduate programs surplus	448.484	454.558
Intra-projects surplus	5.257.334	5.345.312
System courses surplus	3.324.017	3.536.044
Current transfers to persons	1.782.308	622.792
Inst surplus improvement plan	1.411.092	---
Surplus Megaprojects	4.003.557	---
Total	<u>46.565.046</u>	<u>41.249.277</u>

(1) Surpluses in the projects financed with funds from the external link.

(2) Surpluses in the projects financed with current funds.

(3) Expenses not earned in cash during the period that ended December 31, 2014 y 2013, which are disbursed during the 2015 and 2014 period.

Note 16- Surplus of the Period

For the years ended December 31, 2014 and 2013, this account is broken down as follows:

	<u>2014</u>	<u>2013</u>
Surpluses (income less disbursements)	46.761.284	44.041.186
Committed surplus	(46.565.046)	(41.249.277)
Loan fund surplus	(183.930)	(165.311)
Total	<u>12.308</u>	<u>2.626.598</u>

Note 17- Tax on Goods and Services

For the years ended December 31, 2014 and 2013, the balance of the account is as follows:

	<u>2014</u>	<u>2013</u>
Rights on tuna fisheries Act 6267	220.273	127.477
Food quality control, CINA, Act 6883	292.919	283.639
Total	<u>513.192</u>	<u>411.116</u>

Note 18- Sale of Services

For the years ended December 31, 2014 and 2013, the balance of this account is as follows:

	<u>2014</u>	<u>2013</u>
Copy machine and cafeteria rental	123.073	105.824
Dental services	4.323	8.287
Administrative services	557.957	938.702
Photocopying services	7.798	8.734
Miscellaneous services	234.579	192.394
Sale of services – auxiliary companies	1.879.976	2.967.062
Sales of services - rest. funds	697.808	7.668.092
Intra-project services	613.294	596.271
University solidarity fund children's center	8.507	---
Total	<u>4.127.315</u>	<u>12.485.366</u>

Note 19- Administrative Fees

For the years ended December 31, 2014 and 2013, the balance of this account is as follows:

	<u>2014</u>	<u>2013</u>
Student ID fees	6.744	15.739
Extraordinary and proficiency exam fees	20.223	21.250
Admission test fees	285.126	273.099
Incorporation and diploma fees	88.313	90.075
Ordinary tuition fees	3.533.677	3.326.204
Car sticker fees	31.580	26.975
Special course tuition fees	399.135	398.464
Lab fees	48.150	45.728
Graduate studies tuition fees	139.462	145.446
Certification fees	61.491	58.311
Tuition fees –Supplemental financing graduate program	2.178.580	1.927.020
Administrative fees (Bienestar Estudiantil)	225.158	209.058
Student fund	45.132	41.762
I passport officials UCR	113	108
Total	<u>7.062.884</u>	<u>6.579.239</u>

Note 20- Property Income

For the years ended December 31, 2014 and 2013, the balance of this account is as follows:

	<u>2014</u>	<u>2013</u>
Interests on securities at state-owned financial institutions	2.299.250	2.945.711
Interests and commissions on loans – private sector	10.898	13.315
Interests on checking accounts and other deposits at state-owned banks	321.081	329.370
Exchange rate differences	350.464	99.707
Total	<u>2.981.693</u>	<u>3.388.103</u>

Note 21- Transfers – Central Government

For the years ended December 31, 2014 and 2013, the Government's transfers are the following:

	<u>2014</u>	<u>2013</u>
Supreme Court of Justice contribution	16.898	9.891
Ombudsmen's Office	8.215	7.925
Law 8114 – Fuel Tax (LANAME)	3.938.600	3.827.677
Strengthening of Centro Nacional C.I.T.A	134.271	112.429
Law 7277 – Cooperation Program, UCR-MAG	47.286	37.502
Law 7386 - UNV Campus, Paraíso Cartago	1.722.474	1.501.495
Law 7277 - Limón Campus,	7.233	5.867
Special Fund for Higher Education (FEES)	197.517.658	174.854.224
State grant -Law 7386	340.243	281.918
MEP / World Bank Transfer	1.342.785	---
Total	<u>205.075.663</u>	<u>180.638.928</u>

Note 22- Transfers – Decentralized Entities

For the years ended December 31, 2014 and 2013, transfers from decentralized entities are detailed as follows:

	<u>2014</u>	<u>2013</u>
Equipment and strengthening of the National Seismology Network	219.208	342.768
Renovation of the Seismic Engineering Lab Network	219.208	342.768
Total	<u>438.416</u>	<u>685.536</u>

Note 23 - Transfers to Decentralized Institutions

For the years ended December 31, 2014 and 2013, the balances are as follows:

	<u>2014</u>	<u>2013</u>
CONARE (CNR-125-03) transfers	20.549	18.667
CONARE transfers	119.235	81.580
Total	<u>139.784</u>	<u>100.247</u>

Nota 24- Transfers to Private Sector

For the years ended December 31, 2014 and 2013, transfers are as follows:

	<u>2014</u>	<u>2013</u>
IV SIMPO Inter Helicoba Pylor, Hist Nat	9.539	---
Scholarship Association of Engineers and Architects	5.284	---
Investment Projects Rectory	29.091	---
Execution Plan Regul. and Inf. Frag. Amb. Dist. Fo Regul		
Plan. and Inf. Frag. Amb. Dist. For	5.600	---
XII Cong Mund Comput Agric Recur Natural	9.600	---
Projects Teachers West Regional Headquarters	3.512	---
Donation School of Economics	1.002	---
Commercial Spec Fruit Proces support Altu	20.343	---
Development of Animal Husbandry Farm School	822	---
Gener Inmunoest Bas Nanopar M phosphoric Calc	7.200	---
Institutional Development Funds FUNDEVI	531.653	623.075
Reserve Funds Producos	38.451	29.031
Caract Celd Solar Terc Gener Útil Pigmen	4.515	16.265
Hig Clost Diff Cont Mat Sup Avan (CICIMA)	12.987	---
Design Impl Sys Plag And Otr Contaminated	20.075	---
Plataf Biocomput Anal Dat Genomi (Ciet)	19.000	---
Elemen Diversid Genet Mobile Assoc Resis A	18.567	---
Epid Molec Niv Gen Pat Bact Emer Pot Zoo	20.000	---
Plataf Biocomput Anal Dat Genomi (Citic)	15.750	---
XVI Olimp De MATH De Centroa And Caribbean	1.793	---
Special Scholarship Fund (Sep)	209	455
Strengthening Propymes Ducklings Alpigo	---	1.830
Support CIBCM	---	696
Caract Patr Suscept Antibio Aislam Shig	---	1.590
Gener Inmunoest Bas Nanopar Fosf Calc M	---	2.800
National Science and Technology Fair	9.500	8.216
Cultural Affairs FEUCR	12.995	2.427
Des and Optimiz Prod Cosmet A Bas De Lec C	1.818	---
Eval Estrat Altern P/ la Prod Clon Peji	---	1.231
Support Inv. and Ext. With Trans. FUNDEVI	---	7.910

	<u>2014</u>	<u>2013</u>
Des y Optimiz Prod Cosmet a Bas de Lec C	---	1.298
Characterization Molecule Canelopatas C.R.	2.000	---
Estud Sistem Suger Golf Sant Elen	8.870	---
Impr. Diagnos. molecular Dystrophy	13.442	9.396
Formul Peloid Crem D Water Exfoliant You	500	---
Agreement CITA---UCR/JAPDEVA	4.500	3.000
International Mathematical Olympiad	4.522	---
CIBCM Research Support Activities	4.656	---
Support projects CIPROC	1.030	1.537
PYMES: Research Activity	18.065	6.634
Fortal the equipment and Infra Cicanum	639	---
Technical and Consulting advisory CICAP	---	30.000
Implant Prog Monit Conc Isotop Radiac Na	---	851
Econ support to Estud Q Trab Invest In Proj	24.077	25.252
Get Edulcor A Part Of A Plant Stevia	307	---
Don was classif Loc Suel Nuev Estac Acele	---	1.617
Amb Virtual Coop Tools Inno P Educ Pree	106	---
Scholarship "Abbott Vascular Ltda"	3.845	---
Contaminated Deter Radiac Radiosuel Prov Act N	14.260	---
Area Hig Clost Diff Cont Adv Mate (ICLS)	5.547	---
Second National Congress of Innovation	10.000	---
Semin XVIII Cong Nation Cein Latinoa V T	5.319	---
Recreation and Sports UCR career	7.597	3.000
Fortal Team and Infrastructure CICANUM	---	11.646
Regular Plan Frag Amb Dist. Ciud Ques	---	13.500
Proyectos Docentes Sede Reg. Occidente	---	10.508
Inves Anal Integ Prop Quim Organ Vin Gui	---	2.433
Stem Cell Dendrit Macrofag Infec Huma For V	---	6.000
New projects 2013		
Contribution Supreme Court	---	300
XI Latin American Congress of Students Ing. Chemistry	---	58.626
Study IV Central American Congress Culture	---	1.485
Diag Morf And Mole Acar Gene Tetram	---	2.199
Water Estud Decap Duk Faun Comp Ent Brazil-Costa Rica	---	2.990
Two Espc Fitoq is Prosp Repel Plant	---	10.476
Perspect Challenges for Left Refoundation P / Protec Biod Brazil and C.R	---	1.000
lternate Search encad of Agroin of frij r	---	12.331
Regul Exec Plan and Inf Amb Dist Fort	---	5.000
Cul Robot P / Best Quality Life Soc Costa	---	13.000
Vehicle Purchase School of Animal Husbandry	---	5.855
Guido Sibaja scholarship --- Interests	---	18.500
Scholarship "Coleg Feder D Ingenir and Arquitec CFIA"	---	800
Investment Projects Rectory	---	29.091
Total	<u>928.588</u>	<u>983.851</u>

Nota 25- External Sector Transfers

For the years ended December 31, 2014 and 2013, external sector transfers are as follows:

	<u>2014</u>	<u>2013</u>
Fond Administration Obten. Med. Prem. Funda. Emir	10.916	---
Dinam. Act. Sistem. DOS. Comp. BVRRS y SIST. S	11.280	---
Biotransf. Subp. Gener. Indust. Proc. Frutas	5.966	---
Mecanism. Toxicid. de Fosfolip A2 Ofidícas	8.652	---
Anxit. Trait. Quantit Behav. Mark Bipol. Dis.	25.817	---
Phytopathology - Pry. Centroame-Sigatoka	540	---
VI Simpo. Inter. Helicaob Pylori (TWAS)	1.994	---
Impact Biogeoq in Hormig ATTA en Tier BO	2.268	---
Academic exchange activities	16	160
Fond. Scholarship universities macro Red	11.274	---
Scholarships CROWLEY	2.630	2.462
Scholarships Victoria Salas Doust- investment	10.950	4.933
Prize Fernando Soto Harrison	---	1.679
Dinam Act Sistem Dos Comp Bvrrs y Sist S	---	10.182
Biotransf Subp Gener Indust Proc Frutas	---	13.698
Foment Emprend Aducac Sup P/ Mej Inser P	---	27.955
Continuity Fund CR Innova	2.548	---
School Math Latinoam and Caribbean (Emalca)	2.748	---
Processes in agriculture Biologics	9.457	---
Total	<u>107.056</u>	<u>61.069</u>

Note 26- Financing Income

For the years ended December 31, 2014 and 2013, the balance of this account is as follows:

	<u>2014</u>	<u>2013</u>
Surplus, accumulated deficit from previous period	2.626.598	742.550
Funds, previous valid terms/expired checks	82.208	53.100
Committed surplus- laws, agreements, others	8.675.994	8.409.482
Committed surplus -Intraproject funds	5.288.903	4.856.963
Committed surplus – CONARE system fund	3.435.864	3.825.887
Committed surplus – supporting companies	2.914.345	2.990.410
Committed surplus – continuing education classes	447.959	480.936
Committed surplus – Supplem. Financing graduate programs	355.354	392.432
Committed surplus – renovation, scientific and technical equipment	848.575	378.574
Surplus, loan fund (previous period)	165.311	110.936
Surplus, Cultural groups, O.B.E. , cafeteria, copies	187.651	204.576
Surplus, Investment project	4.816.742	6.455.904
Surplus, Current fund obligations	13.657.833	13.088.819
Surplus, Law 7386, Paraíso de Cartago Campus	---	20.930
CONARE Recognition of qualifications	18.668	---
Current transfers person (scholarship systems)	622.792	---
Total	<u>44.144.797</u>	<u>42.011.499</u>

Nota 27- Remunerations

For the years ended December 31, 2014 and 2013, the detail is as follows:

	<u>2014</u>	<u>2013</u>
Base salary	37.685.535	34.400.825
Acquired rights	961.919	864.702
Reassignment adjustment	185	202
Wages	40.586	9.460
Special services	8.669.393	11.723.853
Bonuses	502.023	589.041
Commission base salaries	8.051	7.937
Substitutions	306.067	262.307
Overtime	633.178	532.772
Tasks overload	1.506.125	1.397.601
Director´s fees	10.687	8.438
Compensation for seniority	45.341.656	39.673.799
Compensation for the independent practice of professors	198.831	184.814
Christmas bonus	10.053.699	9.320.856
School expense bonus	8.352.337	7.878.003
Other salary incentives	15.337.124	13.840.570
Employer contributions to development	11.666.717	10.861.474
Employer contributions to pension fund	14.463.344	13.351.091
Miscellaneous payments	1.817.753	1.183.277
Total	<u>157.555.210</u>	<u>146.091.022</u>

Note 28- Services

For the years ended December 31, 2014 and 2013, they are broken down as follows:

	<u>2014</u>	<u>2013</u>
Rental	688.016	763.997
Basic services	3.377.219	3.140.373
Commercial and financial services	1.887.497	1.740.659
Management and support services	2.463.938	1.970.841
Travel and transportation expenses	948.837	982.484
Insurance, reinsurance, and other obligations	983.664	609.575
Training and protocol	1.118.604	941.014
Maintenance and repair	2.487.700	1.924.734
Miscellaneous services	1.277.537	1.615.957
Total	<u>15.233.012</u>	<u>13.689.634</u>

Note 29- Long Term Assets

For the years ended December 31, 2014 and 2013, they are broken down as follows:

	<u>2014</u>	<u>2013</u>
Machinery, equipment, and furniture	12.170.195	10.190.739
Constructions, additions, and improvements	4.060.832	7.299.906
Real preexisting	708.102	144.646
Miscellaneous long-term assets	7.836	5.546
Total	<u>16.946.965</u>	<u>17.640.837</u>

Nota 30- Transfers

For the years ended December 31, 2014 and 2013, the detail is as follows:

	<u>2014</u>	<u>2013</u>
Transfers to the Public Sector	---	18.093
Transfers to individuals	19.215.914	16.487.816
Employees' legal benefits	4.821.399	3.958.163
Transfers to nonprofit private organizations	655.814	752.363
Other transfers to the private sector	97.753	43.368
Transfers to the external sector	116.270	35.439
Total	<u>24.907.150</u>	<u>21.295.242</u>

Note 31 - Contingencies

The Office of Financial Management through the letter OAF-1025-2015 dated March 11, 2015 gave us a copy of the Report of Active Court Proceedings, in which the Legal Office reports on the judicial proceedings for and against the University.

This letter shows that at that date there were 56 ordinary processes mostly qualified as unassessed and are pending to be resolved. Among the processes that are for execution and for settlement of judgment is the file number 00-003227-166-LA; the University already deposited ¢175,385,156.70 corresponding to the full payment of the costs of the judicial process, equivalent to 20% of the sentence.

There are also 18 various legal proceedings and 14 criminal proceedings. The majority of which are unassessed.

As stated earlier these cases are to this date pending for a final resolution by various courts, which in most cases, given their special characteristics, are of inestimable amounts, consequently we were unable to evaluate the economic impact that the unfavorable materialization of all these litigations could have on the financial statements of the institution.

Note 32 - Memorandum accounts

As of December 31, 2014 and 2013, the detail is as follows:

	<u>2014</u>	<u>2013</u>
Payments for assets acquisition process	137.266	543.983
Tuition receipts for payment (1)	---	1.875.360
Tendering guarantees (2)	824.177	1.396.535
Dental treatment (3)	9.025	21.855
Property Leases	62.532	40.601
Prepayments	194.991	300.309
Buildings and property facilities under agreements with UCR	80.680	80.680
Total	<u>1.308.671</u>	<u>4.259.323</u>

(1)Receipts for payment of tuition: Unrecovered tuition fees of students enrolled in various teaching periods for the period 2014 the account was reclassified item in the statement of financial position.

(2)Guarantees of tenders: Amounts deposited in the name of the UCR by suppliers of goods and services procurement.

(3)Dental treatments: Amounts owed by buco dental services at the School of Dentistry to users and which have not been recovered.

Note 33: Complementary disclosures to the financial statements

For presentation purposes in the audited financial statements in accordance with what is indicated by the Office of the Comptroller General of Costa Rica, continually it is presented the gross and net turnover for the concept of tuition, which includes exemptions for limits in tuition and exemptions for scholarships, at December 31 2014 and 2013, which will be incorporated in the future as a disclosed in the financial statements of the University:

**Gross and Net Turnover Detail for the Concept of Tuition
For the years ended December 31, 2014 and 2013**

<u>Detail</u>	<u>2014</u>	<u>2013</u>
Total turnover	13.649.599.887	12.931.421.171
Discount credit limit	(2.618.976.375)	(2.521.012.005)
Discount scholarship	(6.668.092.607)	(6.280.839.845)
Net turnover	<u>4.362.530.905</u>	<u>4.129.569.321</u>

SUPPLEMENTARY FINANCIAL INFORMATION

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

STATEMENTS OF INCOME AND DIBURSEMENT BY SECTION

*For the years ended December 31, 2014 and 2013
(Expressed in thousands of colones)*

	<u>Exhibit</u>	<u>2014</u>	<u>2013</u>
<i>Current funds for operations</i>			
Income	1	226.549.551	202.539.980
Expenses	2	(198.773.482)	174.662.990
Surplus		27.776.069	27.876.990
<i>Auxiliary companies</i>			
Income		5.306.556	6.456.960
Expenses		(2.408.647)	(3.745.923)
Surplus		2.897.909	2.711.037
<i>Loan fund</i>			
Income		192.782	182.251
Expenses		(8.852)	(16.940)
Surplus		183.930	165.311
<i>Restricted funds</i>			
Income		15.533.388	21.994.985
Expenses		(7.167.342)	(13.403.259)
Surplus		8.366.046	8.591.726
<i>Special courses</i>			
Income		847.094	879.400
Expenses		(381.259)	(421.060)
Surplus		465.835	458.340
<i>Supplementary financing graduate program</i>			
Income		2.533.966	2.319.990
Expenses		(2.085.481)	(1.865.432)
Surplus		448.485	454.558
<i>Intraproject funds</i>			
Income		6.712.139	6.326.314
Expenses		(1.454.806)	(981.001)
Surplus		5.257.333	5.345.312

(Continues)

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

STATEMENTS OF INCOME AND DISBURSEMENTS BY SECTION

For the years ended December 31, 2014 and 2013
(Expressed in thousands of colones)

	2014	2013
<i>System funds (CONARE)</i>		
Income	7.927.067	8.418.444
Expenses	(4.603.050)	(4.882.400)
<i>Surplus</i>	3.324.017	3.536.044
Institutional improvement plan		
Public sector current transfers	1.417.665	---
Senior management	(3.166)	---
Investments	(3.407)	---
	1.411.092	---
Physical plant		
Investments in infrastructure	(3.369.433)	(5.098.132)
<i>Surplus before transfers</i>	46.761.283	44.041.186
Transfers from disbursements to committed surplus and loan fund	(46.748.975)	(41.414.588)
<i>Surplus of the period</i>	12.308	2.626.598

The accompanying notes are an integral part of the financial statements

(Ends)

EXHIBIT 1

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

SUMMARY OF INCOME BY SECTION

For the year ended December 31, 2014
(Expressed in thousands of colones)

Account	Current funds	Auxiliary Companies	Loan fund	Restricted fund	Special courses	Supplementary Financing Graduate Program.	Intraproject Fund	System Fund (CONARE)	Institutional improvement plan	Total
Other Tax Revenues	37.761	---	---	---	---	---	---	---	---	37.761
Sale of Goods and Services	5.272.502	2.392.211	---	751.447	399.135	2.178.580	839.964	---	---	11.833.839
Administrative Law	---	---	---	---	---	---	---	---	---	---
Property income	2.766.313	---	10.898	153.040	---	32	51.410	---	---	2.981.693
Fines, penalties, Auctions	416.758	---	---	---	---	---	---	---	---	416.758
Other non-tax revenues	216.005	---	---	4.771	---	---	---	---	---	220.776
Capital revenues	---	---	181.884	---	---	---	---	---	---	181.884
Trasnf. Cte. Gob. central	194.813.834	---	---	4.931.162	---	---	---	4.491.202	1.417.665	205.653.863
Financial income	23.026.378	2.914.345	---	8.675.994	447.959	355.354	5.288.903	3.435.864	---	44.144.797
Taxes on goods and services	---	---	---	513.192	---	---	---	---	---	513.192
Transfer Ctes. Private Sector	---	---	---	396.726	---	---	531.862	---	---	928.588
Transfer. Ctes. External Sector	---	---	---	107.056	---	---	---	---	---	107.056
Total Income	226.549.551	5.306.556	192.782	15.533.388	847.094	2.533.966	6.712.139	7.927.066	1.417.665	267.020.208
Percentage	85%	2%	0%	6%	0%	1%	3%	3%	1%	100%

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

SUMMARY OF INCOME BY SECTION

For the year ended December 31, 2013
(Expressed in thousands of colones)

Account	Current funds	Auxiliary Companies	Loan fund	Restricted fund	Special courses	Supplementary Financing Graduate Program	Intraproject Fund	System Fund (CONARE)	Total
Other tax income	116.748	---	---	---	---	---	---	---	116.748
Sale of goods and services	1.193.874	3.466.550	---	7.672.168	---	---	774.799	---	13.107.391
Administrative fees	4.211.992	---	---	41.762	398.464	1.927.020	---	---	6.579.238
Property income	3.236.922	---	13.315	66.309	---	538	71.020	---	3.388.104
Fines, penalties, auctions	428.040	---	---	---	---	---	---	---	428.040
Other non tax income	433.605	---	---	4.016	---	---	---	---	437.621
Capital gains	---	---	168.936	---	---	---	---	---	168.936
Public sector transfer									
Central Government transfer	171.844.742	---	---	4.968.744	---	---	---	4.510.977	181.324.463
Decentralized institution transfer	18.668	---	---	---	---	---	---	81.580	100.248
Financing income	21.055.389	2.990.410	---	8.409.482	480.936	392.432	4.856.964	3.825.887	42.011.500
Tax on goods and services	---	---	---	411.116	---	---	---	---	411.116
Private sector transfers	---	---	---	360.319	---	---	623.531	---	983.850
External sector transfers	---	---	---	61.069	---	---	---	---	61.069
Total income	202.539.980	6.456.960	182.251	21.994.985	879.400	2.319.990	6.326.314	8.418.444	249.118.324
Percentage	81%	3%	0%	9%	0%	1%	3%	3%	100%

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

SUMMARY OF DISBURSEMENTS BY SECTION

For the year ended December 31, 2014
(Expressed in thousands of colones)

Account	Current funds	Auxiliary Companies	Physical plant	Loan fund	Restricted funds	Special courses	Supplementary Financing Graduate Program.	Intra-project Funds	System Fund (CONARE)	Institutional improvement plan	Total
Faculty	73.579.168	345.391	---	---	590.532	165.366	2.085.481	25.326	2.008.962	---	78.800.226
Research	25.867.013	1.138.215	---	---	4.257.557	---	---	536.244	343.582	---	32.142.611
Social Action	6.699.960	551.636	---	---	1.599.569	215.893	---	504.490	94.033	---	9.665.581
Student Affairs	20.155.729	107.196	---	1.331	22.379	---	---	5.405	205.363	---	20.497.403
Administration	21.428.350	---	---	7.521	9.499	---	---	---	155.119	---	21.600.489
Top Management	29.189.758	---	---	---	186.324	---	---	373.633	1.563.631	---	31.313.346
Regional Development	21.823.504	266.209	---	---	501.482	---	---	9.708	64.450	---	22.695.353
Investments	---	---	3.369.433	---	---	---	---	---	167.910	6.573	3.546.916
Total Expense	198.743.482	2.408.647	3.369.433	8.852	7.167.342	381.259	2.085.481	1.454.806	4.603.050	6.573	220.228.924
Percentage	90%	1%	2%	0%	3%	0%	1%	1%	2%	0%	100%

UNIVERSIDAD DE COSTA RICA
(San José, Costa Rica)

SUMMARY OF DISBURSEMENTS BY SECTION

For the year ended December 31, 2013
(Expressed in thousands of colones)

Account	Current funds	Auxiliary Companies	Physical plant	Loan fund	Restricted funds	Special courses	Supplementar y Financing Graduate Program	Intra-project Funds	System Fund (CONARE)	Total
Faculty	64.716.544	333.755	---		190.916	157.582	1.865.432	85.405	1.916.650	69.266.284
Research	23.941.527	1.084.971	---		5.506.885	263.478	---	689.147	452.862	31.938.870
Social Action	5.226.060	1.989.053	---		7.293.288	---	---	143.521	139.180	14.791.102
Student Affairs	17.424.142	81.594	---	3.289	10.945	---	---	7.823	130.156	17.657.949
Administration	17.977.321	---	---		1.824	---	---		87.472	18.066.617
Top Management	25.932.075	---	---	13.651	26.734	---	---	32.648	652.484	26.657.592
Regional Development	19.445.321	256.550	---		372.667	---	---	22.457	232.005	20.329.000
Investments	---	---	5.098.132	---	---	---	---	---	1.271.591	6.369.723
Total Expense	174.662.990	3.745.923	5.098.132	16.940	13.403.259	421.060	1.865.432	981.001	4.882.400	205.077.137
Percentage	85%	2%	2%	0%	7%	0%	1%	0%	2%	100%

INTERNAL CONTROL REPORT

INDEPENDENT AUDITORS' REPORT

To the University Board
Universidad de Costa Rica

We have audited the basic financial statements of **Universidad de Costa Rica** for the year ended December 31, 2014, and we have issued our report with a qualified opinion on April 17, 2015.

We performed our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of **Universidad de Costa Rica**, we considered the internal control to determine our audit procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control as a whole.

Management of **Universidad de Costa Rica** is responsible for establishing and maintaining an internal control for the operations. In fulfilling this responsibility, estimates and judgments by Management are required to assess the expected benefits and related costs of internal controls' policies and procedures. The objectives of the internal controls are to provide Management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or dispositions; transactions are executed in accordance with Management, and transactions are recorded properly to permit the presentation of the financial statements in accordance with the accounting basis established.

Because of inherent limitations in any internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of internal control of future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of internal control is not made to provide a specific opinion on the internal control, and consequently, it does not necessarily disclose all weaknesses that may exist.

For the purpose of this report, we have classified the internal control policies and procedures in the following important categories:

- a) Income control.
- b) Control on investments, accounts receivable, fixed assets and payroll.
- c) Expense and accounts payable cycle.
- d) Budgetary controls.
- e) Internal control applicable to cash.

For the internal control cycles mentioned above, we obtained an understanding of the design of relevant policies and procedures, and we verified that they have been placed in operation, assessing control risk. We observed the following matters regarding the internal control and its operation that we consider to be reportable conditions according to the international standards on auditing.

As of December 31, 2014 and 2013 the accounts receivable 'Interim Finance External Link' regarding the Program for Integral Health Care (PAIS), with a balance of ¢ 4,038,485 (in thousands) and ¢ 4,643,259 (in thousands) respectively is showing little recovery during the 2014 period. However the university administration has booked an allowance for doubtful accounts receivable in the amount of ¢ 1,405,259 (thousand) to cover all accounts receivable included the entry of Interim Finance External Link, there would be a possible balance open in the amount of ¢3.260.040 (thousands) as of December 31, 2014. Maintaining this amount in the open, without adjusting the allowance for doubtful accounts affects the fairness of the financial statements, although the Legal Office is working on the necessary arrangements for recovery before the courts.

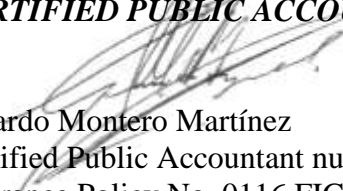
Our consideration on the internal control structure would not necessarily disclose all matters that could be considered as material weaknesses, according to the International Standards on Auditing. A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the audited financial statements may occur and not be detected within a timely period by employees in the normal course of their operations.

We did not observe, except for what is stated in the two previous paragraphs, any matters related to the internal control structure and its operation that could be considered significant weaknesses, as defined above.

We observed others matters related to the Institution's internal control and its operation, which we have informed to Management of *Universidad de Costa Rica* in management letter CG 1-2014 of April, 17, 2015.

This report is for the sole use and information of the University Board of *Universidad de Costa Rica* and the Controller General's Office. This restriction is not intended to limit the distribution of this report, which is a matter of public interest.

***DESPACHO CARVAJAL & COLEGIADOS
CERTIFIED PUBLIC ACCOUNTANTS***



Gerardo Montero Martínez
Certified Public Accountant number 1649
Insurance Policy No. 0116 FIG 7
Expires on September 30, 2014.

San José, Costa Rica, April 17, 2015

“Exempt from Law Stamps No.6663 of the Costa Rican Association of Certified Public Accountants by article Number 8”.