

CI UNIVERSITY AUXILIARY SERVICES, INC.

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2018
and Independent Auditors' Report**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**CI UNIVERSITY AUXILIARY SERVICES, INC.
TABLE OF CONTENTS**

Page

FINANCIAL STATEMENTS

Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10

SUPPLEMENTARY INFORMATION

GASB Schedule of Net Position	20
GASB Schedule of Revenues, Expenses and Changes in Net Position	21
Other Information	22



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of CI University Auxiliary Services, Inc. as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements as listed in the table of contents.

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.

Auditors' 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. 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 auditors' 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 respective financial position of CI University Auxiliary Services, Inc. as of June 30, 2018, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT - Continued

Report on Summarized Comparative Information

We previously audited CI University Auxiliary Services, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of CI University Auxiliary Services, Inc.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 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 as a whole. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vosin, Hagen + Co.

Calabasas, California
September 13, 2018

**CI UNIVERSITY AUXILIARY SERVICES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

This section of CI University Auxiliary Services, Inc.’s annual financial report presents our discussion and analysis of the financial performance of CI University Auxiliary Services, Inc. for the fiscal year ended June 30, 2018. 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 University is considered a special-purpose government engaged only in business-type activities, which best represent, the activities of CI University Auxiliary Services, Inc.

The financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of CI University Auxiliary Services, Inc.

Statement of Net Position – The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of CI University Auxiliary Services, Inc.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year’s activities.

Analytical Overview

Summary

The following discussion highlights management’s understanding of the key financial aspects of CI University Auxiliary Services, Inc.’s financial activities. Included are an analysis of current year activities and balances, and a summary of operations.

**CI UNIVERSITY AUXILIARY SERVICES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

CI University Auxiliary Services, Inc.'s summary of net position as of June 30, 2018 and 2017 are as follows:

Condensed Summary of Net Position

	Year ended June 30,		\$ Change	% Change
	2018	2017		
Assets:				
Current assets	\$ 1,056,240	\$ 1,192,487	\$ (136,247)	-11.4%
Other noncurrent assets	262,418	246,291	16,127	6.5%
Total assets	<u>1,318,658</u>	<u>1,438,778</u>	<u>(120,120)</u>	<u>8.3%</u>
Liabilities:				
Current liabilities	909,187	685,684	223,503	32.6%
Other noncurrent liabilities	307,555	410,342	(102,787)	- 25.0%
Total liabilities	<u>1,216,742</u>	<u>1,096,026</u>	<u>120,716</u>	<u>11.0%</u>
Net position:				
Unrestricted	101,916	342,752	(240,836)	-70.3%
Total net position	<u>\$ 101,916</u>	<u>\$ 342,752</u>	<u>\$ (240,836)</u>	<u>-70.3%</u>

Assets

Total assets decreased by \$120K compared to prior year. This change is attributable to a decrease in cash of \$321K and an increase in related party receivables of \$171K. Variance in cash is directly attributable to debt service contribution to the Campus for the Islands dining expansion.

Liabilities

Total liabilities increased by \$121K compared to the prior year. This change is due to an increase in accounts payable of \$79K due to timing of payments to vendors as well as an increase in related party payables of \$166K, which is a result of a debt service payment to campus, and a decrease in other noncurrent liabilities of \$103K due to employee payouts in compensated absences.

Net Position

CI University Auxiliary Services, Inc. total net position decreased by \$240K compared to the prior year. Stable and profitable commercial operations increased by \$174K. The decrease is due to an increase in debt service payment of \$414K. With student head count to increase and overall Campus growth, commercial operations in Food Services profitability is expected to increase. As a result, there is not a significant risk of CI University Auxiliary's ability to continue as a going concern.

CI UNIVERSITY AUXILIARY SERVICES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

CI University Auxiliary Services, Inc.'s condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2018 and 2017 is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	Year ended June 30,		\$ Change	% Change
	2018	2017		
Operating Revenues:				
Management Fees	\$ 342,178	\$ 521,642	\$ (179,464)	-34.4%
Food Service Sales, Net	5,159,321	4,923,120	236,201	4.8%
Misc. Income	<u>138,539</u>	<u>14,596</u>	<u>123,943</u>	<u>849.2%</u>
Total Operating Revenues	5,640,038	5,459,358	180,680	3.3%
Operating Expenses:				
Salaries	4,650,262	4,721,136	(70,874)	1.5%
Other Operating Expenses	2,322,958	2,076,187	246,771	11.9%
Depreciation Expense	<u>20,087</u>	<u>19,714</u>	<u>373</u>	<u>1.9%</u>
Total Operating Expenses	6,993,307	6,817,037	176,270	2.6%
Operating Income (loss)	(1,353,269)	(1,357,679)	4,410	0.3%
Nonoperating Revenues (expenses):				
Investment Income (loss)	2,301	1,282	1,019	79.5%
Payroll Services	1,361,121	1,495,484	(134,363)	-9.0%
Interest Expense	<u>(250,989)</u>	<u>(251,394)</u>	<u>405</u>	<u>164.7%</u>
Net Nonoperating Revenues (Expenses)	1,112,433	1,245,372	(132,939)	-44.0%
Increase (Decrease) in Net Position	(240,836)	(112,307)	(128,529)	-114.4%
Beginning Net Position	<u>342,752</u>	<u>455,059</u>	<u>(112,307)</u>	<u>-24.7%</u>
Ending Net Position	<u>\$ 101,916</u>	<u>\$ 342,752</u>	<u>\$ (240,836)</u>	<u>-70.3%</u>

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to CI University Auxiliary Services, Inc.'s business function. Revenues come from the management fees agreement with Site Authority and dining services units, food service sales, and miscellaneous income.

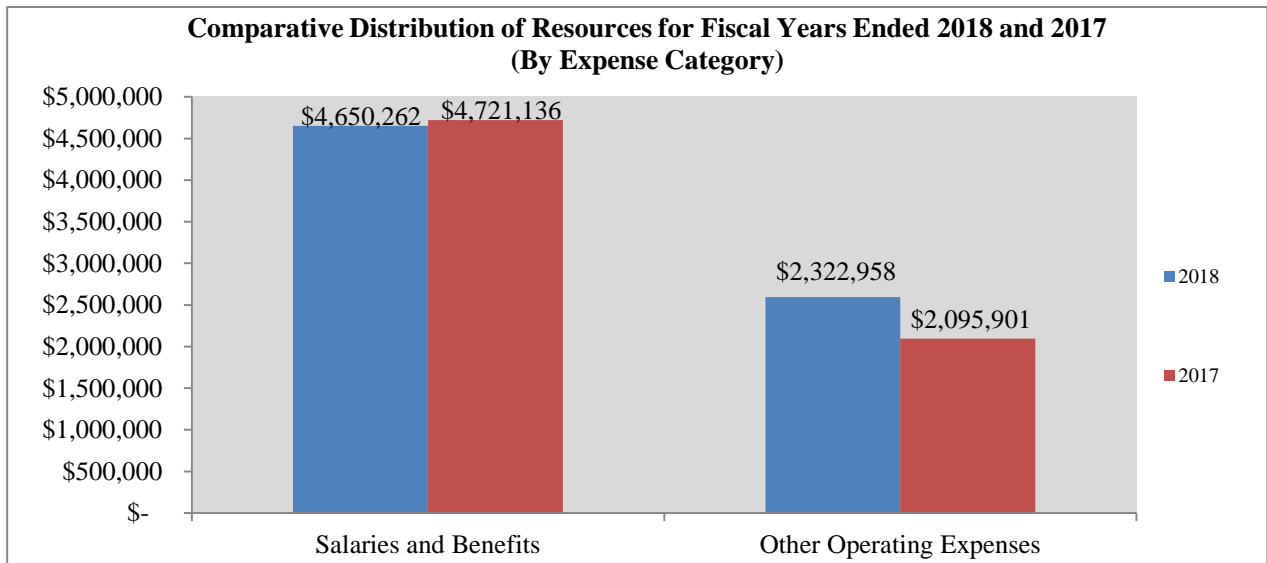
**CI UNIVERSITY AUXILIARY SERVICES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Revenues

Total revenues increased by \$181K compared to prior year. The increase is a net of decreases and increases. Management fees decreased \$179K due to the termination of the Site Authority rental program. Food sales increased \$236K due to an increase in student head count, meal plans purchased increased \$412K while catering sales decreased \$176K. Miscellaneous income increased \$124K due to the transfer of the Bookstore and vending operation from the Site Authority.

Operating Expenses

Total operating expenses increased by \$176K compared to prior year. The increase is a net result, which includes increases in debt service payment of \$168K, fringe benefits of \$230K, and transfer of book store operations of \$111K; and decreases of \$88K in supplies and services and kitchen and linens, and \$245K in lease payments to the Campus. A square footage calculation was applied to the lease cost on the existing dining facility prior to expansion. The following chart presents the distribution of resources in support of CI University Auxiliary Services, Inc.’s mission for fiscal years 2018 and 2017:



Expenses include categories such as salaries, and supplies and other services. In this discussion and analysis, expenses are reported by functional program such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants, and scholarships.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of CI University Auxiliary Services, Inc.’s primary business functions. Included in this classification are categories such as investment income, payroll services, and transfers to Site Authority.

Payroll Service income decreased by \$134K compared to prior year. The decrease is the result of a decrease in Site Authority of California State University Channel Islands, Inc. employees.

CI UNIVERSITY AUXILIARY SERVICES, INC.
STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 237,865	\$ 559,008
Accounts receivable	4,718	1,249
Related party receivables	644,862	474,260
Prepaid expenses	66,557	45,299
Inventory	<u>102,238</u>	<u>112,671</u>
Total current assets	1,056,240	1,192,487
Noncurrent assets		
Capital assets, net	<u>262,418</u>	<u>246,291</u>
Total noncurrent assets	<u>262,418</u>	<u>246,291</u>
Total assets	<u>1,318,658</u>	<u>1,438,778</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	123,487	44,391
Accrued salaries and benefits	108,699	123,548
Accrued compensated absences	10,812	19,915
Deferred revenue	8,968	6,883
Related party payables	644,495	478,473
Loan payable, current portion	<u>12,726</u>	<u>12,474</u>
Total current liabilities	909,187	685,684
Noncurrent liabilities		
Accrued compensated absences	106,966	197,026
Loan payable	<u>200,589</u>	<u>213,316</u>
Total noncurrent liabilities	<u>307,555</u>	<u>410,342</u>
Total liabilities	<u>1,216,742</u>	<u>1,096,026</u>
NET POSITION		
Net investment in capital assets	49,103	20,501
Unrestricted	<u>52,813</u>	<u>322,251</u>
Total net position	<u>\$ 101,916</u>	<u>\$ 342,752</u>

See accompanying auditors' report and notes to financial statements.

CI UNIVERSITY AUXILIARY SERVICES, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
REVENUES		
Operating revenues		
Management fees	\$ 342,178	\$ 521,642
Food service sales, net	5,159,321	4,923,120
Miscellaneous income	<u>138,539</u>	<u>14,596</u>
Total operating revenues	5,640,038	5,459,358
EXPENSES		
Operating expenses		
Salaries and benefits	4,650,262	4,721,136
Other operating expenses	2,322,958	2,076,187
Depreciation expense	<u>20,087</u>	<u>19,714</u>
Total operating expenses	<u>6,993,307</u>	<u>6,817,037</u>
Operating income (loss)	(1,353,269)	(1,357,679)
NONOPERATING REVENUES (EXPENSES)		
Investment income (loss)	2,301	1,282
Cost recovery from auxiliaries	1,361,121	1,495,484
Interest expense	<u>(250,989)</u>	<u>(251,394)</u>
Net nonoperating revenues (expenses)	<u>1,112,433</u>	<u>1,245,372</u>
INCREASE (DECREASE) IN NET POSITION	(240,836)	(112,307)
NET POSITION - beginning of year	<u>342,752</u>	<u>455,059</u>
NET POSITION - end of year	<u>\$ 101,916</u>	<u>\$ 342,752</u>

See accompanying auditors' report and notes to financial statements.

CI UNIVERSITY AUXILIARY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Management fees	\$ 342,178	\$ 521,642
Commercial services	5,159,321	4,923,120
Payments to suppliers	(2,252,117)	(1,727,181)
Payments to employees	(4,764,274)	(4,707,544)
Other receipts (payments)	<u>130,005</u>	<u>3,200</u>
Net Cash Provided (Used) by Operating Activities	(1,384,887)	(986,763)
Cash flows from noncapital financing activities:		
Reimbursements from related parties	1,361,121	1,495,484
Other receipts (payments)	<u>2,301</u>	<u>13,511</u>
Net Cash Provided (Used) by noncapital financing activities	1,363,422	1,508,995
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(36,214)	-
Principal paid on loan payable	(12,475)	(12,229)
Interest paid	<u>(250,989)</u>	<u>(251,394)</u>
Net Cash Provided (Used) by capital and related financing activities	(299,678)	(263,623)
Net increase (decrease) in cash and cash equivalents	(321,143)	258,609
Cash and cash equivalents at beginning of year	<u>559,008</u>	<u>300,399</u>
Cash and cash equivalents at end of year	<u>\$ 237,865</u>	<u>\$ 559,008</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities		
Operating income (loss)	(1,353,269)	(1,357,679)
Adjustments to reconcile net operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	20,087	19,714
(Increase) decrease in:		
Accounts receivable	(3,469)	833
Related party receivables	(170,602)	120,428
Prepaid expenses	(21,258)	(45,299)
Inventory	10,433	10,193
Increase (decrease) in:		
Accounts payable and accrued liabilities	79,096	(72,871)
Accrued salaries and benefits	(14,849)	(23,083)
Accrued compensated absences	(99,163)	36,675
Deferred revenue	2,085	2,434
Loans payable	-	(12,229)
Related party payables	<u>166,022</u>	<u>334,121</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,384,887)</u>	<u>\$ (986,763)</u>

See accompanying auditors' report and notes to financial statements.

**CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

University Auxiliary Services, Inc. was created on March 18, 2002, pursuant to the General Nonprofit Corporation Law of the State of California and was organized to promote and assist education, administration and related services of the California State University Channel Islands. CI University Auxiliary Services, Inc. operates as an auxiliary organization of the California State University, Channel Islands (University) under an operating agreement with the Trustees of the California State University (the Trustees), which extended through June 30, 2017 and includes two automatic five-year extensions. On July 1, 2016 the corporation's change of name to CI University Auxiliary Services, Inc. was accepted by the California Secretary of State.

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Financial Reporting Entity

The financial statements include the accounts of CI University Auxiliary Services, Inc. CI University Auxiliary Services, Inc. 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. CI University Auxiliary Services, Inc. has chosen to use the reporting model for special-purpose governments engaged only in business type activities.

Net Position

CI University Auxiliary Services, Inc.'s net position is classified into the following net asset categories:

Net investment in capital assets – Capital assets, net of accumulated depreciation. CI University Auxiliary Services, Inc. does not have any outstanding principal balances of debt attributable to the acquisition construction, or improvement of those assets.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management of CI University Auxiliary Services, Inc. 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. CI University Auxiliary Services, Inc. has adopted a policy of utilizing temporarily restricted funds, when available, prior to unrestricted funds.

Restricted – expendable – Net position subject to externally imposed conditions that can be fulfilled by the actions of CI University Auxiliary Services, Inc. or by the passage of time.

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Classification of Current and Noncurrent Assets and Liabilities

CI University Auxiliary Services, Inc. considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal CI University Auxiliary Services, Inc. business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with maturities of three months or less from date of purchase.

Receivables

Receivables consist of related party receivables and employee payroll receivables. CI University Auxiliary Services, Inc. uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end and therefore no allowance has been established.

Prepaid Expenses

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

Inventory

Inventories, consisting of food service supplies, are stated at the lower of cost (first-in, first-out) or market. Inventory balance at June 30, 2018 was \$102,238.

Capital Assets

Capital assets are stated at historical cost and/or fair market value. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Depreciation is provided on the straight-line method over estimated useful lives of three to twenty years which aligns with The California State University GAAP Reporting Manual, Chapter 13, Capital Asset Guide, as follows:

Equipment	5 years
Furniture	5 years
Leasehold improvements	The lesser of 10 years or remaining term of lease

Capital assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2018. This is primarily composed of revenue for meal plans accrued in advance of the semester. If a program is conducted over a fiscal year end, deferred revenue is recorded for all revenue related to programs predominately conducted in the next fiscal year.

Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

CI University Auxiliary Services, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

CI University Auxiliary Services, Inc. has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to CI University Auxiliary Services, Inc.'s continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

CI University Auxiliary Services, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2017, 2016, 2015, are subject to examination by the IRS, generally for 3 years after they were filed.

Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements.

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES -Continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset 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 CI University Auxiliary Services, Inc.'s financial statements for the year ended June 30, 2017 from which the summarized information was derived.

Fair Value Measurements

CI University Auxiliary Services, Inc. reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value in accordance with GASB 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which CI University Auxiliary Services, Inc. has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES -Continued

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, CI University Auxiliary Services, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. CASH AND CASH EQUIVALENTS

CI University Auxiliary Services, Inc.'s cash and cash equivalents as of June 30, 2018 are classified in the accompanying statement of net position as follows:

	<u>Total</u>
Cash and cash equivalents	\$ 237,865
Restricted cash and cash equivalents	<u>-</u>
Total cash and cash equivalents	<u>\$ 237,865</u>

(a) Cash and Cash Equivalents

At June 30, 2018, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$237,865 had a corresponding carrying value balance with the bank \$351,945 at June 30, 2018. The difference is related to outstanding checks and deposits in transit.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that CI University Auxiliary Services, Inc. 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 CI University Auxiliary Services, Inc.'s deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

4. RELATED PARTY TRANSACTIONS

CI University Auxiliary Services, Inc. has entered into certain transactions with the Campus and recognized auxiliary organizations of the Campus relating to commercial food services and payroll services reimbursement. The accompanying financial statements include all such transactions for the year ended June 30, 2018:

Related party receivables consist of the following:

	<u>June 30, 2018</u>
Associated Students of CSU Channel Islands, Inc.	\$ 161,223
CSU Channel Islands	301,551
CSU Channel Islands Foundation	3,431
CSU Channel Islands Site Authority	<u>178,657</u>
Total	<u>\$ 644,862</u>

Related party payables consist of the following:

	<u>June 30, 2018</u>
Associated Students of CSU Channel Islands, Inc.	\$ 2,441
CSU Channel Islands	636,592
CSU Channel Islands Site Authority	<u>5,462</u>
Total	<u>\$ 644,495</u>

As part of the revenue bonds issued to the California State University, Channel Islands (CSUCI) on September 9, 2015 for construction of Student Housing phase III and the dining commons expansion, CI University Auxiliary Services, amended their operating agreement with CSUCI to reflect an increase in annual lease payments. This increase includes the original lease payment to use the campus building and the additional payment to cover the portion of the revenue bonds issued to CSUCI that are attributed to the dining expansion. The total amount of the bond is \$10,405,000 and reimbursement will be reflected for the term of the operating lease.

The operating agreement extends through June 30, 2022. Below are the annual minimum reimbursement payments required:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 659,875
2020	662,725
2021	661,200
2022	<u>659,175</u>
Total	<u>\$ 2,642,975</u>

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

5. CAPITAL ASSETS

Capital assets for the year ended June 30, 2018 consists of the following:

	Beginning of Year 7/1/17	Additions	Deletions	End of Year 6/30/18
Equipment	\$ 62,424	\$ 6,032	\$ -	\$ 68,456
Accumulated depreciation	<u>(41,924)</u>	<u>(6,104)</u>	<u>-</u>	<u>(48,028)</u>
	20,500	(72)	-	20,428
Leasehold improvements	278,000	30,182	-	308,182
Accumulated depreciation	<u>(52,209)</u>	<u>(13,983)</u>	<u>-</u>	<u>(66,192)</u>
	<u>225,791</u>	<u>16,199</u>	<u>-</u>	<u>241,990</u>
Net Capital Assets	<u>\$ 246,291</u>	<u>\$ 16,127</u>	<u>\$ -</u>	<u>\$ 262,418</u>

Total depreciation expense for the year ended June 30, 2018 was \$20,087.

6. LONG-TERM LIABILITIES

Long term liability activities for the year ended at June 30, 2018 consisted of the following:

	Beginning Balance as of July 1, 2017	Additions	Reductions	Ending Balance as of June 30, 2018	Current Portion
Long-term liabilities:					
Accrued compensated absences	<u>\$ 216,941</u>	<u>\$ 24,856</u>	<u>\$ (124,019)</u>	<u>\$ 117,778</u>	<u>\$ 10,812</u>
Long-term debt obligations:					
Leasehold improvement loan	<u>225,790</u>	<u>-</u>	<u>(12,475)</u>	<u>213,315</u>	<u>12,726</u>
Total long-term liabilities	<u>\$ 442,731</u>	<u>\$ 24,856</u>	<u>\$ (136,494)</u>	<u>\$ 331,093</u>	<u>\$ 23,538</u>

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6. LONG-TERM LIABILITIES – Continued

In March 2013 CI University Auxiliary Services, Inc. entered into a promissory note with Associated Students, Inc. for approximately half of the construction of Pizza 3.14 in the Town Center. The loan amount of \$278,000 bears interest at 2% with full payment to be completed by January 2033. The loan calls for monthly payments of \$1,406. The loan payable balance owed at June 30, 2018 was \$213,315. The related party loan payable is stated at fair value for purposes of the report.

Maturity for the leasehold improvements loan payable is as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 12,726
2020	12,983
2021	13,245
2022	13,512
2023	13,785
Thereafter	<u>147,064</u>
	<u>\$ 213,315</u>

Total interest expense paid on loan payable during the year ended June 30, 2018 was \$4,402.

7. RETIREMENT PLAN

CI University Auxiliary Services, Inc. sponsors a 403(b) salary deferral plan whereby employees may contribute up to an amount as allowed under Internal Revenue Service regulations. The Plan covers all salaried, full-time, and benefitted employees beginning on the date of hire. CI University Auxiliary Services, Inc. provides 10% of an employee's eligible compensation to the 403(b) plan. Total contribution expense for the year ended June 30, 2018 was \$123,801.

**CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)**

8. TRANSACTIONS WITH RELATED PARTIES

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

The accompanying financial statements also include the following transactions with the Associated Students, Inc., Foundation, and Site Authority as of and for the year ended June 30, 2018:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ -
Payments to Associated Students, Inc. for other than salaries of Associated Students, Inc. personnel	45,528
Payments to University for other than salaries of University personnel	1,188,685
Payments to Foundation for other than salaries of Foundation personnel	-
Payments to Site Authority for other than salaries of Site Authority personnel	428,481
Payments received from Associated Students, Inc. for services, space, and program	995,322
Payments received from University for services, space, and program	845,586
Payments received from Foundation for services, space, and program	51,887
Payments received from Site Authority for services, space, and program	726,750
Accounts receivable from Associated Students, Inc.	161,223
Accounts receivable from University	301,551
Accounts receivable from Foundation	3,431
Accounts receivable from Site Authority	178,657
Accounts payable to Associated Students, Inc.	2,441
Accounts payable to University	636,592
Accounts payable to Site Authority	5,462

CI UNIVERSITY AUXILIARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

9. CLASSIFICATION OF OPERATING EXPENSES

CI University Auxiliary Services, Inc. has elected not to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net position, but to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2018, operating expenses by natural classification consisted of the following:

Functional Classification:	Salaries	Benefits	Fellowships	Supplies & Services	Depreciation	Total
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public service	2,215,817	787,731	-	2,058,639	-	5,062,187
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	1,193,971	452,743	-	177,463	-	1,824,177
Operation and maintenance of plant	-	-	-	86,856	-	86,856
Student grants and scholarships	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	20,087	20,087
Total	<u>\$ 3,409,788</u>	<u>\$ 1,240,474</u>	<u>\$ -</u>	<u>\$ 2,322,958</u>	<u>\$ 20,087</u>	<u>\$ 6,993,307</u>

10. SUBSEQUENT EVENTS

CI University Auxiliary Services, Inc. has evaluated events subsequent to June 30, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 13, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

CI UNIVERSITY AUXILIARY SERVICES, INC.
GASB SCHEDULE OF NET POSITION
JUNE 30, 2018

Assets:	
Current assets:	
Cash and cash equivalents	\$ 237,865
Short-term investments	—
Accounts receivable, net	649,580
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	168,795
Total current assets	<u>1,056,240</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	262,418
Other assets	—
Total noncurrent assets	<u>262,418</u>
Total assets	<u>1,318,658</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	123,487
Accrued salaries and benefits	108,699
Accrued compensated absences, current portion	10,812
Unearned revenues	8,968
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	12,726
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	644,495
Total current liabilities	<u>909,187</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	106,966
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	200,589
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>307,555</u>
Total liabilities	<u>1,216,742</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	49,103
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	52,813
Total net position	<u>\$ 101,916</u>

CI UNIVERSITY AUXILIARY SERVICES, INC.
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

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	5,640,038
Total operating revenues	<u>5,640,038</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	5,062,187
Academic support	—
Student services	—
Institutional support	1,824,177
Operation and maintenance of plant	86,856
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	20,087
Total operating expenses	<u>6,993,307</u>
Operating income (loss)	<u>(1,353,269)</u>
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	—
Investment income (loss), net	2,301
Endowment income (loss), net	—
Interest expense	(250,989)
Other nonoperating revenues (expenses) - excl. interagency transfers	1,361,121
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>1,112,433</u>
Income (loss) before other revenues (expenses)	(240,836)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	(240,836)
Net position:	
Net position at beginning of year, as previously reported	342,752
Restatements	—
Net position at beginning of year, as restated	<u>342,752</u>
Net position at end of year	<u>\$ 101,916</u>

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
		<hr/>
Total restricted cash and cash equivalents	\$	<hr/>

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :

— — — — — — — —

2.3 Restricted current investments at June 30, 2018 related to:

Add description
Add description
Add description
Add description
Add description
Add description
Add description

Amount
\$ —
—
—
—
—
—
—
—
\$ —

Total restricted current investments at June 30, 2018

2.4 Restricted noncurrent investments at June 30, 2018 related to:

Endowment investment
Scholarships
Inflation reserves
University projects
Add description
Add description
Add description
Add description

Amount
\$ —
—
—
—
—
—
—
—
—
\$ —

Total restricted noncurrent investments at June 30, 2018

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

2.5 Fair value hierarchy in investments at June 30, 2018:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	—	—	—	—	—

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	278,000	—	—	278,000	30,182	—	—	308,182
Personal property:								
Equipment	62,424	—	—	62,424	6,032	—	—	68,456
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	340,424	—	—	340,424	36,214	—	—	376,638
Total capital assets	340,424	—	—	340,424	36,214	—	—	376,638
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(52,209)	—	—	(52,209)	(13,983)	—	—	(66,192)
Personal property:								
Equipment	(41,924)	—	—	(41,924)	(6,104)	—	—	(48,028)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(94,133)	—	—	(94,133)	(20,087)	—	—	(114,220)
Total capital assets, net	\$ 246,291	—	—	246,291	16,127	—	—	262,418

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 20,087
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 20,087

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 216,941	—	—	216,941	24,856	(124,019)	117,778	10,812	106,966
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Loan payable to ASI for leasehold improvements	225,790	—	—	225,790	—	(12,475)	213,315	12,726	200,589
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	225,790	—	—	225,790	—	(12,475)	213,315	12,726	200,589
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	225,790	—	—	225,790	—	(12,475)	213,315	12,726	200,589
Total long-term liabilities	\$ 442,731	—	—	442,731	24,856	(136,494)	331,093	23,538	307,555

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
Capital lease obligation, net of current portion									\$ —

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

6 Long-term debt obligations schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	\$ —	—	—	12,726	4,150	16,876	12,726	4,150	16,876
2020	—	—	—	12,983	3,893	16,876	12,983	3,893	16,876
2021	—	—	—	13,245	3,631	16,876	13,245	3,631	16,876
2022	—	—	—	13,512	3,364	16,876	13,512	3,364	16,876
2023	—	—	—	13,785	3,091	16,876	13,785	3,091	16,876
2024 - 2028	—	—	—	147,064	14,666	161,730	147,064	14,666	161,730
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	213,315	32,795	246,110	213,315	32,795	246,110
Less amounts representing interest									(32,795)
Present value of future minimum payments									213,315
Unamortized net premium (discount)									—
Total long-term debt obligations									213,315
Less: current portion									(12,726)
Long-term debt obligations, net of current portion									\$ 200,589

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	262,418
Capital lease obligations, current portion		—
Capital lease obligations, net of current portion		—
Long-term debt obligations, current portion		(12,726)
Long-term debt obligations, net of current portion		(200,589)
Portion of outstanding debt that is unspent at year-end (enter as positive number)		—
Other adjustments: (please list)		
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Net position - Net investment in capital assets	\$	<u>49,103</u>

7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$	—
Endowment investments		—
Other adjustments: (please list)		
Restricted expendable endowments		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Net position - Restricted for nonexpendable - endowments	\$	<u>—</u>

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	1,188,685
Payments received from University for services, space, and programs	845,586
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(636,592)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	301,551
Other amounts receivable from University	—

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

- 9 Other postemployment benefits (OPEB) liability**
Intentionally left blank - not required/applicable eff FY 17/18

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

10 Pollution remediation liabilities under GASB Statement No. 49:

Description		Amount
Add description	\$	—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
		—
Total pollution remediation liabilities	\$	—
Less: current portion		—
		—
Pollution remediation liabilities, net of current portion		—

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2017, as previously reported	\$	342,752
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated	\$	342,752

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: _____		
1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—

CI UNIVERSITY AUXILIARY SERVICES, INC.
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—
Research	—	—	—	—	—	—
Public service	2,215,817	787,731	—	2,058,639	—	5,062,187
Academic support	—	—	—	—	—	—
Student services	—	—	—	—	—	—
Institutional support	1,193,971	452,743	—	177,463	—	1,824,177
Operation and maintenance of plant	—	—	—	86,856	—	86,856
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	20,087	20,087
Total	<u>3,409,788</u>	<u>1,240,474</u>	<u>—</u>	<u>2,322,958</u>	<u>20,087</u>	<u>6,993,307</u>