

# University Union Operation of California State University, Sacramento

Sacramento, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT

June 30, 2018 and 2017



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I S O M

# University Union Operation of California State University, Sacramento

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June 30, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the 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, 2018 and 2017; 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, 2018 and 2017, 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 Jrom, LLP*

September 7, 2018  
Chico, California

## **FINANCIAL SECTION**

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

June 30	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,532,282	\$ 13,262,513
Accounts receivable	19,292	36,090
Interest receivable	77,432	32,738
Student fee receivable	127,498	108,415
Prepaid expenses	34,378	25,478
Inventory	1,708	1,491
Due from related parties	148,570	353,260
Capital assets - net of accumulated depreciation	993,163	952,742
<b>TOTAL ASSETS</b>	<b>\$ 16,934,323</b>	<b>\$ 14,772,727</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 180,965	\$ 87,295
Due to related parties	662,004	669,804
Unearned revenues	196,691	190,503
<b>Total Liabilities</b>	<b>1,039,660</b>	<b>947,602</b>
<b>Net Assets - Unrestricted</b>	<b>15,894,663</b>	<b>13,825,125</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 16,934,323</b>	<b>\$ 14,772,727</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	2018	2017
<b>REVENUES</b>		
<b>Operating Income</b>		
Student activity fees	\$ 9,835,974	\$ 10,029,105
Contract and lease payments	1,371,441	1,412,221
Program service fees	1,243,116	1,338,551
Contributions and grants	7,500	5,500
Interest and investment income	258,027	121,215
<b>Total Operating Income</b>	<b>12,716,058</b>	<b>12,906,592</b>
<b>Other Income</b>		
Noncash donations	1,895	-
Insurance proceeds	5,438	38,095
<b>Total Other Income</b>	<b>7,333</b>	<b>38,095</b>
<b>TOTAL REVENUES</b>	<b>12,723,391</b>	<b>12,944,687</b>
<b>Expenses</b>		
Building operations	3,710,881	3,714,469
Programs and services	4,387,993	4,252,539
Administration	2,549,180	2,480,782
Loss on disposal of capital assets	5,799	114,470
<b>Total Expenses</b>	<b>10,653,853</b>	<b>10,562,260</b>
<b>Change in Net Assets</b>	<b>2,069,538</b>	<b>2,382,427</b>
<b>Net Assets - Beginning of Year</b>	<b>13,825,125</b>	<b>11,442,698</b>
<b>Net Assets - End of Year</b>	<b>\$ 15,894,663</b>	<b>\$ 13,825,125</b>

*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, 2018	Building Operations	Programs and Services	Administration	Total
Advertising	\$ -	\$ 14,124	\$ 564	\$ 14,688
Conferences	545	12,631	14,913	28,089
Depreciation	256,823	-	-	256,823
Dues and subscriptions	8,350	74,361	114,368	197,079
Insurance	-	1,624	54,356	55,980
Office expenses	54	3,148	3,981	7,183
Outside services	1,039,749	3,674,257	2,044,528	6,758,534
Postage and delivery	119	140	599	858
Printing	823	12,349	1,719	14,891
Repairs and maintenance	1,427,262	66,420	189,901	1,683,583
Small equipment	367,922	-	-	367,922
Special events	-	211,079	30,000	241,079
Supplies	23,124	252,645	65,851	341,620
Telephone	5,410	21,525	6,226	33,161
Travel	1,074	18,512	20,374	39,960
Utilities	579,626	25,178	1,800	606,604
<b>Subtotal</b>	<b>3,710,881</b>	<b>4,387,993</b>	<b>2,549,180</b>	<b>10,648,054</b>
Loss on disposal of capital assets	5,799	-	-	5,799
<b>Total Functional Expenses</b>	<b>\$ 3,716,680</b>	<b>\$ 4,387,993</b>	<b>\$ 2,549,180</b>	<b>\$ 10,653,853</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)

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
<b>Subtotal</b>	<b>3,714,469</b>	<b>4,252,539</b>	<b>2,480,782</b>	<b>10,447,790</b>
Loss on disposal of capital assets	114,470	-	-	114,470
<b>Total Functional Expenses</b>	<b>\$ 3,828,939</b>	<b>\$ 4,252,539</b>	<b>\$ 2,480,782</b>	<b>\$ 10,562,260</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	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,069,538	\$ 2,382,427
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	256,823	335,005
Loss on disposal of capital assets	5,799	114,470
(Increase) Decrease in:		
Accounts receivable	16,798	(11,632)
Interest receivable	(44,694)	(16,739)
Student fee receivable	(19,083)	10,185
Prepaid expenses	(8,900)	10,165
Inventory	(217)	(755)
Due from related parties	204,690	(153,829)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	93,670	(29,191)
Due to related parties	(7,800)	(110,915)
Unearned revenues	6,188	32,504
<b>Total Adjustments</b>	<b>503,274</b>	<b>179,268</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,572,812</b>	<b>2,561,695</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments related to the acquisition of capital assets	(303,043)	(432,205)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,269,769</b>	<b>2,129,490</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>13,262,513</b>	<b>11,133,023</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 15,532,282</b>	<b>\$ 13,262,513</b>
<b>SUPPLEMENTAL DATA</b>		
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

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### 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, 2018 and 2017.
- 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, 2018 and 2017.

**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 FASB ASC Topic 820, *Fair Value Measurement*. FASB 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)

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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 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, 2018 and 2017, 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 2018 semester collected by Sacramento State during student registration. These fees will be remitted to Union WELL Inc., during the fiscal year ending June 30, 2019. As of June 30, 2018 and 2017, student fee receivable amounts were \$127,498 and \$108,415, 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)

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**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 revenues also consist of student activity fees collected by Sacramento State from students during student registration for the fall 2018 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 The 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, 2018 and 2017, 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, 2018 and 2017, were \$14,688 and \$18,834, 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)

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Union WELL Inc., follows FASB 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 2014 and beyond, and the California returns for 2013 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, 2018, 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, 2018 and 2017, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$15,334,667 and \$13,121,345, respectively, and funds held at financial institutions in the amounts of \$197,615 and \$141,168, respectively. As of June 30, 2018 and 2017, the cash balances reported by financial institutions were \$224,353 and \$759,676, respectively. The amounts for the years ended June 30, 2018 and 2017, were in excess of the insured amounts by \$-0- and \$509,676, 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, 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, 2018 and 2017.

As of June 30, 2018 and 2017, the LAIF pool included structured notes and asset-backed securities which totaled 2.67% and 2.89%, 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, 2018 and 2017, the fair value of LAIF was 99.81% and 99.89%, respectively, of the carrying value. There were no LAIF funds invested in derivatives as of June 30, 2018 and 2017. 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, 2018				
LAIF	\$ -	\$ 15,334,667	\$ -	\$ 15,334,667

	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

# 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	2018	2017
Furniture and fixtures	\$ 702,477	\$ 749,705
Fitness equipment	641,750	644,176
Minor equipment	6,707	6,707
Leasehold improvements	1,162,149	1,109,470
Construction work in progress	31,198	24,400
Computers	440,556	526,759
Art work	34,516	32,621
<b>Totals</b>	<b>3,019,353</b>	<b>3,093,838</b>
Accumulated depreciation	(2,026,190)	(2,141,096)
<b>Capital Assets - Net</b>	<b>\$ 993,163</b>	<b>\$ 952,742</b>

Depreciation expense for the fiscal years ended June 30, 2018 and 2017, was \$256,823 and \$335,005, respectively.

### 6. LEASE COMMITMENTS

Union WELL Inc., has lease commitments for copiers and printers under non-cancelable leases. Total lease payments were \$27,062 and \$26,913 for the fiscal years ended June 30, 2018 and 2017, respectively. The future minimum payments for the operating leases are as follows:

Years Ended June 30	
2019	\$ 26,227
2020	23,052
2021	17,813
2022	15,094
2023	12,579
<b>Total</b>	<b>\$ 94,765</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 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, 2018 and 2017, consisted of the following:

June 30	2018	2017
Personnel services	\$ 4,209,131	\$ 4,156,460
Personnel benefit expenses	1,327,957	1,272,043
Payroll services	549,575	522,849
Accounting services	123,838	121,386
Other outside services	548,033	576,552
<b>Totals</b>	<b>\$ 6,758,534</b>	<b>\$ 6,649,290</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, 2018 and 2017, Union WELL Inc., received payments for leased office space to UEI totaling \$471,943 and \$492,091, respectively, and for leased office space to ASI totaling \$183,080 and \$183,080, respectively. For the fiscal years ended June 30, 2018 and 2017, Union WELL Inc., received Public Safety fees from UEI totaling \$12,862 and \$13,841, respectively. For the fiscal years ended June 30, 2018 and 2017, Union WELL Inc., received Public Safety Fees from ASI totaling \$5,791 and \$5,735, respectively. For the fiscal years ended June 30, 2018 and 2017, Union WELL Inc., received payments from UFSS for space and programs totaling \$16,940 and \$19,849, 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 \$1,132,730 and \$1,304,657 for the fiscal years ended June 30, 2018 and 2017, respectively, for campus cost recovery services which include administration, telephone, postage, IT support, and utilities; and \$41,336 and \$216,717 for personnel costs during the fiscal years ended June 30, 2018 and 2017, respectively. Sacramento State made payments to Union WELL Inc., totaling \$1,353,231 and \$1,029,540 for services, space, and programs for the fiscal years ended June 30, 2018 and 2017, respectively.

Union WELL Inc., incurred expenses primarily related to catering services, video production, and advertising by UEI in the amounts of \$9,865 and \$11,900 for the fiscal years ended June 30, 2018 and 2017, respectively.

# University Union Operation of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For fiscal years ended June 30, 2018 and 2017, Union WELL Inc., was charged \$123,838 and \$121,386, respectively, for accounting and financial services provided by ASI.

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

June 30		2018		2017
Sacramento State	\$	145,015	\$	346,899
UEI		3,555		6,361
<b>Totals</b>	\$	<b>148,570</b>	\$	<b>353,260</b>

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

June 30		2018		2017
Sacramento State	\$	233,666	\$	177,588
UEI		417,646		482,065
ASI		10,692		10,151
<b>Totals</b>	\$	<b>662,004</b>	\$	<b>669,804</b>

### 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 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. For fiscal years ended June 30, 2018 and 2017, Union WELL, Inc., paid UEI \$50,000 and \$50,000, 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 actively vested employees. When the total post-retirement liability for all retired and actively 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, 2018, the OPEB liability for Union WELL, Inc., as of the most recent actuarial study was \$1,783,060. The actuarial study had a measurement date of June 30, 2016, and was rolled forward to June 30, 2017. 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. 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)

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### 10. NONCASH DONATIONS AND INSURANCE PROCEEDS

During the fiscal year ended June 30, 2018, Union WELL Inc., received one donated piece of art with an assessed value of \$1,895. This item has since been capitalized and included as part of Union WELL Inc.'s assets. During 2018, Union WELL Inc., received an insurance proceed payment of \$5,438 related to floor damage caused by lease customers in The WELL Gym Box. Both the noncash donation and the insurance proceeds are presented on the statement of activities as other income.

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.

### 11. SUBSEQUENT EVENTS

In preparing these statements, Union WELL Inc., has evaluated events and transactions for potential recognition through September 7, 2018, 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, 2018

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 197,615
Short-term investments	15,334,667
Accounts receivable, net	245,294
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	163,584
Total current assets	<u>15,941,160</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease 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	993,163
Other assets	-
Total noncurrent assets	<u>993,163</u>
Total assets	<u>16,934,323</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	180,965
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	196,691
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	662,004
Other liabilities	-
Total current liabilities	<u>1,039,660</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital 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	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>1,039,660</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	993,163
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	14,901,500
Total net position	<u>\$ 15,894,663</u>

**University Union Operation of California State University, Sacramento**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2018**  
**(for inclusion in the California State University)**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 9,835,974
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	-
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	1,243,116
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>1,378,774</u>
Total operating revenues	<u>12,457,864</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	7,870,569
Institutional support	467,788
Operation and maintenance of plant	2,052,874
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	<u>256,823</u>
Total operating expenses	<u>10,648,054</u>
Operating income (loss)	<u>1,809,810</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	7,500
Investment income (loss), net	258,027
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Other nonoperating revenues (expenses) - interagency transfers	<u>(5,799)</u>
Net nonoperating revenues (expenses)	<u>259,728</u>
Income (loss) before other revenues (expenses)	<u>2,069,538</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
Increase (decrease) in net position	<u>2,069,538</u>
Net position:	
Net position at beginning of year, as previously reported	13,825,125
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>13,825,125</u>
Net position at end of year	<u>\$ 15,894,663</u>



# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**2.2 Investments held by the University under contractual agreements at June 30, 2018:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :

- - - - -

**2.3 Restricted current investments at June 30, 2018 related to:**

Amount
\$ -
-
-
-
-
-
-
-
-

**Total restricted current investments at June 30, 2018**

**2.4 Restricted noncurrent investments at June 30, 2018 related to:**

Amount
\$ -
-
-
-
-
-
-
-
-
-

**Total restricted noncurrent investments at June 30, 2018**

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

2.5 Fair value hierarchy in investments at June 30, 2018:

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	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)	15,334,667	-	-	-	15,334,667
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	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	<u>\$ 15,334,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 15,334,667</u>

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**3.1 Composition of capital assets at June 30, 2018:**

	Balance June 30, 2017	Prior Period Adjustments	Reclassifications	Balance June 30, 2017 (Restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
<b>Nondepreciable/nonamortizable capital assets:</b>								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	32,621	-	-	32,621	1,895	-	-	34,516
Construction work in progress (CWIP)	24,400	-	-	24,400	37,198	-	(30,400)	31,198
<b>Intangible assets:</b>								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
<b>Other intangible assets:</b>								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	57,021	-	-	57,021	39,093	-	(30,400)	65,714
<b>Depreciable/amortizable capital assets:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	1,109,470	-	-	1,109,470	65,796	(13,117)	-	1,162,149
<b>Personal property:</b>								
Equipment	1,927,347	-	-	1,927,347	228,554	(364,411)	-	1,791,490
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
<b>Other intangible assets:</b>								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	3,036,817	-	-	3,036,817	294,350	(377,528)	-	2,953,639
Total capital assets	3,093,838	-	-	3,093,838	333,443	(377,528)	(30,400)	3,019,353
<b>Less accumulated depreciation/amortization:</b>								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(782,993)	-	-	(782,993)	(53,873)	12,169	-	(824,697)
<b>Personal property:</b>								
Equipment	(1,358,103)	-	-	(1,358,103)	(202,950)	359,560	-	(1,201,493)
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
<b>Other intangible assets:</b>								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(2,141,096)	-	-	(2,141,096)	(256,823)	371,729	-	(2,026,190)
Total capital assets, net	\$ 952,742	-	-	952,742	76,620	(5,799)	(30,400)	993,163

**University Union Operation of California State University, Sacramento**  
**OTHER INFORMATION**  
**June 30, 2018**  
**(for inclusion in the California State University)**

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:**

Depreciation and amortization expense related to capital assets	\$ 256,823
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 256,823</u>

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

	Balance June 30, 2017	Prior Period Adjustments	Reclassifications	Balance June 30, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Current Portion	Long-Term Portion
Acerued compensated absences	\$ -	-	-	-	-	-	-	-	-
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-
Capital lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capital 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	\$ -	-	-	-	-	-	-	-	-

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

	Capital Lease Obligations Related to SRB			All Other Capital Lease Obligations			Total Capital 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:									
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
2064 - thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium (discount)									-
Total capital lease obligations									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									<u>\$ -</u>

# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**6 Long-term debt obligations 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:									
2019	\$ -	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
2064 - thereafter	-	-	-	-	-	-	-	-	-
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									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

**7 Calculation of net position:**

**7.1 Calculation of net position - Net investment in capital assets**

Capital assets, net of accumulated depreciation	\$ 993,163
Capital lease obligations, current portion	-
Capital 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 (enter as positive number)	-
Other adjustments: (please list)	
Add description	-
<b>Net position - Net investment in capital assets</b>	<b>\$ 993,163</b>



# University Union Operation of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net 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)	-	-

**12 Natural Classifications of Operating Expenses:**

	Salaries	Benefits	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	-	-	-	-	-	-
Research	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	7,870,569	-	7,870,569
Institutional support	-	-	-	467,788	-	467,788
Operation and maintenance of plant	-	-	-	2,052,874	-	2,052,874
Student grants and scholarships	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	256,823	256,823
Total	-	-	-	10,391,231	256,823	10,648,054

# University Union Operation of California State University, Sacramento

## SCHEDULE OF UNDESIGNATED AND DESIGNATED NET ASSETS

June 30, 2018

	UNRESTRICTED NET ASSETS				
	Undesignated	Designated			Total
		Operations	Property and Equipment	Repairs and Replacement	
<b>UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES</b>					
Student activity fees	\$ 9,835,974	\$ -	\$ -	\$ -	\$ 9,835,974
Revenue from operations	2,622,057	-	-	-	2,622,057
Total program activities revenue	12,458,031	-	-	-	12,458,031
Other income:					
Noncash Donation	1,895	-	-	-	1,895
Insurance proceeds	5,438	-	-	-	5,438
Total other income	7,333	-	-	-	7,333
<b>Total unrestricted revenue</b>	12,465,364	-	-	-	12,465,364
<b>UNRESTRICTED EXPENSES</b>					
Personnel	-	-	-	-	-
Employee benefits	-	-	-	-	-
Advertising	14,688	-	-	-	14,688
Conferences	28,089	-	-	-	28,089
Depreciation	-	256,823	-	-	256,823
Dues and subscriptions	197,079	-	-	-	197,079
Insurance	55,980	-	-	-	55,980
Office expenses	7,183	-	-	-	7,183
Outside services	6,758,558	-	-	-	6,758,558
Postage and delivery	858	-	-	-	858
Printing	14,891	-	-	-	14,891
Repairs and maintenance	1,683,558	-	-	-	1,683,558
Small equipment	48,609	-	311,066	8,247	367,922
Special events expenses	241,079	-	-	-	241,079
Supplies	341,621	-	-	-	341,621
Telephone	33,161	-	-	-	33,161
Travel	39,960	-	-	-	39,960
Utilities	606,604	-	-	-	606,604
Total unrestricted expenses	10,071,918	256,823	311,066	8,247	10,648,054
<b>EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE FROM PROGRAM ACTIVITIES OVER UNRESTRICTED EXPENSES</b>	2,393,446	(256,823)	(311,066)	(8,247)	1,817,310
Interest and investment income	226,224	-	31,803	-	258,027
Sale of equipment	-	-	-	-	-
Loss on disposal of capital assets	-	(5,799)	-	-	(5,799)
<b>EXCESS (DEFICIENCY) OF UNRESTRICTED REVENUE OVER UNRESTRICTED EXPENSES</b>	2,619,670	(262,622)	(279,263)	(8,247)	2,069,538
<b>INTERFUND TRANSFERS</b>					
Transfer of board designated funds	(551,925)	-	546,925	5,000	-
Fixed asset acquisitions	(28,398)	296,245	(267,847)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	2,039,347	33,623	(185)	(3,247)	2,069,538
<b>NET ASSETS - beginning of year</b>	10,624,924	928,342	2,226,636	45,223	13,825,125
<b>NET ASSETS - end of year</b>	\$ 12,664,271	\$ 961,965	\$ 2,226,451	\$ 41,976	\$ 15,894,663

# University Union Operation of California State University, Sacramento

## NOTES TO THE SUPPLEMENTARY INFORMATION

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### 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 \$2,938,508 at June 30, 2018. 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 \$2,226,451 as of June 30, 2018.

**Art Acquisition** Union WELL Inc., annually designates net assets of \$5,000 for art acquisition, less actual purchases. As of June 30, 2018, the designation totaled \$41,976.

**Property and Equipment** Union WELL Inc., designates net assets based on the net book value of its property and equipment. At June 30, 2018, the designation for depreciable property and equipment was \$961,965. An additional \$31,198 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, 2019.