

University Union Operation of California State University, Sacramento

Sacramento, California

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2017 and 2016



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I S O M**

University Union Operation of California State University, Sacramento

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of University Union Operation of California State University, Sacramento (the Union WELL Inc.), a not-for-profit corporation, and a component unit of California State University Sacramento, which comprise the statements of financial position as of June 30, 2017 and 2016; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union WELL Inc.'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 Union WELL Inc.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union WELL Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed as such in the table of contents is presented for purposes of additional analysis as required by the California State University Chancellor's Office and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KCae Jnom, LLP

September 8, 2017
Chico, California

FINANCIAL SECTION

University Union Operation of California State University, Sacramento

STATEMENTS OF FINANCIAL POSITION

June 30	2017	2016
ASSETS		
Cash and cash equivalents	\$ 13,262,513	\$ 11,133,023
Accounts receivable	36,090	24,458
Interest receivable	32,738	15,999
Student fee receivable	108,415	118,600
Prepaid expenses	25,478	35,643
Inventory	1,491	736
Due from related parties	353,260	199,431
Capital assets - net of accumulated depreciation	952,742	970,012
TOTAL ASSETS	\$ 14,772,727	\$ 12,497,902
LIABILITIES		
Accounts payable and accrued liabilities	\$ 87,295	\$ 116,485
Due to related parties	669,804	780,720
Unearned revenue	190,503	157,999
Total Liabilities	947,602	1,055,204
Net Assets - Unrestricted	13,825,125	11,442,698
TOTAL LIABILITIES AND NET ASSETS	\$ 14,772,727	\$ 12,497,902

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

University Union Operation of California State University, Sacramento

STATEMENTS OF ACTIVITIES

Years Ended June 30	2017	2016
REVENUES		
Operating Income		
Student activity fees	\$ 10,029,105	\$ 8,729,036
Contract and lease payments	1,412,221	1,415,621
Program service fees	1,338,551	1,272,764
Contributions and grants	5,500	5,800
Interest and investment income	121,215	56,681
Total Operating Income	12,906,592	11,479,902
Other Income		
Noncash donations	-	5,600
Insurance proceeds	38,095	15,804
Total Other Income	38,095	21,404
TOTAL REVENUES	12,944,687	11,501,306
Expenses		
Building operations	3,714,469	3,653,615
Programs and services	4,252,539	3,999,129
Administration	2,480,782	2,271,649
Loss on disposal of capital assets	114,470	7,465
Total Expenses	10,562,260	9,931,858
Change in Net Assets	2,382,427	1,569,448
Net Assets - Beginning of Year	11,442,698	9,873,250
Net Assets - End of Year	\$ 13,825,125	\$ 11,442,698

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

University Union Operation of California State University, Sacramento

STATEMENTS OF FUNCTIONAL EXPENSES

June 30, 2017	Building Operations	Programs and Services	Administration	Total
Advertising	\$ 70	\$ 17,301	\$ 1,463	\$ 18,834
Conferences	4,080	12,673	3,179	19,932
Depreciation	335,005	-	-	335,005
Dues and subscriptions	6,242	60,239	113,383	179,864
Insurance	-	3,500	49,554	53,054
Office expenses	-	2,971	4,886	7,857
Outside services	1,031,292	3,488,783	2,129,215	6,649,290
Postage and delivery	228	111	429	768
Printing	1,036	12,445	1,877	15,358
Repairs and maintenance	1,346,716	53,035	33,124	1,432,875
Small equipment	400,435	-	-	400,435
Special events	-	224,434	-	224,434
Supplies	9,560	307,771	123,002	440,333
Telephone	4,841	23,038	6,722	34,601
Travel	4,640	19,379	13,348	37,367
Utilities	570,324	26,859	600	597,783
Subtotal	3,714,469	4,252,539	2,480,782	10,447,790
Loss on disposal of capital assets	114,470	-	-	114,470
Total Functional Expenses	\$ 3,828,939	\$ 4,252,539	\$ 2,480,782	\$ 10,562,260

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

University Union Operation of California State University, Sacramento

STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

June 30, 2016	Building Operations	Programs and Services	Administration	Total
Advertising	\$ 1,442	\$ 19,238	\$ 3,161	\$ 23,841
Conferences	2,290	10,098	4,704	17,092
Depreciation	339,074	-	-	339,074
Dues and subscriptions	6,699	61,495	127,837	196,031
Insurance	-	4,198	49,358	53,556
Office expenses	237	2,034	4,487	6,758
Outside services	1,089,862	3,256,836	1,908,065	6,254,763
Postage and delivery	7	246	921	1,174
Printing	946	10,061	2,943	13,950
Repairs and maintenance	1,239,528	18,248	82,669	1,340,445
Small equipment	343,106	-	-	343,106
Special events	-	247,393	-	247,393
Supplies	10,280	305,080	69,902	385,262
Telephone	4,847	22,369	6,724	33,940
Travel	1,018	18,095	10,878	29,991
Utilities	614,279	23,738	-	638,017
Subtotal	3,653,615	3,999,129	2,271,649	9,924,393
Loss on disposal of capital assets	7,465	-	-	7,465
Total Functional Expenses	\$ 3,661,080	\$ 3,999,129	\$ 2,271,649	\$ 9,931,858

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

University Union Operation of California State University, Sacramento
STATEMENTS OF CASH FLOWS

Years Ended June 30	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,382,427	\$ 1,569,448
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	335,005	339,074
Loss on disposal of capital assets	114,470	7,465
(Increase) Decrease in:		
Accounts receivable	(11,632)	43,779
Interest receivable	(16,739)	(8,920)
Student fee receivable	10,185	(20,382)
Prepaid expenses	10,165	600
Inventory	(755)	485
Due from related parties	(153,829)	(37,182)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(29,191)	84,667
Due to (from) related parties	(110,915)	203,843
Unearned revenue	32,504	17,604
Total Adjustments	179,268	631,033
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,561,695	2,200,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments related to the acquisition of capital assets	(432,205)	(260,085)
Sale of equipment	-	4,100
NET CASH USED IN INVESTING ACTIVITIES	(432,205)	(255,985)
Net Increase in Cash and Cash Equivalents	2,129,490	1,944,496
Cash and Cash Equivalents - Beginning of Year	11,133,023	9,188,527
Cash and Cash Equivalents - End of Year	\$ 13,262,513	\$ 11,133,023
SUPPLEMENTAL DATA		
Capital assets acquired through accounts payable	\$ -	\$ -
Capital assets acquired through related parties	\$ 18,000	\$ -

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

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF THE ORGANIZATION

The University Union Operation of California State University, Sacramento (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 Union WELL Inc. Union WELL Inc. operates the University Union building, recreational sports, and The WELLness Center (The WELL), legal title which is held by the Board of Trustees of the California State University for the benefit of California State University, Sacramento (Sacramento State). Union WELL Inc. offers a variety of events and services for the students and public including an assortment of vendors, food and programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Union WELL Inc. is required to classify net assets and revenues, expenses, and 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. Union WELL Inc. has no temporarily restricted net assets at June 30, 2017 and 2016.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by Union WELL Inc. Generally, the donors of these assets permit Union WELL Inc. to use all or part of the income earned on any related investments for general or specific purposes. Union WELL Inc. does not have permanently restricted net assets as of June 30, 2017 and 2016.

Cash and Cash Equivalents Union WELL Inc. invests its excess cash with State of California-Local Agency Investment Fund (LAIF). The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, and which is different from the fair value of Union WELL Inc.'s position in the LAIF pool. Union WELL Inc. considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

Fair Value Measurements 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.

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

This standard establishes a framework for measuring fair value for the investments held by 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 Union WELL Inc. has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable Accounts receivable are composed of uncollected revenue generated from events including room reservations, leased space, and special events in the University Union building and The WELL. Union WELL Inc. reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. As of June 30, 2017 and 2016, Union WELL Inc. has not recorded any allowance for doubtful accounts as all amounts were considered to be collectible.

Student Fee Receivable – Held by Sacramento State Student fee receivable consists of student activity fees for the fall 2017 semester collected by Sacramento State during the student registration. These fees will be remitted to Union WELL Inc. during the fiscal year ending June 30, 2018. As of June 30, 2017 and 2016, student fee receivable amounts were \$108,415 and \$118,600, respectively.

Prepaid Expenses These amounts are the result of payments made for goods and services to be utilized in future periods.

Inventory The WELL opened in fall 2010 with all inventory reported at cost based on the first-in, first-out basis. Inventory consists of items such as, chalk socks, clothing and ear buds.

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Due From Related Parties Due from related parties represents amounts owed to Union WELL Inc. by Sacramento State, University Enterprises, Inc. (UEI), and the Associated Students of California State University, Sacramento (ASI), for services and space provided by Union WELL Inc. program activities.

Capital Assets Capital assets are stated at cost. It is the policy of 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 and 20 years.

Due to Related Parties Due to related parties represents outstanding billings for administrative, accounting, and catering services provided to Union WELL Inc. from Sacramento State, UEI, and ASI.

Unearned Revenues Unearned revenues represent the amount of Union WELL Inc. programs and lease contracts that have been received in advance of providing the related services. Revenue is recognized on the date of the service. Unearned revenue also consists of student activity fees collected by Sacramento State from students during student registration for the fall 2017 semester.

Student Activity Fees Student activity fees are remitted directly to the Chancellor's Office of California State University to cover principal and interest payments on its debt obligations, fire insurance on the University Union and WELL buildings, legislative costs, Chancellor's office overhead, and to provide a reserve for building improvements and replacement. Subject to certain limitations, student activity fees in excess of such requirements, or surplus revenue, are used to fund Union WELL Inc. operations. For the fiscal year ended June 30, 2017 and 2016, student activity fees include a return of surplus revenue and recreational sports activity fees.

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

Advertising Union WELL Inc. expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2017 and 2016, were \$18,834 and \$23,841, respectively.

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

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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. Union WELL Inc.’s practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. Union WELL Inc. files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2011 and beyond, and the California returns for 2010 and beyond, remain subject to examination by the taxing authorities. 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. Union WELL Inc. has determined there is no impact on the accompanying financial statements related to this standard. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2017, and Union WELL Inc. does not expect this to change significantly over the next 12 months.

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 game 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.

3. CASH AND CASH EQUIVALENTS

As of June 30, 2017 and 2016, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$13,121,345 and \$10,991,875, respectively, and funds held at financial institutions in the amounts of \$141,168 and \$141,148, respectively. As of June 30, 2017 and 2016, the cash balances reported by financial institutions were \$759,676 and \$142,732, respectively. The amounts for the years ended June 30, 2017 and 2016, were in excess of the insured amount by \$509,676 and \$-0-, respectively, based on the limits insured by the Federal Deposit Insurance Corporation.

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. INVESTMENTS AND FAIR VALUE MEASUREMENT

Although Union WELL Inc. has funds held in LAIF, they are available for withdrawal on demand and are, therefore, recorded as cash equivalents. LAIF is sponsored by the California State Treasurer and prepares its market value report detailing the carrying cost and estimated fair value for the entire pool. Union WELL Inc. used the multiplier provided by LAIF to determine the estimated fair value of its investments in the pool. Union WELL Inc.'s investments in LAIF are measured on a recurring basis throughout the year.

The investments in LAIF are carried at amortized cost, which is deemed to not represent a material difference from fair value. The assets are valued at quoted prices for similar assets or liabilities in active markets. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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, 2017 and 2016.

As of June 30, 2017 and 2016, the LAIF pool included structured notes and asset-backed securities which totaled 2.89% and 2.81%, respectively, of the total portfolio. These structured notes and asset-backed securities are subject to market risk as interest rates fluctuate. As of June 30, 2017 and 2016, the fair value of LAIF was 99.89% and 100.06%, respectively, of the carrying value. There were no LAIF funds invested in derivatives as of June 30, 2017 and 2016. LAIF has oversight by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. The Chairman of the LIAB is the State Treasurer or his designated representative. The Union WELL Inc. is considered to be a voluntary participant in the LAIF investment pool.

The following table sets forth by level, within the fair value hierarchy, Union WELL Inc.'s assets at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2017				
LAIF	\$ -	\$ 13,121,345	\$ -	\$ 13,121,345

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2016				
LAIF	\$ -	\$ 10,991,875	\$ -	\$ 10,991,875

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. CAPITAL ASSETS

Capital assets consisted of the following:

June 30	2017	2016
Furniture and fixtures	\$ 749,705	\$ 497,491
Fitness equipment	644,176	641,508
Minor equipment	6,707	6,707
Leasehold improvements	1,109,470	1,905,175
Construction work in progress	24,400	-
Computers	526,759	544,976
Art work	32,621	32,621
Totals	3,093,838	3,628,478
Accumulated depreciation	(2,141,096)	(2,658,466)
Capital Assets - Net	\$ 952,742	\$ 970,012

Depreciation expense for the fiscal years ended June 30, 2017 and 2016, was \$335,005 and \$339,074, respectively.

6. LEASE COMMITMENTS

Union WELL Inc. has lease commitments for copiers and printers under non-cancelable leases. Total lease payments were \$26,913 and \$26,288 for the fiscal years ended June 30, 2017 and 2016, respectively. The future minimum payments for the operating leases are as follows:

Years Ended June 30	
2018	\$ 24,789
2019	13,197
2020	10,022
2021	3,425
Total	\$ 51,433

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. OUTSIDE SERVICES

Union WELL Inc. operates pursuant to a Memorandum of Understanding (MOU) with UEI and Sacramento State which, among other provisions, compensates UEI and Sacramento State employees assigned to Union WELL Inc. and provides for 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, 2017 and 2016, consisted of the following:

June 30	2017	2016
Personnel services	\$ 4,156,460	\$ 3,933,422
Personnel benefit expenses	1,272,043	1,199,974
Payroll services	522,849	493,230
Accounting services	121,386	121,080
Other outside services	576,552	507,057
Totals	\$ 6,649,290	\$ 6,254,763

8. RELATED-PARTY TRANSACTIONS

Space located within the University Union building is used or operated by Sacramento State, ASI, The University Foundation at Sacramento State (UFSS) and UEI, which are component units of Sacramento State, under operating and sublease agreements that are renewed on an annual basis. For the fiscal years ended June 30, 2017 and 2016, Union WELL Inc. received payments for leased office space to UEI totaling \$492,091 and \$488,956, respectively, and for leased office space to ASI totaling \$183,080 and \$178,410, respectively. For the fiscal years ended June 30, 2017 and 2016, Union WELL Inc. received Public Safety fees from UEI totaling \$13,841 and \$12,749, respectively. For the fiscal years ended June 30, 2017 and 2016, Union WELL Inc. received Public Safety Fees from ASI totaling \$5,735 and \$5,282, respectively. For the fiscal years ended June 30, 2017 and 2016, Union WELL Inc. received payments from UFSS for space and programs totaling \$19,849 and \$7,209, respectively. Other than those disclosed elsewhere in these financial statements, transactions between Union WELL Inc. and related organizations included the payments by Union WELL Inc. to Sacramento State of \$1,304,657 and \$953,138 for the fiscal years ended June 30, 2017 and 2016, respectively, for campus cost recovery services which include administration, telephone, postage, IT support, and utilities; and \$216,717 and \$198,808 for personnel cost during the fiscal years ended June 30, 2017 and 2016, respectively. Sacramento State made payments to Union WELL Inc. totaling \$1,029,540 and \$817,581 for services, space and programs for the fiscal years ended June 30, 2017 and 2016, respectively.

Union WELL Inc. incurred expenses primarily related to catering services, video production and advertising by UEI in the amounts of \$11,900 and \$16,739 for the fiscal years ended June 30, 2017 and 2016, respectively.

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For fiscal years ended June 30, 2017 and 2016, Union WELL Inc. was charged \$121,386 and \$121,080, respectively, for accounting and financial services provided by ASI.

The amounts due from related entities are comprised of the following:

June 30		2017		2016
Sacramento State	\$	346,899	\$	194,084
UEI		6,361		2,998
ASI		-		2,349
Total	\$	353,260	\$	199,431

The amounts due to related entities are comprised of the following:

June 30		2017		2016
Sacramento State	\$	177,588	\$	327,141
UEI		482,065		443,353
ASI		10,151		10,226
Total	\$	669,804	\$	780,720

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The employees assigned to Union WELL, Inc. under the provisions of the MOU with UEI are also eligible to participate in the UEI's OPEB plan (the plan). The plan is a single-employer defined benefit healthcare plan administered by UEI. The plan provides lifetime post-retirement medical and dental coverage to its eligible employees who retire at age 55 or older who complete the required years of continuous CalPERS covered service. The plan also extends coverage to spouses/registered domestic partners and surviving spouses/registered domestic partners of qualified retirees. On May 17, 2011, UEI's Board of Directors approved the inclusion of UEI into the Voluntary Employee Beneficiary Association (VEBA) Plan. The VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding OPEB costs and ensures funds will be available to pay future obligations. For fiscal years ended June 30, 2017 and 2016, Union WELL, Inc., paid UEI \$50,000 and \$33,000, respectively, to be deposited into the UEI VEBA account on behalf of Union WELL, Inc. The amount of the annual contributions will be the higher of \$50,000 or 10% of the unfunded liability for retired and active vested employees. When the total post-retirement liability for all retired and active vested Union WELL Inc. staff is 100% funded, additional contributions would only be necessary to maintain the 100% funded level. Annual contributions will be paid to UEI no later than June 20 of each fiscal year and deposited into the VEBA account. For the fiscal year ended June 30, 2017, the OPEB liability for Union WELL, Inc., as of the most recent actuarial study dated June 30, 2016, was \$1,128,791. For the fiscal year ended June 30, 2016, the OPEB liability for Union WELL, Inc., as of the most recent actuarial study dated June 30, 2013, was \$1,189,937. This liability is included in the total OPEB unfunded liability recorded on UEI's financial statements. For full disclosures of OPEB and VEBA plans, see UEI's financial statements.

University Union Operation of California State University, Sacramento

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. NONCASH DONATIONS AND INSURANCE PROCEEDS

During the fiscal year ended June 30, 2017, Union WELL Inc. received two insurance proceeds payments totaling \$38,095 related to floor damage caused by lease customers in The WELL Gym Box. The insurance proceeds are presented on the statement of activities as other income.

During the fiscal year ended June 30, 2016, Union WELL Inc. received two donated pieces of art with an assessed value of \$2,800 each. These items have since been capitalized and included as part of Union WELL Inc.'s assets. During 2016, Union WELL Inc. received an insurance proceeds payment of \$15,804 related to a fire loss that occurred in 2015. Both the noncash donation and the insurance proceeds are presented on the statement of activities as other income.

11. SUBSEQUENT EVENTS

In preparing these statements, Union WELL Inc. has evaluated events and transactions for potential recognition through September 8, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

University Union Operation of California State University, Sacramento

SCHEDULE OF NET POSITION

June 30, 2017

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	141,168
Short-term investments		13,121,345
Accounts receivable, net		422,088
Leases receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		135,384
Total current assets		<u>13,819,985</u>

Noncurrent assets:

Restricted cash and cash equivalents		-
Accounts receivable, net		-
Leases receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		-
Capital assets, net		952,742
Other assets		-
Total noncurrent assets		<u>952,742</u>

Total assets		<u>14,772,727</u>
--------------	--	-------------------

Deferred outflows of resources:

Unamortized loss on debt refunding		-
Net pension liability		-
Others		-
Total deferred outflows of resources		<u>-</u>

Liabilities:

Current liabilities:

Accounts payable		87,295
Accrued salaries and benefits		-
Accrued compensated absences, current portion		-
Unearned revenue		190,503
Capitalized lease obligations, current portion		-
Long-term debt obligations, current portion		-
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		669,804
Other liabilities		-
Total current liabilities		<u>947,602</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion		-
Unearned revenue		-
Grants refundable		-
Capitalized lease obligations, net of current portion		-
Long-term debt obligations, net of current portion		-
Claims liability for losses and loss adjustment expenses, net of current portion		-
Depository accounts		-
Other postemployment benefits obligations		-
Net pension liability		-
Other liabilities		-
Total noncurrent liabilities		<u>-</u>

Total liabilities		<u>947,602</u>
-------------------	--	----------------

Deferred inflows of resources:

Service concession arrangements		-
Net pension liability		-
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Others		-
Total deferred inflows of resources		<u>-</u>

Net Position:

Net investment in capital assets		952,742
Restricted for:		
Nonexpendable – endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		-
Unrestricted		12,872,383
Total net position	\$	<u>13,825,125</u>

University Union Operation of California State University, Sacramento

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 10,029,105
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	1,338,551
Other operating revenues	1,450,316
Total operating revenues	12,817,972

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	7,428,354
Institutional support	646,608
Operation and maintenance of plant	2,037,823
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	335,005
Total operating expenses	10,447,790
Operating income (loss)	2,370,182

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	5,500
Investment income (loss), net	121,215
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	(114,470)
Net nonoperating revenues (expenses)	12,245
Income (loss) before other revenues (expenses)	2,382,427

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

	2,382,427
--	-----------

Net position:

Net position at beginning of year, as previously reported	11,442,698
Restatements	-
Net position at beginning of year, as restated	11,442,698
Net position at end of year	\$ 13,825,125

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

1 Noncurrent restricted cash and cash equivalents at June 30, 2017:

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, 2017:

	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)	13,121,345	-	13,121,345	-	-	-	13,121,345
Corporate bonds	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:							
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>13,121,345</u>	<u>-</u>	<u>13,121,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,121,345</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>13,121,345</u>	<u>-</u>	<u>13,121,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,121,345</u>

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2017:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017:

- - - - -

2.3 Restricted current investments at June 30, 2017 related to:

Amount
\$ -
-
-
-
-
-
-
-

Total restricted current investments at June 30, 2017

\$ -

2.4 Restricted noncurrent investments at June 30, 2017 related to:

Amount
\$ -
-
-
-
-
-
-
-

Total restricted noncurrent investments at June 30, 2017

\$ -

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

2.5 Fair value hierarchy in investments at June 30, 2017:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	13,121,345	-	13,121,345	-	-
Corporate bonds	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Mutual funds	-	-	-	-	-
Money Market funds	-	-	-	-	-
Repurchase agreements	-	-	-	-	-
Commercial paper	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Equity securities	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Other major investments:					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	<u>13,121,345</u>	<u>-</u>	<u>13,121,345</u>	<u>-</u>	<u>-</u>

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	32,621	-	-	32,621	-	-	-	32,621
Construction work in progress (CWIP)	-	-	-	-	24,400	-	-	24,400
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	32,621	-	-	32,621	24,400	-	-	57,021
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	1,905,175	-	-	1,905,175	42,527	(838,232)	-	1,109,470
Personal property:								
Equipment	1,690,682	-	-	1,690,682	365,278	(128,613)	-	1,927,347
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	3,595,857	-	-	3,595,857	407,805	(966,845)	-	3,036,817
Total capital assets	3,628,478	-	-	3,628,478	432,205	(966,845)	-	3,093,838
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,440,009)	-	-	(1,440,009)	(66,746)	723,763	-	(782,993)
Personal property:								
Equipment	(1,218,457)	-	-	(1,218,457)	(268,259)	128,612	-	(1,358,103)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(2,658,466)	-	-	(2,658,466)	(335,005)	852,375	-	(2,141,096)
Total capital assets, net	\$ 970,012	-	-	970,012	97,200	(114,470)	-	952,742

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$	335,005
Amortization expense related to other assets		-
Total depreciation and amortization	\$	<u>335,005</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ -	-	-	-	-	-	-	-	-
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Auxiliary revenue bonds	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Notes payable related to SRB	-	-	-	-	-	-	-	-	-
Others: (list by type)									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	-	-	-	-	-

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
2063 - 2067	-	-	-	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium (discount)									-
Total capitalized lease obligations									-
Less: current portion									-
Capitalized lease obligation, net of current portion									\$ -

6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
2063 - 2067	-	-	-	-	-	-	-	-	-
Total minimum payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium (discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$	952,742
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 position - net investment in capital asset	\$	<u>952,742</u>

7.2 Calculation of net position - 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 position - Restricted for nonexpendable - endowments per SNP	\$	<u>-</u>

8 Transactions with related entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 216,717
Payments to University for other than salaries of University personnel	1,304,657
Payments received from University for services, space, and programs	1,029,540
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(177,588)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	346,899
Other amounts receivable from University	108,415

9 Other postemployment benefits obligation (OPEB)

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

University Union Operation of California State University, Sacramento

OTHER INFORMATION

June 30, 2017

(for inclusion in the California State University)

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	-
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 position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 11,442,698
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2016, as restated		\$ 11,442,698

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

University Union Operation of California State University, Sacramento

SCHEDULE OF UNDESIGNATED AND DESIGNATED NET ASSETS

June 30, 2017

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES					
Student activity fees	\$ 10,029,105	\$ -	\$ -	\$ -	\$ 10,029,105
Revenue from operations	2,756,272	-	-	-	2,756,272
Total program activities revenue	12,785,377	-	-	-	12,785,377
Other income:					
Insurance proceeds	38,095	-	-	-	38,095
Total other income	38,095	-	-	-	38,095
Total unrestricted revenue	12,823,472	-	-	-	12,823,472
UNRESTRICTED EXPENSES					
Personnel	-	-	-	-	-
Employee benefits	-	-	-	-	-
Advertising	18,834	-	-	-	18,834
Conferences	19,932	-	-	-	19,932
Depreciation	-	335,005	-	-	335,005
Dues and subscriptions	179,864	-	-	-	179,864
Insurance	53,054	-	-	-	53,054
Office expenses	7,857	-	-	-	7,857
Outside services	6,649,290	-	-	-	6,649,290
Postage and delivery	768	-	-	-	768
Printing	15,358	-	-	-	15,358
Repairs and maintenance	1,432,875	-	-	-	1,432,875
Small equipment	34,061	-	362,591	3,783	400,435
Special events expenses	224,434	-	-	-	224,434
Supplies	440,333	-	-	-	440,333
Telephone	34,601	-	-	-	34,601
Travel	37,367	-	-	-	37,367
Utilities	597,783	-	-	-	597,783
Total unrestricted expenses	9,746,411	335,005	362,591	3,783	10,447,790
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES	3,077,061	(335,005)	(362,591)	(3,783)	2,375,682
Interest and investment income	103,208	-	18,007	-	121,215
Sale of equipment	-	-	-	-	-
Loss on disposal of capital assets	-	(114,470)	-	-	(114,470)
EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES	3,180,269	(449,475)	(344,584)	(3,783)	2,382,427
INTERFUND TRANSFERS					
Transfer of board designated funds	(354,007)	-	349,007	5,000	-
Fixed asset acquisitions	(215,985)	407,805	(191,820)	-	-
CHANGE IN UNRESTRICTED NET ASSETS	2,610,277	(41,670)	(187,397)	1,217	2,382,427
NET ASSETS - beginning of year	8,014,647	970,012	2,414,033	44,006	11,442,698
NET ASSETS - end of year	\$ 10,624,924	\$ 928,342	\$ 2,226,636	\$ 45,223	\$ 13,825,125

1. BASIS OF PRESENTATION

The 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, the schedules do not purport to represent financial statements prepared fully in accordance with accounting standards generally accepted in the United States of America applicable to governmental not-for-profit organizations.

2. DESIGNATED NET ASSETS

Repairs and Replacement 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 \$2,980,140 at June 30, 2017. The cumulative amount of these net asset designations is limited to no more than 50% of the total replacement value of such equipment and furniture and fixtures, plus \$100,000. This amount, plus interest earned, plus insurance proceeds, less actual replacements, represents the designation which was \$2,226,636 as of June 30, 2017.

Art Acquisition Union WELL Inc. annually designates net assets of \$5,000 for art acquisition, less actual purchases. As of June 30, 2017, the designation totaled \$45,223.

Property and Equipment Union WELL Inc. designates net assets based on the net book value of its property and equipment. At June 30, 2017, the designation for depreciable property and equipment was \$928,342. An additional \$24,400 of construction work in progress was included in undesignated operations and is expected to be transferred to designated property and equipment during the year ending June 30, 2018.