

**CI UNIVERSITY AUXILIARY SERVICES, INC.**

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2017  
and Independent Auditors' Report**

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
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**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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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.

*Vossin, Hagen + Co.*

Calabasas, California  
September 14, 2017

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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, 2017**

CI University Auxiliary Services, Inc.'s summary of net position as of June 30, 2017 and 2016 are as follows:

Condensed Summary of Net Position

	Year ended June 30,		\$ Change	% Change
	2017	2016		
<b>Assets:</b>				
Current assets	\$ 1,192,487	\$ 1,020,033	\$ 172,454	16.9%
Other noncurrent assets	246,291	266,005	(19,714)	-7.4%
Total assets	<u>1,438,778</u>	<u>1,286,038</u>	<u>152,740</u>	<u>11.9%</u>
<b>Liabilities:</b>				
Current liabilities	685,684	441,470	244,214	55.3%
Other noncurrent liabilities	410,342	389,509	20,833	5.3%
Total liabilities	<u>1,096,026</u>	<u>830,979</u>	<u>265,047</u>	<u>31.9%</u>
<b>Net position:</b>				
Unrestricted	<u>342,752</u>	<u>455,059</u>	<u>(112,307)</u>	<u>-24.7%</u>
Total net position	<u>\$ 342,752</u>	<u>\$ 455,059</u>	<u>\$ (112,307)</u>	<u>29.5%</u>

*Assets*

Total assets increased by \$153K compared to prior year. This change is attributed to an increase in cash of \$259K and a reduction in related party receivables of \$120K. Variance in cash is directly attributable to an increase in food service sales.

*Liabilities*

Total liabilities increased by \$265K compared to the prior year. This change is due to a decrease in accounts payable of \$73k due to timing of payments to vendors as well as an increase in related party payables of \$334k which is a result of an increase in lease payable and debt service payment to campus.

*Net Position*

Total net position decreased by \$112K compared to the prior year. Stable and profitable commercial operations increased by \$134k. There was a decrease due to a debt service payment of \$246k.

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CI University Auxiliary Services, Inc.'s condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2017 and 2016 is as follows:

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

	Year ended June 30,		\$ Change	% Change
	2017	2016		
<b>Operating Revenues:</b>				
Management Fees	\$ 521,642	\$ 843,602	\$ (321,960)	-38.2%
Food Service Sales, Net	4,923,120	3,729,037	1,194,083	32.0%
Misc. Income	<u>14,596</u>	<u>22,495</u>	<u>(7,899)</u>	<u>-35.1%</u>
Total Operating Revenues	5,459,358	4,595,134	864,224	18.8%
<b>Operating Expenses:</b>				
Salaries	4,721,136	4,288,872	432,264	10.1%
Other Operating Expenses	<u>2,095,901</u>	<u>1,558,265</u>	<u>537,636</u>	<u>34.5%</u>
Total Operating Expenses	6,817,037	5,847,137	969,900	16.6%
Operating Income (loss)	(1,357,679)	(1,252,003)	(105,676)	8.4%
<b>Nonoperating Revenues (expenses):</b>				
Investment Income (loss)	1,282	704	578	82.1%
Payroll Services	1,495,484	1,546,338	(50,854)	-3.3%
Interest Expense	<u>(251,394)</u>	<u>(5,123)</u>	<u>(246,271)</u>	<u>4807.2%</u>
Net Nonoperating Revenues (Expenses)	1,245,372	1,541,919	(296,547)	-19.2%
Increase (Decrease) in Net Position	(112,307)	289,916	(402,223)	-138.7%
Beginning Net Position	<u>455,059</u>	<u>165,143</u>	<u>289,916</u>	<u>175.6%</u>
Ending Net Position	<u>\$ 342,752</u>	<u>\$ 455,059</u>	<u>\$ (112,307)</u>	<u>-24.7%</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, food service sales, and miscellaneous income.

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

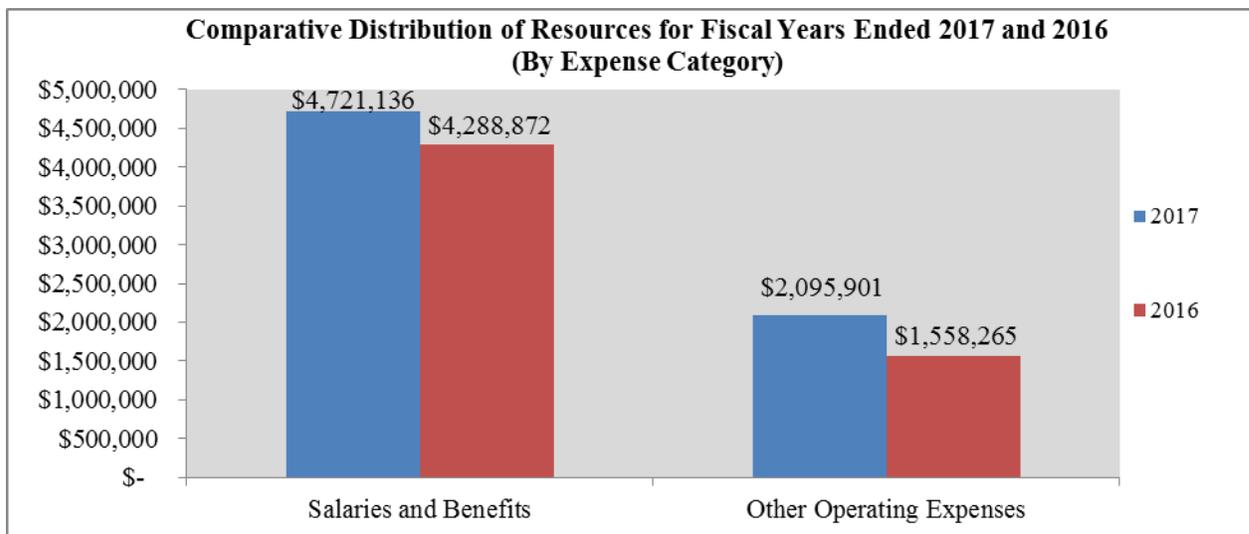
*Operating Revenues*

Total revenues increased by \$864K compared to prior year due to increases in student head count, meal plans purchased, a 3.9% increase in meal plan rates, and the expansion of Islands Cafe.

*Operating Expenses*

Total operating expenses increased by \$970K compared to prior year. Salaries and benefits increased by \$432k due to a 3% increase for salaried staff, 2% increase for management and minimum wage increase for hourly workers; and also due to the corresponding demand for support staff and student assistants, given the increase in operating revenues. Other operating expenses increased by \$538K due mostly to the expansion of Islands Cafe.

The following chart presents the distribution of resources in support of CI University Auxiliary Services, Inc.'s mission for fiscal years 2017 and 2016:



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 \$51K compared to prior year. The decrease is the result of a decrease in Associated Students of California State University Channel Islands, Inc. employees.

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 559,008	\$ 300,399
Accounts receivable	1,249	2,082
Related party receivables	474,260	594,688
Prepaid expenses	45,299	-
Inventory	<u>112,671</u>	<u>122,864</u>
Total current assets	1,192,487	1,020,033
Noncurrent assets		
Capital assets, net	<u>246,291</u>	<u>266,005</u>
Total noncurrent assets	<u>246,291</u>	<u>266,005</u>
Total assets	<u>1,438,778</u>	<u>1,286,038</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	31,404	104,275
Accrued salaries and benefits	123,548	146,631
Accrued compensated absences	19,915	16,548
Deferred revenue	6,883	4,449
Related party payables	491,460	157,339
Loan payable, current portion	<u>12,474</u>	<u>12,228</u>
Total current liabilities	685,684	441,470
Noncurrent liabilities		
Accrued compensated absences	197,026	163,718
Loan payable	<u>213,316</u>	<u>225,791</u>
Total noncurrent liabilities	<u>410,342</u>	<u>389,509</u>
Total liabilities	<u>1,096,026</u>	<u>830,979</u>
<b>NET POSITION</b>		
Net investment in capital assets	20,501	27,986
Unrestricted	<u>322,251</u>	<u>427,073</u>
Total net position	<u>\$ 342,752</u>	<u>\$ 455,059</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, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Operating revenues		
Management fees	\$ 521,642	\$ 843,602
Food service sales, net	4,923,120	3,729,037
Miscellaneous income	<u>14,596</u>	<u>22,495</u>
Total operating revenues	5,459,358	4,595,134
<b>EXPENSES</b>		
Operating expenses		
Salaries and benefits	4,721,136	4,288,872
Other operating expenses	<u>2,095,901</u>	<u>1,558,265</u>
Total operating expenses	<u>6,817,037</u>	<u>5,847,137</u>
Operating income (loss)	(1,357,679)	(1,252,003)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income (loss)	1,282	704
Cost recovery from auxiliaries	1,495,484	1,546,338
Interest expense	<u>(251,394)</u>	<u>(5,123)</u>
Net nonoperating revenues (expenses)	<u>1,245,372</u>	<u>1,541,919</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	(112,307)	289,916
<b>NET POSITION - beginning of year</b>	<u>455,059</u>	<u>165,143</u>
<b>NET POSITION - end of year</b>	<u>\$ 342,752</u>	<u>\$ 455,059</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, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Management fees	\$ 521,642	\$ 843,602
Commercial services	4,923,120	3,729,037
Payments to suppliers	(1,727,181)	(1,787,421)
Payments to employees	(4,707,544)	(4,274,102)
Other receipts (payments)	<u>3,200</u>	<u>12,688</u>
Net Cash Provided (Used) by Operating Activities	(986,763)	(1,476,196)
Cash flows from noncapital financing activities:		
Reimbursements from related parties	1,495,484	1,546,338
Other receipts (payments)	<u>13,511</u>	<u>20,710</u>
Net Cash Provided (Used) by noncapital financing activities	1,508,995	1,567,048
Cash flows from capital and related financing activities:		
Principal paid on loan payable	(12,229)	(20,006)
Interest paid	<u>(251,394)</u>	<u>(5,123)</u>
Net Cash Provided (Used) by capital and related financing activities	(263,623)	(25,129)
Net increase (decrease) in cash and cash equivalents	258,609	65,723
Cash and cash equivalents at beginning of year	<u>300,399</u>	<u>234,676</u>
Cash and cash equivalents at end of year	<u>\$ 559,008</u>	<u>\$ 300,399</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities		
Operating income (loss)	(1,357,679)	(1,252,003)
Adjustments to reconcile net operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	19,714	20,855
(Increase) decrease in:		
Accounts receivable	833	10,199
Related party receivables	120,428	(169,691)
Prepaid expenses	(45,299)	3,545
Inventory	10,193	(16,318)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(72,871)	(150,899)
Accrued salaries and benefits	(23,083)	9,865
Accrued compensated absences	36,675	4,905
Deferred revenue	2,434	(3,694)
Loans payable	(12,229)	(20,006)
Related party payables	<u>334,121</u>	<u>87,046</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (986,763)</u>	<u>\$(1,476,196)</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, 2017**

**1. ORGANIZATION**

*Nature of Organization*

CI 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, 2017**

**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, 2017 was \$112,671.

*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, 2017**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES -Continued**

*Deferred Revenue*

Deferred revenue represents revenues collected but not earned as of June 30, 2017. 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, 2016, 2015, 2014, 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, 2017**

**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, 2016 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 the Organization 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, 2017**

**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, 2017 are classified in the accompanying statement of net position as follows:

	<u>Total</u>
Cash and cash equivalents	\$ 559,008
Restricted cash and cash equivalents	<u>-</u>
Total cash and cash equivalents	<u>\$ 559,008</u>

*(a) Cash and Cash Equivalents*

At June 30, 2017, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$559,008 had a corresponding carrying value balance with the bank \$607,902 at June 30, 2017. 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, 2017**  
**(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, 2017:

Related party receivables consist of the following:

	<u>June 30, 2017</u>
Associated Students of CSU Channel Islands, Inc.	\$ 93,559
CSU Channel Islands	287,348
CSU Channel Islands Foundation	5,762
CSU Channel Islands Site Authority	87,591
	<u>\$ 474,260</u>

Related party payables consist of the following:

	<u>June 30, 2017</u>
Associated Students of CSU Channel Islands, Inc.	\$ 10,658
CSU Channel Islands	470,768
CSU Channel Islands Site Authority	10,034
	<u>\$ 491,460</u>

As part of the revenue bonds issued to 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 reimbursement due to the Campus at June 30, 2017 was \$246,747.

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

<u>Year Ended June 30,</u>		
2018	\$	661,100
2019		659,875
2020		662,725
2021		661,200
2022		657,175
Total	\$	<u>3,302,075</u>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**5. CAPITAL ASSETS**

Capital assets for the year ended June 30, 2017 consists of the following:

	Beginning of Year 7/1/16	Additions	Deletions	End of Year 6/30/17
Equipment	\$ 62,424	\$ -	\$ -	\$ 62,424
Accumulated depreciation	<u>(34,438)</u>	<u>(7,486)</u>	<u>-</u>	<u>(41,924)</u>
	27,986	(7,486)	-	20,500
Leasehold improvements	278,000	-	-	278,000
Accumulated depreciation	<u>(39,981)</u>	<u>(12,228)</u>	<u>-</u>	<u>(52,209)</u>
	<u>238,019</u>	<u>(12,228)</u>	<u>-</u>	<u>225,791</u>
Net Property and Equipment	<u>\$ 266,005</u>	<u>\$ (19,714)</u>	<u>\$ -</u>	<u>\$ 246,291</u>

Depreciation expense for the year ended June 30, 2017 \$19,714.

**6. LONG-TERM LIABILITIES**

Long term liability activities for the year ended at June 30, 2017 consisted of the following:

	Beginning Balance as of July 1, 2016	Addition	Reductions	Ending Balance as of June 30, 2017	Current Portion
Long-term liabilities:					
Accrued compensated absences	<u>\$ 180,266</u>	<u>\$ 36,675</u>	<u>\$ -</u>	<u>\$ 216,941</u>	<u>\$ 19,915</u>
Long-term debt obligations:					
Leasehold improvement loan	<u>238,019</u>	<u>-</u>	<u>(12,229)</u>	<u>225,790</u>	<u>12,474</u>
Total long-term liabilities	<u>\$ 418,285</u>	<u>\$ 36,675</u>	<u>\$ (12,229)</u>	<u>\$ 442,731</u>	<u>\$ 32,389</u>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017 was \$225,790. 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:

Year ended June 30,	
2018	\$ 12,474
2019	12,726
2020	12,983
2021	13,245
2022	13,512
Thereafter	<u>160,850</u>
	<u>\$ 225,790</u>

Total interest expense paid on loan payable during the year ended June 30, 2017 was \$4,647.

**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, 2017 was \$126,080.

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017  
(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, 2017:

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		32,441
Payments to University for other than salaries of University personnel		750,797
Payments to Foundation for other than salaries of Foundation personnel		-
Payments to Site Authority for other than salaries of Site Authority personnel		128,866
Payments received from Associated Students, Inc. for services, space, and program		768,933
Payments received from University for services, space, and program		1,054,936
Payments received from Foundation for services, space, and program		62,171
Payments received from Site Authority for services, space, and program		994,651
Accounts receivable from Associated Students, Inc.		93,559
Accounts receivable from University		287,348
Accounts receivable from Foundation		5,762
Accounts receivable from Site Authority		87,591
Accounts payable to Associated Students, Inc.		10,658
Accounts payable to University		470,768
Accounts payable to Site Authority		10,034

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(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, 2017, operating expenses by natural classification consisted of the following:

Functional Classification:	Salaries	Benefits	Fellowships	Supplies & Services	Depreciation	Total
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public service	2,180,253	471,253	-	1,896,260	19,366	4,567,132
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	1,318,183	751,447	-	114,397	348	2,184,375
Operation and maintenance of plant	-	-	-	65,530	-	65,530
Student grants and scholarships	-	-	-	-	-	-
Total	<u>\$ 3,498,436</u>	<u>\$ 1,222,700</u>	<u>\$ -</u>	<u>\$ 2,076,187</u>	<u>\$ 19,714</u>	<u>\$6,817,037</u>

**10. SUBSEQUENT EVENTS**

CI University Auxiliary Services, Inc. has evaluated events subsequent to June 30, 2017, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 14, 2017, 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, 2017**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 559,008
Short-term investments	—
Accounts receivable, net	475,509
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	157,970
Total current assets	<u>1,192,487</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases 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	246,291
Other assets	—
Total noncurrent assets	<u>246,291</u>
Total assets	<u>1,438,778</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	31,404
Accrued salaries and benefits	123,548
Accrued compensated absences, current portion	19,915
Unearned revenue	6,883
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	12,474
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	491,460
Total current liabilities	<u>685,684</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	197,026
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	213,316
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>410,342</u>
Total liabilities	<u>1,096,026</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	20,501
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	322,251
Total net position	<u>\$ 342,752</u>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	—
Other operating revenues	5,459,358
Total operating revenues	<u>5,459,358</u>

Expenses:

Operating expenses:	
Instruction	—
Research	—
Public service	4,547,766
Academic support	—
Student services	—
Institutional support	2,184,027
Operation and maintenance of plant	65,530
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	19,714
Total operating expenses	<u>6,817,037</u>
Operating income (loss)	<u>(1,357,679)</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	1,282
Endowment income (loss), net	—
Interest expense	(251,394)
Other nonoperating revenues (expenses)	1,495,484
Net nonoperating revenues (expenses)	<u>1,245,372</u>
Income (loss) before other revenues (expenses)	(112,307)

State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	(112,307)

Net position:

Net position at beginning of year, as previously reported	455,059
Restatements	—
Net position at beginning of year, as restated	<u>455,059</u>
Net position at end of year	<u>\$ 342,752</u>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1 Restricted cash and cash equivalents at June 30, 2017:**

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



**CI UNIVERSITY AUXILIARY SERVICES, INC.  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**2.2 Investments held by the University under contractual agreements at June 30, 2017:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017:

— — — — — — — —

**2.3 Restricted current investments at June 30, 2017 related to:**

	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted current investments at June 30, 2017</b>	\$ —

**2.4 Restricted noncurrent investments at June 30, 2017 related to:**

	Amount
Endowment investment	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted noncurrent investments at June 30, 2017</b>	\$ —

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**2.5 Fair value hierarchy in investments at June 30, 2017:**

		Fair Value Measurements Using				Net Asset Value (NAV)
		Total	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		—	—	—	—	—
<b>Total investments</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**3.1 Composition of capital assets at June 30, 2017:**

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
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	—	—	—	278,000
Personal property:								
Equipment	62,424	—	—	62,424	—	—	—	62,424
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	—	—	—	340,424
Total capital assets	340,424	—	—	340,424	—	—	—	340,424
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(39,981)	—	—	(39,981)	(12,228)	—	—	(52,209)
Personal property:								
Equipment	(34,438)	—	—	(34,438)	(7,486)	—	—	(41,924)
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	(74,419)	—	—	(74,419)	(19,714)	—	—	(94,133)
Total capital assets, net	\$ 266,005	—	—	\$ 266,005	(19,714)	—	—	246,291

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:**

Depreciation and amortization expense related to capital assets	\$ 19,714
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 19,714

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 180,266	—	—	180,266	36,675	—	216,941	19,915	197,026
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized 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	238,019	—	—	238,019	—	(12,229)	225,790	12,474	213,316
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	238,019	—	—	238,019	—	(12,229)	225,790	12,474	213,316
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	238,019	—	—	238,019	—	(12,229)	225,790	12,474	213,316
Total long-term liabilities	\$ 418,285	—	—	418,285	36,675	(12,229)	442,731	32,389	410,342

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized 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:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
<b>Capitalized lease obligation, net of current portion</b>									<b>\$ —</b>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

6 Long-term debt obligation 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:									
2018	\$ —	—	—	12,474	4,402	16,876	12,474	4,402	16,876
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 - 2027	—	—	—	160,850	17,757	178,607	160,850	17,757	178,607
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	225,790	37,197	262,987	225,790	37,197	262,987
Less amounts representing interest									(37,197)
Present value of future minimum payments									225,790
Unamortized net premium (discount)									—
Total long-term debt obligations									225,790
Less: current portion									(12,474)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 213,316</b>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**7 Calculation of net position**

**7.1 Calculation of net position - net investment in capital assets**

Capital assets, net of accumulated depreciation	\$ 246,291
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	(12,474)
Long-term debt obligations, net of current portion	(213,316)
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Net position - net investment in capital asset	<u>\$ 20,501</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)	
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ —</u>

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017  
(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	750,797
Payments received from University for services, space, and programs	1,054,936
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)	(470,768)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	287,348
Other amounts receivable from University	—

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
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**(CONTINUED)**

**9 Other postemployment benefits obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
		<hr style="border: 1px solid black;"/>
Increase (decrease) in net OPEB obligation (NOO)		—
Other adjustments		—
NOO - beginning of year		—
		<hr style="border: 1px solid black;"/>
NOO - end of year	\$	<hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/>

**CI UNIVERSITY AUXILIARY SERVICES, INC.  
OTHER INFORMATION  
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(CONTINUED)**

**10 Pollution remediation liabilities under GASB Statement No. 49:**

<b>Description</b>	<b>Amount</b>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
	<hr/>
Total pollution remediation liabilities	\$ —
Less: current portion	—
	<hr/>
Pollution remediation liabilities, net of current portion	<hr/> — <hr/>

**CI UNIVERSITY AUXILIARY SERVICES, INC.**  
**OTHER INFORMATION**  
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**(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, 2016, as previously reported		\$ 455,059
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, 2016, as restated		\$ 455,059

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

	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)	—	—