



California State University, Channel Islands Foundation

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Independent Auditor's Report

The Board of Directors  
California State University, Channel Islands Foundation

Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of California State University, Channel Islands Foundation ("Foundation"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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*

The Foundation'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 Foundation'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 Foundation'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 the Foundation'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 9 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.



## California State University, Channel Islands Foundation

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

This section of California State University, Channel Islands Foundation (Foundation) annual financial report presents our discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

#### **Introduction to the Financial Statements**

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

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 the Foundation.

**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 the Foundation.

**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 the Foundation's financial activities. Included is an analysis of current year activities and balances; a discussion of restrictions of Foundation net position; a discussion of capital assets and long-term debt; and factors impacting future reporting periods.

**California State University, Channel Islands Foundation**

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

The Foundation's summary of net position as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 33,051,501	\$ 2,538,836	\$ 30,512,665	1201.84%
Other noncurrent assets	49,871,249	45,343,247	4,528,002	9.99%
Total assets	<u>\$ 82,922,750</u>	<u>\$ 47,882,083</u>	<u>\$ 35,040,667</u>	<u>73.18%</u>
<b>Liabilities:</b>				
Current liabilities	\$ 489,922	\$ 300,923	\$ 188,999	62.81%
Total liabilities	<u>\$ 489,922</u>	<u>\$ 300,923</u>	<u>\$ 188,999</u>	<u>62.81%</u>
<b>Net position:</b>				
Restricted	\$ 52,434,969	\$ 29,331,282	\$ 23,103,687	78.77%
Unrestricted	29,997,859	18,249,878	11,747,981	64.37%
Total net position	<u>\$ 82,432,828</u>	<u>\$ 47,581,160</u>	<u>\$ 34,851,668</u>	<u>73.25%</u>

**Assets**

Total assets increased by \$35 million compared to prior year. This is primarily due to recognizing a realized planned gift valued at approximately \$26.7 million, the Smith Family Foundation Endowment gift of \$7 million, pledge receivables related to Manzanita Hall renovations, Peer to Peer Learning Resource Center and Writing Multiliteracy Center, and scholarships of \$6.3 million. The increase was offset by a decrease in investment value of \$4.5 million.

**Liabilities**

Total liabilities increased by \$189 thousand compared to prior year. This is primarily a result of an increase in related party payables to the California State University, Channel Islands ("the University" or "the Campus") for Scholarships, Cottage Nursing program, and Santa Rosa Island Research Station.

**Net Position**

Total net position increased by \$35 million compared to prior year.

The Restricted net position increase is primarily driven by the transfer of Scott-Jewett fund of \$10M, Smith Family Foundation Endowment gift of \$7 million, capital project support related to Manzanita Hall renovations and the Early Childhood Care and Education Center of \$5 million, Scott-Jewett Housing grant and scholarships of \$3 million, Peer to Peer Learning Resource Center and Writing and Multiliteracy Center of \$1 million, offset by a decrease in investment earnings due to market volatility of \$3 million.

## California State University, Channel Islands Foundation

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

The Unrestricted net position increase of \$12 million is primarily driven by the recognition of a realized planned gift of \$26.7 million, offset by the transfer of the Scott-Jewett fund and together with the University's Highest Needs gifts support various Restricted programs such as EOP, DASS, Mission Centers, Internships, Ekho Your Heart, and scholarships of \$15 million.

#### Restricted Resources

Net position of the Foundation includes funds that are restricted by donor or law. The following table summarizes which funds are restricted, the type of restriction, and the amount:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Non-Expendable Endowments	\$ 16,294,961	\$ 10,780,714	\$ 5,514,247	51.15%
Expendable				
Scholarships and				
Fellowships	3,822,806	1,057,966	2,764,840	261.34%
Research	473,148	447,944	25,204	5.63%
Instruction	10,583,323	12,072,885	(1,489,562)	-12.34%
Capital projects	7,255,316	2,298,316	4,957,000	215.68%
Other	14,005,415	2,673,457	11,331,958	423.87%
Total restricted net position	<u>\$ 52,434,969</u>	<u>\$ 29,331,282</u>	<u>\$ 23,103,687</u>	<u>78.77%</u>



## California State University, Channel Islands Foundation

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

#### Designated Resources

The Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Operating Revenues:</b>				
Other operating income	\$ 311,313	\$ 497,102	\$ (185,789)	-37.37%
Total operating revenues	311,313	497,102	(185,789)	-37.37%
<b>Operating Expenses</b>	<u>3,123,606</u>	<u>2,302,729</u>	<u>820,877</u>	<u>35.65%</u>
Operating loss	<u>(2,812,293)</u>	<u>(1,805,627)</u>	<u>(1,006,666)</u>	<u>55.75%</u>
<b>Nonoperating Revenues:</b>				
Nongovernmental grants, noncapital	50,750	347,004	(296,254)	-85.37%
Gifts non-capital	34,969,559	17,275,453	17,694,106	102.42%
Gifts in-kind	24,065	20,294	3,771	18.58%
Investment income (loss)	<u>(4,590,136)</u>	<u>5,558,824</u>	<u>(10,148,960)</u>	<u>-182.57%</u>
Total nonoperating revenues	<u>30,454,238</u>	<u>23,201,575</u>	<u>7,252,663</u>	<u>31.26%</u>
Income (loss) before other additions	<u>27,641,945</u>	<u>21,395,948</u>	<u>6,245,997</u>	<u>29.19%</u>
Additions to permanent endowment	<u>7,209,723</u>	<u>350,942</u>	<u>6,858,781</u>	<u>1954.39%</u>
<b>Increase (decrease) in net position</b>	<u>34,851,668</u>	<u>21,746,890</u>	<u>13,104,778</u>	<u>60.26%</u>
<b>Beginning net position</b>	<u>47,581,160</u>	<u>25,834,270</u>	<u>21,746,890</u>	<u>84.18%</u>
<b>End net position</b>	<u>\$ 82,432,828</u>	<u>\$ 47,581,160</u>	<u>\$ 34,851,668</u>	<u>73.25%</u>

#### Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Foundation's business function. Revenues come from other operating revenues which include sales of goods and services associated with fundraising activities and other miscellaneous revenue. Expenses include categories such as gift to university, supplies and other services, scholarships, and fellowships. 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.

#### Operating Revenues

Total operating revenues reflects a decrease from prior year of \$186 thousand. This is primarily driven by a reduction of gift fees and endowment management fees due to market volatility.

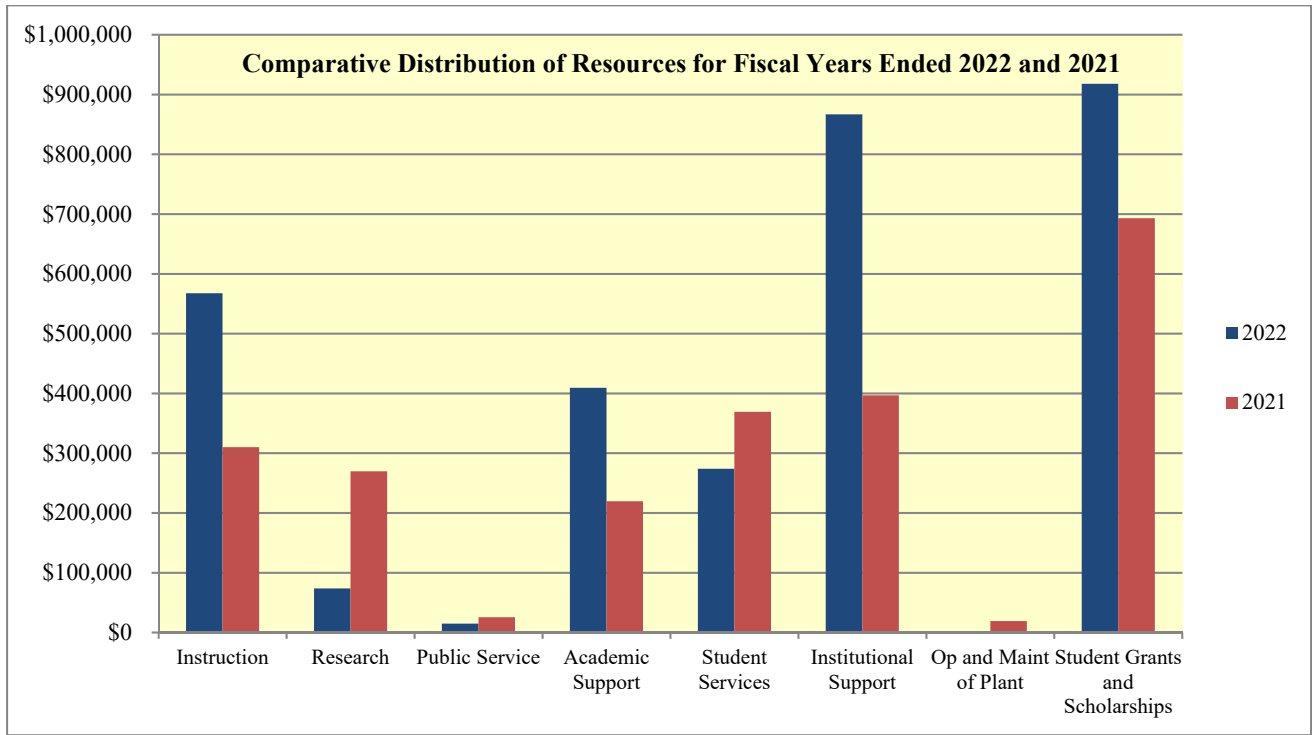
California State University, Channel Islands Foundation

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

Operating Expenses

Total operating expenses increased by \$821 thousand versus prior year and are primarily attributable to the increase in expenditures related to the student scholarships in the amount of \$261 thousand, the Cottage Nursing program in the amount of \$247 thousand, and Unrestricted operating costs related to direct fund raising in the amount of \$232 thousand.

The following chart presents the distribution of resources in support of the Foundation's mission for fiscal years 2022 and 2021:



Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of the Foundation's primary business functions. Included in this classification are categories such as non-capital gifts, gifts in-kind, and investment income. Total nonoperating revenues (expenses) increased by \$7 million primarily due to increases of non-capital gifts attributable to the recognition of planned gift in the amount of \$26.7 million versus last year's Scott-Jewett gift of \$15 million for net increase of \$11.7 million. Additional gifts include support the Manzanita Hall renovations and the Early Childhood Care and Education Center of \$4.5 million, Peer to Peer Support for Learning Resource Center and Writing and Multiliteracy Center of \$1.5 million, offset by a decrease in investments gains due to market volatility of \$10.1 million, and Governmental grants of \$296 thousand primarily due to ECMC grant.

## **Basic Financial Statements**

**California State University, Channel Islands Foundation**

**Statement of Net Position  
June 30, 2022  
With Summarized Totals at June 30, 2021**

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 1,574,740	\$ 366,701
Short-term investments	1,786,430	1,156,614
Accounts receivable, net	4,793	-
Related party receivables	21,262	2,630
Pledges receivable, net	<u>29,664,276</u>	<u>1,012,891</u>
Total current assets	<u>33,051,501</u>	<u>2,538,836</u>
Noncurrent assets		
Restricted cash and cash equivalents	8,961,667	17,143,276
Long-term investments	39,928,323	27,710,346
Pledges receivable, net	<u>981,259</u>	<u>489,625</u>
Total noncurrent assets	<u>49,871,249</u>	<u>45,343,247</u>
Total assets	<u>\$ 82,922,750</u>	<u>\$ 47,882,083</u>

**California State University, Channel Islands Foundation**

**Statement of Net Position  
June 30, 2022  
With Summarized Totals at June 30, 2021**

Liabilities and Net Position

	<u>2022</u>	<u>2021</u>
Current liabilities		
Accounts payable	\$ 62,848	\$ 54,634
Related party payables	427,074	246,289
	<hr/>	<hr/>
Total liabilities	489,922	300,923
	<hr/>	<hr/>
Net position		
Restricted for		
Nonexpendable - endowments	16,294,961	10,780,714
Expendable		
Scholarships and fellowships	3,822,806	1,057,967
Research	473,148	447,944
Instruction	10,583,323	12,072,885
Capital projects	7,255,316	2,298,316
Other	14,005,415	2,673,456
Unrestricted	29,997,859	18,249,878
	<hr/>	<hr/>
Total net position	<u>\$ 82,432,828</u>	<u>\$ 47,581,160</u>

See Notes to Financial Statements

**California State University, Channel Islands Foundation**

**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2022  
With Summarized Totals for the Year Ended June 30, 2021**

	<u>2022</u>	<u>2021</u>
Revenues		
Operating revenues		
Other operating income	\$ 311,313	\$ 497,102
Total operating revenues	<u>311,313</u>	<u>497,102</u>
Expenses		
Operating expenses		
Instruction	567,501	309,960
Research	73,716	269,515
Public service	14,797	25,594
Academic support	409,209	219,648
Student services	273,853	369,110
Institutional support	866,666	396,830
Operation and maintenance of plant	-	19,019
Student grants and scholarships	<u>917,864</u>	<u>693,053</u>
Total operating expenses	<u>3,123,606</u>	<u>2,302,729</u>
Operating loss	<u>(2,812,293)</u>	<u>(1,805,627)</u>
Nonoperating revenues		
Nongovernmental grants, noncapital	50,750	347,004
Gifts, noncapital	34,969,559	17,275,453
In-kind contributions	24,065	20,294
Investment (loss) income	<u>(4,590,136)</u>	<u>5,558,824</u>
Net nonoperating revenues	<u>30,454,238</u>	<u>23,201,575</u>
Income before additions	27,641,945	21,395,948
Additions to endowments	<u>7,209,723</u>	<u>350,942</u>
Increase in net position	34,851,668	21,746,890
Net position, beginning of year	<u>47,581,160</u>	<u>25,834,270</u>
Net position, end of year	<u>\$ 82,432,828</u>	<u>\$ 47,581,160</u>

See Notes to Financial Statements

**California State University, Channel Islands Foundation**

**Statement of Cash Flows  
Year Ended June 30, 2022  
With Summarized Totals for the Year Ended June 30, 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Payments to suppliers	\$ (2,197,528)	\$ (2,071,884)
Receipts from university and its auxiliaries	(19,742)	10,284
Payments to students	(917,864)	(693,053)
Other receipts	<u>488,415</u>	<u>581,012</u>
Net cash used in operating activities	<u>(2,646,719)</u>	<u>(2,173,641)</u>
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital purposes	13,111,078	17,703,208
Pledges	<u>-</u>	<u>347,004</u>
Net cash provided by noncapital financing activities	<u>13,111,078</u>	<u>18,050,212</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	402,818	7,282,502
Purchases of investments	(18,819,152)	(9,867,755)
Investment income received	<u>978,405</u>	<u>2,050,541</u>
Net cash used in investing activities	<u>(17,437,929)</u>	<u>(534,712)</u>
Net (decrease) increase in cash and cash equivalents	(6,973,570)	15,341,859
Cash and cash equivalents, beginning of year	<u>17,509,977</u>	<u>2,168,118</u>
Cash and cash equivalents, end of year	<u>\$ 10,536,407</u>	<u>\$ 17,509,977</u>
Summary of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 1,574,740	\$ 366,701
Restricted cash and cash equivalents	<u>8,961,667</u>	<u>17,143,276</u>
Total cash and cash equivalents	<u>\$ 10,536,407</u>	<u>\$ 17,509,977</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (2,812,293)	\$ (1,805,627)
Adjustments to reconcile operating loss to net cash used in operating activities		
Change in assets and liabilities		
Accounts receivable, net	(4,793)	2,000
Related party receivables	(18,632)	8,284
Accounts payable	8,214	16,277
Unearned revenue	-	(311,949)
Related party payables	180,785	83,909
Liability to beneficiaries	<u>-</u>	<u>(166,535)</u>
Net cash used in operating activities	<u>\$ (2,646,719)</u>	<u>\$ (2,173,641)</u>
Supplemental non-cash information		
Non-cash activities		
In-kind	<u>\$ 24,065</u>	<u>\$ 20,294</u>

See Notes to Financial Statements

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

#### Note 1 - Organization

California State University, Channel Islands Foundation (the "Foundation") was created on August 28, 1996, 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. The Foundation operates as an auxiliary organization of the California State University, Channel Islands (the "University" or "Campus") under an operating agreement with the Trustees of the California State University (the "Trustees"), which goes through June 30, 2025.

#### Note 2 - Summary of significant accounting policies

##### **Basis of 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.

##### **Election of applicable FASB statements**

The Foundation has elected to follow standards of accounting and financial reporting issued by the Financial Accounting Standards Board ("FASB") prior to November 30, 1989, unless those standards conflict with or contradict guidance of the GASB. The Foundation also has the option of following subsequent private sector guidance subject to the same limitation. The Foundation has elected not to adopt the pronouncements issued by the FASB after November 30, 1989.

##### **Financial reporting entity**

The financial statements include the accounts of the Foundation. The Foundation 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. The Foundation has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

##### **Net position**

The Foundation's net position is classified into the following net asset categories:

**Restricted - non-expendable endowments** - Net position resulted from contributions restricted by the donor for investment in perpetuity. The investment incomes generated by the endowments are to be used for scholarships for University students and programs described by the respective donors.

**Restricted - expendable** - Net position subject to externally imposed conditions that can be fulfilled by the actions of the Foundation 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 the Foundation 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.

The Foundation has adopted a policy of generally utilizing restricted-expendable funds prior to unrestricted funds when an expense is incurred for purposes for which both are related.



## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

#### **Cash and cash equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less from date of purchase. The Foundation maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### **Prepaid expenses**

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

#### **Pledges receivable, net**

Unconditional promises of private gifts to the Foundation are recorded as pledges receivable and revenue in the year promised at the present value of expected cash flows including consideration of collectability. Conditional promises and intentions to give are recognized as receivables and revenue when the specific condition and/or eligibility and recognition requirements are met. There were no conditional promises to give at June 30, 2022.

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Unrealized gains and losses are included in the change in net position in the accompanying statement of revenues, expenses and changes in net position.

#### **Unearned revenue**

Unearned revenue consists of advance payments received for special events.

#### **In-kind contributions**

The Foundation records various types of in-kind contributions. Contributions of tangible assets are recognized at acquisition value when received. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. For the year ended June 30, 2022, the Foundation recorded in-kind contributions of \$24,065.

#### **Contributions**

Unconditional promises to give are recorded as pledges receivable when the promise is received. Unconditional promises to give with payments due in future periods are reported as restricted support.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promissory, shall be recognized when the conditions on which they depend are substantially met.

#### **Income taxes**

The Foundation 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**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

#### **Classification of revenues and expenses**

The Foundation 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 Foundation'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 Foundation'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 the Foundation's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

#### **Fair value measurements**

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

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

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments. The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

#### **Note 3 - Liquidity and availability**

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

The emergence of COVID-19 may impact the Foundation's liquidity (see Note 11). Management continues to regularly monitor liquidity and consider all expenditures related to its ongoing activities.

California State University, Channel Islands Foundation

Notes to Financial Statements  
June 30, 2022

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

Cash and cash equivalents	\$ 1,574,740
Short-term investments	1,786,430
Accounts receivable	4,793
Related party receivables	21,262
Pledges receivable due in one year or less, net	<u>29,664,276</u>
	<u>\$ 33,051,501</u>

**Note 4 - Cash and cash equivalents**

The Foundation's cash and cash equivalents as of June 30, 2022 are classified in the accompanying statements of net position as follows:

	<u>2022</u>
Cash and cash equivalents	\$ 1,574,740
Restricted cash and cash equivalents	<u>8,961,667</u>
Total cash and cash equivalents	<u>\$ 10,536,407</u>

**Cash and cash equivalents**

At June 30, 2022, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$10,536,407 had a corresponding carrying value balance with the bank of \$9,602,915 at June 30, 2022. The difference is related primarily to outstanding checks in the amount of \$70,944 and deposits in transit of \$1,004,436.

**Restricted cash and cash equivalents**

Restricted cash of \$8,961,667 represents designated funds by the board.

**Custodial credit risk for deposits**

Custodial credit risk for deposits is the risk that the Foundation 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 the Foundation's 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 the Foundation to concentrations of credit risk include cash and cash equivalents. The Foundation maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits which are currently \$250,000 per institution. As of June 30, 2022, Foundation's bank deposits exceeded the balance insured by the FDIC by \$8,852,665, which is uninsured and uncollateralized.

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

For the year ended June 30, 2022, two donors accounted for approximately 81% of the Foundation's pledges receivable and noncapital gifts.

#### Note 6 - Related party transactions

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

Related party receivables are generated through performing various services for the Campus as well as Channel Islands University Auxiliary Services, Inc. Related party receivables consist of the following:

Channel Islands University Auxiliary Services, Inc.	\$	8,916
California State University, Channel Islands		<u>12,346</u>
	\$	<u>21,262</u>

Related party payables to the University are generated through Foundation's usage of University personnel for Foundation services. Related party payables to Channel Islands University Auxiliary Services, Inc. ("CIUAS") are generated through the payroll services and calculations done for the Foundation by CIUAS.

California State University, Channel Islands	\$	402,577
Channel Islands University Auxiliary Services, Inc.		<u>24,497</u>
	\$	<u>427,074</u>

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

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

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	745,032
Payments to University for other than salaries of University personnel		2,045,111
Payments received from University for services, space and programs		6,216
Gifts in-kind to the University from discretely presented component units		24,065
Gifts (cash or assets) to the University from discretely presented component units		7,668

**California State University, Channel Islands Foundation**

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

**Note 7 - Pledges receivable, net**

Pledges receivable are measured using market prices and are stated at fair value. Pledges receivable at June 30, 2022 are as follows:

Less than one year	<u>\$ 29,664,276</u>
Net, pledges receivable - current	<u>29,664,276</u>
One to five years	1,017,861
Less discount to present value	<u>(36,602)</u>
Net, pledges receivable - non-current	<u>981,259</u>
Total net, pledges receivable	<u><u>\$ 30,645,535</u></u>

The unamortized discount is based on a risk free rate and additional market risk factor that total 3%. In management's opinion, all pledges receivables were collectible at June 30, 2022 and, therefore, no allowance has been established.

**Note 8 - Restricted cash and investments for endowment**

Restricted cash and investments for endowment have a combined total of \$24,724,886 at June 30, 2022. Restricted cash and investments as of June 30, 2022 consist of the following:

		<u>Level 1</u>
Cash restricted for endowments		<u>\$ 3,584,822</u>
Endowment investments		
Equity securities	\$ 10,534,294	
Corporate bonds	2,180,870	
Mortgage/Asset-backed securities	1,139,393	
Mutual funds	6,031,120	
US treasury bonds and notes	726,550	
Private equity	<u>527,837</u>	
Total endowment investments		<u>21,140,064</u>
Total restricted investments		<u><u>\$ 21,140,064</u></u>

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

#### **Investment policy**

The Foundation's investment policy (the "Policy") sets forth the guidelines for the investment of all endowments funds of the Foundation. As a general rule, the Policy conforms to the Prudent Investor guidelines widely used in the investment management industry, the guidelines of Uniform Management of Association for CFA Institute (formerly AIMR), the professional standards established by the Uniform Prudent Management of Institutional Funds Act and the general fiduciary standards described in the Uniform Investment Act.

The long-term investment objective of the policy is to preserve the endowment funds' capital, protect the purchasing power of the endowment funds and provide cash flows to assist in the funding of the Foundation's spending goals. With this in mind, the portfolio shall be invested to provide safety through diversification in a portfolio of common stocks, bonds, cash equivalents and other investments, all of which may reflect varying rates of returns. The return objective will be to outperform the Higher Education Price Index ("HEPI") plus 5%.

#### **Interest rate risk**

Interest rate risk is the risk that the changes in market interest rates will adversely affect the fair value of an investment. In accordance with the Policy, the Foundation manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting its average maturity of investments within the portfolios.

#### **Credit risk**

Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors, such as financial weakness, bankruptcy, litigation and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on a bond and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard & Poor's. The lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations. Generally, the lower the bond's credit rating, the higher the yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have risk.

**California State University, Channel Islands Foundation**

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

The credit risk profile for fixed income securities at June 30 is as follows:

<u>Fixed Income Securities</u>	<u>June 30, 2022</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 430,812	A
Corporate bonds	1,675,997	A-
Corporate bonds	211,047	A+
Corporate bonds	76,739	AA-
Corporate bonds	62,065	AA+
Corporate bonds	60,840	AAA
Corporate bonds	101,515	BB+
Corporate bonds	1,522,041	BBB
Corporate bonds	380,857	BBB-
Corporate bonds	1,536,694	BBB+
Corporate bonds	1,183,799	Unrated
Mortgage / Asset-backed securities	43,456	AAA
Mortgage / Asset-backed securities	4,884,779	Unrated
US treasury bonds and notes	<u>3,293,692</u>	Unrated
	15,464,333	
Short-term fixed income securities		
Corporate bonds	9,978	A
Corporate bonds	90,076	A-
Corporate bonds	24,959	A+
Corporate bonds	184,726	BBB
Corporate bonds	105,230	BBB+
US treasury bonds and notes	<u>207,948</u>	Unrated
	<u>622,917</u>	
Total fixed income securities	<u>\$ 16,087,250</u>	

At June 30, 2022 the Foundation's fixed income securities has the following maturities:

	<u>1 year</u>	<u>1 - 5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Corporate bonds	\$ 414,969	\$ 2,369,132	\$ 3,615,221	\$ 1,258,053	\$ 7,657,375
Mortgage/Asset-Backed Securities	-	-	30,898	4,897,337	4,928,235
US treasury bonds and notes	<u>207,948</u>	<u>2,216,371</u>	<u>145,114</u>	<u>932,207</u>	<u>3,501,640</u>
	<u>\$ 622,917</u>	<u>\$ 4,585,503</u>	<u>\$ 3,791,233</u>	<u>\$ 7,087,597</u>	<u>\$ 16,087,250</u>

The Foundation measures fair value in accordance with GASB 72, Fair Value Measurement and Application. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly; and Level 3 unobservable inputs in which there is little or no market data, which requires

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

the Foundation to develop its own assumptions. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Assets reported at fair value at June 30, 2022, are Level 1 inputs.

#### Note 9 - Investments

Investments consist of the following at June 30, 2022:

	Fair Value Measurements				Total
	Level 1	Level 2	Level 3	Investments measured at NAV	
Equity securities		\$ -	\$ -	\$ -	
ADR & US held foreign stock	\$ 446,216	-	-	-	\$ 446,216
Consumer discretionary	1,517,043	-	-	-	1,517,043
Consumer staples	975,029	-	-	-	975,029
Energy	66,594	-	-	-	66,594
Financials	1,885,294	-	-	-	1,885,294
Healthcare	1,795,277	-	-	-	1,795,277
Industrials	1,258,786	-	-	-	1,258,786
Information technology	3,888,105	-	-	-	3,888,105
Materials	468,678	-	-	-	468,678
Miscellaneous	45,072	-	-	-	45,072
Telecommunication services	231,941	-	-	-	231,941
Utilities	560,683	-	-	-	560,683
Total equity securities	13,138,718	-	-	-	13,138,718
Corporate bonds	7,657,375	-	-	-	7,657,375
Mortgage/Asset-backed securities	4,928,235	-	-	-	4,928,235
Mutual funds					
Closed end funds - equity	3,362,683	-	-	-	3,362,683
Mutual funds - equity	7,757,605	-	-	-	7,757,605
Wells Fargo funds - balanced	1,368,497	-	-	-	1,368,497
Total mutual funds	12,488,785	-	-	-	12,488,785
US treasury bonds and notes	3,501,640	-	-	-	3,501,640
Total investments	<u>\$ 41,714,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,714,753</u>

At June 30, 2022, the Foundation did not have any investments measured using Level 2 or Level 3 inputs.

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets and are valued on a recurring basis. Financial assets valued using Level 2 inputs are valued based on investment yields. The fair value of limited partnerships is determined using the net asset value ("NAV") of shares held by the Foundation at the value reported by the general partner, which can lag for 45 days. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

The Foundation reviews valuations and assumptions provided by investment fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. For the year ended June 30, 2022, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different



## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2022

methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the year ended June 30, 2022.

The composition of the investment return reported in the statement of revenues, expenses and changes in net position as follows:

Interest and dividend income	\$ 821,048
Realized and unrealized loss on investments	<u>(5,411,184)</u>
Total investment return	<u>\$ (4,590,136)</u>

#### Custodial credit risk

Custodial credit risk for investment deposits is the risk that the Foundation will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of the Foundation's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation insured limits. In accordance with the Foundation's investment policy, all certificates of deposit are FDIC-insured and limited to \$250,000 at any one institution.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the Foundation would not be able to recover its investment. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. U.S. Treasury issues and Federally Sponsored Enterprise issues are held by Securities Investor Protection Corporation insured brokers and are not registered with the issuer in the Foundation's name.

The following Foundation investments are subject to custodial risk as follows:

	Total	Less insured amounts	Amount subject to custodial credit risk
Equity securities	\$ 13,138,718	\$ -	\$ 13,138,718
Corporate bonds	7,657,375	-	7,657,375
Mortgage/Asset-backed securities	4,928,235	-	4,928,235
US treasury bonds and notes	3,501,640	-	3,501,640
Total investments	<u>\$ 29,225,968</u>	<u>\$ -</u>	<u>\$ 29,225,968</u>

#### Note 10 - Classification of operating expenses

The Foundation has elected to report operating expenses by functional classification in the statements of revenues, expenses and changes in net position, but to provide the natural

**California State University, Channel Islands Foundation**

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

classification of those expenses as an additional disclosure. For the year ended June 30, 2022, operating expenses by natural classification consisted of the following:

	Salaries	Benefits	Fellowships	Other services	Depreciation	Total
Instruction	\$ -	\$ -	\$ -	\$ 567,501	\$ -	\$ 567,501
Research	-	-	-	73,716	-	73,716
Public service	-	-	-	14,797	-	14,797
Academic support	-	-	-	409,209	-	409,209
Student services	-	-	-	273,853	-	273,853
Institutional support	-	-	-	866,666	-	866,666
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	917,864	-	-	917,864
	<u>-</u>	<u>-</u>	<u>917,864</u>	<u>-</u>	<u>-</u>	<u>917,864</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 917,864</u>	<u>\$ 2,205,742</u>	<u>\$ -</u>	<u>\$ 3,123,606</u>

**Note 11 - Contingencies**

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

**Coronavirus**

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

## **Supplementary Information**

California State University, Channel Islands Foundation

**GASB Schedule of Net Position**  
**June 30, 2022**  
**(for Inclusion in the California State University)**

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,574,740
Short-term investments	1,786,430
Accounts receivable, net	26,055
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	29,664,276
Prepaid expenses and other current assets	-
<b>Total current assets</b>	<b>33,051,501</b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	8,961,667
Accounts receivable, net	-
Lease receivables, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	981,259
Endowment investments	21,140,063
Other long-term investments	18,788,260
Capital assets, net	-
Other assets	-
<b>Total noncurrent assets</b>	<b>49,871,249</b>
<b>Total assets</b>	<b>82,922,750</b>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
Others	-
<b>Total deferred outflows of resources</b>	<b>-</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	489,922
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
<b>Total current liabilities</b>	<b>489,922</b>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>-</b>
<b>Total liabilities</b>	<b>489,922</b>
<b>Deferred inflows of resources:</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
<b>Total deferred inflows of resources</b>	<b>-</b>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	16,294,961
Expendable:	
Scholarships and fellowships	3,822,806
Research	473,148
Loans	-
Capital projects	7,255,316
Debt service	-
Others	24,588,738
Unrestricted	29,997,859
<b>Total net position</b>	<b>\$ 82,432,828</b>

**California State University, Channel Islands Foundation**

**GASB Schedule of Revenues, Expenses and Changes in Net Position  
June 30, 2022  
(for Inclusion in the California State University)**

<b>Revenues:</b>	
<b>Operating revenues:</b>	
Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	311,313
<b>Total operating revenues</b>	<b>311,313</b>
<b>Expenses:</b>	
<b>Operating expenses:</b>	
Instruction	567,501
Research	73,716
Public service	14,797
Academic support	409,209
Student services	273,853
Institutional support	866,666
Operation and maintenance of plant	-
Student grants and scholarships	917,864
Auxiliary enterprise expenses	-
Depreciation and amortization	-
<b>Total operating expenses</b>	<b>3,123,606</b>
<b>Operating income (loss)</b>	<b>(2,812,293)</b>
<b>Nonoperating revenues (expenses):</b>	
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	50,750
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	34,993,624
Investment income (loss), net	(4,590,136)
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	-
<b>Net nonoperating revenues (expenses)</b>	<b>30,454,238</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>27,641,945</b>
State appropriations, capital	-
Grants and gifts, capital	7,209,723
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>34,851,668</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	47,581,160
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>47,581,160</b>
<b>Net position at end of year</b>	<b>\$ 82,432,828</b>

California State University, Channel Islands Foundation

Expenses by Natural Classification  
June 30, 2022

**Expenses**

Accounting fees and other CSUCI Services	\$	69,467
Advertising and promotion		16,413
Awards and recognition items		18,670
Bank and credit card fees		6,655
Books and subscriptions		1,007
Business meals and hospitality		109,713
Conferences and meetings		9,643
Education and training		13,568
Equipment		23,755
Gift to university		31,733
Honoraria		866
Insurance		5,320
Investment fees		268,517
Membership dues and fees		2,832
Office expense		54,598
Outside services		1,091,067
Postage		1,109
Printing		16,634
Professional fees		27,148
Rent		44,037
Repairs and maintenance		15,444
Scholarships		1,060,995
Software		17,873
Supplies		184,722
Telephone		7,547
Travel		24,273
		<hr/>
Total expenses	\$	<u>3,123,606</u>

California State University, Channel Islands Foundation

Other Information

June 30, 2022

(for Inclusion in the California State University)

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	\$	3,584,822
All other restricted cash and cash equivalents		5,376,845
<b>Noncurrent restricted cash and cash equivalents</b>		<b>8,961,667</b>
Current cash and cash equivalents		1,574,740
<b>Total</b>	<b>\$</b>	<b>10,536,407</b>

California State University, Channel Islands Foundation

Other Information

June 30, 2022

(for Inclusion in the California State University)

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	988,949	2,512,691	3,501,640
Municipal bonds	-	-	-
Corporate bonds	769,720	6,887,655	7,657,375
Asset backed securities	-	-	-
Mortgage backed securities	27,761	4,900,474	4,928,235
Commercial paper	-	-	-
Mutual funds	-	12,488,785	12,488,785
Exchange traded funds	-	-	-
Equity securities	-	13,138,718	13,138,718
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	-	-	-
<b>Total investments</b>	<b>1,786,430</b>	<b>39,928,323</b>	<b>41,714,753</b>
Less endowment investments (enter as negative number)	-	(21,140,064)	(21,140,064)
<b>Total investments, net of endowments</b>	<b>\$ 1,786,430</b>	<b>\$ 18,788,259</b>	<b>\$ 20,574,689</b>







**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2022**

**(for Inclusion in the California State University)**

**4 Long-term liabilities:**

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

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**5 Lease Liabilities schedule:**

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
<b>Total lease liabilities</b>									-
Less: current portion									-
<b>Lease liabilities, net of current portion</b>									<b>\$ -</b>

**California State University, Channel Islands Foundation**

**Other Information**

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**(for Inclusion in the California State University)**

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
<b>Year ending June 30:</b>									
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

California State University, Channel Islands Foundation

Other Information

June 30, 2022

(for Inclusion in the California State University)

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	745,032
Payments to University for other than salaries of University personnel		2,045,111
Payments received from University for services, space, and programs		6,216
Gifts-in-kind to the University from discretely presented component units		24,065
Gifts (cash or assets) to the University from discretely presented component units		7,668
Accounts (payable to) University		(402,577)
Other amounts (payable to) University		-
Accounts receivable from University		12,346
Other amounts receivable from University		-

**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2022**

**(for Inclusion in the California State University)**

**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	
		\$ -

California State University, Channel Islands Foundation

Other Information

June 30, 2022

(for Inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	\$ -	\$ -	\$ -	-	\$ 567,501	-	\$ 567,501
Research	-	-	-	-	-	73,716	-	73,716
Public service	-	-	-	-	-	14,797	-	14,797
Academic support	-	-	-	-	-	409,209	-	409,209
Student services	-	-	-	-	-	273,853	-	273,853
Institutional support	-	-	-	-	-	866,666	-	866,666
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	917,864	-	-	917,864
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 917,864</b>	<b>\$ 2,205,742</b>	<b>\$ -</b>	<b>\$ 3,123,606</b>



**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2022**

**(for Inclusion in the California State University)**

**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

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

**2. Deferred Inflows of Resources**

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

California State University, Channel Islands Foundation

Other Information

June 30, 2022

(for Inclusion in the California State University)

**11 Other nonoperating revenues (expenses)**

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

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*

The Board of Directors  
California State University, Channel Islands Foundation

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

Report on Internal Control over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of 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 the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

