

**California State University,
Channel Islands Foundation**

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

June 30, 2024 and 2023

California State University, Channel Islands Foundation

Index

	<u>Page</u>
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15
Supplementary Information	
GASB Schedule of Net Position	29
GASB Schedule of Revenues, Expenses and Changes in Net Position	31
Expenses by Natural Classification	33
Other Information	34
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42

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"), a component unit of California State University, Channel Islands as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information on pages 29 to 41 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

We have previously audited the Foundation's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Los Angeles, California
September 17, 2024

California State University, Channel Islands Foundation

Management's Discussion and Analysis For the Year Ended June 30, 2024 (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, 2024. 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, 2024 (Unaudited)

The Foundation's summary of net position as of June 30, 2024 and 2023 are as follows:

	2024	2023	\$ Change	% Change
Assets:				
Current assets	\$ 11,162,030	\$ 6,467,526	\$ 4,694,504	72.59%
Other noncurrent assets	89,396,224	88,127,336	1,268,888	1.44%
Subscription asset, net	28,500	47,893	(19,393)	-40.49%
Total assets	<u>\$ 100,586,754</u>	<u>\$ 94,642,755</u>	<u>\$ 5,943,999</u>	<u>6.28%</u>
Liabilities:				
Current liabilities	\$ 706,440	\$ 404,626	\$ 301,814	74.59%
Total liabilities	<u>\$ 706,440</u>	<u>\$ 404,626</u>	<u>\$ 301,814</u>	<u>74.59%</u>
Net position:				
Net investment in capital assets	\$ 28,500	\$ 47,893	\$ (19,393)	-40.49%
Restricted	75,695,848	89,403,278	(13,707,430)	-15.33%
Unrestricted	24,155,966	4,786,958	19,369,008	404.62%
Total net position	<u>\$ 99,880,314</u>	<u>\$ 94,238,129</u>	<u>\$ 5,642,185</u>	<u>5.99%</u>

Assets

Total assets increased by \$6 million compared to prior year primarily due to positive market returns in investment earnings of which \$4 million is in short-term current assets and \$2 million in long-term noncurrent assets. Other drivers in assets are due to increase in pledge receivable of \$1 million from TOLD Foundation for High Impact Practices support, offset by decrease in pledge receivable related to Larraburu true-up valuation of \$561 thousand.

Liabilities

Total liabilities increased by \$302 thousand compared to the prior year. This is primarily due to related party payables to the Campus for programmatic expenses to support various programs.

Net Position

Total net position increased by \$6 million compared to the prior year primarily related to investment earnings.

The restricted net position decrease is primarily driven by reclassification related to the Larraburu Trust of \$16 million for Early Childhood Care Education Center, offset by increase in investment earnings of \$2 million.

The unrestricted net position increase is primarily driven by reclassification from restricted related to Larraburu Trust of \$15 million for undesignated reserves and \$4 million in investment earnings due to positive market returns.

California State University, Channel Islands Foundation

Management's Discussion and Analysis For the Year Ended June 30, 2024 (Unaudited)

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>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Non-expendable endowments	\$ 19,726,893	\$ 17,629,541	\$ 2,097,352	11.90%
Expendable				
Scholarships and fellowships	8,488,599	8,303,796	184,803	2.23%
Research	577,621	529,259	48,362	9.14%
Instruction	2,687,113	3,551,952	(864,839)	-24.35%
Capital projects	23,035,562	7,381,326	15,654,236	212.08%
Other	21,180,060	52,007,404	(30,827,344)	-59.27%
Total restricted net position	<u>\$ 75,695,848</u>	<u>\$ 89,403,278</u>	<u>\$ (13,707,430)</u>	<u>-15.33%</u>

Designated Resources

The Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Other operating revenues	\$ 299,966	\$ 1,086,503	\$ (786,537)	-72.39%
Total operating revenues	299,966	1,086,503	(786,537)	-72.39%
Operating Expenses	<u>5,814,078</u>	<u>4,996,080</u>	<u>817,998</u>	<u>16.37%</u>
Operating loss	<u>(5,514,112)</u>	<u>(3,909,577)</u>	<u>(1,604,535)</u>	<u>41.04%</u>
Nonoperating Revenues:				
Gifts noncapital	2,776,880	11,569,392	(8,792,512)	-76.00%
Gifts in-kind	132,202	57,210	74,992	131.08%
Investment income	8,003,234	3,822,123	4,181,111	109.39%
Total nonoperating revenues	<u>10,912,316</u>	<u>15,448,725</u>	<u>(4,536,409)</u>	<u>-29.36%</u>
Income before other additions	5,398,204	11,539,148	(6,140,944)	-53.22%
Additions to permanent endowment	<u>243,981</u>	<u>266,153</u>	<u>(22,172)</u>	<u>-8.33%</u>
Increase in net position	<u>5,642,185</u>	<u>11,805,301</u>	<u>(6,163,116)</u>	<u>-52.21%</u>
Beginning net position	<u>94,238,129</u>	<u>82,432,828</u>	<u>11,805,301</u>	<u>14.32%</u>
End net position	<u>\$ 99,880,314</u>	<u>\$ 94,238,129</u>	<u>\$ 5,642,185</u>	<u>5.99%</u>

California State University, Channel Islands Foundation

Management's Discussion and Analysis For the Year Ended June 30, 2024 (Unaudited)

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, and student grants and scholarships.

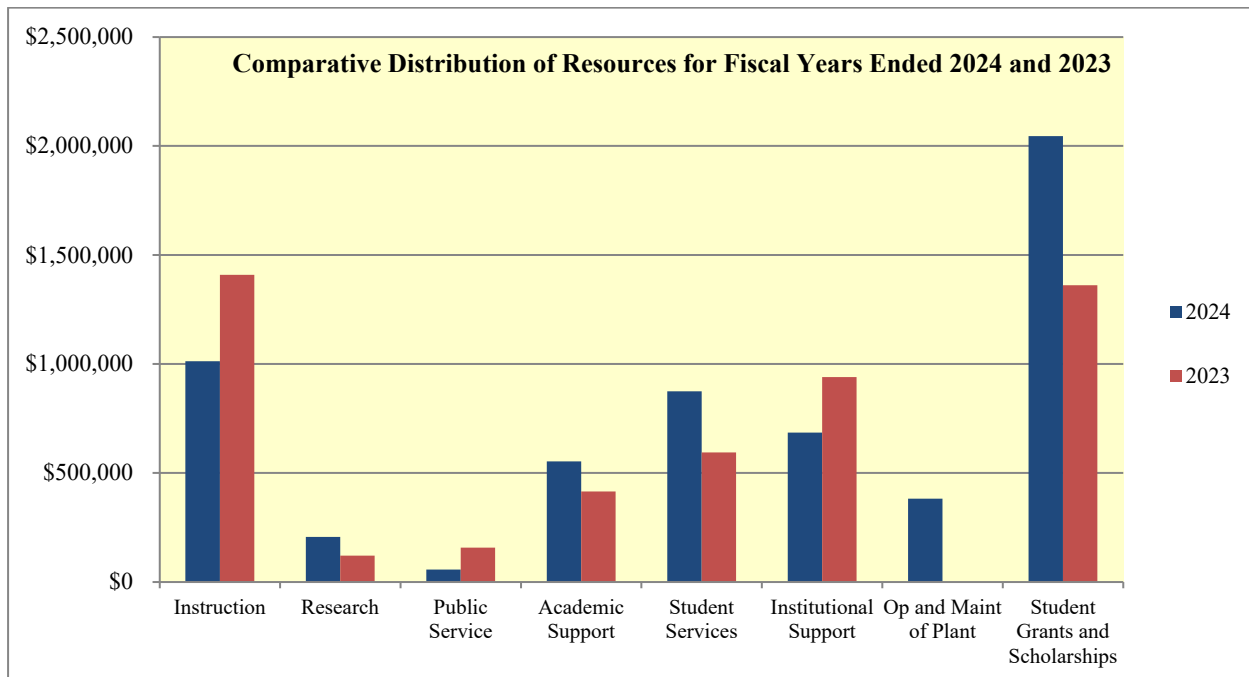
Operating Revenues

Total operating revenues reflects a decrease from prior year of \$786 thousand primarily driven by gift fees.

Operating Expenses

Total operating expenses increased by \$818 thousand versus prior year. This is primarily attributable to the increase in expenditures related to student grants and scholarships of \$684 thousand and operation and maintenance of plant related to the Manzanita Hall renovations of \$362 thousand, offset by decrease in instruction programs related to EOP-Mackenzie Scott program of \$237 thousand.

The following chart presents the distribution of resources in support of the Foundation's mission for fiscal years 2024 and 2023:



California State University, Channel Islands Foundation

**Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)**

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 noncapital gifts, gifts in-kind, and investment income. Total nonoperating revenues decreased by \$5 million primarily due to decrease of non-capital gifts by \$9 million, offset by increase in investment earnings of \$4 million due to positive market return.

The \$9 million decrease of noncapital gifts versus last year is primarily driven by Larraburu Trust of \$5 million and Jeff Green scholarship of \$5 million, offset by increase of \$1 million pledge by TOLD Foundation for High Impact Practices support such as undergraduate research, service learning, internships, and student success.

Basic Financial Statements

California State University, Channel Islands Foundation

Statement of Net Position
June 30, 2024
With Summarized Totals at June 30, 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 1,326,188	\$ 2,090,020
Short-term investments	5,271,828	559,327
Accounts receivable, net	2,585	1,026
Related party receivables	74,816	21,822
Pledges receivable, net	4,465,308	3,763,613
Prepaid expenses and other assets	21,305	31,718
	<u>11,162,030</u>	<u>6,467,526</u>
Total current assets		
Noncurrent assets		
Restricted cash and cash equivalents	2,774,618	8,558,606
Subscription asset, net	28,500	47,893
Long-term investments	84,548,356	77,096,544
Pledges receivable, net	2,073,250	2,472,186
	<u>89,424,724</u>	<u>88,175,229</u>
Total noncurrent assets		
Total assets	<u>\$ 100,586,754</u>	<u>\$ 94,642,755</u>

California State University, Channel Islands Foundation

**Statement of Net Position
June 30, 2024
With Summarized Totals at June 30, 2023**

Liabilities and Net Position

	<u>2024</u>	<u>2023</u>
Current liabilities		
Accounts payable	\$ 47,482	\$ 25,382
Deferred revenue	-	3,000
Related party payables	<u>658,958</u>	<u>376,244</u>
Total liabilities	<u>706,440</u>	<u>404,626</u>
Net position		
Net investment in capital assets	28,500	47,893
Restricted for		
Nonexpendable - endowments	19,726,893	17,629,541
Expendable		
Scholarships and fellowships	8,488,599	8,303,796
Research	577,621	529,259
Instruction	2,687,113	3,551,952
Capital projects	23,035,562	7,381,326
Other	21,180,060	52,007,404
Unrestricted	<u>24,155,966</u>	<u>4,786,958</u>
Total net position	<u><u>\$ 99,880,314</u></u>	<u><u>\$ 94,238,129</u></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, 2024
With Summarized Totals for the Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
Revenues		
Operating revenues		
Other operating revenues	\$ 299,966	\$ 1,086,503
Total operating revenues	<u>299,966</u>	<u>1,086,503</u>
Expenses		
Operating expenses		
Instruction	1,012,174	1,408,948
Research	206,331	120,425
Public service	56,953	156,975
Academic support	553,038	415,136
Student services	874,109	594,091
Institutional support	684,756	939,747
Operation and maintenance of plant	381,623	-
Student grants and scholarships	<u>2,045,094</u>	<u>1,360,758</u>
Total operating expenses	<u>5,814,078</u>	<u>4,996,080</u>
Operating loss	<u>(5,514,112)</u>	<u>(3,909,577)</u>
Nonoperating revenues		
Gifts, noncapital	2,776,880	11,569,392
In-kind contributions	132,202	57,210
Investment income	<u>8,003,234</u>	<u>3,822,123</u>
Net nonoperating revenues	<u>10,912,316</u>	<u>15,448,725</u>
Income before additions	5,398,204	11,539,148
Additions to endowments	<u>243,981</u>	<u>266,153</u>
Increase in net position	5,642,185	11,805,301
Net position, beginning of year	<u>94,238,129</u>	<u>82,432,828</u>
Net position, end of year	<u>\$ 99,880,314</u>	<u>\$ 94,238,129</u>

See Notes to Financial Statements.

California State University, Channel Islands Foundation

**Statement of Cash Flows
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Payments to suppliers	\$ (1,139,223)	\$ (1,127,647)
Payments to university and its auxiliaries	(2,298,141)	(2,672,582)
Payments to students	(2,045,094)	(1,360,758)
Other receipts	<u>245,413</u>	<u>1,089,710</u>
Net cash used in operating activities	<u>(5,237,045)</u>	<u>(4,071,277)</u>
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital purposes	<u>2,850,304</u>	<u>36,302,491</u>
Net cash provided by noncapital financing activities	<u>2,850,304</u>	<u>36,302,491</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	48,080,940	3,638,609
Purchases of investments	(53,415,754)	(37,686,639)
Investment income received	<u>1,173,735</u>	<u>1,929,035</u>
Net cash used in investing activities	<u>(4,161,079)</u>	<u>(32,118,995)</u>
Net (decrease) increase in cash and cash equivalents	(6,547,820)	112,219
Cash and cash equivalents, beginning of year	<u>10,648,626</u>	<u>10,536,407</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,100,806</u></u>	<u><u>\$ 10,648,626</u></u>
Summary of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 1,326,188	\$ 2,090,020
Restricted cash and cash equivalents	<u>2,774,618</u>	<u>8,558,606</u>
Total cash and cash equivalents	<u><u>\$ 4,100,806</u></u>	<u><u>\$ 10,648,626</u></u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (5,514,112)	\$ (3,909,577)
Adjustments to reconcile operating loss to net cash used in operating activities		
Change in assets and liabilities		
Accounts receivable, net	(1,559)	3,767
Related party receivables	(52,994)	(560)
Prepaid expenses and other assets	29,806	(79,611)
Accounts payable	22,100	(37,466)
Deferred revenue	(3,000)	3,000
Related party payables	<u>282,714</u>	<u>(50,830)</u>
Net cash used in operating activities	<u><u>\$ (5,237,045)</u></u>	<u><u>\$ (4,071,277)</u></u>
Supplemental non-cash information		
Non-cash activities		
In-kind donations	<u><u>\$ 132,202</u></u>	<u><u>\$ 57,210</u></u>

See Notes to Financial Statements.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

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:

Net investment in capital assets - Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction or improvement of those assets.

Restricted - nonexpendable 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.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

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.

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, 2024.

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, 2024, the Foundation recorded in-kind contributions of \$132,202.

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.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

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.

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 nonoperating 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 nonoperating activities include the Foundation's noncapital gifts, 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, 2023 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.

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.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

At June 30, 2024, the Foundation had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 1,326,188
Short-term investments	5,271,828
Accounts receivable	2,585
Related party receivables	74,816
Pledges receivable due in one year or less, net	<u>4,465,308</u>
	<u>\$ 11,140,725</u>

Note 4 - Cash and cash equivalents

The Foundation's cash and cash equivalents as of June 30, 2024 are classified in the accompanying statement of net position as follows:

Cash and cash equivalents	\$ 1,326,188
Restricted cash and cash equivalents	<u>2,774,618</u>
Total cash and cash equivalents	<u>\$ 4,100,806</u>

Cash and cash equivalents

At June 30, 2024, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$4,100,806 had a corresponding carrying value balance with the bank of \$4,115,009 at June 30, 2024. The difference is related primarily to outstanding checks in the amount of \$14,453 and cash on hand of \$250.

Restricted cash and cash equivalents

Restricted cash of \$2,774,618 represents designated funds by the board and cash held for specific purposes.

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, 2024, Foundation's bank deposits exceeded the balance insured by the FDIC by \$3,615,008, which is uninsured and collateralized by securities held by the pledging financial institution.

California State University, Channel Islands Foundation

**Notes to Financial Statements
June 30, 2024**

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, 2024, two donors accounted for approximately 75% 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, 2024.

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:

California State University, Channel Islands	\$ 74,779
Channel Islands University Auxiliary Services, Inc.	<u>37</u>
	<u>\$ 74,816</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	\$ 653,288
Channel Islands University Auxiliary Services, Inc.	<u>5,670</u>
	<u>\$ 658,958</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 assets, are dependent upon the continuation of this agreement.

California State University, Channel Islands Foundation

**Notes to Financial Statements
June 30, 2024**

For the year ended June 30, 2024, the related party transactions include:

Payments made to California State University, Channel Islands	\$ 4,554,197
Payments made to Channel Islands University Auxiliary Services, Inc.	<u>319,824</u>
Total related party payments	<u><u>\$ 4,874,021</u></u>
Payment received from California State University, Channel Islands	\$ 181,209
Payments received from Channel Islands University Auxiliary Services, Inc.	<u>1,665</u>
Total related party receipts	<u><u>\$ 182,874</u></u>

Note 7 - Pledges receivable, net

Pledges receivable at June 30, 2024 are as follows:

Less than one year	<u>\$ 4,465,308</u>
Net, pledges receivable - current	<u>4,465,308</u>
One to five years	2,194,520
Less discount to present value	<u>(121,270)</u>
Net, pledges receivable - noncurrent	<u>2,073,250</u>
Total net, pledges receivable	<u><u>\$ 6,538,558</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, 2024 and, therefore, no allowance has been established.

Note 8 - Subscription asset

On February 2023, the Foundation entered into a Software as a Service ("SaaS") license agreement with a third-party vendor. The terms of the agreement are for 36 months with a one-year automatic renewal. Subscription asset at June 30, 2024 is as follows:

Subscription asset	\$ 54,000
Less accumulated amortization	<u>(25,500)</u>
Subscription asset, net	<u><u>\$ 28,500</u></u>

Amortization expense for the year ended June 30, 2024 was \$19,393.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

Note 9 - Restricted cash and investments for endowment

Restricted cash and investments for endowment have a combined total of \$35,316,617 at June 30, 2024. Restricted cash and investments as of June 30, 2024 consist of the following:

		Level 1
Cash restricted for endowments		\$ 823,418
Endowment investments		
Fixed income securities		
Corporate bonds	\$ 1,392,131	
Mortgage/Asset-backed securities	1,113,323	
US treasury bonds and notes	410,970	
	2,916,424	
Equity securities	15,487,049	
Mutual funds	14,238,542	
Limited partnerships	1,437,009	
Private equity	414,175	
Total endowment investments		34,493,199
Total restricted investments		\$ 34,493,199

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.

California State University, Channel Islands Foundation

**Notes to Financial Statements
June 30, 2024**

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.

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

<u>Fixed Income Securities</u>	<u>June 30, 2024</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 80,653	A
Corporate bonds	321,359	A-
Corporate bonds	19,715	A+
Corporate bonds	34,252	AA-
Corporate bonds	10,320	AA+
Corporate bonds	11,937	AAA
Corporate bonds	10,005	BB
Corporate bonds	40,830	BB+
Corporate bonds	341,822	BBB
Corporate bonds	108,502	BBB-
Corporate bonds	387,770	BBB+
Corporate bonds	24,966	Unrated
Mortgage / Asset-backed securities	23,786	AAA
Mortgage / Asset-backed securities	1,089,537	Unrated
US treasury bonds and notes	<u>410,970</u>	Unrated
 Total fixed income securities	 <u><u>\$ 2,916,424</u></u>	

At June 30, 2024, the Foundation's fixed income securities have 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	\$ 249,972	\$ 459,862	\$ 431,047	\$ 251,250	\$ 1,392,131
Mortgage/Asset-backed securities	-	-	19,638	1,093,685	1,113,323
US treasury bonds and notes	<u>-</u>	<u>143,209</u>	<u>-</u>	<u>267,761</u>	<u>410,970</u>
	<u><u>\$ 249,972</u></u>	<u><u>\$ 603,071</u></u>	<u><u>\$ 450,685</u></u>	<u><u>\$ 1,612,696</u></u>	<u><u>\$ 2,916,424</u></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, 2024

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, 2024, are Level 1 inputs.

Note 10 - Investments

Investments consist of the following at June 30, 2024:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Equity securities				
ADR & US held foreign stock	\$ 498,098	\$ 498,098	\$ -	\$ -
Consumer discretionary	2,520,297	2,520,297	-	-
Energy	1,921,438	1,921,438	-	-
Financials	1,776,715	1,776,715	-	-
Healthcare	1,386,609	1,386,609	-	-
Industrials	727,643	727,643	-	-
Information technology	4,615,269	4,615,269	-	-
Miscellaneous	277,778	277,778	-	-
Telecommunication services	775,378	775,378	-	-
Transportation	581,433	581,433	-	-
Utilities	406,391	406,391	-	-
Total equity securities	15,487,049	15,487,049	-	-
Corporate bonds	12,176,027	12,176,027	-	-
Mortgage/Asset-backed securities	7,778,880	7,778,880	-	-
Mutual funds				
Closed end funds - equity	13,933,271	13,933,271	-	-
Closed end funds - taxable	6,890,984	6,890,984	-	-
Mutual funds - equity	8,726,128	8,726,128	-	-
Other mutual funds balances	2,041,529	2,041,529	-	-
Total mutual funds	31,591,912	31,591,912	-	-
US treasury bonds and notes	19,546,024	19,546,024	-	-
Total investments by fair value level	86,579,892	\$ 86,579,892	\$ -	\$ -
Investments measured at net asset values (NAV)				
Limited partnerships	3,240,292			
Total investments	\$ 89,820,184			

At June 30, 2024, 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.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

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 following table lists investments in investment companies that are valued at NAV at June 30, 2024:

Asset category	NAV in funds	No. of funds	Redemption terms	Redemption instructions	Redemption restrictions in place at year end	Unfunded commitments at year end
Real estate limited partnerships	\$ 3,240,292	2	Closed end funds not eligible for redemption	Not redeemable	Not redeemable	\$ 17,694

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, 2024, 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 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, 2024.

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

	2024
Interest and dividend income	\$ 1,820,670
Realized and unrealized gain on investments	6,182,564
Total investment return	<u>\$ 8,003,234</u>

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2024

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	\$ 15,487,049	\$ -	\$ 15,487,049
Corporate bonds	12,176,027	-	12,176,027
Mortgage/Asset-backed securities	7,778,880	-	7,778,880
US treasury bonds and notes	19,546,024	-	19,546,024
Total investments	<u>\$ 54,987,980</u>	<u>\$ -</u>	<u>\$ 54,987,980</u>

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, 2024**

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

<u>Fixed Income Securities</u>	<u>June 30, 2024</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 834,163	A
Corporate bonds	2,923,434	A-
Corporate bonds	103,475	A+
Corporate bonds	192,126	AA-
Corporate bonds	66,610	AA+
Corporate bonds	73,332	AAA
Corporate bonds	35,018	BB
Corporate bonds	137,721	BB+
Corporate bonds	2,796,143	BBB
Corporate bonds	1,071,198	BBB-
Corporate bonds	3,721,110	BBB+
Corporate bonds	221,697	Unrated
Mortgage / Asset-backed securities	223,837	AAA
Mortgage / Asset-backed securities	7,555,043	Unrated
US treasury bonds and notes	19,546,024	Unrated
Total fixed income securities	<u>\$ 39,500,931</u>	

At June 30, 2024 the Foundation's fixed income securities have 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	\$ 2,079,748	\$ 5,238,415	\$ 3,096,767	\$ 1,761,097	\$ 12,176,027
Mortgage/Asset-Backed Securities	-	-	19,638	7,759,242	7,778,880
US treasury bonds and notes	14,566,263	3,146,256	-	1,833,505	19,546,024
	<u>\$ 16,646,011</u>	<u>\$ 8,384,671</u>	<u>\$ 3,116,405</u>	<u>\$ 11,353,844</u>	<u>\$ 39,500,931</u>

Note 11 - Classification of operating expenses

The Foundation has elected to report operating expenses by functional classification in the statement of revenues, expenses and changes in net position, but to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2024, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Fellowships</u>	<u>Other services</u>	<u>Depreciation and amortization</u>	<u>Total</u>
Instruction	\$ -	\$ -	\$ -	\$ 1,012,174	\$ -	\$ 1,012,174
Research	-	-	-	206,331	-	206,331
Public service	-	-	-	56,953	-	56,953
Academic support	-	-	-	553,038	-	553,038
Student services	-	-	-	874,109	-	874,109
Institutional support	-	-	-	684,756	-	684,756
Operation and maintenance of plant	-	-	-	381,623	-	381,623
Student grants and scholarships	-	-	2,045,094	-	-	2,045,094
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,045,094</u>	<u>\$ 3,768,984</u>	<u>\$ -</u>	<u>\$ 5,814,078</u>

California State University, Channel Islands Foundation

**Notes to Financial Statements
June 30, 2024**

Note 12 - Contingency

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.

Supplementary Information

California State University, Channel Islands Foundation

**GASB Schedule of Net Position
June 30, 2024
(for Inclusion in the California State University)**

Assets:

Current assets:

Cash and cash equivalents	\$ 1,326,188
Short-term investments	5,271,828
Accounts receivable, net	77,401
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	4,465,308
Prepaid expenses and other current assets	21,305
Total current assets	11,162,030

Noncurrent assets:

Restricted cash and cash equivalents	2,774,618
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	2,073,250
Endowment investments	34,493,199
Other long-term investments	50,055,157
Capital assets, net	28,500
Other assets	-
Total noncurrent assets	89,424,724
Total assets	100,586,754

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-

Liabilities:

Current liabilities:

Accounts payable	706,440
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	706,440

California State University, Channel Islands Foundation

**GASB Schedule of Net Position
June 30, 2024
(for Inclusion in the California State University)**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 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	-
Total noncurrent liabilities	-
Total liabilities	706,440
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	28,500
Restricted for:	
Nonexpendable – endowments	19,726,893
Expendable:	
Scholarships and fellowships	8,488,599
Research	577,621
Loans	-
Capital projects	23,035,562
Debt service	-
Others	23,867,173
Unrestricted	24,155,966
Total net position	\$ 99,880,314

California State University, Channel Islands Foundation

**GASB Schedule of Revenues, Expenses and Changes in Net Position
June 30, 2024
(for Inclusion in the California State University)**

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	299,966

Total operating revenues	<u>299,966</u>
---------------------------------	----------------

Expenses:

Operating expenses:

Instruction	1,012,174
Research	206,331
Public service	56,953
Academic support	553,038
Student services	874,109
Institutional support	684,756
Operation and maintenance of plant	381,623
Student grants and scholarships	2,045,094
Auxiliary enterprise expenses	-

Depreciation and amortization	-
-------------------------------	---

Total operating expenses	<u>5,814,078</u>
---------------------------------	------------------

Operating income (loss)	<u>(5,514,112)</u>
--------------------------------	--------------------

California State University, Channel Islands Foundation

**GASB Schedule of Revenues, Expenses and Changes in Net Position
June 30, 2024
(for Inclusion in the California State University)**

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	2,909,082
Investment income (loss), net	4,109,524
Endowment income (loss), net	3,893,710
Interest expense	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	10,912,316
Income (loss) before other revenues (expenses)	5,398,204
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	243,981
Increase (decrease) in net position	5,642,185
Net position:	
Net position at beginning of year, as previously reported	94,238,129
Restatements	-
Net position at beginning of year, as restated	94,238,129
Net position at end of year	\$ 99,880,314

California State University, Channel Islands Foundation

Expenses by Natural Classification
June 30, 2024

Expenses	
Administrative expense	\$ 167,548
Advertising and promotional	13,169
Awards and gifts	2,489,371
Business meals and hospitality	4,020
Conferences	324,554
Dues and fees	10,555
Equipment	24,652
Insurance	132,449
Investment and bank fees	7,207
Other expense	8,911
Outside services	2,071,855
Postage	9,684
Printing	26,218
Promotional items	47,371
Rental	8,770
Repairs and maintenance	20,758
Software	94,206
Subscription	-
Supplies	293,534
Travel	59,246
	<hr/>
Total expenses	<hr/> <hr/> \$ 5,814,078

California State University, Channel Islands Foundation

Other Information

June 30, 2024

(for Inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$ 823,418
All other restricted cash and cash equivalents	<u>1,951,200</u>
Noncurrent restricted cash and cash equivalents	<u>2,774,618</u>
Current cash and cash equivalents	<u>1,326,188</u>
Total	<u>\$ 4,100,806</u>

California State University, Channel Islands Foundation

Other Information June 30, 2024 (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	2,338,703	17,207,321	19,546,024
Municipal bonds	-	-	-
Corporate bonds	2,900,606	9,275,421	12,176,027
Asset backed securities	-	-	-
Mortgage backed securities	32,519	7,746,361	7,778,880
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	31,591,912	31,591,912
Exchange traded funds	-	-	-
Equity securities	-	15,487,049	15,487,049
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	3,240,292	3,240,292
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
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	5,271,828	84,548,356	89,820,184
Less endowment investments (enter as negative number)	-	(34,493,199)	(34,493,199)
Total investments, net of endowments	\$ 5,271,828	50,055,157	55,326,985

California State University, Channel Islands Foundation

Other Information June 30, 2024 (for Inclusion in the California State University)

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	19,546,024	19,546,024	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	12,176,027	12,176,027	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	7,778,880	7,778,880	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	31,591,912	31,591,912	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	15,487,049	15,487,049	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	3,240,292	-	-	-	3,240,292
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
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	89,820,184	86,579,892	-	-	3,240,292

California State University, Channel Islands Foundation

Other Information June 30, 2024 (for Inclusion in the California State University)

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, net excluding ROU assets	\$ -	-	-	-	-	-	-	-	-

California State University, Channel Islands Foundation

Other Information June 30, 2024 (for Inclusion in the California State University)

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Additions	Remeasurements	Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	-	-	-	-	-	-	-	-	-

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	54,000	-	-	-	54,000	-	-	-	54,000
Total depreciable/amortizable SBITA assets	54,000	-	-	-	54,000	-	-	-	54,000
Less accumulated depreciation/amortization:									
Software	(6,107)	-	-	-	(6,107)	(19,393)	-	-	(25,500)
Total accumulated depreciation/amortization	(6,107)	-	-	-	(6,107)	(19,393)	-	-	(25,500)
Total capital assets - SBITA ROU, net	47,893	-	-	-	47,893	(19,393)	-	-	28,500

California State University, Channel Islands Foundation

Other Information June 30, 2024 (for Inclusion in the California State University)

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	-	-	-	-	-	-	-	-	-
Total capital assets, net including ROU assets									28,500

3 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	-
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	19,393
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	(19,393)
Total depreciation and amortization	-

California State University, Channel Islands Foundation

Other Information June 30, 2024 (for Inclusion in the California State University)

4 Long-term liabilities: Not applicable

5. Lease, SBITA, P3 liabilities: Not applicable

6 applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	1,454,605
Payments to University for other than salaries of University personnel		2,927,266
Payments received from University for services, space, and programs		181,209
Gifts-in-kind to the University from discretely presented component units		147,523
Gifts (cash or assets) to the University from discretely presented component units		24,803
Accounts (payable to) University (enter as negative number)		(653,288)
Other amounts (payable to) University (enter as negative number)		-
Accounts receivable from University (enter as positive number)		74,779
Other amounts receivable from University (enter as positive number)		-

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

Restatement #1	Enter transaction description
Error Correction	Restricted expendable: Loans
713836 Restricted: Expendable — Others	Restricted expendable: Others

Debit/(Credit)

3,551,952

(3,551,952)

California State University, Channel Islands Foundation

Other Information June 30, 2024 (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	-	-	-	-	-	1,012,174	-	1,012,174
Research	-	-	-	-	-	206,331	-	206,331
Public service	-	-	-	-	-	56,953	-	56,953
Academic support	-	-	-	-	-	553,038	-	553,038
Student services	-	-	-	-	-	874,109	-	874,109
Institutional support	-	-	-	-	-	684,756	-	684,756
Operation and maintenance of plant	-	-	-	-	-	381,623	-	381,623
Student grants and scholarships	-	-	-	-	2,045,094	-	-	2,045,094
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	-	-	-	-	2,045,094	3,768,984	-	5,814,078

10 Deferred outflows/inflows of resources: Not applicable

11 Other nonoperating revenues (expenses): Not applicable

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 (*Government Auditing Standards*), the financial statements of the business-type activities of California State University, Channel Islands Foundation (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 17, 2024.

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*.

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, 2024



Independent Member of Nexia International

cohnreznick.com