

CI University Auxiliary Services, Inc.

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

June 30, 2021

CI University Auxiliary Services, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of CI University Auxiliary Services, Inc., which comprise the statement of net position as of June 30, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CI University Auxiliary Services, Inc. as of June 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CI University Auxiliary Services, Inc.'s financial statements. The accompanying supplementary information on pages 23 to 35 is 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 is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

The financial statements of CI University Auxiliary Services, Inc. as of and for the year ended June 30, 2020, were audited by other auditors whose report dated September 17, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Prior Period Financial Statements

The financial statements of CI University Auxiliary Services, Inc. as of June 30, 2020, were audited by other auditors whose report dated September 17, 2020, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of 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 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 CI University Auxiliary Services, Inc.'s internal control over financial reporting and compliance.

CohnReznick LLP

Los Angeles, California
September 17, 2021

CI University Auxiliary Services, Inc.

Management's Discussion and Analysis For the Year Ended June 30, 2021 (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, 2021. 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, 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, 2021
(Unaudited)**

CI University Auxiliary Services, Inc.'s summary of net position as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 737,870	\$ 1,942,200	\$(1,204,330)	-62.00%
Capital assets, net	<u>199,631</u>	<u>213,071</u>	<u>(13,440)</u>	<u>-6.31%</u>
Total assets	<u>937,501</u>	<u>2,155,271</u>	<u>(1,217,770)</u>	<u>-56.50%</u>
Liabilities:				
Current liabilities	531,170	3,005,642	(2,474,472)	-82.34%
Other noncurrent liabilities	<u>343,084</u>	<u>347,553</u>	<u>(4,469)</u>	<u>-1.21%</u>
Total liabilities	<u>874,254</u>	<u>3,353,195</u>	<u>(2,478,941)</u>	<u>-55.70%</u>
Net position:				
Net investment in capital assets	25,272	25,465	(193)	-0.76%
Unrestricted	<u>37,975</u>	<u>(1,223,389)</u>	<u>1,261,364</u>	<u>-103.10%</u>
Total net position	<u>\$ 63,247</u>	<u>\$(1,197,924)</u>	<u>\$ 1,261,171</u>	<u>-105.28%</u>

Assets

Total assets decreased by \$1.21 mil compared to the prior year. This change is primarily attributable to a decrease in cash of \$267K, Account Receivables Follett Bookstore Commission payments and adjustments of \$302k and Related Party Receivables of \$624K. In addition, capital assets decreased by \$13K due to depreciation.

Liabilities

Total liabilities decreased by \$2.48 mil compared to the prior year. This change is due to a decrease in related party payables of \$2.08 mil which is comprised of Meal Plan revenue due to the Campus for processing student meal plan refunds, subsequently the campus claimed the meal plan refunds on the Higher Education Emergency Relief Fund (HEERF) award and the liability to the campus was forgiven. Additionally, \$699K Paycheck Protection Program Loan was forgiven in full.

Net Position

CI University Auxiliary Services, Inc. total net position increased by \$1.26 mil compared to the prior year. Due to the closure of the campus, operating revenue and expenses related to food services and management services decreased. However, CI University Auxiliary Services, Inc. received PPP loan forgiveness during the year for \$699K. In addition, the Campus obtained HEERF assistance, which allowed it to forgive the meal plan refunds payable and to continue to make payments to CI University Auxiliary Services, Inc. for food service.

CI University Auxiliary Services, Inc.

**Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)**

CI University Auxiliary Services, Inc.'s condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues:				
Management fees	\$ 264,991	\$ 689,586	\$ (424,595)	-61.57%
Food service sales, net	2,997,566	3,917,111	(919,545)	-23.48%
Misc. income	138,308	378,016	(239,708)	-63.41%
Total operating revenues	<u>3,400,865</u>	<u>4,984,713</u>	<u>(1,583,848)</u>	<u>-31.77%</u>
Operating expenses:				
Salaries and benefits	1,918,683	4,745,936	(2,827,253)	-59.57%
Other operating expenses	1,692,007	2,360,502	(668,495)	-28.32%
Depreciation expense	24,769	26,293	(1,524)	-5.80%
Total operating expenses	<u>3,635,459</u>	<u>7,132,731</u>	<u>(3,497,272)</u>	<u>-49.00%</u>
Operating income (loss)	<u>(234,594)</u>	<u>(2,148,018)</u>	<u>1,913,424</u>	<u>38.30%</u>
Nonoperating revenues (expenses):				
Investment income (loss)	14	1,441	(1,427)	-99.90%
Other	699,300	-	699,300	100.00%
Payroll services	1,272,651	1,213,019	59,632	4.92%
Interest expense	(476,200)	(482,875)	6,675	-1.38%
Net nonoperating revenues (expenses)	<u>1,495,765</u>	<u>731,585</u>	<u>764,180</u>	<u>47846.60%</u>
Increase (decrease) in net position	1,261,171	(1,416,433)	2,677,604	-189.00%
Beginning net position	<u>(1,197,924)</u>	218,509	(1,416,433)	-648.20%
Ending net position	<u>\$ 63,247</u>	<u>\$ (1,197,924)</u>	<u>\$ 1,261,171</u>	<u>105.30%</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 Site Authority and dining services units, food service sales, and miscellaneous income.

Operating Revenues

Total revenues decreased by \$1.6 mil compared to the prior year. This was due to the Campus being closed and the resultant inability of CI University Auxiliary Services, Inc. from being able to provide a significant portion of its food and management services to its campus.

CI University Auxiliary Services, Inc.

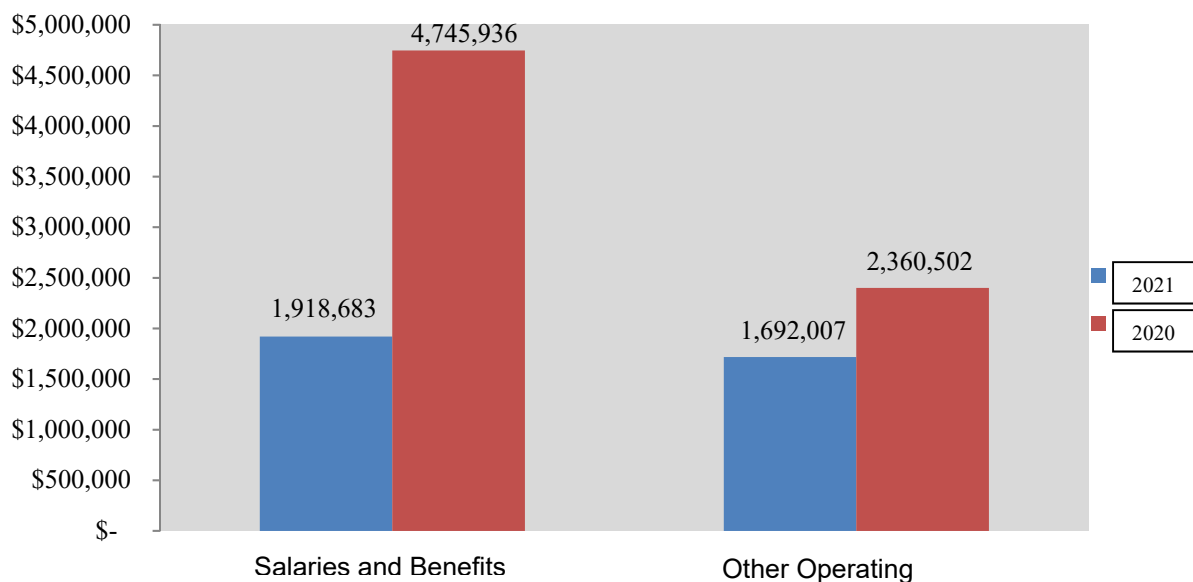
Management's Discussion and Analysis For the Year Ended June 30, 2021 (Unaudited)

Operating Expenses

Total operating expenses decreased by \$3.5 mil compared to the prior year. The decrease is attributable to the significant reduction in dining operations caused by COVID and the switch to virtual instruction and was spread across reductions in both salaries and operating expenses.

The following chart presents the distribution of resources in support of CI University Auxiliary Services, Inc.'s mission for fiscal years 2021 and 2020:

**Comparative Distribution of Resources for Fiscal Years Ended 2021 and 2020
(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 categories such as investment income, payroll services, and transfers to Associated Students, Inc.

The large increase in nonoperating revenue was due to the forgiveness of the PPP loan for \$699K.

Basic Financial Statements

CI University Auxiliary Services, Inc.

**Statement of Net Position
June 30, 2021
With Summarized Totals at June 30, 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 314,020	\$ 581,179
Accounts receivable	30,345	332,349
Related party receivable	310,878	934,920
Prepaid expenses	41,502	32,853
Inventory	<u>41,125</u>	<u>60,899</u>
 Total current assets	 <u>737,870</u>	 <u>1,942,200</u>
Noncurrent assets		
Capital assets, net	<u>199,631</u>	<u>213,071</u>
 Total noncurrent assets	 <u>199,631</u>	 <u>213,071</u>
 Total assets	 <u>937,501</u>	 <u>2,155,271</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	182,305	64,729
Accrued salaries and benefits	50,598	54,893
Accrued compensated absences	18,420	17,506
Deferred revenue	201,187	7,201
Loan payable, current portion	13,512	13,245
Paycheck Protection Program loan	-	699,300
Related party payables	<u>65,148</u>	<u>2,148,768</u>
 Total current liabilities	 <u>531,170</u>	 <u>3,005,642</u>
Noncurrent liabilities		
Accrued compensated absences	182,235	173,192
Loan payable	<u>160,849</u>	<u>174,361</u>
 Total noncurrent liabilities	 <u>343,084</u>	 <u>347,553</u>
 Total liabilities	 <u>874,254</u>	 <u>3,353,195</u>
Net position		
Net investment in capital assets	25,272	25,465
Unrestricted	<u>37,975</u>	<u>(1,223,389)</u>
 Total net position	 <u>\$ 63,247</u>	 <u>\$ (1,197,924)</u>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020**

	2021	2020
Revenues		
Operating revenues		
Management fees	\$ 264,991	\$ 689,586
Food service sales, net	2,997,566	3,917,111
Miscellaneous income	138,308	378,016
Total operating revenues	3,400,865	4,984,713
Expenses		
Operating expenses		
Salaries and benefits	1,918,683	4,745,936
Other operating expenses	1,692,007	2,360,502
Depreciation expense	24,769	26,293
Total operating expenses	3,635,459	7,132,731
Operating loss	(234,594)	(2,148,018)
Nonoperating revenues (expenses)		
Investment income	14	1,441
Paycheck Protection Program loan	699,300	-
Cost recovery from auxiliaries	1,272,651	1,213,019
Interest expense	(476,200)	(482,875)
Net nonoperating revenues	1,495,765	731,585
Increase (decrease) in net position	1,261,171	(1,416,433)
Net position - beginning of year	(1,197,924)	218,509
Net position - end of year	\$ 63,247	\$ (1,197,924)

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

**Statement of Cash Flows
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Management fees	\$ 265,662	\$ 689,586
Commercial services	2,997,312	3,917,111
Payments to suppliers	(3,151,606)	(2,360,502)
Payments to employees	(1,913,021)	(4,745,936)
Other receipts	<u>762,603</u>	<u>1,365,210</u>
Net cash used in operating activities	<u>(1,039,050)</u>	<u>(1,134,531)</u>
Cash flows from noncapital financing activities:		
Reimbursements from related parties	1,272,651	1,213,019
Other receipts	<u>-</u>	<u>1,441</u>
Net cash provided by noncapital financing activities	<u>1,272,651</u>	<u>1,214,460</u>
Cash flows from capital and related financing activities:		
Principal paid on loan payable	(13,245)	(12,983)
Interest paid	(476,186)	(482,875)
Proceeds from Paycheck Protection Program loan	-	699,300
Acquisition of capital assets	<u>(11,329)</u>	<u>-</u>
Net cash (used in) provided by capital and related financing activities	<u>(500,760)</u>	<u>203,442</u>
Net (decrease) increase in cash and cash equivalents	(267,159)	283,371
Cash and cash equivalents at beginning of year	<u>581,179</u>	<u>297,808</u>
Cash and cash equivalents at end of year	<u>\$ 314,020</u>	<u>\$ 581,179</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (234,594)	\$ (2,148,018)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	24,769	26,293
Change in assets and liabilities		
Accounts receivable	302,004	(320,749)
Related party receivable	624,042	(361,039)
Prepaid expenses	(8,649)	(32,853)
Inventory	19,774	30,111
Accounts payable and accrued liabilities	117,576	(67,010)
Accrued salaries and benefits	(4,295)	(91,330)
Accrued compensated absences	9,957	41,168
Deferred revenue	193,986	6,354
Related party payables	<u>(2,083,620)</u>	<u>1,782,542</u>
Net cash used in operating activities	<u>\$ (1,039,050)</u>	<u>\$ (1,134,531)</u>

See Notes to Financial Statements.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2021

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") 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 U.S. generally accepted accounting principles, 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 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.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2021

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.

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, 2021 was \$41,125.

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.

Deferred revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2021. 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, deferred 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, 2021

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 's 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.

Comparative totals

The financial statements include certain prior year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Auxiliary Services' financial statements for the year ended June 30, 2020 from which the summarized information was derived.

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 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.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2021**

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.

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.

The emergence of COVID-19 may impact Auxiliary Services' liquidity. Management continues to regularly monitor liquidity and consider all expenditures related to its ongoing activities.

At June 30, 2021, Auxiliary Services had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 314,020
Accounts receivable	30,345
Related party receivable	<u>310,878</u>
	<u>\$ 655,243</u>

Note 4 - Cash and cash equivalents

As of June 30, 2021, Auxiliary Services had \$314,020 in cash and cash equivalents.

Cash and cash equivalents

At June 30, 2021, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$314,020 had a corresponding carrying value balance with the bank of \$356,050 at June 30, 2021. The difference is related to outstanding checks in the amount of \$42,030.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2021

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, 2021, Auxiliary Services' bank deposits exceeded the balance insured by the FDIC by \$106,050.

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, 2021.

Auxiliary Services provides payroll services to the University as well as several of the University's auxiliaries. As of June 30, 2021, total related party receivable consists of the following:

Associated Students of CSU Channel Islands, Inc.	\$	240,763
CSU Channel Islands		32,612
CSU Channel Islands Foundation		3,520
CSU Channel Islands Site Authority		<u>33,983</u>
	\$	<u>310,878</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, 2021, total related party payables consist of the following:

CSU Channel Islands	\$	62,335
Associated Students of CSU Channel Islands, Inc.		<u>2,813</u>
	\$	<u>65,148</u>

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 amended its operating agreement with CSUCI to reflect an increase in

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2021**

annual lease payments. This increase includes the original lease payment to use the campus building and the additional payment to cover the portion of the revenue bonds issued to CSUCI that are attributed to the dining expansion. The total amount of the bond is \$10,405,000 and reimbursement will be reflected for the term of the operating lease.

The operating agreement extends through June 30, 2023. Below are the annual minimum reimbursement payments required:

<u>Year ending June 30,</u>	
2022	\$ 659,175
2023	<u>660,225</u>
 Total	 <u>\$ 1,319,400</u>

Note 7 - Capital assets

Capital assets for the year ended June 30, 2021 consist of the following:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Equipment	\$ 68,456	\$ 11,329	\$ -	\$ 79,785
Accumulated depreciation	<u>(61,736)</u>	<u>(4,874)</u>	<u>-</u>	<u>(66,610)</u>
	<u>6,720</u>	<u>6,455</u>	<u>-</u>	<u>13,175</u>
 Leasehold improvements	308,182	-	-	308,182
Accumulated depreciation	<u>(101,831)</u>	<u>(19,895)</u>	<u>-</u>	<u>(121,726)</u>
	<u>206,351</u>	<u>(19,895)</u>	<u>-</u>	<u>186,456</u>
 Capital assets, depreciable (net)	<u>\$ 213,071</u>	<u>\$ (13,440)</u>	<u>\$ -</u>	<u>\$ 199,631</u>

Total depreciation expense for the year ended June 30, 2021 was \$24,769.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2021**

Note 8 - Long-term liabilities

Long term liability activities for the year ended June 30, 2021 consisted of the following:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
Long-term liabilities:					
Accrued compensated absences	\$ 190,698	\$ 9,957	\$ -	\$ 200,655	\$ 18,420
Long-term debt obligations:					
Leasehold improvement loan	<u>187,606</u>	<u>-</u>	<u>(13,245)</u>	<u>174,361</u>	<u>13,512</u>
Total long-term liabilities	<u>\$ 378,304</u>	<u>\$ 9,957</u>	<u>\$(13,245)</u>	<u>\$ 375,016</u>	<u>\$ 31,932</u>

In March 2013, Auxiliary Services entered into a promissory note with Associated Students, 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, 2021 was \$174,361. 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>	
2022	\$ 13,512
2023	13,785
2024	14,063
2025	14,347
2026	14,637
2027 - 2031	77,737
2032 - 2036	<u>26,280</u>
	<u>\$ 174,361</u>

Total interest expense paid on loan payable during the year ended June 30, 2021 was \$3,632.

Note 9 - Paycheck Protection Program loan

During the year ended June 30, 2020, Auxiliary Services received a Paycheck Protection Program loan for \$699,300 to address the impact of the COVID-19 pandemic described in Note 13. The Paycheck Protection Program loan contains a loan forgiveness provision, as defined, the criteria of which were met on May 19, 2021. Accordingly, Auxiliary Services recognized the \$699,300 as nonoperating revenue for the year ended June 30, 2021.

CI University Auxiliary Services, Inc.

Notes to Financial Statements June 30, 2021

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, 2021 was \$100,314.

Note 11 - Transactions with related parties

As discussed in Note 1, Auxiliary Services operates under an agreement with the Trustees as an auxiliary organization of the University. Accordingly, essentially all revenues, and realization of certain assets, are dependent upon the continuation of this agreement.

The accompanying financial statements also include the following transactions with the Associated Students, Inc., Foundation, and Site Authority as of and for the year ended June 30, 2021:

Payments to Associated Students, Inc. for other than salaries of Associated Students personnel	\$ 28,074
Payments to University for other than salaries of University personnel	2,142,888
Payments to Foundation for other than salaries of Foundation personnel	4,414
Payments to Site Authority for other than salaries of Site Authority personnel	5,654
Payments received from Associated Students, Inc. for services, space, and program	906,813
Payments received from University for services, space, and program	2,971,258
Payments received from Foundation for services, space, and program	33,232
Payments received from Site Authority for services, space, and program	51,925
Accounts receivable from University	32,612
Accounts receivable from Associated Students, Inc.	240,763
Accounts receivable from Foundation	3,520
Accounts receivable from Site Authority	33,983
Accounts payable to Associated Students, Inc.	2,813
Accounts payable to University	62,335

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.

CI University Auxiliary Services, Inc.

**Notes to Financial Statements
June 30, 2021**

Natural classifications consisted of the following:

Functional classification	Salaries	Benefits	Fellowships	Other Services	Depreciation	Total
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Auxiliary enterprise expenses	1,378,833	539,850	-	1,692,007	-	3,610,690
Depreciation and amortization	-	-	-	-	24,769	24,769
Total	\$ 1,378,833	\$ 539,850	\$ -	\$ 1,692,007	\$ 24,769	\$ 3,635,459

Note 13 - 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. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures. As a result of mandates issued by government officials, the campus of the California State University, Channel Islands and the Auxilliary Services transitioned to virtual learning and programming in late March 2020. For the fall semester of 2021, the campus returned to in-person and online instruction, following Ventura County guidelines and public health protocols.

Supplementary Information

CI University Auxiliary Services, Inc.

GASB Schedule of Net Position June 30, 2021

Assets:	
Current assets:	
Cash and cash equivalents	\$ 314,020
Short-term investments	-
Accounts receivable, net	341,223
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	82,627
Total current assets	737,870
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	199,631
Other assets	-
Total noncurrent assets	199,631
Total assets	937,501
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	229,741
Accrued salaries and benefits	50,598
Accrued compensated absences, current portion	18,420
Unearned revenues	201,187
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	13,512
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	17,712
Total current liabilities	531,170
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	182,235
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	160,849
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	343,084
Total liabilities	874,254
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	25,272
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	37,975
Total net position	\$ 63,247

CI University Auxiliary Services, Inc.

GASB Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2021

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	3,400,865
	3,400,865
Total operating revenues	3,400,865
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	3,610,690
Depreciation and amortization	24,769
	3,635,459
Total operating expenses	3,635,459
Operating income (loss)	(234,594)
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	699,300
Gifts, noncapital	-
Investment income (loss), net	14
Endowment income (loss), net	-
Interest expense	(476,200)
Other nonoperating revenues (expenses) - excl. interagency transfers	1,272,651
	1,495,765
Net nonoperating revenues (expenses)	1,495,765
Income (loss) before other revenues (expenses)	1,261,171
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
	1,261,171
Increase (decrease) in net position	1,261,171
Net position:	
Net position at beginning of year, as previously reported	(1,197,924)
Restatements	-
	(1,197,924)
Net position at beginning of year, as restated	(1,197,924)
Net position at end of year	63,247

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2021

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>314,020</u>
Total	\$	<u>314,020</u>

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2021

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	\$ -	\$ -	\$ -	\$ -	\$ -

CI University Auxiliary Services, Inc.

Other Information Year Ended June 30, 2021

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/ Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 190,698	\$ -	\$ 190,698	\$ 9,957	\$ -	\$ 200,655	\$ 18,420	\$ 182,235
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
Loan payable to ASI for leasehold improvements	187,606	-	187,606	-	(13,245)	174,361	13,512	160,849
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	187,606	-	187,606	-	(13,245)	174,361	13,512	160,849
Sub-total long-term debt	\$ 187,606	\$ -	\$ 187,606	\$ -	\$ (13,245)	\$ 174,361	\$ 13,512	\$ 160,849
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	187,606	-	187,606	-	(13,245)	174,361	13,512	160,849
Total long-term liabilities	\$ 378,304	-	378,304	9,957	(13,245)	\$ 375,016	\$ 31,932	\$ 343,084

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2021**

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									<u><u>\$ -</u></u>

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2021**

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:									
2022	\$ -	\$ -	\$ -	\$ 13,512	\$ 3,364	\$ 16,876	\$ 13,512	\$ 3,364	\$ 16,876
2023	-	-	-	13,785.0	3,091.0	16,876.0	13,785.0	3,091.0	16,876
2024	-	-	-	14,063.0	2,813.0	16,876.0	14,063.0	2,813.0	16,876
2025	-	-	-	14,347.0	2,529.0	16,876.0	14,347.0	2,529.0	16,876
2026	-	-	-	14,637.0	2,239.0	16,876.0	14,637.0	2,239.0	16,876
2027 - 2031	-	-	-	77,737.0	6,644.0	84,381.0	77,737.0	6,644.0	84,381
2032 - 2036	-	-	-	26,280.0	440.0	26,720.0	26,280.0	440.0	26,720
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 174,361	\$ 21,120	\$ 195,481	\$ 174,361	\$ 21,120	\$ 195,481
Less: amounts representing interest									(21,120)
Present value of future minimum payments									<u>174,361</u>
Unamortized net premium/(discount)									-
Total long-term debt obligations									<u>174,361</u>
Less: current portion									(13,512)
Long-term debt obligations, net of current portion									<u><u>\$ 160,849</u></u>

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2021**

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	-
Payments to University for other than salaries of University personnel		2,142,888
Payments received from University for services, space, and programs		2,971,258
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		(62,335)
Other amounts (payable to) University		-
Accounts receivable from University		32,612
Other amounts receivable from University		-

CI University Auxiliary Services, Inc.

Other Information
Year Ended June 30, 2021

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	None	
Restatement #2	None	-

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2021**

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowshi	Supplies and other services	Depreciation and amortizatio	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	1,378,833	539,850	-	-	-	1,692,007	-	3,610,690
Depreciation and amortization	-	-	-	-	-	-	24,769	24,769
Total operating expenses	\$ 1,378,833	\$ 539,850	\$ -	\$ -	\$ -	\$ 1,692,007	\$ 24,769	\$ 3,635,459

CI University Auxiliary Services, Inc.

**Other Information
Year Ended June 30, 2021**

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 - 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 - 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	\$	1,971,951
Other nonoperating (expenses)		-
Total other nonoperating revenues (expenses)	\$	1,971,951

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 of
CI University Auxiliary Services, Inc.

We have audited, in accordance with the 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, 2021, 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 17, 2021.

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 may exist that have not been identified.

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 17, 2021



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