

# **University Union Operation of California State University, Sacramento**

**Sacramento, California**

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

**June 30, 2022 and 2021**



**K C O E  
I S O M**

# University Union Operation of California State University, Sacramento

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of University Union Operation of California State University, Sacramento (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, 2022 and 2021; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Union WELL Inc. as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Union WELL Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Union WELL Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Auditors' Responsibilities for the Audits of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Union WELL Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Union WELL Inc.'s ability to continue as a going concern for a reasonable period of time.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 7, 2022, on our consideration of Union WELL Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Union WELL Inc.'s internal control over financial reporting and compliance.

### **Supplementary Information**

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*KCae Isom, LLP*

September 7, 2022  
Chico, California

## **FINANCIAL SECTION**

**University Union Operation of California State University, Sacramento**  
**STATEMENTS OF FINANCIAL POSITION**

June 30	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,617,871	\$ 23,119,856
Accounts receivable	27,127	2,091
Interest receivable	44,191	19,714
Student activity fees receivable	94,982	118,374
Prepaid expenses	194,117	319,586
Inventory	1,188	1,872
Due from related parties	118,534	32,492
Capital assets - net of accumulated depreciation	1,507,070	1,631,145
<b>TOTAL ASSETS</b>	<b>\$ 24,605,080</b>	<b>\$ 25,245,130</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 142,011	\$ 61,202
Due to related parties	1,624,800	603,820
Unearned revenues	141,263	115,101
<b>Total Liabilities</b>	<b>1,908,074</b>	<b>780,123</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated	4,209,094	4,311,352
Undesignated	18,487,912	20,153,655
<b>Total Net Assets</b>	<b>22,697,006</b>	<b>24,465,007</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,605,080</b>	<b>\$ 25,245,130</b>

*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	2022	2021
<b>REVENUES</b>		
Student activity fees	\$ 8,753,028	\$ 12,585,416
Contract and lease payments	1,487,412	1,036,851
Program service fees	591,956	75,056
Contributions and grants	10,000	6,500
Interest and investment income	95,178	149,258
<b>Total Operating Income</b>	<b>10,937,574</b>	<b>13,853,081</b>
<b>Other Income</b>		
Insurance proceeds	-	5,893
<b>TOTAL REVENUES</b>	<b>10,937,574</b>	<b>13,858,974</b>
<b>Expenses</b>		
Building operations	4,526,346	3,533,041
Programs and services	5,068,534	3,110,922
Administration	3,109,654	2,451,013
Loss on disposal of capital assets	1,041	24,871
<b>Total Expenses</b>	<b>12,705,575</b>	<b>9,119,847</b>
Change in net assets before taxes	(1,768,001)	4,739,127
Less: Unrelated business income taxes	-	5,583
<b>Change in Net Assets</b>	<b>(1,768,001)</b>	<b>4,733,544</b>
<b>Net Assets Without Donor Restrictions - Beginning of Year</b>	<b>24,465,007</b>	<b>19,731,463</b>
<b>Net Assets Without Donor Restrictions - End of Year</b>	<b>\$ 22,697,006</b>	<b>\$ 24,465,007</b>

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



**University Union Operation of California State University, Sacramento**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2022	Building Operations	Programs and Services	Administration	Total
Advertising	\$ -	\$ 22,841	\$ 3,727	\$ 26,568
Conferences	-	8,884	1,125	10,009
Depreciation	399,102	-	-	399,102
Dues and subscriptions	14,774	94,359	130,918	240,051
Insurance	-	1,065	206,851	207,916
Office expenses	18	3,128	4,184	7,330
Outside services	991,720	4,415,905	2,473,748	7,881,373
Postage and delivery	-	540	443	983
Printing	151	5,964	245	6,360
Repairs and maintenance	2,092,448	97,873	151,719	2,342,040
Small equipment	380,113	-	-	380,113
Special events	-	109,329	-	109,329
Supplies	26,700	251,632	123,161	401,493
Telephone	4,093	22,202	8,102	34,397
Travel	-	9,861	5,431	15,292
Utilities	617,227	24,951	-	642,178
<b>Subtotal</b>	<b>4,526,346</b>	<b>5,068,534</b>	<b>3,109,654</b>	<b>12,704,534</b>
Loss on disposal of capital assets	1,041	-	-	1,041
Unrelated business income taxes	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 4,527,387</b>	<b>\$ 5,068,534</b>	<b>\$ 3,109,654</b>	<b>\$ 12,705,575</b>

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

# University Union Operation of California State University, Sacramento

## STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

Year Ended June 30, 2021	Building Operations	Programs and Services	Administration	Total
Advertising	\$ 550	\$ 10,189	\$ 2,859	\$ 13,598
Conferences	239	3,010	6,550	9,799
Depreciation	371,311	-	-	371,311
Dues and subscriptions	13,035	76,727	100,907	190,669
Insurance	-	559	52,446	53,005
Office expenses	-	1,392	1,429	2,821
Outside services	789,074	2,770,925	2,210,411	5,770,410
Postage and delivery	-	778	348	1,126
Printing	79	3,667	115	3,861
Repairs and maintenance	1,747,269	47,801	54,334	1,849,404
Small equipment	265,363	-	-	265,363
Special events	-	22,497	-	22,497
Supplies	7,868	128,135	15,183	151,186
Telephone	3,457	21,700	6,431	31,588
Utilities	334,796	23,542	-	358,338
<b>Subtotal</b>	<b>3,533,041</b>	<b>3,110,922</b>	<b>2,451,013</b>	<b>9,094,976</b>
Loss on disposal of capital assets	24,871	-	-	24,871
Unrelated business income taxes	-	5,583	-	5,583
<b>Total Functional Expenses</b>	<b>\$ 3,557,912</b>	<b>\$ 3,116,505</b>	<b>\$ 2,451,013</b>	<b>\$ 9,125,430</b>

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	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,768,001)	\$ 4,733,544
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	399,102	371,311
Loss on disposal of capital assets	1,041	24,871
(Increase) Decrease in:		
Accounts receivable	(25,036)	9,049
Interest receivable	(24,477)	47,104
Student activity fees receivable	23,392	(1,481)
Prepaid expenses	125,469	(285,941)
Inventory	684	759
Due from related parties	(86,042)	21,529
Increase (Decrease) in:		
Accounts payable and accrued liabilities	80,809	(23,773)
Due to related parties	1,020,980	65,126
Unearned revenues	26,162	(227)
<b>Total Adjustments</b>	<b>1,542,084</b>	<b>228,327</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(225,917)</b>	<b>4,961,871</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments related to the acquisition of capital assets	(276,068)	(568,727)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(501,985)</b>	<b>4,393,144</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>23,119,856</b>	<b>18,726,712</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 22,617,871</b>	<b>\$ 23,119,856</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for taxes	\$ -	\$ 5,593

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

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**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 Union WELL Inc.'s Board of Directors. Union WELL Inc. operates the University Union building, recreational sports, and The WELLness Center (The WELL), the legal title of 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.

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

Union WELL Inc. classifies net assets and revenues, expenses, and gains and losses into two categories, based on the existence or absence of donor-imposed restrictions. The categories are described below:

*Net Assets Without Donor Restrictions:* Net assets in this category are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Union WELL Inc.'s management and the Board of Directors.

*Net Assets With Donor Restrictions:* Net assets in this category are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Union WELL Inc. or by passage of time. Other donor restrictions are perpetual in nature, whereby the donors have stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported in the statements of activities as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Fair Value Measurements** The framework for measuring fair value 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), and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy 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, 2022 and 2021, Union WELL Inc. has not recorded any allowance for doubtful accounts, as all amounts were considered to be collectible.

**Student Activity Fees Receivable – Held by Sacramento State** Student activity fees receivable consist of student activity fees for the 2022 fall semester collected by Sacramento State during student registration. These fees will be remitted to Union WELL Inc. during the fiscal year ending June 30, 2023. As of June 30, 2022 and 2021, student activity fees receivable were \$94,982 and \$118,374, respectively.

**Prepaid Expenses** These amounts are the result of payments made for goods and services to be utilized in future periods and for payment of the annual contributions to the other post-employment benefits (OPEB) plan for 2023 and 2024. As of June 30, 2022 and 2021, prepaid expense for goods and services were \$54,117 and \$39,586, respectively. As of June 30, 2022 and 2021, prepaid annual contributions to the OPEB plan were \$140,000 and \$280,000, respectively. The prepaid annual contribution of \$140,000 relates to the 2023 plan year.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Inventory** The WELL opened in fall 2010 with all inventory reported at the lower of cost or net realizable value. The first-in, first-out method is used in determining cost. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of disposal. Inventory consists of items such as chalk socks, clothing, and ear buds.

**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.'s 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. by 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 revenues also consist of student activity fees collected by Sacramento State from students during student registration for the 2022 fall semester.

**Revenues from Contracts with Customers** A five-step model is used to determine the amount and timing of revenue recognized. The five-step model requires Union WELL Inc. to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, Union WELL Inc. satisfies the performance obligations.

Union WELL Inc.'s revenues are generated from its operations and are recognized as described below:

**Student Activity Fees:** Student activity fees are remitted directly to the Office of the Chancellor of California State University to cover principal and interest payments on its debt obligations, fire insurance on the University Union and The WELL buildings, legislative costs, and Office of the Chancellor 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 years ended June 30, 2022 and 2021, student activity fees include a return of surplus revenue and recreational sports activity fees. Revenue is recognized as it is returned to Union WELL Inc. for use in operations.

**Program Service Fees:** Program service fees include, but are not limited to, facility use fees for the University Union building and The WELL; Union Games Room revenue; UNIQUE Programs event admission revenue; co-sponsorship revenue for special events such as special guest lecturers; The WELL supplemental membership fees; The WELL recreation program fees (i.e. pool, intramurals, personal training, small group fitness training, climbing wall revenue); 5K Fun Run revenue; and printing services revenue at The Lab. Revenue is recognized throughout the period during which the facilities and services are provided and as events are held.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Functional Allocation of Expenses** The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of activities. The presentation of expenses by function and nature is included in the statements of functional expenses. Union WELL Inc. charges direct expenses incurred for a specific function directly to the program or supporting service category. These costs can be specifically identified as being incurred for the activities of that program or supporting service. Other costs that are incurred by Union WELL Inc. benefit more than one program or supporting service, and are allocated on a reasonable basis that is consistently applied. Costs including outside services are allocated based on estimates of time and effort; other costs, including depreciation, occupancy, office costs, computers, and software, are allocated based on estimates of usage or benefit received by each program. Expenses that are not directly associated with a program are allocated to administration expenses. Union WELL Inc. reevaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method based on actual activities conducted during the year.

**Advertising** Union WELL Inc. expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2022 and 2021, were \$26,568 and \$13,598, 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.

Union WELL Inc. analyzes whether there is uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. 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. Union WELL Inc.’s practice is to recognize interest and penalties, if any, related to uncertain tax positions in tax expense. Union WELL Inc. files exempt organization returns in the U.S. federal and California jurisdictions. The federal and state tax returns remain subject to examination by the taxing authorities for three years and four years, respectively. 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, 2022 and 2021, 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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Evaluation of Subsequent Events** Management has evaluated subsequent events through September 7, 2022, the date the financial statements were available to be issued.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 2. CASH AND CASH EQUIVALENTS

As of June 30, 2022 and 2021, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$22,350,407 and \$23,089,707, respectively, and funds held at financial institutions in the amounts of \$267,464 and \$30,149, respectively. As of June 30, 2022 and 2021, the cash balances reported by financial institutions were \$431,518 and \$322,344, respectively. The amounts for the years ended June 30, 2022 and 2021, were in excess of insured amounts by \$181,518 and \$-0-, respectively, based on the limits insured by the Federal Deposit Insurance Corporation.

### 3. LIQUIDITY AND AVAILABILITY OF ASSETS

The following represents Union WELL Inc.'s financial assets:

June 30	2022	2021
<b>Financial Assets - End of Year</b>		
Cash and cash equivalents	\$ 22,617,871	\$ 23,119,856
Accounts receivable	189,852	54,297
Student activity fees receivable - held by Sacramento State	94,982	118,374
<b>Total Financial Assets - End of Year</b>	<b>22,902,705</b>	<b>23,292,527</b>
<b>Less: Amounts Not Available to be Used Within One Year</b>		
Board designated net assets	4,209,094	4,311,352
<b>Financial Assets Available to Meet General Expenditures Over the Next Twelve Months</b>	<b>\$ 18,693,611</b>	<b>\$ 18,981,175</b>

In order to manage liquidity, Union WELL Inc. has structured its financial assets to be available as its general expenditures and liabilities become due. As part of its liquidity plan, excess cash is invested in LAIF. Union WELL Inc. is substantially supported by student activity and program services fees, which are unrestricted and are available to meet general expenditure obligations.



# 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, composed of treasuries, certificates of deposit, bank notes, agencies, commercial paper, time deposits, and loans, 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, 2022 and 2021.

As of June 30, 2022 and 2021, the LAIF pool included structured notes and asset-backed securities, which totaled 1.88% and 2.31%, 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, 2022 and 2021, the fair value of LAIF was 98.71% and 100.00%, respectively, of the carrying value. There were no LAIF funds invested in derivatives as of June 30, 2022 and 2021. 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. Union WELL Inc. is considered to be a voluntary participant in the LAIF investment pool.

The following tables set 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, 2022				
LAIF	\$ -	\$ 22,350,407	\$ -	\$ 22,350,407

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2021				
LAIF	\$ -	\$ 23,089,707	\$ -	\$ 23,089,707

# 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	2022	2021
Furniture and fixtures	\$ 1,182,913	\$ 1,139,817
Fitness equipment	785,995	772,909
Minor equipment	40,453	40,453
Leasehold improvements	1,113,143	1,057,436
Construction work in progress	105,965	120,615
Computers	661,179	546,401
Artwork	44,596	44,596
<b>Totals</b>	<b>3,934,244</b>	<b>3,722,227</b>
Accumulated depreciation	(2,427,174)	(2,091,082)
<b>Capital Assets - Net</b>	<b>\$ 1,507,070</b>	<b>\$ 1,631,145</b>

Depreciation expense for the fiscal years ended June 30, 2022 and 2021, was \$399,102 and \$371,311, respectively.

### 6. LEASE COMMITMENTS

Union WELL Inc. has lease commitments for copiers and printers under non-cancelable leases. Total lease payments were \$36,199 and \$33,304 for the fiscal years ended June 30, 2022 and 2021, respectively. The future minimum payments for the operating leases are as follows:

Years Ending June 30	
2023	\$ 34,010
2024	18,022
2025	11,673
2026	4,502
<b>Total</b>	<b>\$ 68,207</b>

# 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 that, 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 statements of functional expenses. Outside services for the fiscal years ended June 30, 2022 and 2021, consisted of the following:

June 30	2022	2021
Personnel services	\$ 4,771,125	\$ 3,097,806
Personnel benefit expenses	1,689,435	1,585,468
Payroll services	646,056	468,327
Accounting services	136,885	136,367
Other outside services	637,872	482,442
<b>Totals</b>	<b>\$ 7,881,373</b>	<b>\$ 5,770,410</b>

### 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, 2022 and 2021, Union WELL Inc. received payments for leased office space to UEI totaling \$435,187 and \$-0-, respectively, and for leased office space to ASI totaling \$288,625 and \$282,374, respectively. For the fiscal years ended June 30, 2022 and 2021, Union WELL Inc. received Public Safety fees from UEI totaling \$6,760 and \$-0-, respectively. For the fiscal years ended June 30, 2022 and 2021, Union WELL Inc. received Public Safety Fees from ASI totaling \$4,410 and \$-0-, respectively. For the fiscal years ended June 30, 2022 and 2021, Union WELL Inc. received payments from UFSS for space and programs totaling \$4,706 and \$-0-, 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 \$1,057,603 and \$883,460 for the fiscal years ended June 30, 2022 and 2021, respectively, for campus cost recovery services, which include administration, telephone, postage, IT support, and utilities. Sacramento State made payments to Union WELL Inc. totaling \$897,162 and \$761,738 for services, space, and programs for the fiscal years ended June 30, 2022 and 2021, respectively.

Union WELL Inc. incurred expenses primarily related to catering services, video production, and advertising by UEI in the amounts of \$2,202 and \$-0- for the fiscal years ended June 30, 2022 and 2021, respectively.

For the fiscal years ended June 30, 2022 and 2021, Union WELL Inc. was charged \$136,885 and \$133,638, respectively, for accounting and financial services provided by ASI.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

June 30		2022		2021
Sacramento State	\$	116,943	\$	32,492
UEI		1,591		-
<b>Totals</b>	\$	118,534	\$	32,492

The amounts due to related entities were compromised of the following:

June 30		2022		2021
Sacramento State	\$	338,102	\$	145,931
UEI		1,275,264		435,637
ASI		11,434		22,252
<b>Totals</b>	\$	1,624,800	\$	603,820

### 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 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 (Policy 116) or age 65 (Policy 117) or older, and 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 Plan 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. Union WELL Inc. paid contributions to UEI of \$140,000 for the years ended June 30, 2022 and 2021. In addition, Union WELL Inc. prepaid a contribution of \$140,000 for fiscal year 2023. All of these contributions, totaling \$420,000, were deposited into the UEI VEBA account on behalf of Union WELL Inc.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Union WELL Inc.'s unfunded liability was \$996,456 and \$940,810 for the fiscal years ended June 30, 2022 and 2021, respectively. The June 30, 2022 and 2021, unfunded liability was based on an actuarial study with a measurement date of June 30, 2021 and 2020, respectively. This liability is included in the total OPEB unfunded liability recorded on UEI's financial statements. The amount of the annual contributions for the fiscal years ending June 2021 through June 2023 was scheduled to be \$140,000 annually; however, these payments were made in full during the 2021 fiscal year. The payment schedule was based on the goal of fully funding the post-employment liability for all of the retirees, active vested employees, and active employees who will become fully vested within three years of the actuarial study, including eligible dependents (the Vested Participants). When the total post-employment liability for all Vested Participants is 100% funded, additional contributions would only be necessary to maintain the 100% funded level for the Vested Participants. Since Union WELL Inc. has prepaid the Plan through June 30, 2023, additional contributions will not be paid or contemplated until the next actuarial study is complete. An actuarial study will be completed for the fiscal year ending June 30, 2024, with a measurement date of June 30, 2023. If additional contributions are necessary after the June 30, 2024, actuarial study, payment terms will be negotiated with UEI at that time. For full disclosures of OPEB and VEBA plans, see UEI's financial statements.

### 10. CONTINGENCIES

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets.

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on Union WELL Inc.'s business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which Union WELL Inc. operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

### 11. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU will require organizations that lease assets to recognize on the statement of financial position the asset and liability for the right and obligations created by leases with a term of more than 12 months. Additional disclosures will also be required in order to provide the users of the financial statements with a better understanding of the amount, timing, and uncertainty of cash flows arising from leases. This ASU intends to improve financial reporting about leasing transactions. In July 2018, FASB issued ASU 2018-11, *Leases: Targeted Improvements*, which amended ASU 2016-02 to provide an entity with a transition method for implementing the ASU. Under this transition method, an entity initially applies ASU 2016-02 at the adoption date, and recognizes a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. These ASUs are effective for the periods beginning after December 15, 2021. Union WELL Inc.'s management has not yet determined the impact that implementation of these ASUs will have on Union WELL Inc.'s financial statements.

## **SUPPLEMENTARY INFORMATION SECTION**

# University Union Operation of California State University, Sacramento

## SCHEDULE OF NET POSITION

June 30, 2022

(for inclusion in the California State University)

### Assets:

#### Current assets:

Cash and cash equivalents	\$	267,464
Short-term investments		22,350,407
Accounts receivable, net		71,318
Lease receivables, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		408,821
<b>Total current assets</b>		<b>23,098,010</b>

#### Noncurrent assets:

Restricted cash and cash equivalents		-
Accounts receivable, net		-
Lease receivables, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		-
Capital assets, net		1,507,070
Other assets		-
<b>Total noncurrent assets</b>		<b>1,507,070</b>

<b>Total assets</b>		<b>24,605,080</b>
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#### Deferred outflows of resources:

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

### Liabilities:

#### Current liabilities:

Accounts payable		142,011
Accrued salaries and benefits		-
Accrued compensated absences, current portion		-
Unearned revenues		141,263
Lease liabilities, current portion		-
Long-term debt obligations, current portion		-
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		1,624,800
<b>Total current liabilities</b>		<b>1,908,074</b>

#### Noncurrent liabilities:

Accrued compensated absences, net of current portion		-
Unearned revenues		-
Grants refundable		-
Lease liabilities, 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		-
Net other postemployment benefits liability		-
Net pension liability		-
Other liabilities		-
<b>Total noncurrent liabilities</b>		<b>-</b>

<b>Total liabilities</b>		<b>1,908,074</b>
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#### Deferred inflows of resources:

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

### Net position:

Net investment in capital assets		1,507,070
Restricted for:		
Nonexpendable – endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		-
Unrestricted		21,189,936
<b>Total net position</b>	<b>\$</b>	<b>22,697,006</b>

**University Union Operation of California State University, Sacramento**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2022**  
**(for inclusion in the California State University)**

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	591,956
Scholarship allowances (enter as negative)	-
Other operating revenues	10,240,440
<b>Total operating revenues</b>	<b>10,832,396</b>

**Expenses:**

**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	7,544,860
Institutional support	371,675
Operation and maintenance of plant	4,388,897
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	399,102
<b>Total operating expenses</b>	<b>12,704,534</b>
<b>Operating income (loss)</b>	<b>(1,872,138)</b>

**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	10,000
Investment income (loss), net	95,178
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	(1,041)
<b>Net nonoperating revenues (expenses)</b>	<b>104,137</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>(1,768,001)</b>

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>(1,768,001)</b>

**Net position:**

Net position at beginning of year, as previously reported	24,465,007
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>24,465,007</b>
<b>Net position at end of year</b>	<b>\$ 22,697,006</b>



# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
<b>Noncurrent restricted cash and cash equivalents</b>		-
Current cash and cash equivalents		267,464
<b>Total</b>	<b>\$</b>	<b>267,464</b>

### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	22,350,407	-	22,350,407
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
Total Other investments	-	-	-
<b>Total investments</b>	<b>22,350,407</b>	<b>-</b>	<b>22,350,407</b>
Less endowment investments (enter as negative number)	-	-	-
<b>Total investments, net of endowments</b>	<b>\$ 22,350,407</b>	<b>\$ -</b>	<b>\$ 22,350,407</b>

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	22,350,407	-	-	-	22,350,407
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
Total Other investments	-	-	-	-	-
<b>Total investments</b>	<b>\$ 22,350,407</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,350,407</b>

### 2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements			
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	\$ -	\$ -	\$ -

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of Completed CWIP/PWIP	Balance June 30, 2022
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	44,596	-	-	-	44,596	-	-	-	44,596
Construction work in progress (CWIP)	120,615	-	-	-	120,615	49,077	-	(63,727)	105,965
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>165,211</b>	-	-	-	<b>165,211</b>	<b>49,077</b>	-	<b>(63,727)</b>	<b>150,561</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	1,057,436	-	-	-	1,057,436	21,954	(10,416)	44,169	1,113,143
Personal property:									
Equipment	2,499,580	-	-	-	2,499,580	205,037	(53,635)	19,558	2,670,540
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<b>3,557,016</b>	-	-	-	<b>3,557,016</b>	<b>226,991</b>	<b>(64,051)</b>	<b>63,727</b>	<b>3,783,683</b>
<b>Total capital assets</b>	<b>3,722,227</b>	-	-	-	<b>3,722,227</b>	<b>276,068</b>	<b>(64,051)</b>	-	<b>3,934,244</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(719,539)	-	-	-	(719,539)	(31,748)	9,375	-	(741,912)
Personal property:									
Equipment	(1,371,543)	-	-	-	(1,371,543)	(367,354)	53,635	-	(1,685,262)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(2,091,082)</b>	-	-	-	<b>(2,091,082)</b>	<b>(399,102)</b>	<b>63,010</b>	-	<b>(2,427,174)</b>
<b>Total capital assets, net excluding lease assets</b>	<b>\$ 1,631,145</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,631,145</b>	<b>\$ (123,034)</b>	<b>\$ (1,041)</b>	<b>\$ -</b>	<b>\$ 1,507,070</b>
<b>Lease assets, net</b>									
<b>Total capital assets, net</b>									<b>\$ 1,507,070</b>

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

Composition of lease assets:	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
<b>Non-depreciable/Non-amortizable lease assets:</b>					
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable lease assets</b>	-	-	-	-	-
<b>Depreciable/Amortizable lease assets:</b>					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
<b>Total depreciable/amortizable lease assets</b>	-	-	-	-	-
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-
<b>Total lease assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>3.2 Detail of depreciation and amortization expense:</b>					
Depreciation and amortization expense related to capital assets	\$ 399,102				
Amortization expense related to other assets	-				
<b>Total depreciation and amortization</b>	<b>\$ 399,102</b>				

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments / Reclassifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
5. Lease Liabilities								
Total long-term liabilities						\$ -	\$ -	\$ -
Lease liabilities	Balance	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 5 Lease Liabilities schedule:

#### Year ending June 30:

	Lease Liabilities Related to SRB			All Other Lease Liabilities			Total Lease Liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
<b>Total lease liabilities</b>									-
Less: current portion									-
<b>Lease liabilities, net of current portion</b>									<b>\$ -</b>

### 6 Long-term debt obligations schedule:

#### Year ending June 30:

	Auxiliary Revenue Bonds (Non-SRB Related)			All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	-
Payments to University for other than salaries of University personnel	\$	1,057,603
Payments received from University for services, space, and programs	\$	897,162
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)	\$	(338,102)
Other amounts (payable to) University (enter as negative number)	\$	-
Accounts receivable from University (enter as positive number)	\$	116,943
Other amounts receivable from University (enter as positive number)	\$	94,982

### 8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

		Debit/(Credit)
Restatement #1	Enter transaction description	\$ -
		-
		-
		-
		-
		-
		-
		\$ -
Restatement #2	Enter transaction description	\$ -
		-
		-
		-
		-
		-
		-
		\$ -

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2022

(for inclusion in the California State University)

### 9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	7,544,860	-	7,544,860
Institutional support	-	-	-	-	-	371,675	-	371,675
Operation and maintenance of plant	-	-	-	-	-	4,388,897	-	4,388,897
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	399,102	399,102
<b>Total operating expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,305,432</b>	<b>\$ 399,102</b>	<b>\$ 12,704,534</b>

### 10 Deferred outflows/inflows of resources:

#### 1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$ -
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - leases	-
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

#### 2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	-
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

### 11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ -
Other nonoperating (expenses)	(1,041)
<b>Total other nonoperating revenues (expenses)</b>	<b>\$ (1,041)</b>



# University Union Operation of California State University, Sacramento

## SCHEDULE OF UNDESIGNATED AND BOARD DESIGNATED NET ASSETS

June 30, 2022

	NET ASSETS WITHOUT DONOR RESTRICTIONS				
	Undesignated	Board Designated			Total
	Operations	Property and Equipment	Repairs and Replacement	Art Acquisition	
<b>REVENUE FROM PROGRAM ACTIVITIES</b>					
Student activity fees	\$ 8,753,028	\$ -	\$ -	\$ -	\$ 8,753,028
Revenue from operations	2,089,368	-	-	-	2,089,368
Total program activities revenue	10,842,396	-	-	-	10,842,396
Other income:					
Noncash Donation	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total other income	-	-	-	-	-
<b>Total revenue</b>	<b>10,842,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,842,396</b>
<b>EXPENSES</b>					
Personnel	-	-	-	-	-
Employee benefits	-	-	-	-	-
Advertising	26,568	-	-	-	26,568
Conferences	10,009	-	-	-	10,009
Depreciation	-	399,102	-	-	399,102
Dues and subscriptions	240,051	-	-	-	240,051
Unrelated business income taxes	-	-	-	-	-
Insurance	207,916	-	-	-	207,916
Office expenses	7,330	-	-	-	7,330
Outside services	7,881,373	-	-	-	7,881,373
Postage and delivery	983	-	-	-	983
Printing	6,360	-	-	-	6,360
Repairs and maintenance	2,342,040	-	-	-	2,342,040
Small equipment	51,221	-	324,992	3,900	380,113
Special events expenses	109,329	-	-	-	109,329
Supplies	401,493	-	-	-	401,493
Telephone	34,397	-	-	-	34,397
Travel	15,292	-	-	-	15,292
Utilities	642,178	-	-	-	642,178
Total expenses	11,976,540	399,102	324,992	3,900	12,704,534
<b>EXCESS (DEFICIENCY) OF REVENUE FROM PROGRAM ACTIVITIES OVER EXPENSES</b>	<b>(1,134,144)</b>	<b>(399,102)</b>	<b>(324,992)</b>	<b>(3,900)</b>	<b>(1,862,138)</b>
Interest and investment income	84,530	-	10,648	-	95,178
Sale of equipment	-	-	-	-	-
Loss on disposal of capital assets	-	(1,041)	-	-	(1,041)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(1,049,614)</b>	<b>(400,143)</b>	<b>(314,344)</b>	<b>(3,900)</b>	<b>(1,768,001)</b>
<b>INTERFUND TRANSFERS</b>					
Transfer of board designated funds	(435,430)	-	430,430	5,000	-
Fixed asset acquisitions	(180,699)	290,718	(110,019)	-	-
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(1,665,743)</b>	<b>(109,425)</b>	<b>6,067</b>	<b>1,100</b>	<b>(1,768,001)</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Beginning of Year	20,153,655	1,510,530	2,765,933	34,889	24,465,007
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
End of Year	\$ 18,487,912	\$ 1,401,105	\$ 2,772,000	\$ 35,989	\$ 22,697,006

**1. BASIS OF PRESENTATION**

The schedules are prepared in accordance with the instructions listed in an Administrative Directive dated June 24, 2003, entitled *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. BOARD 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 and furniture and fixtures, for their repair and replacement. Total replacement value is determined using the latest available consumer price index and was estimated to be approximately \$4,108,602 at June 30, 2022. 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 \$2,772,000 as of June 30, 2022.

**Art Acquisition** Union WELL Inc. annually designates net assets of \$5,000 for art acquisition, less actual purchases. As of June 30, 2022, the designation totaled \$35,989.

**Property and Equipment** Union WELL Inc. designates net assets based on the net book value of its property and equipment. At June 30, 2022, the designation for depreciable property and equipment was \$1,401,105. An additional \$105,965 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, 2023.

## **OTHER REPORT SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of University Union Operation of California State University, Sacramento (Union WELL Inc.), which comprise the statement of financial position as of June 30, 2022; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated September 7, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Union WELL Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union WELL Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Union WELL Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Union WELL Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Union WELL Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union WELL Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union WELL Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KCoe Jam, LLP*

September 7, 2022  
Chico, California