

**California State University,  
Channel Islands Foundation**

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

**June 30, 2021**

---

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	27
GASB Schedule of Revenues, Expenses and Changes in Net Position	28
Expenses by Natural Classification	29
Other Information	30
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

To the Board of Directors  
California State University, Channel Islands Foundation

### *Report on the Financial Statements*

We have audited the accompanying financial statements of California State University, Channel Islands Foundation, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise California State University, Channel Islands Foundation's financial statements. The accompanying supplementary information on pages 27 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*

The financial statements of California State University, Channel Islands Foundation for the year ended June 30, 2020, were audited by other auditors whose report dated September 14, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Prior Period Financial Statements*

The financial statements of California State University, Channel Islands Foundation as of June 30, 2020, were audited by other auditors whose report dated September 14, 2020, expressed an unmodified opinion on those statements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the California State University, Channel Islands 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 California State University, Channel Islands 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 California State University, Channel Islands Foundation's internal control over financial reporting and compliance.

*CohnReznick LLP*

Los Angeles, California  
September 17, 2021

## California State University, Channel Islands Foundation

### Management's Discussion and Analysis For the Year Ended June 30, 2021 (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, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

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

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, 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, 2021  
(Unaudited)**

The Foundation's summary of net position as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 2,538,836	\$ 3,703,205	\$ (1,164,369)	-31.44%
Other noncurrent assets	<u>45,343,247</u>	<u>22,810,287</u>	<u>22,532,960</u>	<u>98.78%</u>
Total assets	<u>\$ 47,882,083</u>	<u>\$ 26,513,492</u>	<u>\$ 21,368,591</u>	<u>80.60%</u>
<b>Liabilities:</b>				
Current liabilities	\$ 300,923	\$ 512,687	\$ (211,764)	-41.30%
Other noncurrent liabilities	<u>-</u>	<u>166,535</u>	<u>(166,535)</u>	<u>-100.00%</u>
Total liabilities	<u>\$ 300,923</u>	<u>\$ 679,222</u>	<u>\$ (378,299)</u>	<u>-55.70%</u>
<b>Net position:</b>				
Restricted	\$ 29,331,282	\$ 23,590,994	\$ 5,740,288	24.33%
Unrestricted	<u>18,249,878</u>	<u>2,243,276</u>	<u>16,006,602</u>	<u>713.54%</u>
Total net position	<u>\$ 47,581,160</u>	<u>\$ 25,834,270</u>	<u>\$ 21,746,890</u>	<u>84.18%</u>

**Assets**

Total assets increased by \$21.4M compared to prior year. This is primarily due to an increase in Unrestricted gifts of \$15M, a positive market return of investment earnings of \$6M, and Noncurrent Pledge Receivables of \$1M related to the Cottage Nursing Program, offset by decrease in Current Pledge Receivables attributable to the collection of \$1M from Performing Arts pledge.

**Liabilities**

Total liabilities decreased by \$378K compared to prior year. This is primarily driven by the distribution of the Lagomarsino CRAT.

**Net Position**

Total net position increased by \$21.7M compared to prior year. This is primarily due to an increase in Unrestricted gift of \$15M, a positive market return in investment earnings in Non-Expendable Endowments of \$3M, and Expendable Instruction programs of \$3M.

**California State University, Channel Islands Foundation**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2021  
(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>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Non-Expendable Endowments	\$ 10,780,714	\$ 8,110,135	\$ 2,670,579	32.93%
Expendable				
Scholarships and				
Fellowships	1,057,966	1,088,397	(30,431)	-2.80%
Research	447,944	360,346	87,598	24.31%
Instruction	12,072,885	2,487,553	9,585,332	385.33%
Capital projects	2,298,316	2,292,432	5,884	0.26%
Other	2,673,457	9,252,131	(6,578,674)	-71.10%
Total restricted net position	<u>\$ 29,331,282</u>	<u>\$ 23,590,994</u>	<u>\$ 5,740,288</u>	<u>24.33%</u>



**California State University, Channel Islands Foundation**

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

**Designated Resources**

The Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Operating Revenues:</b>				
Other operating income	\$ 497,102	\$ 79,242	\$ 417,860	527.32%
Total operating revenues	497,102	79,242	417,860	527.32%
<b>Operating Expenses</b>	2,302,729	4,480,723	(2,177,994)	-48.61%
Operating loss	(1,805,627)	(4,401,481)	2,595,854	-58.98%
<b>Nonoperating Revenues:</b>				
Nongovernmental grants, noncapital	347,004	189,000	158,004	83.60%
Gifts non-capital	17,275,453	2,550,242	14,725,211	577.40%
Gifts in-kind	20,294	110,870	(90,576)	-81.70%
Investment income	5,558,824	1,170,613	4,388,211	374.86%
Other	-	11,510	(11,510)	-100.00%
Total nonoperating revenues	23,201,575	4,032,235	19,169,340	475.40%
Income (loss) before other additions	21,395,948	(369,246)	21,765,194	-5894.50%
Additions to permanent endowment	350,942	192,983	157,959	81.85%
<b>Increase (decrease) in net position</b>	21,746,890	(176,263)	21,923,153	-12437.75%
<b>Beginning net position</b>	25,834,270	26,010,533	(176,263)	-0.68%
<b>End net position</b>	\$ 47,581,160	\$ 25,834,270	\$ 21,746,890	84.18%

**Operating Revenues and Expenses**

Operating revenues and expenses come from sources that are connected directly to the Foundation's business function. Revenues come from other operating revenues which include sales of goods and services associated with fundraising activities and other miscellaneous revenue. Expenses include categories such as gift to university, supplies and other services, scholarships and fellowships. In this discussion and analysis, expenses are reported by functional program such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants and scholarships.

**California State University, Channel Islands Foundation**

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

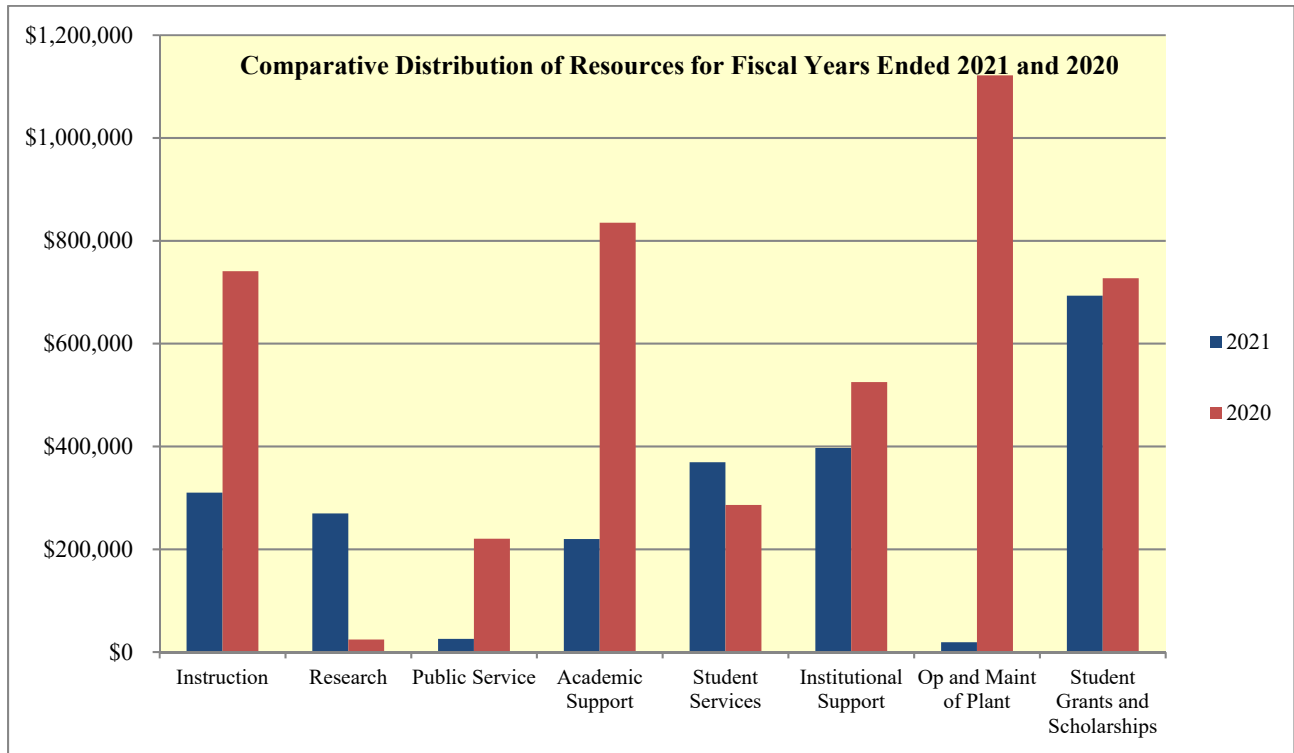
**Operating Revenues**

Total operating revenues show an increase from prior year of \$418K. This is primarily due to approved increase of gift fees from 2% to 5%.

**Operating Expenses**

Total operating expenses decreased by \$2.2M versus prior year and are primarily attributable to the decrease in expenditures related to the Central Mall \$1.1M, grant expenditures \$383K, Cottage Nursing Program \$224K, and VC P-20 Regional Council \$122k. In addition there was a decrease in expenditures related to Supplies, Services, and Hospitality \$199k as a result of virtual instruction due to the COVID-19 Pandemic.

The following chart presents the distribution of resources in support of the Foundation's mission for fiscal years 2021 and 2020:



**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 gifts noncapital, gifts in-kind, and investment income. Total nonoperating revenues (expenses) increased by \$19.2M primarily due to increases of Unrestricted gifts of \$14.7M, investment earnings of \$4.4M and Non-Governmental grants of \$158K.

## **Basic Financial Statements**

**California State University, Channel Islands Foundation**

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

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 366,701	\$ 1,175,013
Short-term investments	1,156,614	1,010,235
Accounts receivable, net	-	2,000
Related party receivables	2,630	10,914
Pledges receivable, net	<u>1,012,891</u>	<u>1,505,043</u>
Total current assets	<u>2,538,836</u>	<u>3,703,205</u>
Noncurrent assets		
Restricted cash and cash equivalents	17,143,276	993,105
Long-term investments	27,710,346	21,764,190
Pledges receivable, net	<u>489,625</u>	<u>52,993</u>
Total noncurrent assets	<u>45,343,247</u>	<u>22,810,288</u>
Total assets	<u>\$ 47,882,083</u>	<u>\$ 26,513,493</u>

**California State University, Channel Islands Foundation**

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

Liabilities and Net Position

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable	\$ 54,634	\$ 38,359
Deferred revenue	-	311,949
Related party payables	<u>246,289</u>	<u>162,380</u>
Total current liabilities	<u>300,923</u>	<u>512,688</u>
Noncurrent liabilities		
Liability to beneficiaries	<u>-</u>	<u>166,535</u>
Total noncurrent liabilities	<u>-</u>	<u>166,535</u>
Total liabilities	<u>300,923</u>	<u>679,223</u>
Net position		
Restricted for		
Nonexpendable - endowments	10,780,714	8,110,135
Expendable		
Scholarships and fellowships	1,057,967	1,088,397
Research	447,944	360,346
Instruction	12,072,885	2,487,553
Capital projects	2,298,316	2,292,432
Other	2,673,456	9,252,131
Unrestricted	<u>18,249,878</u>	<u>2,243,276</u>
Total net position	<u>\$ 47,581,160</u>	<u>\$ 25,834,270</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, 2021  
With Summarized Totals for the Year Ended June 30, 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Operating revenues		
Other operating income	<u>\$ 497,102</u>	<u>\$ 79,242</u>
Total operating revenues	<u>497,102</u>	<u>79,242</u>
Expenses		
Operating expenses		
Instruction	309,960	740,849
Research	269,515	24,248
Public service	25,594	220,333
Academic support	219,648	835,145
Student services	369,110	285,959
Institutional support	396,830	525,221
Operation and maintenance of plant	19,019	1,121,798
Student grants and scholarships	<u>693,053</u>	<u>727,170</u>
Total operating expenses	<u>2,302,729</u>	<u>4,480,723</u>
Operating loss	<u>(1,805,627)</u>	<u>(4,401,481)</u>
Nonoperating revenues		
Non governmental grants, noncapital	347,004	189,000
Gifts, noncapital	17,275,453	2,550,242
In-kind contributions	20,294	110,870
Investment income	5,558,824	1,170,613
Other nonoperating revenues	<u>-</u>	<u>11,510</u>
Net nonoperating revenues	<u>23,201,575</u>	<u>4,032,235</u>
Income before additions	21,395,948	(369,246)
Additions to endowments	<u>350,942</u>	<u>192,983</u>
Increase (decrease) in net position	21,746,890	(176,263)
Net position, beginning of year	<u>25,834,270</u>	<u>26,010,533</u>
Net position, end of year	<u>\$ 47,581,160</u>	<u>\$ 25,834,270</u>

See Notes to Financial Statements

**California State University, Channel Islands Foundation**

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

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Payments to suppliers	\$ (2,071,884)	(3,815,974)
Receipts from university	10,284	733,722
Payments to students	(693,053)	(727,120)
Other receipts	581,012	182,118
Net cash used in operating activities	<u>(2,173,641)</u>	<u>(3,627,254)</u>
Cash flows from noncapital financing activities		
Gifts and grants received for other than capital purposes	17,703,208	1,941,878
Pledges	347,004	189,000
Net cash provided by noncapital financing activities	<u>18,050,212</u>	<u>2,130,878</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	7,282,502	9,434,805
Purchases of investments	(9,867,755)	(14,552,998)
Investment income received	2,050,541	712,377
Net cash used in investing activities	<u>(534,712)</u>	<u>(4,405,816)</u>
Net increase (decrease) in cash and cash equivalents	15,341,859	(5,902,192)
Cash and cash equivalents, beginning of year	<u>2,168,118</u>	<u>8,070,310</u>
Cash and cash equivalents, end of year	<u>\$ 17,509,977</u>	<u>\$ 2,168,118</u>
Summary of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 366,701	\$ 1,175,013
Restricted cash and cash equivalents	17,143,276	993,105
Total cash and cash equivalents	<u>\$ 17,509,977</u>	<u>\$ 2,168,118</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (1,805,627)	\$ (4,401,481)
Adjustments to reconcile operating loss to net cash used in operating activities		
Change in assets and liabilities		
Accounts receivable, net	2,000	(2,000)
Related party receivables	8,284	735,720
Accounts payable	16,277	23,391
Deferred revenue	(311,949)	(74,504)
Related party payables	83,909	103,453
Liability to beneficiaries	(166,535)	(11,833)
Net cash used in operating activities	<u>\$ (2,173,641)</u>	<u>\$ (3,627,254)</u>
Supplemental non-cash information		
Non-cash activities		
In-kind	<u>\$ 20,294</u>	<u>\$ 110,870</u>

See Notes to Financial Statements

# California State University, Channel Islands Foundation

## Notes to Financial Statements June 30, 2021

### 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") 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 engage 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, 2021

#### **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, 2021.

#### **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.

#### **Deferred revenue**

Deferred 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 fair 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, 2021, the Foundation recorded in-kind contributions of \$20,294.

#### **Contributions**

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

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

#### **Income taxes**

The Foundation was formed pursuant to Articles 1 – 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California and, as a governmental entity, is not subject to federal or state income taxes.

#### **Use of estimates**

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

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2021

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

The Foundation considers operating revenues and expenses in the statement of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected with the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities-an amendment of GASB Statement No. 34*. These non-operating activities include the Foundation's net investment income and interest expense.

#### **Comparative totals**

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

#### **Fair value measurements**

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

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

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

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

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

The emergence of COVID-19 may impact the Foundation's liquidity (see Note 12). Management continues to regularly monitor liquidity and consider all expenditures related to its ongoing activities.

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2021

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

Cash and cash equivalents	\$	366,701
Short-term investments		1,156,614
Accounts receivable		2,630
Pledges receivable due in one year or less, net		<u>1,012,891</u>
	\$	<u>2,538,836</u>

#### Note 4 - Cash and cash equivalents

The Foundation's cash and cash equivalents as of June 30, 2021 are classified in the accompanying statement of net position as follows:

Cash and cash equivalents	\$	366,701
Restricted cash and cash equivalents		<u>17,143,276</u>
Total cash and cash equivalents	\$	<u>17,509,977</u>

#### Cash and cash equivalents

At June 30, 2021, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$17,509,977 had a corresponding carrying value balance with the bank of \$17,535,004 at June 30, 2021. The difference is related primarily to outstanding checks in the amount of \$25,027 and deposits in transit of \$0.

#### Restricted cash and cash equivalents

Restricted cash of \$17,143,276 represents designated funds by the board.

#### Custodial credit risk for deposits

Custodial credit risk for deposits is the risk that the Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated in that the Foundation's deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

#### Note 5 - Concentrations of credit risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash and cash equivalents. The Foundation maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits which are currently \$250,000 per institution. As of June 30, 2021, Foundation's bank deposits exceeded the balance insured by the FDIC by \$16,893,276.

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

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2021

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, 2021, one donor accounted for approximately 87% of the Foundation's 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, 2021:

Related party receivables are generated from Associated Students of CSU Channel Islands, Inc. through donations and from the University through sponsoring various academic programs. Related party receivables consist of the following:

Associated Students of CSU Channel Islands, Inc	\$	500
California State University Channel Islands		<u>2,130</u>
	\$	<u><u>2,630</u></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 ("CIUAS") are generated through the payroll services and calculations done for the Foundation by CIUAS.

California State University Channel Islands	\$	242,769
Channel Islands University Auxiliary Services, Inc.		<u>3,520</u>
	\$	<u><u>246,289</u></u>

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

The accompanying financial statements also include the following transactions with the University and other related parties as of and for the year ended June 30, 2021:

Payments to universities for salaries of university personnel working on contracts, grants, and other programs	\$	469,687
Payments to university for other than salaries of university personnel		177,369
Payments received from university for services, space and programs		2,859
Gifts-in-kind to the University from discretely presented component units		20,294
Gifts (cash or assets) to the University from discretely presented component units		17,203
Accounts payable to University		242,769
Accounts receivable from University		2,130

**California State University, Channel Islands Foundation**

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

**Note 7 - Pledges receivable, net**

Pledges receivable are measured using market prices and are stated at fair value. Pledges receivable at June 30, 2021 are as follows:

Less than one year	\$ 1,086,253
Less discount to present value	<u>(73,362)</u>
Net, pledges receivable - current	<u>1,012,891</u>
One to five years	557,712
Less discount to present value	<u>(68,087)</u>
Net, pledges receivable - non-current	<u>489,625</u>
Total net, pledges receivable	<u><u>\$ 1,502,516</u></u>

The unamortized discount is based on a risk free rate and additional market risk factor that total 4.4%. In management's opinion, all pledges receivables were collectible at June 30, 2021 and, therefore, no allowance has been established.

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

Restricted cash and investments for endowment have a combined total of \$29,364,191 at June 30, 2021. Restricted cash as of June 30, 2021 consist of the following:

		<u>Level 1</u>
Cash restricted for endowments		<u>\$ 1,653,845</u>
Corporate bonds		\$ 3,333,328
US treasury securities		39,232
Mortgage/Asset backed securities		2,173,686
Mutual funds - equity		2,243,064
US treasury bonds and notes		1,099,316
Endowment investments:		
Equity securities	\$ 8,047,698	
Corporate bonds	1,959,392	
US treasury securities	43,511	
Mortgage/Asset backed securities	1,780,123	
Mutual funds	6,561,866	
US treasury bonds and notes	429,130	
Total endowmnet investments		<u>18,821,720</u>
Total restricted investments		<u><u>\$ 27,710,346</u></u>

## California State University, Channel Islands Foundation

### Notes to Financial Statements June 30, 2021

#### **Investment policy**

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

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

#### **Interest rate risk**

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

#### **Credit risk**

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

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

**California State University, Channel Islands Foundation**

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

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

<u>Fixed Income Securities</u>	<u>June 30, 2021</u>	<u>Credit Rating</u>
Long-term fixed income securities		
Corporate bonds	\$ 431,102	A
Corporate bonds	981,669	A-
Corporate bonds	217,811	A+
Corporate bonds	48,841	AA-
Corporate bonds	37,154	AA+
Corporate bonds	54,903	AAA
Corporate bonds	1,228,818	BBB
Corporate bonds	117,706	BBB-
Corporate bonds	1,509,841	BBB+
Corporate bonds	664,875	Unrated
Mortgage backed obligation	3,953,891	Unrated
US treasury notes and bonds	<u>1,515,679</u>	AAA
	10,762,290	
Short-term fixed income securities		
Corporate bonds	26,415	A
Corporate bonds	75,570	A-
Corporate bonds	22,037	A+
Corporate bonds	127,695	BBB
Corporate bonds	3,206	BBB-
Corporate bonds	111,810	BBB+
Mortgage backed obligation	94,144	Unrated
US treasury notes and bonds	<u>695,737</u>	AAA
	<u>1,156,614</u>	
Total fixed income securities	<u><u>\$ 11,918,904</u></u>	

At June 30, 2021 the Foundation's fixed income securities has the following maturities:

	<u>1 year</u>	<u>1 - 5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Corporate bonds	\$ 597,127	\$ 1,301,805	\$ 2,152,630	\$ 1,607,891	\$ 5,659,453
Mortgage/Asset-Backed Securities	-	-	-	4,048,035	4,048,035
US treasury bonds and notes	<u>332,944</u>	<u>393,987</u>	<u>775,743</u>	<u>708,742</u>	<u>2,211,416</u>
	<u>\$ 930,071</u>	<u>\$ 1,695,792</u>	<u>\$ 2,928,373</u>	<u>\$ 6,364,668</u>	<u>\$ 11,918,904</u>

**California State University, Channel Islands Foundation**

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

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, 2021, are Level 1 inputs.

**Note 9 - Investments**

Investments consist of the following at June 30, 2021:

	Fair value measurements using				Total
	Level 1	Level 2	Level 3	Investments measured at NAV	
Equity securities	\$ 8,047,779	\$ -	\$ -	\$ -	\$ 8,047,779
Corporate bonds	5,659,453	-	-	-	5,659,453
US treasury securities	82,743	-	-	-	82,743
Mortgage/Asset-Backed Securities	4,048,035	-	-	-	4,048,035
Mutual funds	8,817,534	-	-	-	8,817,534
US treasury bonds and notes	2,211,416	-	-	-	2,211,416
<b>Total investments</b>	<b>\$ 28,866,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,866,960</b>

At June 30, 2021, 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 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 fair value of gift annuities receivable is determined based on the annuitant liability adjusted to reflect changes in life expectancies (see Note 1). The fair value of beneficial interest in charitable remainder trusts is determined based on the value of the underlying assets provided by the trustee. Valuation provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price.

The Foundation reviews valuations and assumptions provided by investment fund managers for reasonableness and believe that the carrying amounts of these financial instruments are reasonable estimates of fair value. For the year ended June 30, 2021, there have been no changes in the valuation methodologies.



**California State University, Channel Islands Foundation**

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

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, 2021.

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

Interest and dividend income	\$ 566,465
Realized and unrealized gain on investments	<u>4,992,359</u>
 Total investment return	 <u><u>\$ 5,558,824</u></u>

**Custodial credit risk**

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

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

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

	Total	Less Insured amounts	Amount subject to custodial credit risk
Equity securities	\$ 8,047,779	\$ 500,000	\$ 7,547,779
Corporate bonds	5,659,453	-	5,659,453
US treasury securities	82,743	-	82,743
Mortgage/Asset-Backed Securities	4,048,035	-	4,048,035
US treasury bonds and notes	<u>2,211,416</u>	<u>-</u>	<u>2,211,416</u>
 Total investments	 <u><u>\$ 20,049,426</u></u>	 <u><u>\$ 500,000</u></u>	 <u><u>\$ 19,549,426</u></u>

**California State University, Channel Islands Foundation**

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

**Note 10 - Liability to beneficiaries**

Long-term liability activity for the year ended at June 30, 2021 consisted of the following:

	Beginning balance as of July 1, 2020	Additions	Reductions	Ending balance as of June 30, 2021
Liability to beneficiaries total	\$ 166,535	\$ -	\$ (166,535)	\$ -

Liability to Beneficiaries consists of a Charitable Remainder Trust net of discount to present value which provides for payments to the beneficiary as defined with the remainder reverting to the Foundation at maturity.

**Note 11 - Classification of operating expenses**

The University 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, 2021, operating expenses by natural classification consisted of the following:

	Salaries	Benefits	Fellowships	Other services	Depreciation	Total
Instruction	\$ -	\$ -	\$ -	\$ 309,960	\$ -	\$ 309,960
Research	-	-	-	269,515	-	269,515
Public service	-	-	-	25,594	-	25,594
Academic support	-	-	-	219,648	-	219,648
Student services	-	-	-	369,110	-	369,110
Institutional support	-	-	-	396,830	-	396,830
Operation and maintenance of plant	-	-	-	19,019	-	19,019
Student grants and scholarships	-	-	693,053	-	-	693,053
Total	\$ -	\$ -	\$ 693,053	\$ 1,609,676	\$ -	\$ 2,302,729

**Note 12 - Contingencies**

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

**Coronavirus**

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures. As a result of mandates issued by government officials, the campus of California State University Channel Islands and the Foundation transitioned to virtual learning and programming in late March 2020. For the fall semester of 2021, the campus returned to in-person and online instruction, following Ventura County guidelines and public health protocols.

## **Supplementary Information**

**California State University, Channel Islands Foundation**

**GASB Schedule of Net Position  
June 30, 2021  
(for Inclusion in the California State University)**

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 366,701
Short-term investments	1,156,614
Accounts receivable, net	2,630
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	1,012,891
Prepaid expenses and other current assets	-
<b>Total current assets</b>	<b><u>2,538,836</u></b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	17,143,276
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	489,625
Endowment investments	18,821,720
Other long-term investments	8,888,626
Capital assets, net	-
Other assets	-
<b>Total noncurrent assets</b>	<b><u>45,343,247</u></b>
<b>Total assets</b>	<b><u>47,882,083</u></b>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
<b>Total deferred outflows of resources</b>	<b><u>-</u></b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	300,923
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
<b>Total current liabilities</b>	<b><u>300,923</u></b>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b><u>-</u></b>
<b>Total liabilities</b>	<b><u>300,923</u></b>
<b>Deferred inflows of resources:</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
<b>Total deferred inflows of resources</b>	<b><u>-</u></b>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	10,780,714
Expendable:	
Scholarships and fellowships	1,057,967
Research	447,944
Loans	-
Capital projects	2,298,316
Debt service	-
Others	14,746,341
Unrestricted	18,249,878
<b>Total net position</b>	<b><u>\$ 47,581,160</u></b>

California State University, Channel Islands Foundation

GASB Schedule of Revenues, Expenses and Changes in Net Position  
 June 30, 2021  
 (for Inclusion in the California State University)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	497,102
<b>Total operating revenues</b>	<b>497,102</b>

**Expenses:**

**Operating expenses:**

Instruction	309,960
Research	269,515
Public service	25,594
Academic support	219,648
Student services	369,110
Institutional support	396,830
Operation and maintenance of plant	19,019
Student grants and scholarships	693,053
Auxiliary enterprise expenses	-
Depreciation and amortization	-
<b>Total operating expenses</b>	<b>2,302,729</b>
<b>Operating income (loss)</b>	<b>(1,805,627)</b>

**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	347,004
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	17,295,747
Investment income (loss), net	5,558,824
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
<b>Net nonoperating revenues (expenses)</b>	<b>23,201,575</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>21,395,948</b>

State appropriations, capital	-
Grants and gifts, capital	350,942
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>21,746,890</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	25,834,270
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>25,834,270</b>
<b>Net position at end of year</b>	<b>\$ 47,581,160</b>

California State University, Channel Islands Foundation

Expenses by Natural Classification

June 30, 2021

(for Inclusion in the California State University)

**Expenses**

Accounting fees and other CSUCI Services	\$	70,057
Advertising and promotion		3,694
Awards and recognition items		17,628
Bank and credit card fees		5,602
Books and subscriptions		16,667
Business meals and hospitality		12,029
Conferences and meetings		1,399
Education and training		4,604
Equipment		32,364
Gift to university		37,497
Honoraria		1,305
Insurance		5,387
Investment fees		181,114
Membership dues and fees		7,674
Office expense		56,501
Outside services		683,401
Postage		5,172
Printing		11,256
Professional fees		85,457
Repairs and maintenance		1,071
Scholarships		800,382
Software		9,839
Supplies		237,815
Telephone		8,949
Travel		5,865
		<hr/>
Total expenses	\$	<u><u>2,302,729</u></u>

California State University, Channel Islands Foundation

Other Information

June 30, 2021

(for Inclusion in the California State University)

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	\$	1,653,845
All other restricted cash and cash equivalents		15,489,431
<b>Noncurrent restricted cash and cash equivalents</b>		<b>17,143,276</b>
Current cash and cash equivalents		366,701
<b>Total</b>	<b>\$</b>	<b>17,509,977</b>

California State University, Channel Islands Foundation

Other Information

June 30, 2021

(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	695,655	1,598,504	2,294,159
Municipal bonds	-	-	-
Corporate bonds	366,734	5,292,719	5,659,453
Asset backed securities	-	-	-
Mortgage backed securities	94,225	3,953,810	4,048,035
Commercial paper	-	-	-
Mutual funds	-	8,817,534	8,817,534
Exchange traded funds	-	-	-
Equity securities	-	8,047,779	8,047,779
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
<b>Total investments</b>	<b>1,156,614</b>	<b>27,710,346</b>	<b>28,866,960</b>
Less endowment investments (enter as negative number)	-	(18,821,720)	(18,821,720)
<b>Total investments, net of endowments</b>	<b>\$ 1,156,614</b>	<b>8,888,626</b>	<b>10,045,240</b>





**California State University, Channel Islands Foundation**

**Other Information  
June 30, 2021  
(for Inclusion in the California State University)**

**3.1 Composition of capital assets:**

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
<b>Non-depreciable/Non-amortizable capital assets:</b>									
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:									
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-					

**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2021**

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

**4 Long-term liabilities:**

	Balance June 30, 2020	Prior Period Adjustments/ Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations:</b>								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total long-term liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2021**

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

**5 Capital lease obligations schedule:**

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

**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2021**

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

**6 Long-term debt obligations schedule:**

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

California State University, Channel Islands Foundation

Other Information

June 30, 2021

(for Inclusion in the California State University)

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	469,687
Payments to University for other than salaries of University personnel		177,369
Payments received from University for services, space, and programs		2,859
Gifts-in-kind to the University from discretely presented component units		20,294
Gifts (cash or assets) to the University from discretely presented component units		17,203
Accounts (payable to) University		(242,769)
Other amounts (payable to) University		-
Accounts receivable from University		2,130
Other amounts receivable from University		-

California State University, Channel Islands Foundation

Other Information

June 30, 2021

(for Inclusion in the California State University)

8 Restatements

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

		Debit/(Credit)
Restatement #1	None	
Restatement #2	None	-

**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2021**

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

**9 Natural classifications of operating expenses:**

	<b>Salaries</b>	<b>Benefits - Other</b>	<b>Benefits - Pension</b>	<b>Benefits - OPEB</b>	<b>Scholarships and fellowships</b>	<b>Supplies and other services</b>	<b>Depreciation and amortization</b>	<b>Total operating expenses</b>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,960	\$ -	\$ 309,960
Research	-	-	-	-	-	269,515	-	269,515
Public service	-	-	-	-	-	25,594	-	25,594
Academic support	-	-	-	-	-	219,648	-	219,648
Student services	-	-	-	-	-	369,110	-	369,110
Institutional support	-	-	-	-	-	396,830	-	396,830
Operation and maintenance of plant	-	-	-	-	-	19,019	-	19,019
Student grants and scholarships	-	-	-	-	693,053	-	-	693,053
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 693,053</b>	<b>\$ 1,609,676</b>	<b>\$ -</b>	<b>\$ 2,302,729</b>



**California State University, Channel Islands Foundation**

**Other Information**

**June 30, 2021**

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

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

**1. Deferred Outflows of Resources**

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

Total deferred outflows - others	<u>\$</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u><b>\$</b></u>	<u><b>-</b></u>

**2. Deferred Inflows of Resources**

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

Total deferred inflows - others	<u>\$</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u><b>\$</b></u>	<u><b>-</b></u>

California State University, Channel Islands Foundation

Other Information

June 30, 2021

(for Inclusion in the California State University)

**11 Other nonoperating revenues (expenses)**

Other nonoperating revenues

\$ -

Other nonoperating (expenses)

-

**Total other nonoperating revenues (expenses)**

**\$ -**

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of California State University, Channel Islands Foundation (the "Foundation"), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2021.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 may exist that have not been identified.

#### 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, 2021



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**