

CI University Auxiliary Services, Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2022

CI University Auxiliary Services, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13
Supplementary Information	
GASB Schedule of Net Position	23
GASB Schedule of Revenues, Expenses and Changes in Net Position	24
Other Information	25
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37

Independent Auditor's Report

To the Board of Directors
CI University Auxiliary Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CI University Auxiliary Services, Inc., which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year 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 the CI University Auxiliary Services, Inc., as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CI University Auxiliary Services, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the entity adopted new accounting guidance GASB No. 87 - *Leases*. Our opinion is not modified with respect of this matter.

Responsibilities of Management for the Financial Statements

CI University Auxiliary Services, Inc.'s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the CI University Auxiliary Services, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the CI University Auxiliary Services, 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 CI University Auxiliary Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CI University Auxiliary Services, Inc.'s basic financial statements. The GASB schedule of net position, GASB schedule of revenues, expenses and changes in net position, and other information are presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and are not a required part of the basic financial statements.

The GASB schedule of net position, GASB schedule of revenues, expenses and changes in net position, and other information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GASB schedule of net position, GASB schedule of revenues, expenses and changes in net position and other information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the CI University Auxiliary Services, 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 the CI University Auxiliary Services, Inc.'s 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 the CI University Auxiliary Services, Inc.'s internal control over financial reporting and compliance.



Los Angeles, California
September 20, 2022

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2022 (Unaudited)

This section of CI University Auxiliary Services, Inc.'s annual financial report presents our discussion and analysis of the financial performance of CI University Auxiliary Services, Inc. for the fiscal year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the CI University Auxiliary Services, Inc. is considered a special-purpose government engaged only in business-type activities which best represent the activities of CI University Auxiliary Services, Inc.

The financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of CI University Auxiliary Services, Inc.

Statement of Net Position – The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of CI University Auxiliary Services, Inc.

Statement of Revenues, Expenses and Changes in Net Position – The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of CI University Auxiliary Services, Inc.'s financial activities. Included are an analysis of current year activities and balances, and a summary of operations.

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2022 (Unaudited)

CI University Auxiliary Services, Inc.'s summary of net position as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 4,325,542	\$ 737,870	\$ 3,587,672	486.2%
Capital assets, net	<u>1,098,477</u>	<u>199,631</u>	<u>898,846</u>	<u>450.3%</u>
Total assets	<u><u>5,424,019</u></u>	<u><u>937,501</u></u>	<u><u>4,486,518</u></u>	<u><u>478.6%</u></u>
Liabilities:				
Current liabilities	985,043	531,170	453,873	85.4%
Other noncurrent liabilities	<u>854,716</u>	<u>343,084</u>	<u>511,632</u>	<u>149.1%</u>
Total liabilities	<u><u>1,839,759</u></u>	<u><u>874,254</u></u>	<u><u>965,505</u></u>	<u><u>110.4%</u></u>
Net position:				
Net investment in capital assets	43,027	25,272	17,755	71.3%
Unrestricted	<u>3,541,233</u>	<u>37,975</u>	<u>3,503,258</u>	<u>9225.2%</u>
Total net position	<u><u>\$ 3,584,260</u></u>	<u><u>\$ 63,247</u></u>	<u><u>\$ 3,521,013</u></u>	<u><u>5567.1%</u></u>

Assets

Assets increased by approximately \$4.5 million compared to prior year. This change is primarily attributable to the \$4.6 million in HEERF Funds that was provided by the campus and by the \$900 thousand in new leased assets caused by the adoption of GASB 87. This increase is offset by approximately \$1 million, due to the use of HEERF funds to cover operating expenses.

Liabilities

Total liabilities increased by approximately \$1 million compared to the prior year. This change is due to reopening of the campus as a result of relaxed COVID restrictions, as well as the recognition of a new lease liability of \$900 thousand caused by adoption of GASB 87.

Net Position

CI University Auxiliary Services, Inc. total net position increased by approximately \$3.5 million compared to the prior year. The increase in net position was primarily attributable to HEERF funds provided by campus. The increase was not as large as expected because even though meal plan sales increased with the opening of the campus, CI University Auxiliary Services, Inc. is still operating this program at a loss although we expect to reach a profit on these programs in FY 24/25. Also due to adoption of new lease standard GASB 87 we were required to book a significant addition to our fixed assets and therefore an increase in corresponding depreciation amount of \$268 thousand.

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2022 (Unaudited)

CI University Auxiliary Services, Inc.'s condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues:				
Management fees	\$ 545,030	\$ 264,991	\$ 280,039	105.7%
Food service sales, net	7,460,617	2,997,566	4,463,051	148.9%
Misc. income	208,371	138,308	70,063	50.7%
	<u>8,214,018</u>	<u>3,400,865</u>	<u>4,813,153</u>	<u>141.5%</u>
Operating expenses:				
Salaries and benefits	3,410,089	1,918,683	1,491,406	77.7%
Other operating expenses	1,512,396	1,692,007	(179,611)	-10.6%
Depreciation expense	275,701	24,769	250,932	1013.1%
	<u>5,198,186</u>	<u>3,635,459</u>	<u>1,562,727</u>	<u>43.0%</u>
Operating income (loss)	<u>3,015,832</u>	<u>(234,594)</u>	<u>3,250,426</u>	<u>-1385.6%</u>
Nonoperating revenues:				
Investment income (loss)	4,120	14	4,106	29328.6%
Other	-	699,300	(699,300)	-100.0%
Payroll services	1,160,236	1,272,651	(112,415)	-8.8%
Interest expense	(659,175)	(476,200)	(182,975)	38.4%
Net nonoperating revenues (expenses)	<u>505,181</u>	<u>1,495,765</u>	<u>(990,584)</u>	<u>-66.2%</u>
Increase in net position	<u>3,521,013</u>	<u>1,261,171</u>	<u>2,259,842</u>	<u>179.2%</u>
Beginning net position	<u>63,247</u>	<u>(1,197,924)</u>	<u>(1,416,433)</u>	<u>118.2%</u>
Ending net position	<u>\$ 3,584,260</u>	<u>\$ 63,247</u>	<u>\$ 3,521,013</u>	<u>5567.1%</u>

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to CI University Auxiliary Services, Inc.'s business function. Revenues come from the management fees agreement with the California State University, Channel Islands Site Authority and dining services units, food service sales, and miscellaneous income

Operating Revenues

Total revenues increased by approximately \$4.8 million compared to prior year. The increase is largely attributable to Campus HEERF assistance for approximately \$4.6 million that the campus provided CI University Auxiliary Services, Inc. to offset the losses in revenue resulting from COVID, and an increase in management fees of \$280 thousand.

Operating Expenses

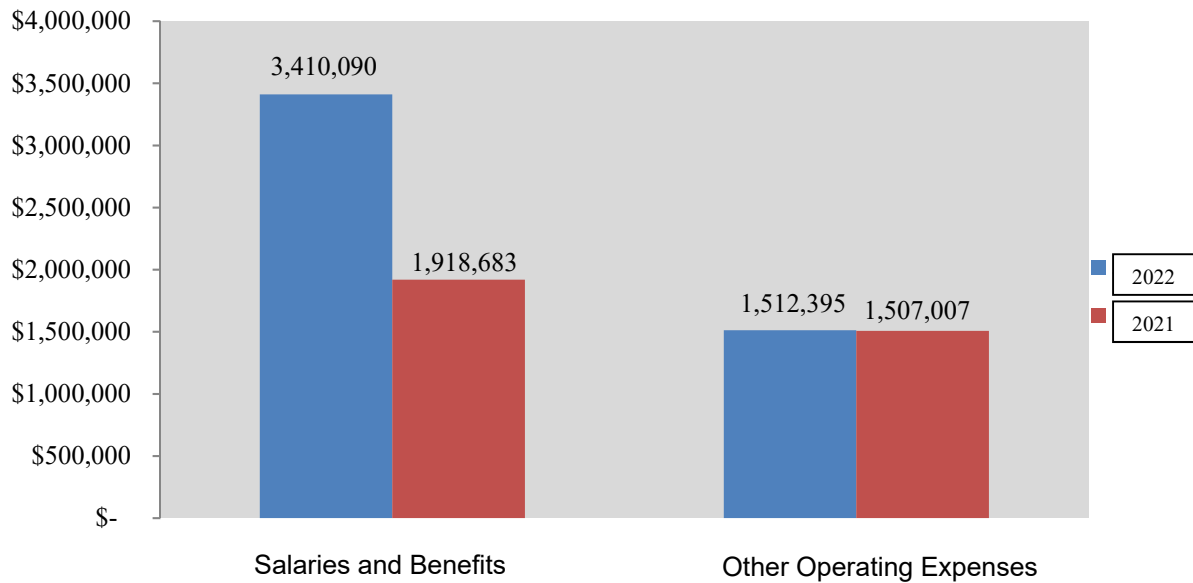
Total operating expenses increased by \$1.6 million compared to prior year. The increase is attributable to the significant increase in dining operations caused by the end of COVID restrictions resulting in increases in salaries and other operating expenses.

CI University Auxiliary Services, Inc.

**Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)**

The following chart presents the distribution of resources in support of CI University Auxiliary Services, Inc.'s mission for fiscal years 2022 and 2021:

**Comparative Distribution of Resources for Fiscal Years Ended 2022 and 2021
(By Expense Category)**



Expenses include categories such as salaries and supplies and other services. In this discussion and analysis, expenses are reported by functional program such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants, and scholarships.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of CI University Auxiliary Services, Inc.'s primary business functions. Included in this classification are investment income, contributions to the Campus, and transfers for Associated Students, Inc. payroll service income. Nonoperating Revenues (Expenses) decreased by \$806K compared to the prior year primarily due to \$699 thousand received in the prior year for the Payment Protection Program Loan. There was also a slight decrease in Associated Students, Inc. payroll. Beginning in fiscal year 2021-2022, the debt service payment to the Campus for the expansion of Island's Cafe, which was previously presented as interest expense and operating expense is presented as contributions to CSU Channel Islands.

Basic Financial Statements

CI University Auxiliary Services, Inc.

Statement of Net Position
June 30, 2022

Assets	
Current assets	
Cash and cash equivalents	\$ 3,766,048
Accounts receivable	24,251
Related party receivable	475,264
Prepaid expenses	167
Inventory	<u>59,812</u>
Total current assets	<u>4,325,542</u>
Noncurrent assets	
Capital assets, net	<u>1,098,477</u>
Total noncurrent assets	<u>1,098,477</u>
Total assets	<u>5,424,019</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	34,930
Accrued salaries and benefits	72,300
Accrued compensated absences	104,410
Unearned revenue	311,632
Loan payable, current portion	13,785
Lease liability, current portion	258,761
Related party payables	<u>189,225</u>
Total current liabilities	<u>985,043</u>
Noncurrent liabilities	
Accrued compensated absences	67,694
Loan payable	147,065
Lease liability, non-current	<u>639,957</u>
Total noncurrent liabilities	<u>854,716</u>
Total liabilities	<u>1,839,759</u>
Net position	
Net investment in capital assets	43,027
Unrestricted	<u>3,541,233</u>
Total net position	<u><u>\$ 3,584,260</u></u>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Revenues	
Operating revenues	
Management fees	\$ 545,030
Food service sales, net	7,460,617
Miscellaneous income	208,371
	<hr/>
Total operating revenues	8,214,018
	<hr/>
Expenses	
Operating expenses	
Salaries and benefits	3,410,089
Other operating expenses	1,512,396
Depreciation expense	275,701
	<hr/>
Total operating expenses	5,198,186
	<hr/>
Operating income	3,015,832
	<hr/>
Nonoperating revenues (expenses)	
Investment income	4,120
Cost recovery from auxiliaries	1,160,236
Contributions to CSUCI	(659,175)
	<hr/>
Net nonoperating revenues	505,181
	<hr/>
Increase in net position	3,521,013
Net position - beginning of year	63,247
	<hr/>
Net position - end of year	\$ 3,584,260
	<hr/>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

**Statement of Cash Flows
Year Ended June 30, 2022**

Cash flows from operating activities	
Management fees	\$ 545,030
Commercial services	2,963,324
Payments to suppliers	(1,660,942)
Payments to employees	(3,416,938)
Other receipts	4,816,109
	<hr/>
Net cash provided by operating activities	3,246,583
	<hr/>
Cash flows from noncapital financing activities	
Reimbursements from related parties	1,160,239
	<hr/>
Net cash provided by noncapital financing activities	1,160,239
	<hr/>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(18,658)
Payments made on lease	(267,570)
Principal paid on capital debt	(13,511)
Contributions to CSUCI	(659,175)
	<hr/>
Net cash used in capital and related financing activities	(958,914)
	<hr/>
Cash flows from investing activities:	
Investment income	4,120
	<hr/>
Net cash provided by investing activities	4,120
	<hr/>
Net increase in cash and cash equivalents	3,452,028
Cash and cash equivalents at beginning of year	314,020
	<hr/>
Cash and cash equivalents at end of year	\$ 3,766,048
	<hr/>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 3,015,832
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	275,701
Interest	11,235
Change in assets and liabilities	
Accounts receivable	6,094
Related party receivable	(164,386)
Prepaid expenses	41,335
Inventory	(18,687)
Accounts payable and accrued liabilities	(148,214)
Accrued salaries and benefits	21,702
Accrued compensated absences	(28,551)
Unearned revenue	110,445
Related party payables	124,077
	<hr/>
Net cash provided by operating activities	\$ 3,246,583
	<hr/>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

Note 1 - Organization

University Auxiliary Services, Inc. was created on March 18, 2002, pursuant to the General Nonprofit Corporation Law of the State of California and was organized to promote and assist education, administration and related services of the California State University, Channel Islands. CI University Auxiliary Services, Inc. ("Auxiliary Services") operates as an auxiliary organization of the California State University, Channel Islands ("University" or "Campus") under an operating agreement with the Trustees of the California State University (the "Trustees"), which extended through June 30, 2023, and includes two automatic five-year extensions. On July 1, 2016, the corporation's change of name to CI University Auxiliary Services, Inc. was accepted by the California Secretary of State.

Note 2 - Summary of significant accounting policies

Basis of accounting and presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Financial reporting entity

The financial statements include the accounts of Auxiliary Services. Auxiliary Services is a government organization under accounting principles generally accepted in the United States of America and is also a component unit of the University, a public university under the California State University system. Auxiliary Services has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

Net position

Auxiliary Services' net position is classified into the following net asset categories:

Net investment in capital assets - Capital assets less accumulated depreciation and outstanding balances of bonds, mortgages, notes, lease liabilities or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted - expendable - Net position subject to externally imposed conditions that can be fulfilled by the actions of Auxiliary Services or by the passage of time.

Unrestricted - All other categories of net position. In addition, unrestricted net position may be designated for use by management of Auxiliary Services or have legislative or bond indenture requirements associated with their use. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. Auxiliary Services has adopted a policy of utilizing temporarily restricted funds, when available, prior to unrestricted funds.

Cash and cash equivalents

Cash and cash equivalents consist of highly-liquid debt instruments with maturities of three months or less from date of purchase. Auxiliary Services maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. Auxiliary Services has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

Accounts receivables net

Receivables consist of related party receivables and employee payroll receivables. Auxiliary Services uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year end and, therefore, no allowance has been established.

Prepaid expenses

Prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

Inventory

Inventories, consisting of food service supplies, are stated at the lower of cost (first-in, first-out) or market. Inventory balance at June 30, 2022 was \$59,812.

Capital assets

Capital assets are stated at historical cost and/or fair market value. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Depreciation is provided on the straight-line method over estimated useful lives of three to twenty years which aligns with the California State University GAAP Reporting Manual, Chapter 13, Capital Asset Guide, as follows:

Equipment	5 years
Furniture	5 years
Leasehold improvements	The lesser of 10 years or remaining term of lease

Capital assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Unearned revenue

Unearned revenue represents revenues collected but not earned as of June 30, 2022. This is primarily composed of revenue for meal plans accrued in advance of the semester. If a program is conducted over a fiscal year end, unearned revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year.

Income taxes

Auxiliary Services was formed pursuant to Articles 1 - 4, Chapter 5, division 7, title 1 of the Government Code of the State of California and, as a governmental entity, is not subject to federal or state income taxes.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

Classification of revenues and expenses

The Auxiliary Services considers operating revenues and expenses in the statement of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected with the Auxiliary Services' primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities-an amendment of GASB Statement No. 34*. These non-operating activities include the Auxiliary Services 's net investment income and interest expense.

Fair value measurements

Auxiliary Services reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value in accordance with GASB 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy, established by Generally Accepted Accounting Principles ("GAAP"), requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, Auxiliary Services measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

New accounting pronouncements adopted

For 2022, the Auxiliary Services implemented GASB Statement 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Auxiliary Services' financial statements. The Auxiliary Services recognized a right of use asset and a lease liability of \$1,155,887 as of June 30, 2021, due to the implementation of GASB Statement No. 87. The implementation of GASB statement No. 87 had no impact on the net position reported as of June 30, 2021 because the lease liability and right of use asset were equal as of this date.

Note 3 - Liquidity and availability

Auxiliary Services regularly monitors liquidity required to meet its operating needs and other contractual commitments. Auxiliary Services has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments.

At June 30, 2022, Auxiliary Services had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 3,766,048
Accounts receivable	24,251
Related party receivable	475,264
	<hr/>
	\$ 4,265,563
	<hr/> <hr/>

Note 4 - Cash and cash equivalents

As of June 30, 2022, Auxiliary Services had \$3,766,048 in cash and cash equivalents.

Cash and cash equivalents

At June 30, 2022, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$3,766,048 had a corresponding carrying value balance with the bank of \$3,823,048 at June 30, 2022. The difference is related to outstanding checks in the amount of \$65,540 and deposits in transit in the amount of \$2,840. Auxiliary Services also has \$5,700 of cash on hand.

Custodial credit risk for deposits

Custodial credit risk for deposits is the risk that Auxiliary Services will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated in that Auxiliary Services' deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

Note 5 - Concentrations of credit risk

Financial instruments which potentially subject Auxiliary Services to concentrations of credit risk include cash and cash equivalents. Auxiliary Services maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits, which are currently \$250,000 per institution. As of June 30, 2022, \$3,578,748 of the bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,578,748
Uninsured and collateral held by pledging bank	-
Uninsured and collateral held by pledging bank's trust department not in Auxiliary Services' name	-
	<hr/>
	\$ 3,578,748
	<hr/> <hr/>

Note 6 - Related party transactions

Auxiliary Services has entered into certain transactions with the Campus and recognized auxiliary organizations of the campus relating to commercial food services and payroll services reimbursement. The accompanying financial statements include all such transactions for the year ended June 30, 2022.

Auxiliary Services provides payroll services to the Campus as well as several of the Campus's auxiliaries. As of June 30, 2022, total related party receivable consists of the following:

Associated Students of CSU Channel Islands, Inc.	\$ 168,213
CSU Channel Islands	281,199
CSU Channel Islands Foundation	24,497
CSU Channel Islands Site Authority	1,355
	<hr/>
	\$ 475,264
	<hr/> <hr/>

Related party payables to the University are generated through Auxiliary Services' usage of University personnel for services provided to Auxiliary Services. As of June 30, 2022, total related party payables consist of the following:

CSU Channel Islands	\$ 179,229
CSU Channel Islands Site Authority	1,080
CSU Channel Islands Foundation	8,916
	<hr/>
	\$ 189,225
	<hr/> <hr/>

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2022

For the year ended June 30, 2022, the related party transactions include:

Payments to Associated Students for other than salaries of Associated Students personnel	\$	156,904
Payments to University for other than salaries of University personnel		1,101,890
Payments to University for salaries of University personnel working on contracts, grants, and other programs		36,977
Payments to Foundation for other than salaries of Foundation personnel		1,366
Payments to Site Authority for other than salaries of Site Authority personnel		360
Payments received from Associated Students for services, space, and program		1,329,250
Payments received from University for services, space, and program		8,239,400
Payments received from Foundation for services, space, and program		70,866
Payments received from Site Authority for services, space, and program		18,131

As part of the revenue bonds issued to the California State University, Channel Islands ("CSUCI") on September 9, 2015 for construction of Student Housing phase III and the dining commons expansion, Auxiliary Services agreed to make payments to CSUCI at CSUCI's discretion to cover the portion of the revenue bonds issued that are attributable to the dining expansion. For the year ended June 30, 2022 Auxiliary Services made payments of \$659,175 to CSUCI.

Note 7 - Capital assets

Capital assets for the year ended June 30, 2022 consist of the following:

	Balance July 1, 2021, as restated	Increases	Decreases	Balance June 30, 2022
Equipment	\$ 79,785	\$ 18,660	\$ (8,175)	\$ 90,270
Accumulated depreciation	(66,610)	(5,407)	8,175	(63,842)
	13,175	13,253	-	26,428
Leasehold improvements	308,182	-	-	308,182
Accumulated depreciation	(121,726)	(9,007)	-	(130,733)
	186,456	(9,007)	-	177,449
Leased buildings	1,155,887	-	-	1,155,887
Accumulated amortization	-	(261,287)	-	(261,287)
	1,155,887	(261,287)	-	894,600
Capital assets, depreciable (net)	\$ 1,355,518	\$ (257,041)	\$ -	\$ 1,098,477

Total depreciation expense for the year ended June 30, 2022 was \$275,701.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Note 8 - Long term liabilities

Long term liability activities for the year ended June 30, 2022 consisted of the following:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Current Portion</u>
Long-term liabilities					
Accrued compensated absences	\$ 200,655	\$ -	\$ (28,551)	\$ 172,104	\$ 104,410
Long-term debt obligations:					
Leasehold improvement loan	174,361	-	(13,511)	160,850	13,785
Total long-term liabilities	<u>\$ 375,016</u>	<u>\$ -</u>	<u>\$ (42,062)</u>	<u>\$ 332,954</u>	<u>\$ 118,195</u>

In March 2013, Auxiliary Services entered into a promissory note with Associated Students of CSU Channel Islands, Inc. for approximately half of the construction of Pizza 3.14 in the Town Center. The loan amount of \$273,269 bears interest at 2% with full payment to be completed by January 2033. The loan calls for monthly payments of \$1,406. The loan payable balance owed at June 30, 2022 was \$160,850. The related party loan payable is stated at fair value for purposes of the report.

Maturity for the leasehold improvements loan payable is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,785	\$ 3,091
2024	14,063	2,813
2025	14,347	2,529
2026	14,637	2,239
2027	14,932	1,944
2028 - 2032	79,306	5,075
2033	9,780	65
	<u>\$ 160,850</u>	<u>\$ 17,756</u>

Total interest expense paid on loan payable during the year ended June 30, 2022 was \$3,364.

Note 9 - Leases

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment terms</u>	<u>Payment amount</u>	<u>Total lease liability</u>	<u>Balance June 30, 2022</u>
Student Union lease	August 1, 2019	5 years	\$ 15,289	\$ 41,981	\$ 41,981
Pizza lease	July 31, 2017	10 years	2,782	171,734	171,734
Islands lease	August 1, 2019	5 years	10,280	251,921	251,921
Bookstore lease	August 1, 2019	5 years	1,713	433,082	433,082
				<u>\$ 898,718</u>	<u>\$ 898,718</u>

The student union location was leased from Associated Students of CSU Channel Islands, Inc. The lease is expected to be continuously renewed for five year terms. The interest rate is based on the incremental borrowing rate of .85%.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2022**

The Pizza 3.14 location was leased from KW University Glen, LLC. The lease is not expected to be renewed after the lease expires in 2027. The interest rate is based on the incremental borrowing rate of 1.25%.

The Islands Café location was leased from the California State University Channel Islands Facility. The lease is expected to be continuously renewed for five-year terms as there are no other potential lessees. The interest rate is based on the incremental borrowing rate of .85%.

The bookstore lease was leased from KW University Glen, LLC. The lease is expected to be renewed after the lease expires for additional ten-year terms. The interest rate is based on the incremental borrowing rate of 1.24%.

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30,		
2023	\$ 258,761	\$ 10,972
2024	259,721	10,972
2025	133,151	5,625
2026	121,644	5,139
2027	121,644	5,139
2028-2032	<u>3,797</u>	<u>121</u>
Total	<u>\$ 898,718</u>	<u>\$ 37,968</u>

Note 10 - Retirement plan

Auxiliary Services sponsors a 403(b) salary deferral plan whereby employees may contribute up to an amount as allowed under Internal Revenue Service regulations. The Plan covers all salaried, full-time, and benefitted employees beginning on the date of hire. Auxiliary Services provides 10% of an employee's eligible compensation to the 403(b) plan. Total contribution expense for the year ended June 30, 2022 was \$99,101.

Note 11 - Classification of operating expenses

Auxiliary Services has elected not to report operating expenses by functional classification in the statements of revenues, expenses and changes in net position, but to provide the natural classification separately.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Natural classifications consisted of the following:

Functional classification	<u>Salaries</u>	<u>Benefits</u>	<u>Fellowships</u>	<u>Other services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Auxiliary enterprise expenses	2,655,219	754,870	-	1,512,396	-	4,922,485
Depreciation and amortization	-	-	-	-	275,701	275,701
Total	<u>\$ 2,655,219</u>	<u>\$ 754,870</u>	<u>\$ -</u>	<u>\$ 1,512,396</u>	<u>\$ 275,701</u>	<u>\$ 5,198,186</u>

Note 12 - Contingencies

From time to time, Auxiliary Services may have claims against it arising from its normal operations. Currently, there are no claims or litigation against Auxiliary Services.

Coronavirus

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the disruption is currently expected to be temporary and the campus has returned to in person operations, there is considerable uncertainty around the duration of this disruption as enrollment has not returned to pre-pandemic levels. Therefore the extent of the financial impact and duration cannot be reasonably estimated at this time.

Supplementary Information

CI University Auxiliary Services, Inc.

GASB Schedule of Net Position June 30, 2022

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,766,048
Short-term investments	-
Accounts receivable, net	499,515
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	59,979
Total current assets	4,325,542
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	1,098,477
Other assets	-
Total noncurrent assets	1,098,477
Total assets	5,424,019
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	224,155
Accrued salaries and benefits	72,300
Accrued compensated absences, current portion	104,410
Unearned revenues	311,632
Lease liabilities, current portion	258,761
Long-term debt obligations, current portion	13,785
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	985,043
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	67,694
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	639,957
Long-term debt obligations, net of current portion	147,065
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	854,716
Total liabilities	1,839,759
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	43,027
Restricted for:	
Nonexpendable -- endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,541,233
Total net position	\$ 3,584,260

CI University Auxiliary Services, Inc.

GASB Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2022

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ -
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	-
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>8,214,018</u>
Total operating revenues	<u>8,214,018</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	4,922,485
Depreciation and amortization	<u>275,701</u>
Total operating expenses	<u>5,198,186</u>
Operating income (loss)	<u>3,015,832</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	(659,175)
Investment income (loss), net	4,120
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	<u>1,160,236</u>
Net nonoperating revenues (expenses)	<u>505,181</u>
Income (loss) before other revenues (expenses)	<u>3,521,013</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
Increase (decrease) in net position	3,521,013
Net position:	
Net position at beginning of year, as previously reported	63,247
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>63,247</u>
Net position at end of year	<u>\$ 3,584,260</u>

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2022

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		<u>-</u>
Current cash and cash equivalents		<u>3,766,048</u>
Total	\$	<u>3,766,048</u>

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2022

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)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	-	-	-
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ -	\$ -	\$ -

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2022**

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)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	-	\$ -	-	\$ -	-

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):	\$ -	\$ -	\$ -

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2022

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
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	308,182	-	-	-	308,182	-	-	-	308,182
Personal property:									
Equipment	79,785	-	-	-	79,785	18,660	(8,175)	-	90,270
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:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	387,967	-	-	-	387,967	18,660	(8,175)	-	398,452
Total capital assets	387,967	\$ -	\$ -	\$ -	387,967	\$ 18,660	\$ (8,175)	\$ -	398,452
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(121,726)	-	-	-	(121,726)	(9,007)	-	-	(130,733)
Personal property:									
Equipment	(66,610)	-	-	-	(66,610)	(5,407)	8,175	-	(63,842)
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:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(188,336)	-	-	-	(188,336)	(14,414)	8,175	-	(194,575)
Total capital assets, net excluding lease assets	\$ 199,631	\$ -	\$ -	\$ -	\$ 199,631	\$ 4,246	\$ -	\$ -	\$ 203,877
Lease assets, net									894,600
Total capital assets, net									\$ 1,098,477

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2022

Composition of lease assets:	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-
Depreciable/Amortizable lease assets:					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	1,155,887	-	-	1,155,887
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total depreciable/amortizable lease assets	-	1,155,887	-	-	1,155,887
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	(261,287)	-	-	(261,287)
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	(253,227)	-	-	(253,227)
Total lease assets, net	\$ -	\$ 894,600	\$ -	\$ -	\$ 894,600
3.2 Detail of depreciation and amortization expense:					
Depreciation and amortization expense related to capital assets	\$	275,701			
Amortization expense related to other assets		-			
Total depreciation and amortization	\$	275,701			

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2022

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	\$ 200,655	\$ -	\$ 200,655	\$ -	\$ (28,551)	\$ 172,104	\$ 104,410	\$ 67,694
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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:								
Loan payable to ASI for leasehold improvements	174,361	-	174,361	-	(13,511)	160,850	13,785	147,065
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	174,361	-	174,361	-	(13,511)	160,850	13,785	147,065
Sub-total long-term debt	<u>\$ 174,361</u>	<u>\$ -</u>	<u>\$ 174,361</u>	<u>\$ -</u>	<u>\$ (13,511)</u>	<u>\$ 160,850</u>	<u>\$ 13,785</u>	<u>\$ 147,065</u>
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>\$ 174,361</u>	<u>\$ -</u>	<u>\$ 174,361</u>	<u>\$ -</u>	<u>\$ (13,511)</u>	<u>\$ 160,850</u>	<u>\$ 13,785</u>	<u>\$ 147,065</u>
5. Lease Liabilities						898,718	258,761	639,957
Total long-term liabilities						<u>1,059,568</u>	<u>272,546</u>	<u>787,022</u>

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2022**

	Balance	Additions	Remeasurements	Reductions	June 30, 2022	Current Portion	Noncurrent Portion
Lease liabilities	\$ -	\$ 898,718			\$ 898,718	\$ 258,761	\$ 639,957
Total	\$ -	\$ 898,718	\$ -	\$ -	\$ 898,718	\$ 258,761	\$ 639,957

5 Lease Liabilities schedule:

	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
Year ending June 30:									
2023	\$ -	\$ -	\$ -	\$ 258,761	\$ 10,972	\$ 269,733	\$ 258,761	\$ 10,972	\$ 269,733
2024	-	-	-	258,761	10,972	269,733	259,721	10,972	269,733
2025	-	-	-	135,071	5,625	140,696	133,151	5,625	140,696
2026	-	-	-	121,644	5,139	126,783	121,644	5,139	126,783
2027	-	-	-	121,644	5,139	126,783	121,644	5,139	126,783
2028 - 2032	-	-	-	2,837	121	2,958	3,797	121	2,958
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	\$ -	\$ -	\$ 898,718	\$ 37,968	\$ 936,686	\$ 898,718	\$ 37,968	\$ 936,686
Less: amounts representing interest									(37,968)
Present value of future minimum lease payments									898,718
Total lease liabilities									898,718
Less: current portion									(258,761)
Lease liabilities, net of current portion									\$ 639,957

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2022

6 Long-term debt obligations schedule:

	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
Year ending June 30:									
2023	\$ -	\$ -	\$ -	\$ 13,785	\$ 3,091	\$ 16,876	\$ 13,785	\$ 3,091	\$ 16,876
2024	-	-	-	14,063	2,813	16,876	14,063	2,813	16,876
2025	-	-	-	14,347	2,529	16,876	14,347	2,529	16,876
2026	-	-	-	14,637	2,239	16,876	14,637	2,239	16,876
2027	-	-	-	14,932	1,944	16,876	14,932	1,944	16,876
2028 - 2032	-	-	-	79,306	5,075	84,381	79,306	5,075	84,381
2033 - 2037	-	-	-	9,780	66	9,846	9,780	66	9,846
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 160,850	\$ 17,757	\$ 178,607	\$ 160,850	\$ 17,757	\$ 178,607
Less: amounts representing interest									(17,757)
Present value of future minimum payments									160,850
Unamortized net premium/(discount)									-
Total long-term debt obligations									160,850
Less: current portion									(13,785)
Long-term debt obligations, net of current portion									\$ 147,065

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2022

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	36,977
Payments to University for other than salaries of University personnel		1,101,890
Payments received from University for services, space, and programs		8,239,400
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)		(179,229)
Other amounts (payable to) University (enter as negative number)		
Accounts receivable from University (enter as positive number)		281,199
Other amounts receivable from University (enter as positive number)		

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2022**

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	

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2022**

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	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	2,655,219	754,870	-	-	-	1,512,396	-	4,922,485
Depreciation and amortization	-	-	-	-	-	-	275,701	275,701
Total operating expenses	\$ 2,655,219	\$ 754,870	\$ -	\$ -	\$ -	\$ 1,512,396	\$ 275,701	\$ 5,198,186

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2022**

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		-
Total deferred outflows of resources	\$	-

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		-
Total deferred inflows of resources	\$	-

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	1,160,236
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 1,160,236

Independent Auditor's 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
CI University Auxiliary Services, Inc.

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 CI University Auxiliary Services, Inc. ("Auxiliary Services"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Auxiliary Services' 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 Auxiliary Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Auxiliary Services' 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 the entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Auxiliary Services' 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Los Angeles, California
September 20, 2022



Independent Member of Nexia International

cohnreznick.com