

CI University Auxiliary Services, Inc.

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

June 30, 2023

CI University Auxiliary Services, Inc.

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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. ("Auxiliary Services"), a component unit of California State University, Channel Islands as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Auxiliary Services' basic financial statements as listed in the index.

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, 2023, 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.

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 15, 2023, 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.

CohnReznick LLP

Los Angeles, California
September 15, 2023

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2023 (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, 2023. 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, 2023 (Unaudited)

CI University Auxiliary Services, Inc.'s summary of net position as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 5,829,521	\$ 4,325,542	\$ 1,503,979	34.77%
Capital assets, net	821,048	1,098,477	(277,429)	-25.26%
Total assets	<u>6,650,569</u>	<u>5,424,019</u>	<u>1,226,550</u>	<u>22.61%</u>
Liabilities:				
Current liabilities	1,695,004	985,043	709,961	72.07%
Other noncurrent liabilities	623,111	854,716	(231,605)	-27.10%
Total liabilities	<u>2,318,115</u>	<u>1,839,759</u>	<u>478,356</u>	<u>26.00%</u>
Net position:				
Net investment in capital assets	181,092	43,027	138,065	320.88%
Unrestricted	4,151,362	3,541,233	610,129	17.23%
Total net position	<u>\$ 4,332,454</u>	<u>\$ 3,584,260</u>	<u>\$ 748,194</u>	<u>20.87%</u>

Assets

Total assets increased by \$1.2 million compared to the prior year. This change is primarily attributable to the \$2.8 million received in HEERF funds provided by the campus at the end of the year and recorded as a receivable. This was offset by a decrease in cash by \$1.3 million due to business losses. There is no significant capital asset activity during the fiscal year.

Liabilities

Total liabilities increased by \$478 thousand compared to the prior year. The current liability increased primarily due to CI University Auxiliary Services, Inc.'s pledge to pay the debt service for the Channel Island's expansion through the lease term ending in 2024 resulting in a pledge liability of \$661 thousand. The pledge will be extended with each lease term extension. The noncurrent liabilities decreased by \$232 thousand primarily due to the reduction in lease liability. The long-term debt is related to a loan agreement with ASI with payments through 2033 with a balance of \$147 thousand as of June 30, 2023. There are no commitments made for capital expenditures. Management is not aware of any changes in credit ratings and debt limitations that may affect the financing of planned facilities and services.

Net Position

CI University Auxiliary Services, Inc. total net position increased by \$748 thousand due to net income in the current fiscal year of that amount.

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2023 (Unaudited)

CI University Auxiliary Services, Inc.'s condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Food service sales, net	\$ 6,473,854	\$ 7,460,617	\$ (986,763)	-13.23%
Management fees	596,867	545,030	51,837	9.51%
Miscellaneous income	268,751	208,371	60,380	28.98%
Total operating revenues	<u>7,339,472</u>	<u>8,214,018</u>	<u>(874,546)</u>	<u>-10.65%</u>
Operating Expenses:				
Salaries and benefits	3,960,008	3,410,089	549,919	16.13%
Other operating expenses	2,144,950	1,512,396	632,554	41.82%
Depreciation expense	277,429	275,701	1,728	0.63%
Total operating expenses	<u>6,382,387</u>	<u>5,198,186</u>	<u>1,184,201</u>	<u>22.78%</u>
Operating income	<u>957,085</u>	<u>3,015,832</u>	<u>(2,058,747)</u>	<u>-68.26%</u>
Nonoperating Revenues (Expenses):				
Investment income	15,846	4,120	11,726	284.61%
Payroll services	1,096,276	1,160,236	(63,960)	-5.51%
Contributions to CSUCI	(1,321,013)	(659,175)	(661,838)	100.40%
Total nonoperating revenues (expenses)	<u>(208,891)</u>	<u>505,181</u>	<u>(714,072)</u>	<u>-141.35%</u>
Increase (decrease) in net position	748,194	3,521,013	(2,772,819)	-78.75%
Beginning net position	<u>3,584,260</u>	<u>63,247</u>	<u>3,521,013</u>	<u>5567.08%</u>
End net position	<u>\$ 4,332,454</u>	<u>\$ 3,584,260</u>	<u>\$ 748,194</u>	<u>20.87%</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 food service sales, management fees from dining services units, and miscellaneous income.

Operating Revenues

Total revenues decreased by \$875 thousand compared to the prior year. The decrease is primarily attributable to a \$987 thousand reduction in food service sales, net. Although the food sales increased by \$1.3 million, this was offset by a higher cost of goods sold by \$484 thousand. In addition, the HEERF funds are included in food service sale, net in which a decrease of \$1.8 million was received compared to the prior year. There were also increases of \$52 thousand in management fees and \$60 thousand in miscellaneous income.

CI University Auxiliary Services, Inc.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Unaudited)**

Operating Expenses

Total operating expenses increased by \$1.2 million compared to the prior year. The increase is attributable to the increase in food service sales resulting in a \$550 thousand increase in salaries and benefits and \$633 thousand increase in other operating expenses.

Nonoperating Revenues (Expenses)

There is a decrease by \$714 thousand primarily due to a \$662 thousand pledge liability provided to the Campus to cover for the debt service for the Island's Cafe expansion. Cost recovery from auxiliaries for payroll services provided to Associated Students, Inc. decreased by \$64 thousand.

Increase (Decrease) in Net Position

The net position increased by \$748 thousand. CI University Auxiliary Services, Inc. operated at a loss from their food service and other businesses by about \$750 thousand. The additional contribution and pledge to the Campus of \$1.3 million increased the loss to approximately \$2.1 million. This loss was offset by the \$2.8 million HEERF funds received resulting in net income of \$748 thousand for fiscal year 2022-2023.

Basic Financial Statements

CI University Auxiliary Services, Inc.

**Statement of Net Position
June 30, 2023**

Assets	
Current assets	
Cash and cash equivalents	\$ 2,391,218
Accounts receivable	162,773
Related party receivable	3,228,336
Inventory	<u>47,194</u>
Total current assets	<u>5,829,521</u>
Noncurrent assets	
Capital assets, net	<u>821,048</u>
Total noncurrent assets	<u>821,048</u>
Total assets	<u>6,650,569</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	105,474
Related party payables	330,046
Accrued salaries and benefits	108,155
Accrued compensated absences, current	50,054
Unearned revenue	164,987
Pledge liability	660,788
Loan payable, current portion	14,063
Lease liability, current portion	<u>261,437</u>
Total current liabilities	<u>1,695,004</u>
Noncurrent liabilities	
Accrued compensated absences	111,590
Loan payable	133,002
Lease liability, non-current	<u>378,519</u>
Total noncurrent liabilities	<u>623,111</u>
Total liabilities	<u>2,318,115</u>
Net position	
Net investment in capital assets	181,092
Unrestricted	<u>4,151,362</u>
Total net position	<u>\$ 4,332,454</u>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023**

Revenues	
Operating revenues	
Food service sales, net	\$ 6,473,854
Management fees	596,867
Miscellaneous income	268,751
	7,339,472
Total operating revenues	7,339,472
Expenses	
Operating expenses	
Salaries and benefits	3,960,008
Other operating expenses	2,144,950
Depreciation expense	277,429
	6,382,387
Total operating expenses	6,382,387
Operating income	957,085
Nonoperating revenues (expenses)	
Investment income	15,846
Cost recovery from auxiliaries	1,096,276
Contributions to CSUCI	(1,321,013)
	(208,891)
Net nonoperating revenues (expenses)	(208,891)
Increase in net position	748,194
Net position - beginning of year	3,584,260
Net position - end of year	\$ 4,332,454

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

**Statement of Cash Flows
Year Ended June 30, 2023**

Cash flows from operating activities	
Management fees	\$ 596,867
Commercial services	3,561,303
Payments to suppliers	(1,906,389)
Payments to employees	(3,934,613)
Other receipts	143,063
	<u>143,063</u>
Net cash used in operating activities	<u>(1,539,769)</u>
Cash flows from noncapital financing activities	
Reimbursements from related parties	1,096,276
	<u>1,096,276</u>
Net cash provided by noncapital financing activities	<u>1,096,276</u>
Cash flows from capital and related financing activities	
Payments made on lease	(273,173)
Principal paid on capital debt	(13,785)
Contributions to CSUCI	(660,225)
	<u>(660,225)</u>
Net cash used in capital and related financing activities	<u>(947,183)</u>
Cash flows from investing activities:	
Investment income	15,846
	<u>15,846</u>
Net cash provided by investing activities	<u>15,846</u>
Net decrease in cash and cash equivalents	(1,374,830)
Cash and cash equivalents at beginning of year	<u>3,766,048</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,391,218</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 957,085
Adjustments to reconcile operating income to net cash used in operating activities	
Depreciation	277,429
Interest	14,634
Change in assets and liabilities	
Accounts receivable	(138,522)
Related party receivable	(2,753,072)
Prepaid expenses	167
Inventory	12,618
Accounts payable and accrued liabilities	70,321
Accrued salaries and benefits	35,855
Accrued compensated absences	(10,460)
Unearned revenue	(146,645)
Related party payables	140,821
	<u>140,821</u>
Net cash used in operating activities	<u><u>\$ (1,539,769)</u></u>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2023

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 July 31, 2024. 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, 2023

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, 2023 was \$47,194.

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, 2023. During the year, this is primarily composed of revenue for meal plans accrued in advance of the semester.

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.

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

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2023

non-operating activities include the Auxiliary Services' net investment income, cost recovery from auxiliaries, contributions to CSUCI, 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.

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

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.

On June 30, 2023, Auxiliary Services had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$	2,391,218
Accounts receivable		162,773
Related party receivable		3,228,336
		<hr/>
	\$	5,782,327
		<hr/> <hr/>

CI University Auxiliary Services, Inc.

Notes to Financial Statements
June 30, 2023

Note 4 - Cash and cash equivalents

As of June 30, 2023, Auxiliary Services had \$2,391,218 in cash and cash equivalents.

Cash and cash equivalents

At June 30, 2023, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$2,391,218 had a corresponding carrying value balance with the bank of \$2,426,992 at June 30, 2023. The difference is related to outstanding checks in the amount of \$46,497 and deposits in transit in the amount of \$5,774. Auxiliary Services also has \$4,949 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.

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, 2023, \$2,176,992 of the bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank		2,176,992
Uninsured and collateral held by pledging bank's trust department not in Auxiliary Services' name		-
		<hr/>
	\$	<u>2,176,992</u>

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, 2023.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2023

Auxiliary Services provides payroll services to the Campus as well as several of the Campus's auxiliaries. As of June 30, 2023, total related party receivable consists of the following:

Associated Students of CSU Channel Islands, Inc.	\$	232,579
California State University Channel Islands		2,965,522
California State University Channel Islands Foundation		<u>30,235</u>
Total related party receivables	\$	<u>3,228,336</u>

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, 2023, total related party payables consist of the following:

Associated Students of CSU Channel Islands, Inc.	\$	6,239
California State University Channel Islands		322,222
California State University Channel Islands Foundation		<u>1,585</u>
Total related party payables	\$	<u>330,046</u>

For the year ended June 30, 2023, the related party transactions include:

Payments to Associated Students of CSU Channel Islands, Inc.	\$	47,918
Payments to California State University Channel Islands		1,328,528
Payments to California State University Channel Islands Foundation		15,628
Payments to California State University Channel Islands Site Authority		1,080
Payments received from Associated Students of CSU Channel Islands, Inc.		1,046,160
Payments received from California State University Channel Islands		4,265,833
Payments received from California State University Channel Islands Foundation		272,443
Payments received from California State University Channel Islands Site Authority		3,055

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2023**

Note 7 - Capital assets

Capital assets for the year ended June 30, 2023 consist of the following:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Equipment	\$ 90,270	\$ -	\$ -	\$ 90,270
Accumulated depreciation	(63,842)	(7,135)	-	(70,977)
	<u>26,428</u>	<u>(7,135)</u>	<u>-</u>	<u>19,293</u>
Leasehold improvements	308,182	-	-	308,182
Accumulated depreciation	(130,733)	(9,006)	-	(139,739)
	<u>177,449</u>	<u>(9,006)</u>	<u>-</u>	<u>168,443</u>
Leased buildings	1,155,887	-	-	1,155,887
Accumulated amortization	(261,287)	(261,288)	-	(522,575)
	<u>894,600</u>	<u>(261,288)</u>	<u>-</u>	<u>633,312</u>
Capital assets, depreciable (net)	<u>\$ 1,098,477</u>	<u>\$ (277,429)</u>	<u>\$ -</u>	<u>\$ 821,048</u>

Total depreciation expense for the year ended June 30, 2023 was \$277,429.

Note 8 - Pledge liability

CI University Auxiliary Services, Inc. pledged to pay CSU Channel Island's debt service payments for the 2016 remodel costs of Island's Cafe through July 31, 2024. The promise to pay will automatically be extended with each renewal of the Facility Lease between CSU Channel Island and CI University Auxiliary Services, Inc. The pledge liability for the year ended June 30, 2023 is \$660,778.

Note 9 - Long-term liabilities

Long-term liability activities for the year ended June 30, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current portion
Long-term liabilities					
Accrued compensated absences	\$ 172,104	\$ -	\$ (10,460)	\$ 161,644	\$ 50,054
Long-term debt obligations:					
Leasehold improvement loan	160,850	-	(13,785)	147,065	14,063
Total long-term liabilities	<u>\$ 332,954</u>	<u>\$ -</u>	<u>\$ (24,245)</u>	<u>\$ 308,709</u>	<u>\$ 64,117</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, 2023 was \$147,065. The related party loan payable is stated at fair value for purposes of the report.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2023**

Maturity for the leasehold improvements loan payable is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 14,063	\$ 2,813
2025	14,347	2,529
2026	14,637	2,239
2027	14,932	1,944
2028	15,234	1,643
2029 - 2033	73,852	3,498
	<u>\$ 147,065</u>	<u>\$ 14,666</u>

Total interest expense paid on loan payable during the year ended June 30, 2023 was \$3,091.

Note 10 - Leases

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment terms</u>	<u>Payment amount</u>	<u>Balance June 30, 2023</u>
Student Union lease	August 1, 2019	5 years	\$ 20,556	\$ 22,159
Pizza lease	July 31, 2017	10 years	33,863	128,818
Islands lease	August 1, 2019	5 years	123,354	132,974
Bookstore lease	July 1, 2017	10 years	95,844	356,005
				<u>\$ 639,956</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%.

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 Cafe 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%.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2023**

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 261,437	\$ 6,132
2025	131,756	3,895
2026	121,274	2,385
2027	122,794	865
2028	2,695	3
Total	<u>\$ 639,956</u>	<u>\$ 13,280</u>

Note 11 - 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, 2023 was \$78,454.

Note 12 - 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.

Natural classifications consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Fellowships</u>	<u>Other services</u>	<u>Depreciation</u>	<u>Total</u>
Functional classification						
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Auxiliary enterprise expenses	3,086,692	873,316	-	2,144,950	-	6,104,958
Depreciation and amortization	-	-	-	-	277,429	277,429
Total	<u>\$ 3,086,692</u>	<u>\$ 873,316</u>	<u>\$ -</u>	<u>\$ 2,144,950</u>	<u>\$ 277,429</u>	<u>\$ 6,382,387</u>

Note 13 - Contingency

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.

Supplementary Information

CI University Auxiliary Services, Inc.

GASB Schedule of Net Position
June 30, 2023

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,391,218
Short-term investments	-
Accounts receivable, net	3,391,109
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	47,194
Total current assets	5,829,521
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	821,048
Other assets	-
Total noncurrent assets	821,048
Total assets	6,650,569
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	435,520
Accrued salaries and benefits	108,155
Accrued compensated absences, current portion	50,054
Unearned revenues	164,987
Lease liabilities, current portion	261,437
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	14,063
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	660,788
Total current liabilities	1,695,004
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	111,590
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	378,519
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	133,002
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	623,111
Total liabilities	2,318,115
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	181,092
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	4,151,362
Total net position	\$ 4,332,454

CI University Auxiliary Services, Inc.

GASB Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

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		7,339,472
Scholarship allowances (enter as negative)		-
Other operating revenues		-
Total operating revenues		<u>7,339,472</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		6,104,958
Depreciation and amortization		277,429
Total operating expenses		<u>6,382,387</u>
Operating income (loss)		<u>957,085</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		-
Investment income (loss), net		-
Endowment income (loss), net		-
Interest expense		15,846
Other nonoperating revenues (expenses)		(224,737)
Net nonoperating revenues (expenses)		<u>(208,891)</u>
Income (loss) before other revenues (expenses)		<u>748,194</u>

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		<u>748,194</u>

Net position:

Net position at beginning of year, as previously reported		3,584,260
Restatements		-
Net position at beginning of year, as restated		<u>3,584,260</u>
Net position at end of year		<u>\$ 4,332,454</u>

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

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>2,391,218</u>
Total		<u>\$ 2,391,218</u>

2.1 Composition of investments: Not applicable

2.2 Fair value hierarchy in investments: Not applicable

2.3 Investments held by the University under contractual agreements: Not applicable

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

3.1 Capital Assets, excluding ROU assets:

<u>Composition of capital assets, excluding ROU assets:</u>	Balance June 30, 2022	Reclassificati ons	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
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	90,270	-	-	-	90,270	-	-	-	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	398,452	-	-	-	398,452	-	-	-	398,452
Total capital assets	\$ 398,452	\$ -	\$ -	\$ -	\$ 398,452	\$ -	\$ -	\$ -	\$ 398,452
Less accumulated depreciation/amortization:									
Buildings and building improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(130,733)	-	-	-	(130,733)	(9,006)	-	-	(139,739)
Personal property:									
Equipment	(63,842)	-	-	-	(63,842)	(7,135)	-	-	(70,977)
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	(194,575)	-	-	-	(194,575)	(16,141)	-	-	(210,716)
Total capital assets, net excluding ROU assets	\$ 203,877	\$ -	\$ -	\$ -	\$ 203,877	\$ (16,141)	\$ -	\$ -	\$ 187,736

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2022	Prior Period Reclassificati ons	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasuram ents	Reductions	Balance June 30, 2023
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	-	-	-	1,155,887
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	1,155,887	-	-	-	1,155,887	-	-	-	1,155,887
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(261,287)	-	-	-	(261,287)	(261,288)	-	-	(522,575)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(261,287)	-	-	-	(261,287)	(261,288)	-	-	(522,575)
Total capital assets - lease ROU, net	\$ 894,600	\$ -	\$ -	\$ -	\$ 894,600	\$ (261,288)	\$ -	\$ -	\$ 633,312

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2023**

<u>Composition of capital assets - SBITA ROU, net</u>	Balance	Reclassificati	Prior Period	Prior Period	Balance		Remeasur		Balance
	June 30, 2022	ons	Additions	Reductions	June 30, 2022 (Restated)	Additions	ments	Reductions	June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Composition of capital assets - P3 ROU, net:</u>	Balance	Reclassificati	Prior Period	Prior Period	Balance		Remeasur		Balance
	June 30, 2022	ons	Additions	Reductions	June 30, 2022 (Restated)	Additions	ments	Reductions	June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total capital assets, net including ROU assets

\$ 821,048

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 16,141
Amortization expense - Leases ROU	261,288
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	<u>\$ 277,429</u>

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/ Reclassificati	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 172,104	\$ -	\$ 172,104	\$ -	\$ (10,460)	\$ 161,644	\$ 50,054	\$ 111,590
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
Loan payable to ASI for leasehold improvements	160,850	-	160,850	-	(13,785)	147,065	14,063	133,002
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	160,850	-	160,850	-	(13,785)	147,065	14,063	133,002
Sub-total long-term debt	160,850	-	160,850	-	(13,785)	147,065	14,063	133,002
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ 160,850	\$ -	\$ 160,850	\$ -	\$ (13,785)	\$ 147,065	\$ 14,063	\$ 133,002

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2023**

5. Lease, SBITA, P3 liabilities:	Balance	Prior Period	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion
	June 30, 2022	Adjustments/Reclassifications				June 30, 2023		
Lease liabilities	\$ 898,718	\$ -	\$ -	\$ -	\$ (258,762)	\$ 639,956	\$ 261,437	\$ 378,519
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 898,718	\$ -	\$ -	\$ -	\$ (258,762)	\$ 639,956	\$ 261,437	\$ 378,519
Total long-term liabilities						\$ 948,665	\$ 325,554	\$ 623,111

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			(P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2024	\$ 261,437	\$ 6,132	\$ 267,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,437	\$ 6,132	\$ 267,569
2025	131,756	3,895	135,651	-	-	-	-	-	-	131,756	3,895	135,651
2026	121,274	2,385	123,659	-	-	-	-	-	-	121,274	2,385	123,659
2027	122,794	864	123,658	-	-	-	-	-	-	122,794	864	123,658
2028	2,695	3	2,698	-	-	-	-	-	-	2,695	3	2,698
2029 - 2033	-	-	-	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ 639,956	\$ 13,279	\$ 653,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 639,956	\$ 13,279	\$ 653,235
Less: amounts representing interest												(13,279)
Present value of future minimum payments												639,956
Total Leases, SBITA, P3 liabilities												639,956
Less: current portion												(261,437)
Leases, SBITA, P3 liabilities, net of current portion												\$ 378,519

6 Future minimum payments schedule - Long-term debt obligations:

	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:									
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	-	-	-	15,234	1,643	16,877	15,234	1,643	16,877
2029 - 2033	-	-	-	73,852	3,498	77,350	73,852	3,498	77,350
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 147,065	\$ 14,666	\$ 161,731	\$ 147,065	\$ 14,666	\$ 161,731
Less: amounts representing interest									(14,666)
Present value of future minimum payments									147,065
Unamortized net premium/(discount)									-
Total long-term debt obligations									147,065
Less: current portion									(14,063)
Long-term debt obligations, net of current portion									\$ 133,002

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2023**

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 117,593
Payments to University for other than salaries of University personnel	550,710
Payments received from University for services, space, and programs	4,265,833
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	660,225
Accounts payable to University	(322,222)
Other amounts payable to University	-
Accounts receivable from University	2,965,522
Other amounts receivable from University	-

8 Restatements: Not applicable

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

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	3,086,692	873,316	-	-	-	2,144,950	-	6,104,958
Depreciation and amortization	-	-	-	-	-	-	277,429	277,429
Total operating expenses	\$ 3,086,692	\$ 873,316	\$ -	\$ -	\$ -	\$ 2,144,950	\$ 277,429	\$ 6,382,387

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2023

10 Deferred outflows/inflows of resources: Not applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 1,096,276
Other nonoperating (expenses)	<u>(1,321,013)</u>
Total other nonoperating revenues (expenses)	<u><u>\$ (224,737)</u></u>

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 the business-type activities of CI University Auxiliary Services, Inc. ("Auxiliary Services"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Auxiliary Services' basic financial statements, and have issued our report thereon dated September 15, 2023.

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 15, 2023



Independent Member of Nexia International

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