

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"), a component unit of California State University, Channel Islands as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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, 2023 (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, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, No. 37, *Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the 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, 2023 (Unaudited)

The Foundation's summary of net position as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 6,467,526	\$ 33,051,501	\$ (26,583,975)	-80.43%
Other noncurrent assets	88,127,336	49,871,249	38,256,087	76.71%
Subscription asset, net	47,893	-	47,893	100.00%
Total assets	<u>\$ 94,642,755</u>	<u>\$ 82,922,750</u>	<u>\$ 11,720,005</u>	<u>14.13%</u>
Liabilities:				
Current liabilities	\$ 404,626	\$ 489,922	\$ (85,296)	-17.41%
Total liabilities	<u>\$ 404,626</u>	<u>\$ 489,922</u>	<u>\$ (85,296)</u>	<u>-17.41%</u>
Net position:				
Net investment in capital assets	\$ 47,893	\$ -	\$ 47,893	100.00%
Restricted	89,403,278	52,434,969	36,968,309	70.50%
Unrestricted	4,786,958	29,997,859	(25,210,901)	-84.04%
Total net position	<u>\$ 94,238,129</u>	<u>\$ 82,432,828</u>	<u>\$ 11,805,301</u>	<u>14.32%</u>

Assets

Total assets increased by \$12 million compared to prior year. This is primarily due to pledge receivables related to Jeff Green scholarships of \$4 million, additional contributions related to the Larraburu Trust of \$4 million above the pledge, and investment earnings of \$4 million. The shift from current assets to other noncurrent assets is primarily attributed to the collection of the Larraburu Trust pledge of \$26 million, which was then reallocated to long-term investments.

Liabilities

Total liabilities decreased by \$85 thousand compared to the prior year. This is primarily due to related party payables to the Campus for scholarships and programmatic expenses.

Net Position

Total net position increased by \$12 million compared to the prior year.

The restricted net position increase is primarily driven by a reclassification from unrestricted related to the Larraburu Trust of \$30 million, the Jeff Green Scholarship's four year pledge of \$5 million, and positive market returns in investment earnings of \$2 million.

The unrestricted net position decrease is primarily driven by a reclassification to restricted related to the Larraburu Trust to University's Highest Needs.

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:

California State University, Channel Islands Foundation

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

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Non-expendable endowments	\$ 17,629,541	\$ 16,294,961	\$ 1,334,580	8.19%
Expendable				
Scholarships and fellowships	8,303,796	3,822,806	4,480,990	117.22%
Research	529,259	473,148	56,111	11.86%
Instruction	3,551,952	10,583,323	(7,031,371)	-66.44%
Capital projects	7,381,326	7,255,316	126,010	1.74%
Other	52,007,404	14,005,415	38,001,989	271.34%
Total restricted net position	<u>\$ 89,403,278</u>	<u>\$ 52,434,969</u>	<u>\$ 36,968,309</u>	<u>70.50%</u>

Designated Resources

The Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Other operating income	\$ 1,086,503	\$ 311,313	\$ 775,190	249.01%
Total operating revenues	1,086,503	311,313	775,190	249.01%
Operating Expenses	<u>4,996,080</u>	<u>3,123,606</u>	<u>1,872,474</u>	<u>59.95%</u>
Operating loss	<u>(3,909,577)</u>	<u>(2,812,293)</u>	<u>(1,097,284)</u>	<u>39.02%</u>
Nonoperating Revenues:				
Nongovernmental grants, noncapital	-	50,750	(50,750)	-100.00%
Gifts noncapital	11,569,392	34,969,559	(23,400,167)	-66.92%
Gifts in-kind	57,210	24,065	33,145	137.73%
Investment income (loss)	3,822,123	(4,590,136)	8,412,259	-183.27%
Total nonoperating revenues	<u>15,448,725</u>	<u>30,454,238</u>	<u>(15,005,513)</u>	<u>-49.27%</u>
Income before other additions	11,539,148	27,641,945	(16,102,797)	-58.25%
Additions to permanent endowment	266,153	7,209,723	(6,943,570)	-96.31%
Increase in net position	11,805,301	34,851,668	(23,046,367)	-66.13%
Beginning net position	<u>82,432,828</u>	<u>47,581,160</u>	<u>34,851,668</u>	<u>73.25%</u>
End net position	<u>\$ 94,238,129</u>	<u>\$ 82,432,828</u>	<u>\$ 11,805,301</u>	<u>14.32%</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,

California State University, Channel Islands Foundation

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

public service, academic support, student services, institutional support, operation and maintenance of plant, student grants and scholarships.

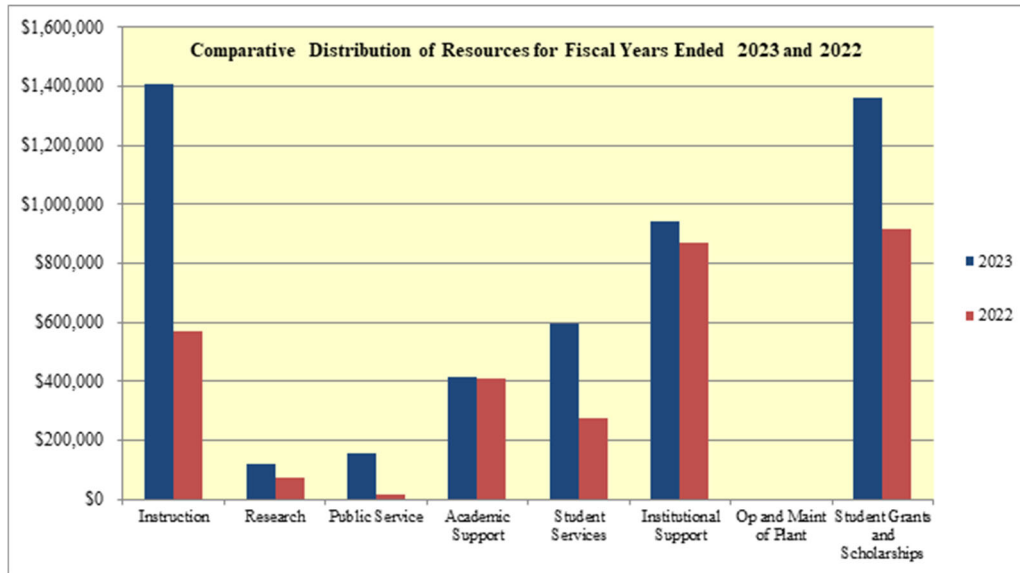
Operating Revenues

Total operating revenues reflects an increase from prior year of \$775 thousand primarily driven by gift fees.

Operating Expenses

Total operating expenses increased by \$1.9 million versus prior year and are primarily attributable to the increase in expenditures related to the Mackenzie Scott housing grant in the amount of \$688 thousand, the EOP-Mackenzie Scott program of \$498 thousand, Peer Mentor programs of \$225 thousand, Smith Business School of \$230 thousand, and unrestricted operating costs related to direct fund raising in the amount of \$235 thousand.

The following chart presents the distribution of resources in support of the Foundation's mission for fiscal years 2023 and 2022:



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 \$15 million primarily due to decrease of noncapital gifts by \$23 million, offset by increase in investment earnings of \$8 million due to positive market return in investment earnings.

The \$23 million decrease of noncapital gifts versus last year is primarily driven by Larraburu Trust pledge of \$26M, Manzanita Hall renovations of \$4 million, and Early Childhood Education Center of \$1 million, offset by additional contributions from Larraburu Trust of \$4 million and Jeff Green scholarship of \$4 million.

Basic Financial Statements

California State University, Channel Islands Foundation

**Statement of Net Position
June 30, 2023
With Summarized Totals at June 30, 2022**

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 2,090,020	\$ 1,574,740
Short-term investments	559,327	1,786,430
Accounts receivable, net	1,026	4,793
Related party receivables	21,822	21,262
Pledges receivable, net	3,763,613	29,664,276
Prepaid expenses and other assets	31,718	-
Total current assets	<u>6,467,526</u>	<u>33,051,501</u>
Noncurrent assets		
Restricted cash and cash equivalents	8,558,606	8,961,667
Subscription asset, net	47,893	-
Long-term investments	77,096,544	39,928,323
Pledges receivable, net	2,472,186	981,259
Total noncurrent assets	<u>88,175,229</u>	<u>49,871,249</u>
Total assets	<u>\$ 94,642,755</u>	<u>\$ 82,922,750</u>

California State University, Channel Islands Foundation

**Statement of Net Position
June 30, 2023
With Summarized Totals at June 30, 2022**

Liabilities and Net Position

	<u>2023</u>	<u>2022</u>
Current liabilities		
Accounts payable	\$ 25,382	\$ 62,848
Deferred revenue	3,000	-
Related party payables	<u>376,244</u>	<u>427,074</u>
Total liabilities	<u>404,626</u>	<u>489,922</u>
Net position		
Net investment in capital assets	47,893	-
Restricted for		
Nonexpendable - endowments	17,629,541	16,294,961
Expendable		
Scholarships and fellowships	8,303,796	3,822,806
Research	529,259	473,148
Instruction	3,551,952	10,583,323
Capital projects	7,381,326	7,255,316
Other	52,007,404	14,005,415
Unrestricted	<u>4,786,958</u>	<u>29,997,859</u>
Total net position	<u>\$ 94,238,129</u>	<u>\$ 82,432,828</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, 2023
With Summarized Totals for the Year Ended June 30, 2022**

	<u>2023</u>	<u>2022</u>
Revenues		
Operating revenues		
Other operating income	\$ 1,086,503	\$ 311,313
Total operating revenues	<u>1,086,503</u>	<u>311,313</u>
Expenses		
Operating expenses		
Instruction	1,408,948	567,501
Research	120,425	73,716
Public service	156,975	14,797
Academic support	415,136	409,209
Student services	594,091	273,853
Institutional support	939,747	866,666
Student grants and scholarships	1,360,758	917,864
Total operating expenses	<u>4,996,080</u>	<u>3,123,606</u>
Operating loss	<u>(3,909,577)</u>	<u>(2,812,293)</u>
Nonoperating revenues		
Nongovernmental grants, noncapital	-	50,750
Gifts, noncapital	11,569,392	34,969,559
In-kind contributions	57,210	24,065
Investment income (loss)	3,822,123	(4,590,136)
Net nonoperating revenues	<u>15,448,725</u>	<u>30,454,238</u>
Income before additions	11,539,148	27,641,945
Additions to endowments	<u>266,153</u>	<u>7,209,723</u>
Increase in net position	11,805,301	34,851,668
Net position, beginning of year	<u>82,432,828</u>	<u>47,581,160</u>
Net position, end of year	<u>\$ 94,238,129</u>	<u>\$ 82,432,828</u>

See Notes to Financial Statements.

California State University, Channel Islands Foundation

**Statement of Cash Flows
Year Ended June 30, 2023
With Summarized Totals for the Year Ended June 30, 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Payments to suppliers	\$ (1,127,647)	\$ (2,197,528)
Receipts from university and its auxiliaries	(2,672,582)	(19,742)
Payments to students	(1,360,758)	(917,864)
Other receipts	<u>1,089,710</u>	<u>488,415</u>
Net cash used in operating activities	<u>(4,071,277)</u>	<u>(2,646,719)</u>
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital purposes	<u>36,302,491</u>	<u>13,111,078</u>
Net cash provided by noncapital financing activities	<u>36,302,491</u>	<u>13,111,078</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	3,638,609	402,818
Purchases of investments	(37,686,639)	(18,819,152)
Investment income received	<u>1,929,035</u>	<u>978,405</u>
Net cash used in investing activities	<u>(32,118,995)</u>	<u>(17,437,929)</u>
Net increase (decrease) in cash and cash equivalents	112,219	(6,973,570)
Cash and cash equivalents, beginning of year	<u>10,536,407</u>	<u>17,509,977</u>
Cash and cash equivalents, end of year	<u>\$ 10,648,626</u>	<u>\$ 10,536,407</u>
Summary of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 2,090,020	\$ 1,574,740
Restricted cash and cash equivalents	<u>8,558,606</u>	<u>8,961,667</u>
Total cash and cash equivalents	<u>\$ 10,648,626</u>	<u>\$ 10,536,407</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (3,909,577)	\$ (2,812,293)
Adjustments to reconcile operating loss to net cash used in operating activities		
Change in assets and liabilities		
Accounts receivable, net	3,767	(4,793)
Related party receivables	(560)	(18,632)
Prepaid expenses and other assets	(79,611)	-
Accounts payable	(37,466)	8,214
Deferred revenue	3,000	-
Related party payables	<u>(50,830)</u>	<u>180,785</u>
Net cash used in operating activities	<u>\$ (4,071,277)</u>	<u>\$ (2,646,719)</u>
Supplemental non-cash information		
Non-cash activities		
In-kind donations	<u>\$ 57,210</u>	<u>\$ 24,065</u>

See Notes to Financial Statements.

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2023

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, 2023

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, 2023.

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, 2023, the Foundation recorded in-kind contributions of \$57,210.

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, 2023

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 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 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, 2022 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, 2023

At June 30, 2023, the Foundation had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$	2,090,020
Short-term investments		559,327
Accounts receivable		1,026
Related party receivables		21,822
Pledges receivable due in one year or less, net		<u>3,763,613</u>
	\$	<u>6,435,808</u>

Note 4 - Cash and cash equivalents

The Foundation's cash and cash equivalents as of June 30, 2023 are classified in the accompanying statements of net position as follows:

Cash and cash equivalents	\$	2,090,020
Restricted cash and cash equivalents		<u>8,558,606</u>
Total cash and cash equivalents	\$	<u>10,648,626</u>

Cash and cash equivalents

At June 30, 2023, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$10,648,626 had a corresponding carrying value balance with the bank of \$10,656,954 at June 30, 2023. The difference is related primarily to outstanding checks in the amount of \$9,272, deposits in transit of \$694 and cash on hand of \$250.

Restricted cash and cash equivalents

Restricted cash of \$8,558,606 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, 2023, Foundation's bank deposits exceeded the balance insured by the FDIC by \$10,057,171, 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, 2023

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, 2023, two donors accounted for approximately 78% 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, 2023.

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	\$	20,237
Channel Islands University Auxiliary Services, Inc.		<u>1,585</u>
	\$	<u>21,822</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	\$	346,009
Channel Islands University Auxiliary Services, Inc.		<u>30,235</u>
	\$	<u>376,244</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, 2023**

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

Payments made to California State University, Channel Islands	\$ 3,648,307
Payments made to Channel Islands University Auxiliary Services, Inc.	<u>272,443</u>
 Total related party payments	 <u><u>\$ 3,920,750</u></u>
 Payment received from California State University, Channel Islands	 \$ 51,632
Payments received from Channel Islands University Auxiliary Services, Inc.	<u>15,628</u>
 Total related party receipts	 <u><u>\$ 67,260</u></u>

Note 7 - Pledges receivable, net

Pledges receivable are measured using market prices and are stated at fair value. Pledges receivable at June 30, 2023 are as follows:

Less than one year	<u>\$ 3,763,613</u>
Net, pledges receivable - current	<u>3,763,613</u>
One to five years	2,729,336
Less discount to present value	<u>(257,150)</u>
Net, pledges receivable - non-current	<u>2,472,186</u>
Total net, pledges receivable	<u><u>\$ 6,235,799</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, 2023 and, therefore, no allowance has been established.

Note 8 - Subscription asset

As of February 2023, the Foundation entered into a software as a service 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, 2023 is as follows:

Subscription asset	\$ 54,000
Less accumulated amortization	<u>(6,107)</u>
Subscription asset, net	<u><u>\$ 47,893</u></u>

Amortization expense for the year ended June 30, 2023 was \$6,107.

California State University, Channel Islands Foundation

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

Note 9 - Restricted cash and investments for endowment

Restricted cash and investments for endowment have a combined total of \$29,315,210 at June 30, 2023. Restricted cash and investments as of June 30, 2023 consist of the following:

		<u>Level 1</u>
Cash restricted for endowments		<u>\$ 3,411,341</u>
Endowment investments		
Fixed income securities		
Corporate bonds	\$ 1,671,536	
Mortgage/Asset-backed securities	1,483,572	
US treasury bonds and notes	<u>624,419</u>	
	3,779,527	
Equity securities	9,948,319	
Mutual funds	11,667,569	
Private equity	<u>508,454</u>	
Total endowment investments		<u>25,903,869</u>
Total restricted investments		<u>\$ 25,903,869</u>

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.

California State University, Channel Islands Foundation

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

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, 2023</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 92,938	A
Corporate bonds	409,679	A-
Corporate bonds	61,473	A+
Corporate bonds	26,228	AA-
Corporate bonds	13,040	AA+
Corporate bonds	16,217	AAA
Corporate bonds	9,731	BB
Corporate bonds	13,575	BB+
Corporate bonds	323,913	BBB
Corporate bonds	118,897	BBB-
Corporate bonds	446,607	BBB+
Corporate bonds	19,659	Unrated
Mortgage / Asset-backed securities	23,357	AAA
Mortgage / Asset-backed securities	1,460,215	Unrated
US treasury bonds and notes	624,419	Unrated
	<hr/>	
	3,659,948	
Short-term fixed income securities		
Corporate bonds	29,960	A-
Corporate bonds	54,673	AA-
Corporate bonds	9,927	BBB
Corporate bonds	25,019	BBB+
	<hr/>	
	119,579	
	<hr/>	
Total fixed income securities	\$ 3,779,527	

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2023

At June 30, 2023 the Foundation's fixed income securities have the following maturities:

	1 year	1 - 5 years	5-10 years	Over 10 years	Total
Corporate bonds	\$ 119,579	\$ 539,114	\$ 663,425	\$ 349,418	\$ 1,671,536
Mortgage/Asset-Backed Securities	-	-	23,972	1,459,600	1,483,572
US treasury bonds and notes	-	273,895	-	350,524	624,419
	<u>\$ 119,579</u>	<u>\$ 813,009</u>	<u>\$ 687,397</u>	<u>\$ 2,159,542</u>	<u>\$ 3,779,527</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 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, 2023, are Level 1 inputs.

Note 10 - Investments

Investments consist of the following at June 30, 2023:

	Fair Value Measurements				Total
	Level 1	Level 2	Level 3	Investments measured at NAV	
Equity securities					
ADR & US held foreign stock	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer discretionary	1,823,995	-	-	-	1,823,995
Consumer staples	-	-	-	-	-
Energy	204,390	-	-	-	204,390
Financials	1,489,122	-	-	-	1,489,122
Healthcare	1,363,954	-	-	-	1,363,954
Industrials	279,028	-	-	-	279,028
Information technology	4,631,017	-	-	-	4,631,017
Miscellaneous	2,467,075	-	-	-	2,467,075
Telecommunication services	403,813	-	-	-	403,813
Transportation	479,461	-	-	-	479,461
Utilities	408,745	-	-	-	408,745
Total equity securities	13,550,600	-	-	-	13,550,600
Corporate bonds	8,623,321	-	-	-	8,623,321
Mortgage/Asset-backed securities	8,020,119	-	-	-	8,020,119
Mutual funds					
Closed end funds - equity	4,008,743	-	-	-	4,008,743
Mutual funds - equity	9,317,135	-	-	-	9,317,135
Mutual funds - taxable	1,236,580	-	-	-	1,236,580
Wells Fargo funds - balanced	1,727,382	-	-	-	1,727,382
Total mutual funds	16,289,840	-	-	-	16,289,840
US treasury bonds and notes	31,171,991	-	-	-	31,171,991
Total investments	<u>\$ 77,655,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,655,871</u>

California State University, Channel Islands Foundation

Notes to Financial Statements June 30, 2023

At June 30, 2023, 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, 2023, 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, 2023.

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

Interest and dividend income	\$ 1,563,597
Realized and unrealized gain on investments	<u>2,258,526</u>
Total investment return	<u>\$ 3,822,123</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.

California State University, Channel Islands Foundation

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

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

	<u>Total</u>	<u>Less insured amounts</u>	<u>Amount subject to custodial credit risk</u>
Equity securities	\$ 13,550,600	\$ -	\$ 13,550,600
Corporate bonds	8,623,321	-	8,623,321
Mortgage/Asset-backed securities	8,020,119	-	8,020,119
US treasury bonds and notes	31,171,991	-	31,171,991
Total investments	\$ 61,366,031	\$ -	\$ 61,366,031

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, 2023</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 481,862	A
Corporate bonds	2,250,773	A-
Corporate bonds	331,116	A+
Corporate bonds	249,413	AA-
Corporate bonds	76,234	AA+
Corporate bonds	81,784	AAA
Corporate bonds	34,059	BB
Corporate bonds	121,959	BB+
Corporate bonds	1,828,799	BBB
Corporate bonds	630,669	BBB-
Corporate bonds	2,462,934	BBB+
Corporate bonds	73,719	Unrated
Mortgage / Asset-backed securities	748,362	AAA
Mortgage / Asset-backed securities	7,271,757	Unrated
US treasury bonds and notes	31,171,991	Unrated
Total fixed income securities	\$ 47,815,431	

At June 30, 2023 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	\$ 368,787	\$ 2,571,547	\$ 3,690,819	\$ 1,992,168	\$ 8,623,321
Mortgage/Asset-Backed Securities	-	-	23,972	7,996,147	8,020,119
US treasury bonds and notes	26,552,032	2,746,784	-	1,873,175	31,171,991
	\$ 26,920,819	\$ 5,318,331	\$ 3,714,791	\$ 11,861,490	\$ 47,815,431

California State University, Channel Islands Foundation

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

Note 11 - 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 classification of those expenses as an additional disclosure. For the year ended June 30, 2023, operating expenses by natural classification consisted of the following:

	Salaries	Benefits	Fellowships	Other services	Depreciation and amortization	Total
Instruction	\$ -	\$ -	\$ -	\$ 1,408,948	\$ -	\$ 1,408,948
Research	-	-	-	120,425	-	120,425
Public service	-	-	-	156,975	-	156,975
Academic support	-	-	-	415,136	-	415,136
Student services	-	-	-	594,091	-	594,091
Institutional support	-	-	-	939,747	-	939,747
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	1,360,758	-	-	1,360,758
Total	\$ -	\$ -	\$ 1,360,758	\$ 3,635,322	\$ -	\$ 4,996,080

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, 2023
(for Inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,090,020
Short-term investments	559,327
Accounts receivable, net	1,026
Related party receivable	21,822
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	3,763,613
Prepaid expenses and other current assets	31,718
Total current assets	6,467,526
Noncurrent assets:	
Restricted cash and cash equivalents	8,558,606
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	2,472,186
Endowment investments	25,903,870
Other long-term investments	51,192,674
Capital assets, net	47,893
Other assets	-
Total noncurrent assets	88,175,229
Total assets	94,642,755
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	401,626
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	3,000
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	404,626
Noncurrent liabilities:	
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	-
current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	404,626
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	47,893
Restricted for:	
Nonexpendable – endowments	17,629,541
Expendable:	
Scholarships and fellowships	8,303,796
Research	529,259
Loans	3,551,952
Capital projects	7,381,326
Debt service	-
Others	52,007,404
Unrestricted	4,786,958
Total net position	\$ 94,238,129

California State University, Channel Islands Foundation

**GASB Schedule of Revenues, Expenses and Changes in Net Position
June 30, 2023
(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	1,086,503
Total operating revenues	1,086,503
Expenses:	
Operating expenses:	
Instruction	1,408,948
Research	120,425
Public service	156,975
Academic support	415,136
Student services	594,091
Institutional support	939,747
Operation and maintenance of plant	-
Student grants and scholarships	1,360,758
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	4,996,080
Operating income (loss)	(3,909,577)
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	11,626,602
Investment income (loss), net	738,129
Endowment income (loss), net	3,083,994
Interest expense	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	15,448,725
Income (loss) before other revenues (expenses)	11,539,148
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	266,153
Increase (decrease) in net position	11,805,301
Net position:	
Net position at beginning of year, as previously reported	82,432,828
Restatements	-
Net position at beginning of year, as restated	82,432,828
Net position at end of year	\$ 94,238,129

California State University, Channel Islands Foundation

Expenses by Natural Classification
June 30, 2023

Expenses

Administrative expense	\$ 111,124
Advertising and promotional	11,799
Awards and gifts	1,826,288
Business meals and hospitality	310,858
Conferences	7,363
Dues and fees	22,540
Equipment	177,057
Insurance	6,291
Investment and bank fees	272,719
Other expense	54,418
Outside services	1,567,758
Postage	862
Printing	26,477
Promotional items	576
Rental	103,040
Repairs and maintenance	11,778
Software	85,834
Subscription	776
Supplies	301,405
Travel	97,117
	<hr/>
Total expenses	<u><u>\$ 4,996,080</u></u>

California State University, Channel Islands Foundation

Other Information

June 30, 2023

(for Inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	3,411,341
All other restricted cash and cash equivalents		5,147,265
Noncurrent restricted cash and cash equivalents		8,558,606
Current cash and cash equivalents		2,090,020
Total	\$	10,648,626

California State University, Channel Islands Foundation

Other Information
June 30, 2023
(for Inclusion in the California State University)

Capital Assets, Right of Use

<u>Composition of capital assets - Lease ROU, net:</u>	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease 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 - lease ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,000	\$ -	\$ -	\$ 54,000
Total depreciable/amortizable SBITA assets	-	-	-	-	-	54,000	-	-	54,000
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	(6,107)	-	-	(6,107)
Total accumulated depreciation/amortization	-	-	-	-	-	(6,107)	-	-	(6,107)
Total capital assets - SBITA ROU, net	-	-	-	-	-	47,893	-	-	47,893

California State University, Channel Islands Foundation

**Other Information
June 30, 2023
(for Inclusion in the California State University)**

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

Total capital assets, net including ROU assets

\$ 47,893

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ -
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	6,107
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	(6,107)
Total depreciation and amortization	\$ -

California State University, Channel Islands Foundation

**Other Information
June 30, 2023
(for Inclusion in the California State University)**

4 Long-term liabilities: Not applicable

5 Future minimum payments schedule - leases, SBITA, P3: Not applicable

6 Future minimum payments schedule - Long-term debt obligations: Not applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	1,255,925
Payments to University for other than salaries of University personnel		2,392,382
Payments received from University for services, space, and programs		51,632
Gifts-in-kind to the University from discretely presented component units		63,318
Gifts (cash or assets) to the University from discretely presented component units		143,247
Accounts payable to University		(346,009)
Other amounts payable to University		
Accounts receivable from University		20,237
Other amounts receivable from University		

8 Restatements: Not applicable

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,408,948	\$ -	\$ 1,408,948
Research	-	-	-	-	-	120,425	-	120,425
Public service	-	-	-	-	-	156,975	-	156,975
Academic support	-	-	-	-	-	415,136	-	415,136
Student services	-	-	-	-	-	594,091	-	594,091
Institutional support	-	-	-	-	-	939,747	-	939,747
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,360,758	-	-	1,360,758
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ -	\$ -	\$ -	\$ -	\$ 1,360,758	\$ 3,635,322	\$ -	\$ 4,996,080

No pension plan reported

N/A

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, 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, 2023, 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 15, 2023.

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*.

