

Chico State Enterprises

Financial Statements and Supplemental Information
Year Ended June 30, 2022



CHICO STATE ENTERPRISES
Financial Statements and Supplemental Information
Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements:	
Statement of Net Position	14
Statement of Revenues, Expenses, and Changes in Net Position	15
Statement of Cash Flows	16
Notes to Financial Statements	18
Supplemental Information:	
Schedule of Net Position by Fund	32
Schedule of Revenues, Expenses, and Changes in Net Position by Fund	33
Schedule of Activity of the Auxiliary Activities Fund	34
Schedule of Source of Funding and Expenditures for Grants and Contracts	35
Note to Supplemental Information	36
Other Information, for inclusion in the California State University	38
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	59
Other Reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	63
Findings and Questioned Costs:	
Schedule of Findings and Questioned Costs	66
Summary of Prior Audit Findings	69
Corrective Action Plan	70

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chico State Enterprises

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chico State Enterprises (a nonprofit organization), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chico State Enterprises as of June 30, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chico State Enterprises and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, Chico State Enterprises adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico State Enterprises' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chico State Enterprises' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chico State Enterprises' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted required supplementary information related to other postemployment benefits (10-year schedules of changes in the net pension liability, information about the collective net pension liability, and actuarially determined contribution) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information presented on pages 32-36, and 38-48, as required by the California State University Office of the Chancellor, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, on our consideration of Chico State Enterprises' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chico State Enterprises' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chico State Enterprises' internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
October 4, 2022

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Year Ended June 30, 2022

Introduction

Chico State Enterprises (CSE) is a not-for-profit auxiliary organization formed to develop and administer those activities that aid and supplement the educational mission of California State University, Chico (CSU, Chico). The CSU, Chico Research Foundation (RF) was incorporated in 1997 following a reorganization of the responsibilities of the University Foundation. In June of 2019, the RF was reorganized and renamed Chico State Enterprises. CSE solicits and manages grants and contracts as well as entrepreneurial activity and programs that directly benefit the University, its faculty and students. To fulfill its purpose of pursuing, developing and administering activities that aid and supplement the mission of the University, CSE pursues a wide range of opportunities including:

- Soliciting and managing externally funded projects orientated toward research, education, or public service, which present opportunities for scholarship, creative activity and professional development.
- Providing a source of supplemental income and discretionary funds to support University needs, such as Faculty and College Unit Incentive funds and activities which cannot be supported by State funds.
- Operating academically-related enterprises such as the CSU, Chico Farm.
- Acting as a fiscal agent for numerous campus programs, such as Professional and Continuing Education, University Public Events, the revenue-generating special projects of university departments, and providing gift administration services of the University Foundation.
- Funding and managing various ecological preserves and reserves, as well as property acquired for investment purposes or to provide space for University programs.

For the year ended June 30, 2022, CSE saw an uptick in activity throughout the year as CSE and the campus returned to activities in a limited fashion using the recommended social distancing protocols with a pronounced increase in activity during the last six months of the fiscal year as pandemic protocols were relaxed or removed altogether.

The following discussion and analysis provides an overview of the financial position and activities of CSE for the years ended June 30, 2022 and 2021. The discussion has been prepared by management and should be read in conjunction with the June 30, 2022 financial statements and notes thereto, which follow this section.

Introduction to the Financial Statements and Supplementary Information

This audit report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) principles. One of the most important questions asked is whether CSE's financial situation has improved or declined as a result of the year's activities. The main keys to answering this question are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is one indicator of CSE's financial health and reports the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Over time, increases or decreases in net position are one indicator of the improvement or decline of CSE's financial condition when considered in combination with other non-financial information.

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating; with the above mentioned activities reported as operating revenues and expenses and investment results reported as non-operating revenues

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Year Ended June 30, 2022

Introduction to the Financial Statements and Supplementary Information, continued

and expenses. This statement is prepared using the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

Another way to assess the financial health of CSE is to review the Statement of Cash Flows. Its primary purpose is to provide relevant information about the sources and uses of cash of an entity during a given period. The information provided in this statement can help financial report users assess CSE's ability to generate future net cash flows, its ability to meet its current and non-current obligations as they become due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments and the effects on CSE's financial position from its cash and noncash investing, capital, and related financing transactions during the year.

CSE's financial statements must be read in conjunction with the Notes to the Financial Statements in order to fully understand the financial position and activities of CSE. The Notes to the Financial Statements provide information intended to paint a more detailed picture for the financial statement reader. Key information provided in the Notes to the Financial Statements are definitions of relevant terms, significant accounting policies, the use of estimates, additional detail on items such as capital assets and long-term debt, investments and investment classifications, postemployment benefits and important disclosures related to potential litigation or subsequent events that occurred after June 30, 2022 that could impact the financial resources of CSE.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. While the Statement of Net Position and Statement of Revenues, Expenditures and Changes in Net Position look at CSE as a whole, the Schedule of Net Position by Fund and the Schedule of Revenue, Expenses and Changes in Net Position by Fund are presented for individual funds that comprise CSE.

Another integral part of CSE's audit report is the Schedule of Expenditures of Federal Awards (SEFA). The SEFA is a supplemental schedule that is required under the Uniform Guidance at 2 CFR 200.510 for organizations that expend more than \$750,000 in federal awards. Key reporting requirements of the SEFA include the Assistance Listing (AL) number, the amount of expenditures by each AL number, the name of the federal funding agency, the contract or agreement number, grouping of similar programs by cluster and amounts passed through to sub-recipients.

All sections and financial statement reports must be considered together to obtain a complete understanding of the financial picture of CSE.

Statement of Net Position

The Statement of Net Position presents the financial position of CSE as of June 30, 2022. It includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position – the residual between the assets and liabilities of CSE. Assets and liabilities are generally measured using current values. However, investments are typically measured at fair value using quoted market prices or Net Asset Value (NAV) and capital assets are typically carried at historical cost less accumulated depreciation. The difference between current and non-current is measured from the date of the Statement of Net Position. Current means within one year and non-current would be anything past one year from the date of the Statement of Net Position. Therefore, current assets would be expected to be converted to cash within one year and current liabilities are expected to be paid within one year from current resources (assets).

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
Year Ended June 30, 2022

	2022	2021
ASSETS		
Current Assets:		
Cash and short-term investments	\$ 10,344,966	\$ 12,799,127
Accounts receivable, net	16,620,550	11,488,666
Prepaid expenses and other assets	440,924	292,380
Total Current Assets	<u>27,406,440</u>	<u>24,580,173</u>
Non-current Assets:		
Long-term investments	9,468,727	11,818,645
Capital assets, net	9,272,389	9,745,075
Other assets	857,795	843,385
Total Non-current Assets	<u>19,598,911</u>	<u>22,407,105</u>
Total Assets	<u>47,005,351</u>	<u>46,987,278</u>
DEFERRED OUTFLOWS OF RESOURCES		
	-	182,799
LIABILITIES		
Current Liabilities:		
Accounts payable	5,114,333	3,734,561
Accrued salaries and benefits payable	2,605,360	2,586,859
Unearned revenue	3,575,275	3,714,437
Other current liabilities	957,604	693,558
Total Current Liabilities	<u>12,252,572</u>	<u>10,729,415</u>
Non-current Liabilities:		
Long-term debt obligations, net of current portion	1,861,846	2,033,879
Other postemployment benefits obligation	694,829	951,314
Other long-term liabilities	505,950	506,312
Total Noncurrent Liabilities	<u>3,062,625</u>	<u>3,491,505</u>
Total Liabilities	<u>15,315,197</u>	<u>14,220,920</u>
DEFERRED INFLOWS OF RESOURCES		
	125,481	-
NET POSITION		
Net investment in capital assets	7,241,076	7,596,196
Restricted for:		
Research	4,597,316	3,213,137
Other	13,016,475	13,232,314
Unrestricted	6,709,806	8,907,510
Total Net Position	<u>\$ 31,564,673</u>	<u>\$ 32,949,157</u>

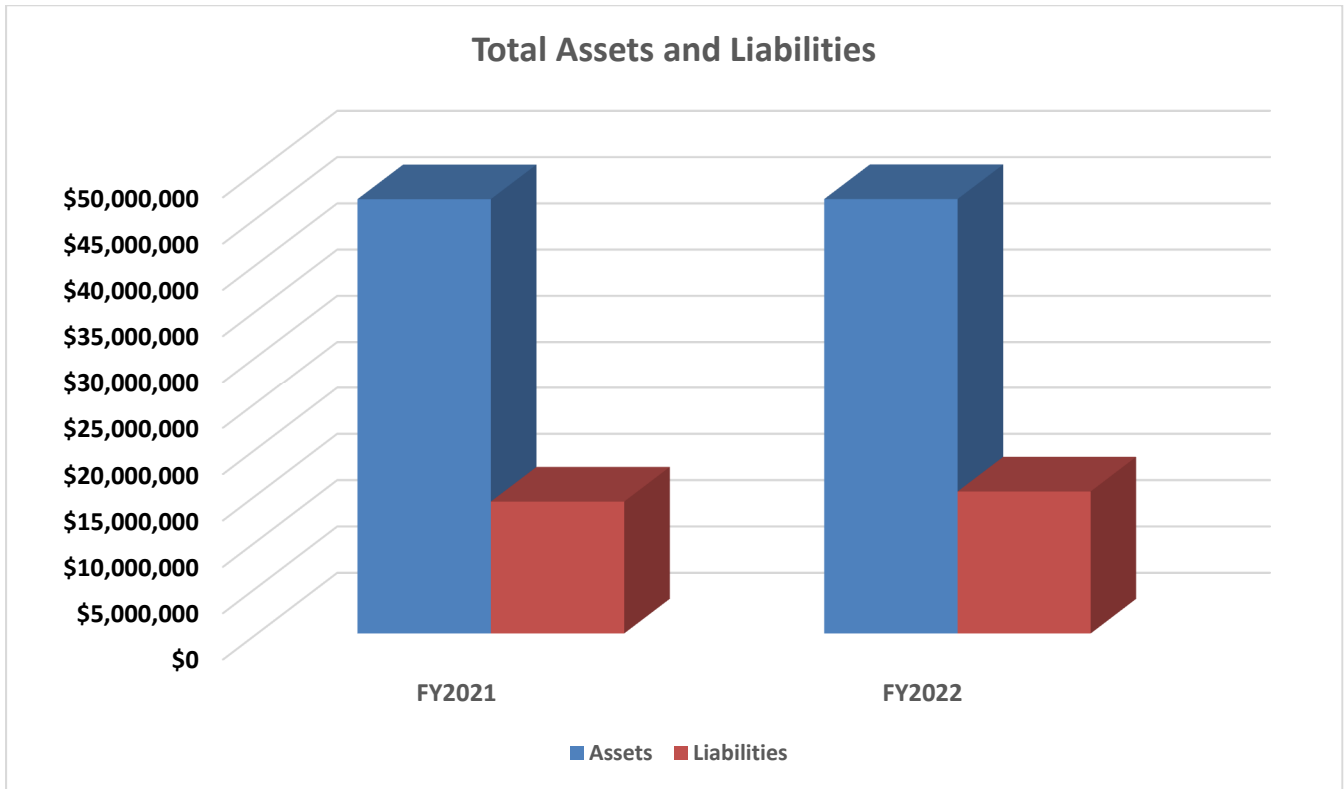
For the year ending June 30, 2022 (FY2022), CSE showed a decrease (-4.20%) in overall net position of \$1,384,484 from the previous year ending June 30, 2021 (FY2021). The single largest factor behind this decline was the significant downturn in the financial market which negatively affected investment income, particularly unrealized investment losses. While the market showed remarkable returns last fiscal year, the market saw a significant correction this fiscal year to early pandemic numbers. During the fiscal year ending June 30, 2022, CSE saw a significant decrease in its other postemployment benefit (OPEB) liability due to the increase in the 20-Year Municipal Index rate which positively impacted the OPEB liability and resulted in a net cost decrease of \$256,485 as well as reducing deferred outflows and increasing deferred inflows related to the OPEB liability.

See independent auditor's report.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Year Ended June 30, 2022



Total current assets increased by \$2,826,267 (11.50%) from FY2021 to FY2022 and total assets increased by \$18,073 (0.04%) to \$47,005,351 for the same period. The increase is primarily due to the growth in sponsored programs activity as sponsored programs typically bill after the corresponding activity has taken place which in turn increased the accounts receivable balance at fiscal year end. Total current liabilities increased by \$1,523,157 (14.20%) with increases in accounts payable related to sponsored program activity while total liabilities increased by \$1,094,277 (7.69%) with the increase in accounts payable outpacing declines in long-term debt obligations and the aforementioned OPEB liability. The ratio of current assets to current liabilities (current ratio) decreased slightly from 2.29 in FY2021 to 2.24 in FY2022. The current ratio is a liquidity ratio that measures CSE's ability to meet its short term obligations (payable within one year) using current resources. CSE's current ratio of 2.24 indicates that it has \$2.24 of current assets for every \$1.00 of current liabilities and generally indicates a healthy financial position.

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
Year Ended June 30, 2022

Capital asset balances for the year ended June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Nondepreciable Capital Assets:		
Land and land improvements	\$ 3,979,131	\$ 3,979,131
Construction in progress	33,825	-
Breeding livestock	96,130	93,540
Total Nondepreciable Capital Assets	<u>4,109,086</u>	<u>4,072,671</u>
Depreciable Capital Assets:		
Building and improvements	8,724,968	8,629,105
Equipment and furnishings	15,434,354	14,968,483
Total Depreciable Capital Assets	<u>24,159,322</u>	<u>23,597,588</u>
Total Capital Assets	28,268,408	27,670,259
Less: Accumulated Depreciation:		
Building and improvements	(6,327,635)	(6,027,166)
Equipment and furnishings	(12,714,467)	(11,898,018)
Total Accumulated Depreciation	<u>(19,042,102)</u>	<u>(17,925,184)</u>
Right of Use Assets:		
Equipment Lease	60,635	-
Less: Accumulated Amortization	(14,552)	-
Net Capital Assets	<u>\$ 9,272,389</u>	<u>\$ 9,745,075</u>

Capital asset purchases were \$761,014 and \$681,303 for FY2022 and FY2021 respectively. The basis of retirements, disposals and transfers of capital assets were \$162,865 and \$231,939 for FY2022 and FY2021 respectively. Depreciation and amortization expense was \$1,285,552 and \$1,240,073 for FY2022 and FY2021, respectively. Balances of \$9,272,389 and \$9,745,075 are the amounts of capital assets net of accumulated depreciation and amortization for FY2022 and FY2021, respectively. Net investment in capital assets (net capital assets less associated debt) for FY2022 and FY2021 were \$7,241,076 and \$7,596,196, respectively.

Long-Term Debt

	<u>2022</u>	<u>2021</u>
Long-term debt obligations at June 30:		
Principal amount	\$ 2,031,313	\$ 1,880,000
Less current portion	(169,467)	(115,000)
Plus unamortized premium	-	268,879
Total non-current amount	<u>\$ 1,861,846</u>	<u>\$ 2,033,879</u>

The long-term debt consists of a note payable to the California State University Chancellor's Office (CO) and a right of use asset lease. The note payable was refinanced by the CO in 2021 and includes interest payable twice yearly and annual principal payments with a final payment scheduled for November of 2032. The right of use asset lease has fifty months remaining with monthly principal and interest payments with an imputed interest rate of 1%.

See independent auditor's report.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Year Ended June 30, 2022

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the results from CSE's operations. A summary of that statement is presented below.

Operating Revenue:	2022	2021
Grants and contracts - noncapital	\$ 45,649,207	\$ 39,019,899
Sales and services of educational activities	3,496,637	2,211,943
Sales and services of auxiliary enterprises	2,687,383	2,697,467
Other operating revenues	1,182,085	1,434,828
Total Operating Revenue	53,015,312	45,364,137
Operating Expenses:		
Instruction	3,530,272	2,489,689
Research	3,053,693	3,174,429
Public service	28,193,463	25,478,468
Academic support	2,056,849	1,552,138
Student services	2,398,451	2,045,957
Institutional support	6,603,865	4,998,840
Operation and maintenance of plant	287,137	281,550
Student grants and scholarships	3,350,882	2,337,224
Auxiliary enterprises expenditures	2,241,041	2,853,428
Depreciation and amortization	1,285,552	1,240,073
Total Operating Expenses	53,001,205	46,451,796
Net Operating Gain (Loss)	14,107	(1,087,659)
Non-Operating Revenue (Expenses):		
Non-operating income (loss)	(1,826,367)	2,668,504
Income (Loss) Before Other Additions	(1,812,260)	1,580,845
Capital grants	427,776	420,027
Increase (Decrease) in Net Position	(1,384,484)	2,000,872
Net Position, beginning	32,949,157	30,948,285
Net Position, ending	\$ 31,564,673	\$ 32,949,157

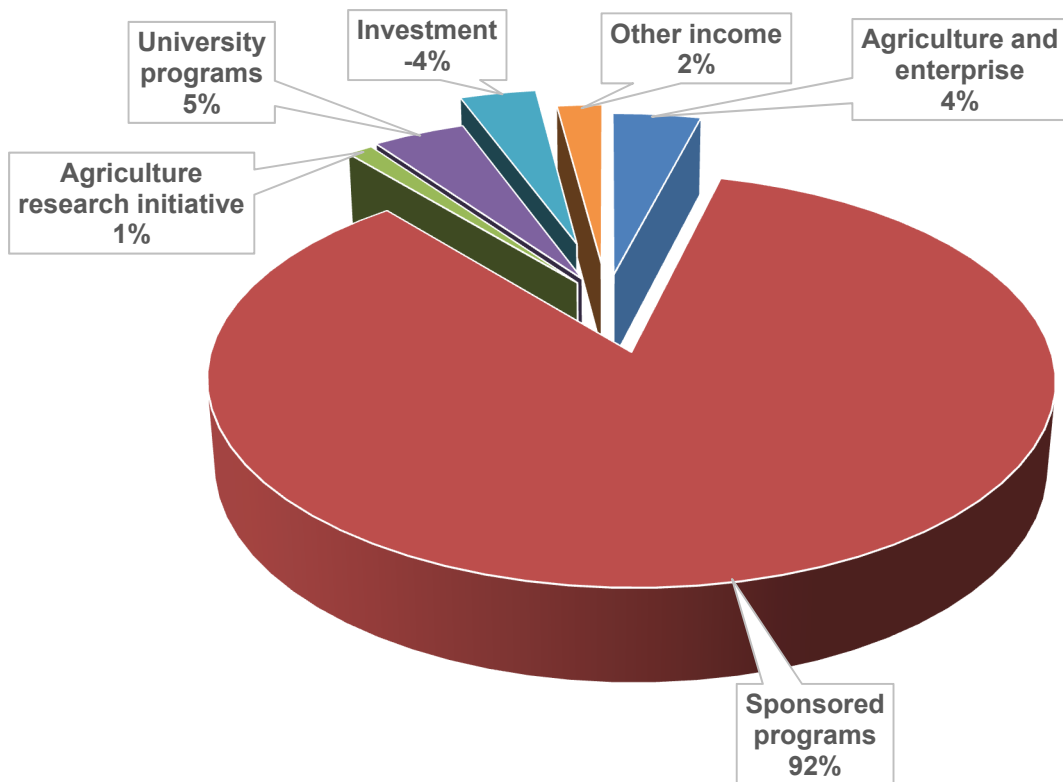
Revenues increased by \$7,651,175 (16.87%) from FY2021 to FY2022, with a notable increase in Grant and contracts - noncapital revenue. This revenue is attributable to CSE's sponsored program activity and Sales and services of educational activities which more than offset decreases in Sales and services of auxiliary enterprises and Other operating revenues. FY2022 Non-Operating Revenue saw a steep decline from FY2021 caused by the downturn in the financial markets which negatively impacted CSE's investment earnings and resulted in an earnings loss of \$1,826,367.

Overall operating expenses increased by \$6,549,409 (14.10%) from FY2021 to FY2022 with noted increases in the Instruction, Academic support, Public service, Student services, Institutional support, and Student grants and scholarships functions offsetting decreases in Research and Auxiliary enterprise expenditures. The majority of the increase in expenses directly relates to increased sponsored program activity with additional increases in campus program activities.

See independent auditor's report.

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
Year Ended June 30, 2022

Fund Level Total Revenue

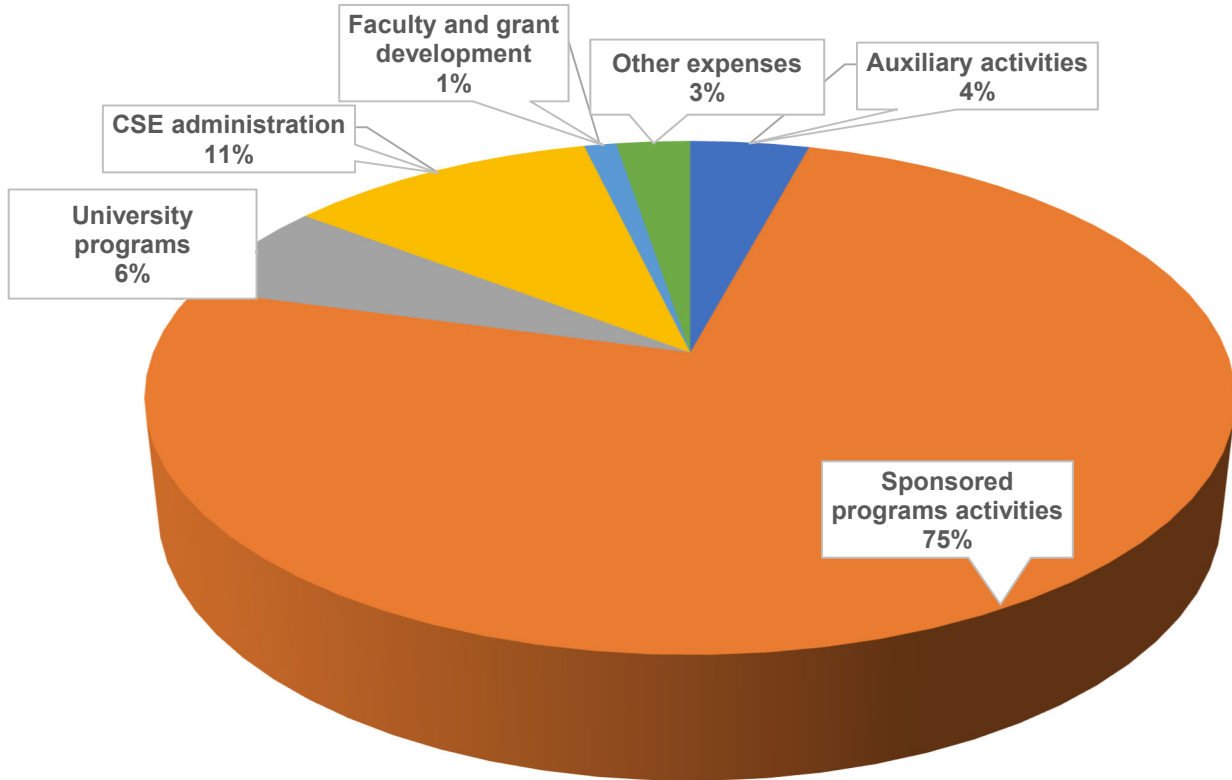


Fund Level Revenues for the Year Ended June 30:

	2022	2021
Agriculture and enterprise sales	\$ 2,120,848	\$ 2,108,780
Sponsored program receipts	45,035,616	38,384,367
Agriculture research initiative	624,078	632,952
University program receipts	2,234,712	1,461,109
Interest and investment income	(1,869,498)	2,967,603
Other income	1,092,439	1,095,211
Totals:	\$ 49,238,195	\$ 46,650,022

Fund level revenues were up by \$2,588,173 (5.55%), most notably due to increased Sponsored program receipts which offset the loss in Interest and investment income. An increase of \$773,603 (52.95%) was seen in University program receipts, which was positively impacted by the relaxation of global pandemic protocols that allowed for more in person events such as camps, conferences and performance events to be held.

Fund Level Total Expenses



Fund Level Expenses for the Year Ended June 30:

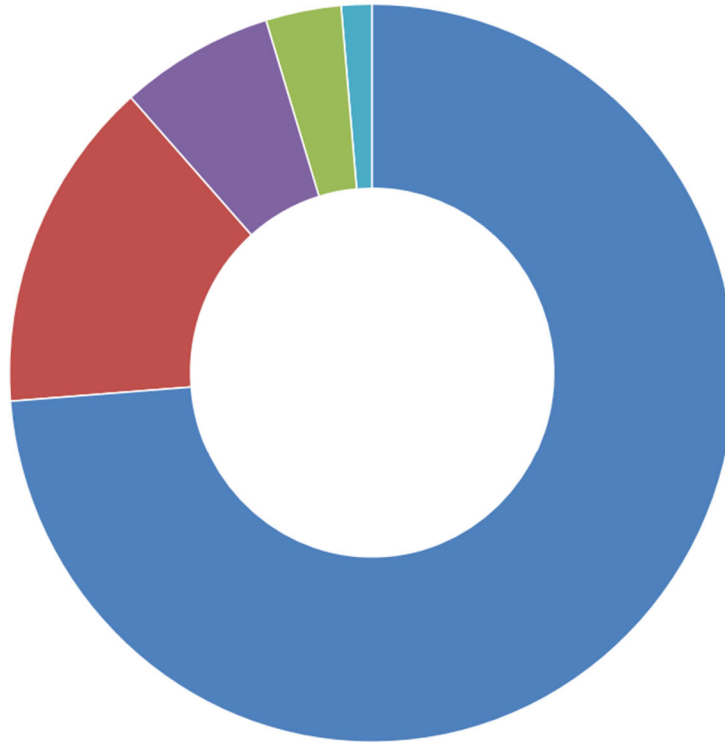
	2022	2021
Auxiliary activities	\$ 2,171,361	\$ 2,304,375
Sponsored programs' disbursements	39,003,440	34,872,824
University programs' expenses	3,198,360	1,585,988
CSE administration	5,655,176	5,447,829
Faculty and grant development	588,287	509,718
Other expense	1,348,929	1,442,968
Totals:	\$ 51,965,553	\$ 46,163,702

Fund level expenses increased by \$5,801,851 (12.57%) from FY2021 to FY2022, with noted increases in Sponsored programs and University programs. As noted earlier, Sponsored programs disbursements increased due to increased grants and contracts activity including increased activity under the Center for Healthy Communities Cal Fresh Resource and Referral (CFRR) program and increased activity for the Cal Fresh Outreach (CFO) project. The University programs increased expenditures were due to costs associated with hosting entertainment events and contractual costs for special projects such as the Center for Regenerative Agriculture and Resilient Systems interactive learning/conversational video project.

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
Year Ended June 30, 2022

Grant and Contracts Revenue by Source

■ Federal government ■ State of California ■ Local governments ■ Nongovernmental ■ Agricultural research initiative

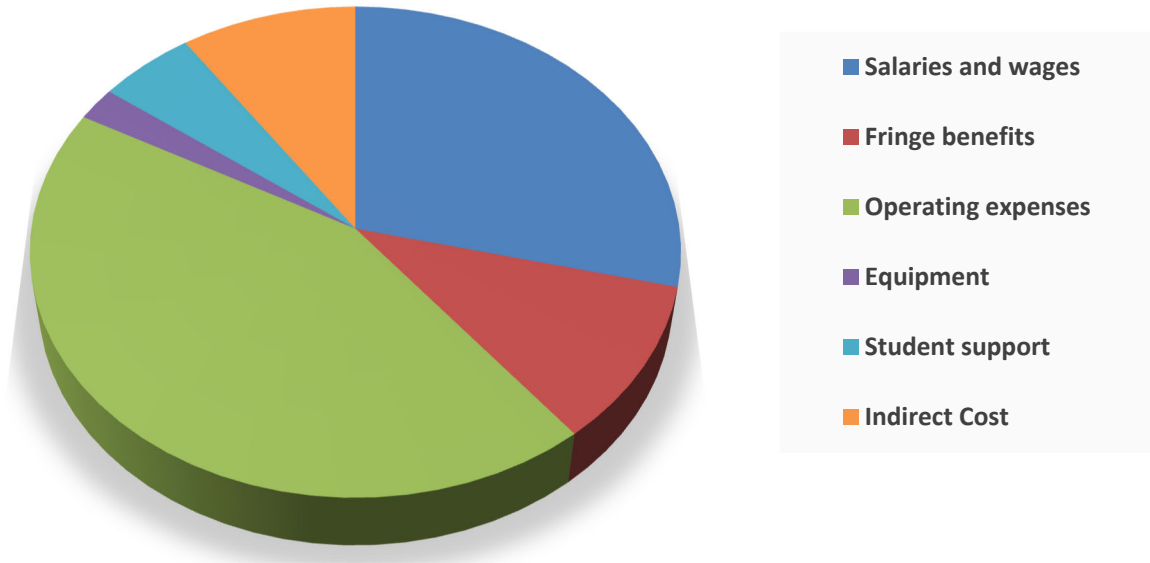


Grant and Contracts Revenue

For the year ended June 30:	2022	2021
Federal government	\$ 33,682,756	\$ 28,657,938
State of California	6,686,832	6,080,451
Local governments	1,536,636	1,483,270
Nongovernmental	3,129,391	2,165,288
Agricultural research initiative	624,078	632,952
Totals:	<u>\$ 45,659,693</u>	<u>\$ 39,019,899</u>

Total FY2022 grants and contracts revenue increased by \$6,639,794 (17.02%) over FY2021 numbers due to the large increase of \$5,024,818 (17.53%) in Federal government revenue. Grant and contracts from the federal government account for 73.77% and 73.44% of the grants and contract revenue for FY2022 and FY2021, respectively. Grants and contracts from the State of California account for 14.64% and 15.58% of the grant and contracts revenue for FY2022, and FY2021, respectively.

Grant and Contracts Expenses



Grant and Contracts Expenses

For the Year Ended June 30:	2022	2021
Salaries and wages	\$ 12,736,110	\$ 11,369,703
Fringe benefits	4,633,256	4,238,412
Operating expenses	19,346,282	17,996,385
Equipment	970,593	773,578
Student support	2,331,093	1,617,338
Indirect cost	4,240,172	4,087,924
Totals:	\$ 44,257,506	\$ 40,083,340

Overall, total grants and contract expenses have increased by \$4,174,166 (10.41%) from FY2021 to FY2022. In October of 2018, CSE was awarded a contract for the Cal Fresh Outreach (CFO) program. CSE serves as the prime contractor on this grant and oversees subcontractors who provide services under the CFO. In FY2021, additional subcontracts were added to the program. The subcontracts range in value from \$10,000 to \$200,000 per year per subcontract. Expenses related to the CFO program and the Cal Fresh Resource and Referral program are two of the largest contributing factors to the increase in expenses from FY2021 to FY2022.

CHICO STATE ENTERPRISES

Statement of Net Position

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$	8,127,951
Short-term investments		2,217,015
Accounts receivable, net		16,620,550
Prepaid expenses and other assets		<u>440,924</u>
Total Current Assets		27,406,440

Non-current Assets:

Long-term investments		9,468,727
Capital assets, net		9,272,389
Other assets		<u>857,795</u>
Total Noncurrent Assets		<u>19,598,911</u>
Total Assets		<u>47,005,351</u>

LIABILITIES

Current Liabilities:

Accounts payable		5,114,333
Accrued salaries and benefits payable		1,957,876
Accrued compensated absences		647,484
Unearned revenue		3,575,275
Long-term debt obligations, current portion		169,467
Other current liabilities		<u>788,137</u>
Total Current Liabilities		12,252,572

Non-current Liabilities:

Accrued compensated absences, net of current portion		142,131
Long-term debt obligations, net of current portion		1,861,846
Other postemployment benefits obligation		694,829
Other long-term liabilities		<u>363,819</u>
Total Noncurrent Liabilities		<u>3,062,625</u>
Total Liabilities		<u>15,315,197</u>

DEFERRED INFLOWS OF RESOURCES

Other postemployment benefits		125,481
-------------------------------	--	---------

NET POSITION

Net investment in capital assets		7,241,076
Restricted for:		
Research		4,597,316
Other		13,016,475
Unrestricted		<u>6,709,806</u>
Total Net Position	\$	<u>31,564,673</u>

See accompanying notes to financial statements.

CHICO STATE ENTERPRISES

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2022

Operating Revenue:	
Grants and contracts - noncapital:	
Federal	\$ 32,565,093
State	8,448,249
Local	1,537,325
Non-governmental	3,098,540
Sales and services of educational activities	3,496,637
Sales and services of auxiliary enterprises	2,687,383
Other operating revenues	<u>1,182,085</u>
Total Operating Revenue and Other Support	53,015,312
Expenses:	
Operating Expenses:	
Instruction	3,530,272
Research	3,053,693
Public service	28,193,463
Academic support	2,056,849
Student services	2,398,451
Institutional support	6,603,865
Operation and maintenance of plant	287,137
Student grants and scholarships	3,350,882
Auxiliary enterprises expenditures	2,241,041
Depreciation and amortization	<u>1,285,552</u>
Total Operating Expenses	<u>53,001,205</u>
Net Operating Gain	14,107
Non-Operating Revenues (Expenses):	
Investment income, net	(1,869,560)
Interest expense	(25,437)
Other non-operating revenue	<u>68,630</u>
Total Non-Operating Loss	<u>(1,826,367)</u>
Loss Before Other Additions	(1,812,260)
Grants and gifts - capital	<u>427,776</u>
Decrease in Net Position	<u>(1,384,484)</u>
Net Position, beginning	<u>32,949,157</u>
Net Position, ending	<u>\$ 31,564,673</u>

See accompanying notes to financial statements.

CHICO STATE ENTERPRISES

Statement of Cash Flows

Year Ended June 30, 2022

	<u>2022</u>
Cash Flows From Operating Activities:	
Federal grants and contracts	\$ 28,753,845
State grants and contracts	7,505,748
Local grants and contracts	1,384,542
Nongovernmental grants and contracts	2,615,008
Payments to suppliers	(25,482,087)
Payments to employees	(21,723,242)
Payments to students	(3,350,882)
Sales and services of educational activities	3,519,863
Sales and services of auxiliary enterprises	2,856,282
Other receipts	1,263,068
	<hr/>
Net Cash Used by Operating Activities	(2,657,855)
Cash Flows From Capital and Related Financing Activities:	
Capital grants and gifts	427,776
Acquisitions of capital assets	(761,014)
Principal paid on capital debt	(153,047)
Interest paid on capital debt	(25,437)
	<hr/>
Net Cash Used by Capital and Related Financing Activities	(511,722)
Cash Flows From Investing Activities:	
Investment income	783,606
Notes receivable payments	6,853
Purchase of investments	(1,937,865)
Withdrawals from investments	1,386,323
	<hr/>
Net Cash Provided by Investing Activities	238,917
Net Decrease in Cash	(2,930,660)
Cash and cash equivalents, beginning	<hr/> 11,058,611
Cash and cash equivalents, ending	\$ <u><u>8,127,951</u></u>

See accompanying notes to financial statements.

CHICO STATE ENTERPRISES
Statement of Cash Flows, continued
Year Ended June 30, 2022

Reconciliation of net operating gain to
net cash used by operating activities:

Net operating gain \$ 14,107

Adjustments to reconcile net operating loss to net
cash from operating activities:

Depreciation and amortization 1,285,552

Changes in assets and liabilities:

Accounts receivable, net (5,131,884)

Prepaid expenses and other assets (162,954)

Accounts payable 1,379,772

Accrued salaries and benefits payable (28,164)

Accrued compensated absences 56,909

Unearned revenue (139,162)

Other postemployment benefits obligation (256,485)

Other liabilities 324,454

Net Cash Used by Operating Activities \$ (2,657,855)

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Chico State Enterprises (CSE) is a not-for-profit auxiliary organization of California State University, Chico (CSU, Chico) that administers various funds and performs other activities related to the CSU, Chico community. CSE oversees the development and administration of grants and contracts, as well as non-philanthropic agency accounts, incentive accounts, and enterprise activities.

Basis of Accounting

Pursuant to the requirements established by the Chancellor of the California State University, CSE has adopted the provisions of Statement No. 35 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. With minor exceptions, this statement provides that public colleges and universities are subject to the financial reporting requirements of GASB Statement No. 34, which is applicable to state and local governments. CSE is an auxiliary organization to CSU, Chico. Therefore, CSE is determined to be a component unit of CSU, Chico, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. All component units are required to adopt GASB Statement Nos. 34 and 35. CSE adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position for all state and local governments.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

New Accounting Standard

During the fiscal year ended June 30, 2022, CSE implemented GASB Statement No. 87, *Leases* (GASB 87). GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management has analyzed the provisions of GASB Statement No. 87, *Leases*, and has updated the financial statements to conform to the new standard, including the necessary disclosure in Note 8.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of change in value because of a change in interest rates. They consist of cash on hand and in commercial checking and savings accounts.

Investments

Short-term investments consist of deposits in Local Agency Investment Fund (LAIF), hedge funds, and money market accounts.

CSE has a memorandum of understanding (MOU) with the University Foundation (UF) to invest CSE's cash balances that exceed operating needs. As the auxiliary managing the investment of over \$112,000,000 on behalf of CSU, Chico, a primary focus of the UF is investment oversight. The MOU between the two auxiliaries leverages the investment expertise of UF and maximizes investment earnings of CSE efficiently. CSE funds are invested in an account belonging to CSE, and management of the funds is subject to the Investment Policy of the UF. Fees to the UF are 10% of earnings on an annual basis, paid monthly. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Investments, continued

with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

CSE participates in LAIF managed by the State of California (CA). The fair value of CSE's investment in LAIF is the same as the carrying value of the pool shares. There were no LAIF funds invested in derivatives as of June 30, 2022. Oversight of LAIF is provided by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. The Chairman of the LIAB is the CA State Treasurer or their designated representative.

Fair Value Measurements GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and establishes a framework for measuring fair value under generally accepted accounting principles.

CSE classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement. The three levels are defined as follows:

- Level 1 – Quoted market prices for identical instruments traded in active exchange markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3 – Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect CSE's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation, which may be significant.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

Accounts Receivable

Accounts receivable includes amounts due from federal, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to CSE's grants and contracts. Also included are unbilled amounts which are amounts that have been expended through grants and contracts that had not been billed to the grant or contract funder at June 30, 2022. CSE utilizes the allowance method where uncollectible accounts are determined based on past payment history. Allowance for doubtful accounts was \$8,058 at June 30, 2022.

Prepaid Expenses and Other Assets

Prepaid expenses include advance payments and deposits for grant and contract expenses for contracted services, materials and supplies, and travel. Other assets include inventories. Also included in other assets is the reserve for post-retirement health benefits held as a quasi-endowment in the UF.

Capital Assets

Capital assets are stated at cost or, if acquired by gift, are recorded at estimated market value at the date of acquisition. Livestock is recorded at a unit value which approximates average cost for the particular species, gender, size, and age of the animal. Capital assets are not capitalized by CSE if the title remains with or reverts to the grantor but amounts for right of use assets are included in the capital asset totals. Planned major maintenance is accounted for using the direct expense method. Expenditures for new construction, major renewals and replacements, and equipment over \$5,000 are capitalized.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Capital Assets, continued

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable/amortizable assets to operations over their estimated service lives using the straight-line method. Depreciation for capital assets purchased with grant and contract funds has been charged using an estimated useful life of five years. Livestock is not depreciated because management considers the unit values to approximate amounts to be realized on the ultimate disposition of livestock.

Unearned Revenue

Unearned revenue represents payments received for grants and contracts, for which services or other deliverables have not yet been provided as well as upfront billing for amounts in which CSE is entitled to the funds but services or other deliverables have yet to be provided.

Net Position

CSE's net position is classed as follows:

- Net Investment in Capital Assets – This represents CSE's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- Restricted – Expendable – This includes resources in which CSE is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Restricted net position amounts include funds held for CSU, Chico for campus licensing agreements.
- Unrestricted – This represents amounts that are not restricted for any project or other purposes.

When an expense is incurred for purposes of which both restricted and unrestricted net positions are available, restricted resources are applied first.

Operating and Non-operating Revenues (Expenses)

All revenues that relate to the ongoing operations of CSE are included in operating revenues. Gains and losses not directly related to the ongoing operations and interest incurred on capital related debt are reported as nonoperating.

Charges for services include revenues based on exchange transactions, namely sales of educational and student activities and sales of agricultural products.

Grants and contracts are received from federal and state governmental agencies and various other organizations. CSE receives an administration fee to cover indirect overhead costs and recognizes this fee as income over the life of the grant or contract as a percentage of total expenditures or salaries and wages as specified in the grant or contract.

Grants and Gifts – Capital

Includes real property or equipment received from donors, federal, state and other funding agencies.

Administrative Expenses

Administrative overhead charges are included in operating expenses. When these charges are made to various programs, they are included in the direct expenses of those programs. Allocations of overhead expenses from one function to another, and those within one function, are eliminated in the statement of revenues, expenses and changes in net position so that allocated expenses are reported only by the function to which they were allocated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Taxes

CSE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. However, income from certain activities not directly related to the tax-exempt purpose is subject to taxation as unrelated business income. Expenses have exceeded the business income; accordingly, no provision for income taxes has been recorded. CSE functionally supports CSU, Chico and has been classified in accordance with Section 509(a)(3), Type I.

CSE utilizes accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. CSE recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that CSE has no uncertain tax positions at June 30, 2022 and therefore, no amounts have been accrued.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and thus, will not be recognized as revenue until then.

Subsequent Events

Management has evaluated subsequent events through October 4, 2022, the date which the report was available to be issued.

Note 2 – Concentrations of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, CSE's deposits may not be returned. The California Government Code and Education Code do not contain legal or policy requirements that limit 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 CSE's deposits are maintained at financial institutions that are collateralized as required by state law. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

Note 3 – Investments and Fair Market Value

Investments consist of the following at June 30, 2022:

	Current <u>Unrestricted</u>	Noncurrent <u>Unrestricted</u>	<u>Total</u>
LAIF	\$ 1,121,213	\$ -	\$ 1,121,213
Money market funds	485,625	-	485,625
Mutual funds - fixed income	-	2,343,939	2,343,939
Mutual funds - equity	-	7,106,256	7,106,256
Private equity	610,177	18,532	628,709
	<u>\$ 2,217,015</u>	<u>\$ 9,468,727</u>	<u>\$ 11,685,742</u>

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 3 – Investments and Fair Market Value, continued

The fair value of investments is categorized as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
LAIF	\$ -	\$ -	\$ -	\$ 1,121,213	\$ 1,121,213
Money market funds	485,625	-	-	-	485,625
Mutual funds - fixed income	2,343,939	-	-	-	2,343,939
Mutual funds - equity	7,106,256	-	-	-	7,106,256
Private equity	-	-	18,532	610,177	628,709
	<u>\$ 9,935,820</u>	<u>\$ -</u>	<u>\$ 18,532</u>	<u>\$ 1,731,390</u>	<u>\$ 11,685,742</u>

CSE's investment policy does not limit its investment choices. CSE's investment in LAIF, money market, mutual funds and private equity securities are unrated.

Financial instruments which potentially subject CSE to concentrations of credit risk consist primarily of cash investments. At June 30, 2022, LAIF was 9.59% of CSE's total investments.

Interest rate risk is the risk whereby changes in market interest rates could adversely affect the fair value of an investment. CSE does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The average maturity for investments held within LAIF is less than one year.

Note 4 – Accounts Receivable

Accounts receivable consist of the following at June 30, 2022:

Federal, state, and other grants and contracts	\$ 12,183,770
Unbilled revenue	3,574,110
Other	584,165
Due from other auxiliaries	<u>278,505</u>
	<u>\$ 16,620,550</u>

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land and land improvements	\$ 3,979,131	\$ -	\$ -	\$ 3,979,131
Construction in progress	-	33,825	-	33,825
Breeding livestock	93,540	3,290	(700)	96,130
Total Nondepreciable Capital Assets	4,072,671	37,115	(700)	4,109,086
Depreciable Capital Assets:				
Building and improvements	8,629,105	95,863	-	8,724,968
Equipment and furnishings	14,968,483	628,036	(162,165)	15,434,354
Total Depreciable Capital Assets	23,597,588	723,899	(162,165)	24,159,322
Total Capital Assets	27,670,259	761,014	(162,865)	28,268,408
Less: Accumulated Depreciation:				
Building and improvements	(6,027,166)	(300,469)		(6,327,635)
Equipment and furnishings	(11,898,018)	(970,531)	154,082	(12,714,467)
Total Accumulated Depreciation	(17,925,184)	(1,271,000)	154,082	(19,042,102)
Right of Use Assets				
Equipment Lease	-	60,635	-	60,635
Less: Accumulated Amortization	-	(14,552)	-	(14,552)
Net Capital Assets	\$ 9,745,075	\$ (509,986)	\$ (8,783)	\$ 9,272,389

Note 6 – Other Assets

Other assets consists of the following at June 30, 2022:

Amount for post-retirement health benefit held as a quasi-endowment in the University Foundation	\$ 589,616
Deposits held for insurance	230,166
Notes receivable	38,013
	<u>\$ 857,795</u>

Note 7 – Accrued Compensated Absences

Employees of CSE are entitled to paid vacation and paid sick leave based on length of service and other factors. CSE negotiates a fixed (with carry-forward) fringe benefit rate with the Department of Health and Human Services to be applied to regular wages for all CSE activities. This fringe rate includes all payroll related costs, including accrued vacation, holiday, and estimated sick leave. The liability for compensated absences relating to paid vacation has been accrued for all employees. CSE's policy is to recognize the costs of sick leave absences when actually paid to employees as sick leave does not vest to the employee.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 8 – Long-Term Debt Obligations

Long-term debt obligations consisted of the following at June 30, 2022:

Chancellor's Office note payable in the amount of \$2,475,000 was used to refund the Auxiliary Organization Bonds Series 2003. In 2021, the Trustees of the CSU issued revenue bonds, Series 2021B, a portion of which was used to refinance Series 2014A and retire the remaining unamortized premium. Principal payments gradually escalate from \$115,000 to \$195,000 over the bond term. The note is secured by revenues of CSE and the final payment is scheduled to be made in November of 2032.

\$ 1,985,000

Less current portion

(155,000)

Non-current portion

\$ 1,830,000

In accordance with GASB 87, a right of use asset and corresponding liability was recorded during the fiscal year for the lease of copiers. The lease agreement runs through August of 2025 with payments of \$1,239 per month. The incremental borrowing rate of 1% was used to calculate monthly interest. The asset will be amortized evenly over fifty months.

\$ 46,313

Less current portion

(14,467)

Non-current portion

\$ 31,846

Amortization expense of \$14,552 was recorded for the right of use lease obligation.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 8 – Long-Term Debt Obligations, continued

Debt service requirements are as follows:

Year Ending June 30,	Note Payable to CSU, Chancellor's Office		
	Principal	Interest	Total
2023	\$ 155,000	39,623	\$ 194,623
2024	165,000	33,158	198,158
2025	175,000	26,360	201,360
2026	180,000	22,096	202,096
2027	180,000	20,292	200,292
2028-2032	935,000	60,748	995,748
2033	195,000	1,943	196,943
	<u>\$ 1,985,000</u>	<u>\$ 204,220</u>	<u>\$ 2,189,220</u>

Year Ending June 30,	Right of Use Assets		
	Principal	Interest	Total
2023	\$ 14,467	\$ 398	\$ 14,865
2024	14,612	253	14,865
2025	14,760	105	14,865
2026	2,474	6	2,480
	<u>\$ 46,313</u>	<u>\$ 762</u>	<u>\$ 47,075</u>

Note 9 – Health Care Benefits

CSE has fully insured medical and vision healthcare plans for benefited (30 hours/week or more) employees contracted through The LBL Group. Fully insured medical coverage is offered through Blue Shield and fully insured dental & vision coverage is offered through Principal Financial Services. Postemployment health benefits (medical only) are available to those employees meeting eligibility requirements detailed in the CSE Employee Handbook.

Note 10 – Retirement Plan

CSE sponsors a 403(b) savings plan, which covers fully benefited employees in a funded position. The employer contributions to the plan are at the discretion of the Board of Directors. The employer contribution is based upon an employee's year of service. At the beginning of the second year of service, CSE contributes 2% of the employee's pay to the plan. The percentage increases by 2% for each year of service up to a maximum contribution of 8%. Employer contributions vest immediately to the employee. Expenses recognized for the plan amounted to \$712,438 for the year ended June 30, 2022.

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB)

Plan Description

CSE administers an endowment-funded single-employer defined benefit healthcare plan. CSE currently provides retiree health benefits to eligible employees to the extent sustainable by the provided endowment and can be terminated at any time. The postemployment health care plan is contributory with retiree contributions adjusted annually. Separate stand-alone financial statements for the plan are not prepared.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

Eligibility and Benefits

Tier 1: Employees hired before January 1, 2006 who have attained age 55 and have completed 15 years of credited CSE service will be eligible to receive a CSE-paid medical plan contribution upon retirement. Eligibility is lost for breaks in service that exceed one year. CSE will pay up to \$200 per month for those with single coverage and \$400 for those with dual or family coverage. Benefits are paid for the lifetime of the retiree. As of July 1, 2021, there are 27 active employees and 3 retirees under this benefit structure.

Tier 2: Employees hired on or after January 1, 2006 who have attained age 60 and have completed 15 years of credited CSE service will be eligible to receive a CSE-paid medical plan contribution upon retirement. Eligibility is lost for breaks in service that exceed one year. CSE will pay up to \$200 per month for those with single coverage and \$400 for those with dual or family coverage. Benefits are paid until the retiree reaches age 65. As of July 1, 2021, there are 171 active employees under this benefit structure.

As of July 1, 2021, the date of the most recent actuarial valuation, plan participation consisted of:

Retirees and beneficiaries receiving benefits	3
Active employees	198
Total plan participants	<u>201</u>

Funding Policy

CSE has the right to establish and amend the funding policy for its OPEB plan. CSE will fund the plan monthly, on a pay-as-you-go basis for members who meet the eligibility criteria. The contribution requirements of plan members and CSE are established and may be amended by CSE's Board of Directors. For the year ended June 30, 2022, CSE contributed \$21,845, which was the annual required contribution per the July 1, 2021 Actuarial Report.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

CSE's Net OPEB Liability was measured as of June 30, 2022. CSEs' annual OPEB cost (expense) is an amount actuarially determined in accordance with GASB Statement No. 75. The Actuarially Determined Contribution (ADC) is an amount actuarially determined by the Actuarial Standards of Practice and applicable Federal and State laws. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of CSE's annual OPEB cost for the year, the amount actually contributed, and the changes in CSE's net OPEB plan position as of June 30, 2022.

Service cost	\$ 65,691
Interest on net OPEB Obligation	16,707
Change in assumptions	<u>(317,038)</u>
Annual OPEB revenue	(234,640)
Benefit payments	<u>(21,845)</u>
Net change in total OPEB liability	(256,485)
Net OPEB Obligation - Beginning of Year	<u>951,314</u>
Net OPEB Obligation - End of Year	<u>\$ 694,829</u>

The net OPEB liability of \$694,829 is presented as a non-current liability on CSE's statement of net position.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation	Covered Payroll	Unfunded Actuarial Accrued liability
2022	\$ (234,640)	\$ 21,845	0.00%	\$ 694,829	\$ 12,516,577	5.55%
2021	147,152	17,236	11.71%	951,314	15,860,853	6.00%
2020	229,901	17,236	7.50%	821,398	11,046,092	7.44%
2019	92,753	13,776	14.85%	608,733	8,647,112	7.04%
2018	32,171	17,701	55.02%	529,756	7,666,419	6.91%
2017	55,214	22,967	41.60%	598,646	7,517,676	7.96%
2016	54,096	58,427	108.01%	566,399	6,837,000	8.28%

(NOTE: The schedule above is intended to show information for the previous ten (10) years. Since 2018 was the first year for the presentation of this information, only data from 2016 and forward is available.)

On June 30, 2022, CSE's deferred inflows of resources were:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ (119,344)
Changes in assumptions or other inputs	(6,137)
	<u>\$ (125,481)</u>

Deferred inflows and outflows will be recognized in future OPEB expenses as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
2023	\$ 23,235	\$ (31,993)	\$ (8,758)
2024	23,235	(31,993)	(8,758)
2025	23,235	(31,993)	(8,758)
2026	23,235	(31,993)	(8,758)
2027	23,235	(31,993)	(8,758)
2028-2032	61,062	(142,753)	(81,691)
	<u>\$ 177,237</u>	<u>\$ (302,718)</u>	<u>\$ (125,481)</u>

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The most recent actuarial valuation report for CSE's OPEB plan was prepared as of July 1, 2021. As of June 30, 2022, the actuarial accrued liability for benefits was \$694,829 and the fair value of other assets held at the University Foundation was \$589,616. The annual covered payroll was \$12,516,577 and the ratio of the unfunded actuarial accrued liability to covered payroll was 5.55%.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00 percent
Inflation rate	2.75 percent
Healthcare cost trend rate	5.80 percent for 2022; 5.40 percent for 2023; 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.00 percent for all years
Cap increases	None

Pre-retirement and post-retirement mortality rates were based on the Society of Actuaries' Pub-2010 Teachers Headcount Weighted with MP-2021 for males or females, as appropriate.

Retirement and termination assumptions used were based on a review of plan experience and our best estimate of future plan experience.

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments.

The discount rate used to measure CSE's total OPEB liability is based on these requirements and the following information:

Reporting date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2021	June 30, 2021	1.92%	1.92%
June 30, 2022	June 30, 2022	3.69%	3.69%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69%) or 1 percentage point higher (4.69%) than the current discount rate of 3.69%:

	1% Decrease	Discount Rate (3.69%)	1% Increase
Total OPEB liability	\$ 791,121	\$ 694,829	\$ 612,013

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

Sensitivity of the Total OPEB Liability to Changes in the Trend Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.80%) or 1 percentage point higher (6.80%) than the current healthcare cost trend rate of 5.80%:

	1% Decrease	Trend Rate (5.8%)	1% Increase
Total OPEB liability	\$ 642,243	\$ 694,829	\$ 758,992

Note 12 – Self-Insurance

CSE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CSE participates in the California State University Risk Management Authority (CSURMA), a public entity risk pool currently operating as a common risk management and insurance program. CSE pays annual premiums for general liability, property, and workers' compensation insurance to the Auxiliary Organizations Risk Management Alliance (AORMA), which operates within CSURMA to provide tailored coverage for CSU Auxiliaries.

CSE participates in AORMA's Unemployment Insurance Program (UIP). At June 30, 2022 the deposit requirement within AORMA UIP was \$149,206 and it is included in other assets as a long-term deposit. CSE will maintain a vested interest in the amount held by AORMA UIP.

CSURMA is economically dependent on its members for funding and has secured a commitment from members to provide sufficient cash flow to meet its operating needs and to fund losses over a period of time. The CSURMA has reinsurance policies through a joint powers authority as well as commercial companies.

Note 13 – Related-Party Transactions

Operating Lease and Faculty Use Agreement - CSE operates as an auxiliary organization to CSU, Chico under an operating agreement negotiated every ten years. The current operating and lease agreements expire on June 30, 2027. CSE uses certain CSU, Chico and other facilities under lease agreements requiring annual or monthly rental payments, or space trades.

Information Technology Services – CSE outsources its IT functions to CSU, Chico for all IT activities except for maintenance and support of CSE's enterprise resource planning (ERP) software, OneSolution.

Facilities Management Services – CSU, Chico provides facilities management support services to CSE for its office buildings located at 25 and 35 Main Street.

CSE provides administrative and financial services to the University Foundation.

The University Foundation provides investment oversight to CSE through an MOU. CSE cash balances in excess of operating needs are invested under the investment policy of the University Foundation. CSE pays the University Foundation 10% of earnings on an annual basis, paid on a monthly basis.

Receivable/Payable with CSU, Chico - As required by the operating lease agreement between CSU, Chico and the Associated Students, all payments related to this agreement are directed to CSE.

Receivables and payables with CSU, Chico are a result of grant and contract transactions and other miscellaneous supplies and services.

CHICO STATE ENTERPRISES

Notes to Financial Statements

Year Ended June 30, 2022

Note 13 – Related-Party Transactions, continued

CSE provides personnel services to the University Foundation under contract. The University Foundation reimburses CSE for the cost of these services. The personnel hired are employees of CSE and participate in CSE's benefit plans. The University Foundation indemnifies CSE for the acts of its employees under the University Foundation's supervision.

The following is a schedule of transactions with related parties at June 30, 2022:

Transactions with CSU, Chico:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,117,371
Payments to University for other than salaries of University personnel	779,758
Payments received from University for services, space, and programs	2,424,454
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	581,065
Accounts (payable to) University	(1,364,885)
Accounts receivable from University	28,984

Transactions with Associated Students:

Accounts receivable from Associated Students	\$ 278,505
Accounts (payable to) Associated Students	(50,075)

Transactions with University Foundation:

Payments received for administrative and financial services	\$ 450,000
Amount receivable for personnel service expenses	697,578
Accounts (payable to) University Foundation	(64,424)

SUPPLEMENTAL INFORMATION

CHICO STATE ENTERPRISES
Schedule of Net Position by Fund
June 30, 2022

	General Fund	Plant and Bond Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Campus Program Fund	Total
Assets							
Cash and cash equivalents	\$ 538,871	\$ 64,714	\$ 569,288	\$ 312,868	\$ 1,443,715	\$ 5,198,495	\$ 8,127,951
Short-term investments	142,863	11,402	141,565	264,668	361,159	1,295,358	2,217,015
Accounts receivable, net	132,288	14,928	-	84,950	12,299,448	514,826	13,046,440
Unbilled revenue	-	-	-	-	3,574,110	-	3,574,110
Inventories	-	-	-	185,120	-	-	185,120
Prepaid expenses and other assets	843,803	-	47,242	1,069	151,024	22,053	1,065,191
Long-term investments	665,559	53,171	659,537	354,496	1,682,508	6,053,456	9,468,727
Notes receivable	-	-	-	-	-	48,408	48,408
Capital assets, net	-	7,213,859	-	1,760,325	-	298,205	9,272,389
Total Assets	2,323,384	7,358,074	1,417,632	2,963,496	19,511,964	13,430,801	47,005,351
Liabilities							
Accounts payable	20,097	8,672	115,598	185,476	4,590,526	193,964	5,114,333
Accrued expenses and other liabilities	3,179,998	176,692	25,797	19,311	17,506	319,610	3,738,914
Unearned revenue	-	-	-	-	3,487,382	87,893	3,575,275
Interfund (receivables) payables	(6,959,885)	-	(500,705)	641,356	6,819,234	-	-
Long-term debt obligations	-	1,861,846	-	-	-	-	1,861,846
Other postemployment benefits obligation	694,829	-	-	-	-	-	694,829
Reserve for grant cost disallowance	330,000	-	-	-	-	-	330,000
Total Liabilities	(2,734,961)	2,047,210	(359,310)	846,143	14,914,648	601,467	15,315,197
Deferred Outflows of Resources							
Other postemployment benefits	125,481	-	-	-	-	-	125,481
Net Position	\$ 4,932,864	\$ 5,310,864	\$ 1,776,942	\$ 2,117,353	\$ 4,597,316	\$ 12,829,334	\$ 31,564,673

See independent auditor's report and notes to supplemental information.

CHICO STATE ENTERPRISES

Schedule of Revenue, Expenses, and Changes in Net Position by Fund

Year Ended June 30, 2022

	General Fund	Plant and Bond Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Campus Program Fund	Total
Revenues and Other Support:							
Agriculture and enterprise sales	\$ -	\$ -	\$ -	\$ 2,120,848	\$ -	\$ -	\$ 2,120,848
Sponsored program receipts	-	-	-	-	45,035,616	-	45,035,616
Agriculture research initiative	-	-	-	-	624,078	-	624,078
University program receipts	-	-	-	-	-	2,234,712	2,234,712
Interest and investment income (loss)	(1,873,661)	-	-	525	-	3,638	(1,869,498)
Other income	770,187	143,279	282	178,691	-	-	1,092,439
Total Revenues and Other Support	(1,103,474)	143,279	282	2,300,064	45,659,694	2,238,350	49,238,195
Expenses:							
Auxiliary activities' cost of sales	-	-	-	299,888	-	-	299,888
Auxiliary activities' expense	-	-	-	1,871,473	-	-	1,871,473
Sponsored programs' disbursements	-	-	-	-	39,003,440	-	39,003,440
University programs' expenses	-	-	-	-	-	3,198,360	3,198,360
CSE administration	5,357,800	282,824	-	-	-	-	5,640,624
Faculty and grant development	-	-	588,287	-	-	-	588,287
Interest expense	-	25,437	-	-	-	-	25,437
Other expense	-	742,536	-	595,508	-	-	1,338,044
Total Expenses	5,357,800	1,050,797	588,287	2,766,869	39,003,440	3,198,360	51,965,553
Change in Operations Before Transfers	(6,461,274)	(907,518)	(588,005)	(466,805)	6,656,254	(960,010)	(2,727,358)
Transfers:							
Transfers with CSU, Chico	285,000	(4,313)	(70,135)	223,158	(226,741)	(91,247)	115,722
Transfers with other auxiliaries	(69,768)	-	12,463	197,079	(35,127)	1,122,505	1,227,152
Indirect cost recovery transfers	4,240,172	-	-	-	(4,240,172)	-	-
Administrative fee transfers	325,609	-	-	(113,545)	-	(212,064)	-
Interfund transfers	(489,137)	865,641	617,371	1,067	(770,035)	(224,907)	-
Net Transfers	4,291,876	861,328	559,699	307,759	(5,272,075)	594,287	1,342,874
Change in Net Position	(2,169,398)	(46,190)	(28,306)	(159,046)	1,384,179	(365,723)	(1,384,484)
Net Position, beginning	7,102,262	5,357,054	1,805,248	2,276,399	3,213,137	13,195,057	32,949,157
Net Position, ending	\$ 4,932,864	\$ 5,310,864	\$ 1,776,942	\$ 2,117,353	\$ 4,597,316	\$ 12,829,334	\$ 31,564,673

See independent auditor's report and notes to supplemental information.

CHICO STATE ENTERPRISES**Schedule of Activity of the Auxiliary Activities Fund**

Year Ended June 30, 2022

	<u>University Farm</u>	<u>Other Enterprise</u>	<u>Total</u>
Sales:			
Livestock and dairy	\$ 1,023,164	\$ -	\$ 1,023,164
Crop and orchard	1,093,146	-	1,093,146
Enterprise receipts	53,227	56,608	109,835
Total Sales	<u>2,169,537</u>	<u>56,608</u>	<u>2,226,145</u>
Cost of Sales:			
Livestock and dairy	299,888	-	299,888
Gross Profit	<u>1,869,649</u>	<u>56,608</u>	<u>1,926,257</u>
Operating Expenses:			
Salaries and employee benefits	-	221,468	221,468
Operating supplies	675,754	18,046	693,800
Accounting and contractual services	297,511	72,956	370,467
Depreciation	280,093	253,126	533,219
Other operating expenses	175,196	23,369	198,565
Repair and maintenance	133,686	18,381	152,067
Rent and leasing	208,261	1,750	210,011
Utilities and telephone	24,271	22,812	47,083
Travel and meetings	4,774	2,623	7,397
Registration fees	13,297	1,644	14,941
Postage and printing	1,170	2,532	3,702
Insurance	5,909	8,353	14,262
Total Operating Expenses	<u>1,819,922</u>	<u>647,060</u>	<u>2,466,982</u>
Income (Loss) from Operations	49,727	(590,452)	(540,725)
Other Income:			
Other income	65,195	8,200	73,395
Interest income	525	-	525
Total Other Income	<u>65,720</u>	<u>8,200</u>	<u>73,920</u>
Transfers:			
In	-	232,033	232,033
Out	(89,422)	(31,930)	(121,352)
From other auxiliaries	1,500	195,578	197,078
Net Transfers	<u>(87,922)</u>	<u>395,681</u>	<u>307,759</u>
Net Income (Loss):	<u>\$ 27,525</u>	<u>\$ (186,571)</u>	<u>\$ (159,046)</u>

See independent auditor's report and notes to supplemental information.

CHICO STATE ENTERPRISES

Schedule of Source of Funding and Expenditures for Grants and Contracts

Year Ended June 30, 2022

	<u>Total</u>
Source of Direct Funding:	
Federal government	\$ 31,116,166
State of California	5,699,675
Local governments	1,308,958
Nongovernmental funds	2,670,644
Agricultural research initiative	624,078
Total Direct Funding	<u>41,419,521</u>
Source of Indirect Cost Reimbursements	
Federal government	2,566,590
State of California	987,157
Local governments	227,678
Nongovernmental funds	458,747
Total Indirect Cost Reimbursements	<u>4,240,172</u>
Total Funding	<u>45,659,693</u>
Direct Expenditures:	
Salaries and wages	12,736,110
Fringe benefits	4,633,256
Operating expenses	19,346,282
Equipment	970,593
Student support	2,331,093
Total Direct Expenditures	<u>40,017,334</u>
Indirect Expenditures:	
Salaries, wages, and fringe benefits	2,054,170
Administrative expenses	995,779
Development	635,073
Program allocation	206,099
Other	349,051
Total Indirect Expenditures	<u>4,240,172</u>
Total Expenditures	<u>44,257,506</u>
Sponsored Programs, Net	<u>1,402,187</u>
Surplus distribution	<u>(18,008)</u>
Sponsored Programs Fund, Net	<u>\$ 1,384,179</u>

See independent auditor's report and notes to supplemental information.

CHICO STATE ENTERPRISES
Note to Supplemental Information
Year Ended June 30, 2022

Note A – Fund Accounting

The accounts of CSE are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. The funds are organized as follows:

- **General Fund:** This fund is used to account for all financial resources except those required to be accounted for in another fund. This fund recognizes as income various administrative from other funds.
- **Plant and Bond Fund:** This fund is used to account for acquisition of physical properties and funds expended and invested in physical properties for the General Fund, Board Designated Fund, Sponsored Programs Fund, and Campus Program Fund.
- **Board Designated Fund:** This fund is used to account for all amounts specifically allocated by the Board of Directors to certain programs. These funds are used primarily for the development of grant and contract proposals. Funding is also allocated to support and to finance other CSU, Chico related projects.
- **Auxiliary Activities Fund:** This fund is used to account for the operations of the University Farm, and other enterprise activities. These operations reimburse the General Fund for accounting and data processing administration expenses based on the usage of these services.
- **Sponsored Programs Fund:** This fund reflects the activity of various programs designed for instruction, research, and community services. These programs are funded by federal and state governmental agencies and various other organizations. The General Fund receives administrative fees to cover the indirect overhead costs of these programs.
- **Campus Program Fund:** This fund accounts for certain special activities of CSE-affiliated programs. These funds are carried as unrestricted net position. CSE receives an administrative fee equal to 8% of Campus Program Fund expenditures.

OTHER INFORMATION
For inclusion in the California State University

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

Schedule of Net Position

Assets:

Current assets:

Cash and cash equivalents	8,127,951
Short-term investments	2,217,015
Accounts receivable, net	16,620,550
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	440,924
Total current assets	27,406,440

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	9,468,727
Capital assets, net	9,272,389
Other assets	857,795
Total noncurrent assets	19,598,911
Total assets	47,005,351

Deferred outflows of resources:

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

Liabilities:

Current liabilities:

Accounts payable	5,114,333
Accrued salaries and benefits	1,957,876
Accrued compensated absences, current portion	647,484
Unearned revenues	3,575,275
Lease liabilities, current portion	14,467
Long-term debt obligations, current portion	155,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	788,137
Total current liabilities	12,252,572

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

Schedule of Net Position, continued

Noncurrent liabilities:

Accrued compensated absences, net of current portion	142,131
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	31,846
Long-term debt obligations, net of current portion	1,830,000
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	694,829
Net pension liability	-
Other liabilities	363,819
Total noncurrent liabilities	3,062,625
Total liabilities	15,315,197

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	125,481
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
Total deferred inflows of resources	125,481

Net position:

Net investment in capital assets	7,241,076
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	4,597,316
Loans	-
Capital projects	-
Debt service	-
Others	13,016,475
Unrestricted	6,709,806
Total net position	31,564,673

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

Schedule of Revenues, Expenses, and Changes in Net Position

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	32,565,093
State	8,448,249
Local	1,537,325
Nongovernmental	3,098,540
Sales and services of educational activities	3,496,637
Sales and services of auxiliary enterprises, gross	2,687,383
Scholarship allowances (enter as negative)	-
Other operating revenues	1,182,085
Total operating revenues	53,015,312

Expenses:

Operating expenses:

Instruction	3,530,272
Research	3,053,693
Public service	28,193,463
Academic support	2,056,849
Student services	2,398,451
Institutional support	6,603,865
Operation and maintenance of plant	287,137
Student grants and scholarships	3,350,882
Auxiliary enterprise expenses	2,241,041
Depreciation and amortization	1,285,552
Total operating expenses	53,001,205
Operating income (loss)	14,107

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	(1,869,560)
Endowment income (loss), net	-
Interest expense	(25,437)
Other nonoperating revenues (expenses)	68,630
Net nonoperating revenues (expenses)	(1,826,367)
Income (loss) before other revenues (expenses)	(1,812,260)

State appropriations, capital	-
Grants and gifts, capital	427,776
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(1,384,484)

Net position:

Net position at beginning of year, as previously reported	32,949,157
Restatements	-
Net position at beginning of year, as restated	32,949,157
Net position at end of year	31,564,673

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

	-
	8,127,951
Total	\$ 8,127,951

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 485,625		485,625
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds		9,450,195	9,450,195
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)	610,177	18,532	628,709
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	1,121,213		1,121,213
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
			-
			-
			-
			-
			-
Total Other investments			
Total investments	2,217,015	9,468,727	11,685,742
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	\$ 2,217,015	9,468,727	11,685,742

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 485,625	485,625			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	9,450,195	9,450,195			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	628,709			18,532	610,177
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	1,121,213				1,121,213
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Total Other investments	\$ -	-	-	-	-
Total investments	11,685,742	9,935,820	-	18,532	1,731,390

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

2.3 Investments held by the University under contractual agreements:

3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2022
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 3,979,131				\$ 3,979,131				\$ 3,979,131
Works of art and historical treasures	93,540				93,540	3,290	(700)		96,130
Construction work in progress (CWIP)					-	33,825			33,825
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 4,072,671	-	-	-	\$ 4,072,671	37,115	(700)	-	\$ 4,109,086
Depreciable/Amortizable capital assets:									
Buildings and building improvements	8,629,105				8,629,105	95,863			8,724,968
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	14,968,483				14,968,483	628,036	(162,165)		15,434,354
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	23,597,588	-	-	-	23,597,588	723,899	(162,165)	-	24,159,322
Total capital assets	\$ 27,670,259	-	-	-	\$ 27,670,259	761,014	(162,865)	-	\$28,268,408

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

Less accumulated depreciation/amortization:

Buildings and building improvements	(6,027,166)	(6,027,166)	(300,469)		(6,327,635)
Improvements, other than buildings		-			-
Infrastructure		-			-
Leasehold improvements		-			-
Personal property:					
Equipment	(11,898,018)	(11,898,018)	(970,531)	154,082	(12,714,467)
Library books and materials		-			-
Intangible assets:					
Software and websites		-			-
Rights and easements		-			-
Patents, copyrights and trademarks		-			-
Licenses and permits		-			-
Other intangible assets:		-			-
		-			-
		-			-
		-			-
		-			-
		-			-
		-			-
Total Other intangible assets:	-	-	-	-	-
Total intangible assets	-	-	-	-	-
Total accumulated depreciation/amortization	(17,925,184)	-	-	-	(17,925,184)
Total capital assets, net excluding lease assets	\$ 9,745,075	-	-	-	\$ 9,745,075

Lease assets, net

Total capital assets, net

46,083
9,272,389

Composition of lease assets:

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements					\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	\$ -
Depreciable/Amortizable lease assets:					
Land and land improvements					-
Buildings and building improvements					-
Improvements, other than buildings					-
Infrastructure					-
Personal property:					
Equipment	-	60,635			60,635
Total depreciable/amortizable lease assets	-	60,635	-	-	60,635

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

Less accumulated depreciation/amortization:

Land and land improvements	-	-	-	-
Buildings and building improvements	-	-	-	-
Improvements, other than buildings	-	-	-	-
Infrastructure	-	-	-	-
Personal property:				
Equipment	(14,552)			(14,552)
Total accumulated depreciation/amortization	-	(14,552)	-	(14,552)

Total lease assets, net

\$	-	46,083	-	-	\$	46,083
----	---	--------	---	---	----	--------

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	1,285,552
Amortization expense related to other assets		
Total depreciation and amortization	\$	1,285,552

4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments/Recla ssifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 732,706		732,706	714,206	(657,297)	\$ 789,615	\$ 647,484	\$ 142,131
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-		-
Unamortized net premium/(discount)	-		-			-		-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	1,880,000		1,880,000	220,000	(115,000)	1,985,000	155,000	1,830,000
4.4 Others:								
Total others	-		-			-		-
Sub-total long-term debt	\$ 1,880,000	-	1,880,000	220,000	(115,000)	\$ 1,985,000	155,000	1,830,000
4.5 Unamortized net bond premium/(discount)	268,879		268,879		(268,879)	-		-
Total long-term debt obligations	2,148,879	-	2,148,879	220,000	(383,879)	1,985,000	155,000	1,830,000
5. Lease Liabilities						46,313	14,467	31,846
Total long-term liabilities						2,031,313	169,467	1,861,846
	Balance June 30, 2021	Additions	Remeasurement s	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion	
Lease liabilities	-	60,635		(14,322)	46,313	14,467	31,846	
Total	\$ -	60,635	-	(14,322)	46,313	\$ 14,467	31,846	

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

5 Lease Liabilities schedule:

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	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:									
2023			-	14,467	398	14,865	14,467	398	14,865
2024			-	14,612	253	14,865	14,612	253	14,865
2025			-	14,760	105	14,865	14,760	105	14,865
2026			-	2,474	6	2,480	2,474	6	2,480
2027			-	-	-	-	-	-	-
2028 - 2032			-	-	-	-	-	-	-
2033 - 2037			-	-	-	-	-	-	-
2038 - 2042			-	-	-	-	-	-	-
2043 - 2047			-	-	-	-	-	-	-
2048 - 2052			-	-	-	-	-	-	-
Thereafter			-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	46,313	762	47,075	46,313	762	47,075
Less: amounts representing interest									(762)
Present value of future minimum lease payments									<u>46,313</u>
Total lease liabilities									<u>46,313</u>
Less: current portion									(14,467)
Lease liabilities, net of current portion									<u>\$ 31,846</u>

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2023			-	155,000	39,623	194,623	155,000	39,623	194,623
2024			-	165,000	33,158	198,158	165,000	33,158	198,158
2025			-	175,000	26,360	201,360	175,000	26,360	201,360
2026			-	180,000	22,096	202,096	180,000	22,096	202,096
2027			-	180,000	20,292	200,292	180,000	20,292	200,292
2028 - 2032			-	935,000	60,748	995,748	935,000	60,748	995,748
2033 - 2037			-	195,000	1,943	196,943	195,000	1,943	196,943
2038 - 2042			-	-	-	-	-	-	-
2043 - 2047			-	-	-	-	-	-	-
2048 - 2052			-	-	-	-	-	-	-
Thereafter			-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	1,985,000	204,220	2,189,220	1,985,000	204,220	2,189,220
Less: amounts representing interest									(204,220)
Present value of future minimum payments									<u>1,985,000</u>
Unamortized net premium/(discount)									-
Total long-term debt obligations									<u>1,985,000</u>
Less: current portion									(155,000)
Long-term debt obligations, net of current portion									<u><u>1,830,000</u></u>

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,117,371
Payments to University for other than salaries of University personnel	779,758
Payments received from University for services, space, and programs	2,424,454
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	581,065
Accounts (payable to)	(1,364,885)
Other amounts (payable to) University	
Accounts receivable from University	28,984
Other amounts receivable from University	

8 Restatements

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

	Debit/(Credit)
Restatement #1	
	-
Restatement #2	
	-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	1,508,795	501,300	-	-		1,520,177		3,530,272
Research	1,497,289	269,350	-	-		1,287,054		3,053,693
Public service	9,572,847	3,510,628	-	-		15,109,988		28,193,463
Academic support	1,007,244	164,135	-	-		885,470		2,056,849
Student services	1,371,096	396,181	-	-		631,174		2,398,451
Institutional support	2,556,062	1,207,891	-	-		2,839,912		6,603,865
Operation and maintenance of plant	-	-	-	-		287,137		287,137
Student grants and scholarships					3,350,882			3,350,882
Auxiliary enterprise expenses	180,806	40,662	-	-		2,019,573		2,241,041
Depreciation and amortization							1,285,552	1,285,552
Total operating expenses	\$ 17,694,139	\$ 6,090,147	\$ -	\$ -	\$ 3,350,882	\$24,580,485	\$ 1,285,552	\$ 53,001,205

See independent auditor's report.

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

June 30, 2022

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability

Deferred outflows - leases

Deferred outflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

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

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability 125,481

Deferred inflows - unamortized gain on debt refunding(s)

Deferred inflows - nonexchange transactions

Deferred inflows - leases

Deferred inflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative instrument

Irrevocable split-interest agreements

Total deferred inflows - others	<u>-</u>
Total deferred inflows of resources	<u>\$ 125,481</u>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues

Other nonoperating (expenses) 68,630

Total other nonoperating revenues (expenses)	<u>\$ 68,630</u>
---	-------------------------

See independent auditor's report.

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Department of Agriculture -						
Direct Awards - Research and Development						
10.326	SP6082901	Creating Ag Mgmt Systems Learn	200	20217000134773	\$ 76,407.73	30,000.00
10.326	SP6081601	RAD Lab	200	2019-08154-2009	36,638.81	
Sub-Total Research and Development Direct Awards					113,046.54	30,000.00
Direct Awards						
10.001	SP6064101	NURTURING THE PROMISE	300	14-CS-1052009-027	171,361.96	
10.699	SP6078401	Recreation Site Management	300	18-PA-1052009-068	307,370.47	
10.699	SP6080401	CESU: NVUM	300	19-CS-1052009-032	184,101.15	
10.175	SP6081001	Local Producer Marketing TAF	300	AM190100XXXXG088	72,783.64	
10.326	SP6082401	Promoting Financial Resilience	300	20217000134517	5,266.44	
10.223	SP6082601	Project DA-FAN HSI	100	2120	42,506.93	6,940.14
10.351	SP6083901	No State Businesses E-Commerce	300	04-004-759063088	27,822.32	
Sub-Total Direct Awards					810,572.91	6,940.14
Pass Through Awards						
Ca Dept Of Food & Agriculture						
10.170	SP6490201	North State Farm to School	300	20-0001022-SF	196,466.95	
Sub-Total Pass Through Awards, CA Dept of Food & Agriculture					196,466.95	
10.170	SP6476301	USDA Fababeen Germplasm	200	18-0001015-SC	24,647.83	
10.170	SP6490401	CDFA Nutrient Mgt w Cover Crop	200	20-0001037-SF	113,523.61	
Sub-Total Research & Development Pass Through Awards, CA Dept of Food & Agriculture					138,171.44	
Montana State University						
10.215	SP6481701	Potential Economic & Nitrogen	200	G18-20-W7500	88,131.41	
Sub-Total Research & Development Pass Through Awards, Montana State University					88,131.41	
Ecology Center (Berkeley)						
10.331	SP6478601	Ecology Center Market Match	300	SP-19-348	(18.00)	
10.331	SP6483601	Ecology Center Market Match Y1	300	SP-19-339	(129)	
10.331	SP6483602	Ecology Center Market Match Y2	300	SP-19-339	92,551.41	
10.331	SP6483603	Ecology Center Market Match Y3	300	SP-19-339	93,373.78	
Sub-Total Pass Through Awards, Ecology Center (Berkeley)					185,905.90	
Ca Dept Of Education						
10.559	SP6494801	SUMMER FOODS 2021	500	SP-21-263	110,222.23	
Sub-Total, Child Nutrition Cluster, Pass Through Awards, Ca Dept of Education					110,222.23	
Butte County						
10.561	SP6468401	BUTTE LHD 1718	300	X22359,X22805	(0.01)	
Sub-Total, SNAP Cluster, Pass Through Awards, Butte County					(0.01)	
Ca Dept Of Aging						
10.561	SP6489101	SNAP-Ed PSA 2/20/21	300	SP-202103	18,189.57	
10.561	SP6489201	SNAP-Ed PSA 3/20/21	300	SP-202103	23,257.24	
10.561	SP6495401	SNAP-Ed PSA 3/21/22	300	SP-2122-03	83,370.61	
10.561	SP6495301	SNAP-Ed PSA 2/21/22	300	SP-2122-03	85,696.13	
Sub-Total, SNAP Cluster, Pass Through Awards, Ca Dept of Aging					210,513.55	
Ca Dept Of Social Services						
10.561	SP6476102	CA Far North & Higher Ed CFO	300	18-7015	(0.01)	
10.561	SP6476103	CA Far Nor. & High Ed CFO 2021	300	18-7015	1,167,205.44	555,957.27
10.561	SP6495201	CalFresh Outreach 21/22	300	213058	3,528,404.17	1,685,698.79
Sub-Total, SNAP Cluster, Pass Through Awards, Ca Dept of Social Services					4,695,609.60	2,241,656.06
Ca Dept Of Public Health						
10.561	SP6485201	SNAP-ED on CSU Campuses	300	19-10818	(0.25)	
10.561	SP6485202	SNAP-ED on CSU Campuses	300	19-10818	301,776.82	211,542.01
10.561	SP6485203	SNAP-ED on CSU Campuses	300	19-10818	404,322.13	168,778.62
10.561	SP6482804	SNAP-ED COLUSA SUBVENTION Y2T1	300	19-10354	24,455.96	3,056.05
10.561	SP6482805	SNAP-ED GLENN SUBVENTION Y2T2	300	19-10354	28,166.52	
10.561	SP6482806	SNAP-ED YUBA SUBVENTION Y2T3	300	19-10354	29,720.31	
10.561	SP6482809	SNAP-ED YUBA SUBVENTION Y3T3	300	19-10354	10,194.64	
10.561	SP6482808	SNAP-ED GLENN SUBVENTION Y3T2	300	19-10354	107,297.70	
10.561	SP6482807	SNAP-ED COLUSA SUBVENTION Y3T1	300	19-10354	109,252.49	13,186.28
Sub-Total, SNAP Cluster, Pass Through Awards, Ca Dept of Public Health					1,106,932.32	396,562.96

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Siskiyou County						
10.561	SP6483102	Siskiyou County SNAP-Ed 20/21	300	SP-19-306	4,257.74	
10.561	SP6483103	Siskiyou County SNAP-Ed 21-22	300	SP-19-306	18,628.52	
Sub-Total, SNAP Cluster, Pass Through Awards, Siskiyou County					22,886.26	
Tehama County						
10.561	SP6496401	Tehama County SNAP-Ed 21-22	300	SP-19-305-03	31,689.20	
Sub-Total, SNAP Cluster, Pass Through Awards, Tehama County					31,689.20	
UC Davis						
10.912	SP6476701	Vegetable Cropping Systems	200	A19-1144-S001	94,587.34	
Sub-Total Research & Development Pass Through Awards, UC Davis					94,587.34	
Total Research and Development Direct Awards					113,046.54	30,000.00
Total Direct Awards					810,572.91	6,940.14
Total Research and Development Pass Through Awards					320,890.19	-
Total Pass Through Awards					382,372.85	-
Total SNAP Cluster Pass Through Awards					6,078,653.15	2,638,219.02
Total Department of Agriculture					7,705,535.64	2,675,159.16
Department of Commerce						
Direct Awards						
11.303	SP6078804	EDA University Center 21/22	300	ED17SEA3030036	79,432.50	
11.303	SP6078904	EDA Univ Center 21/22 Fresno	300	ED17SEA3030036	79,485.00	
Sub-Total Direct Awards					158,917.50	
11.307	SP6082001	COVID-19 - EDA Univ Cntr CARES Fresno	300	ED20SEA3070053	75,000.00	
11.307	SP6081901	COVID-19 - EDA Univ Cntr CARES 2020	300	ED20SEA3070053	75,904.24	
11.307	SP6077001	N.C.A BROADBAND PLAN EDA Y1 18	300	07-79-07431	98,921.31	
Sub-Total, Economic Development Cluster, Direct Awards					249,825.55	
Pass Through Awards						
California Manufacturing Technology Consulting						
11.611	SP6489701	CMTC Technical Assist 2021	300	70NANB16H208	17,252.27	
11.611	SP6496101	CMTC Tech Assistance	300	70NANB21H146	52,562.16	
Sub-Total Pass Through Awards, CA Manufacturing Tech Consulting					69,814.43	
Total Direct Awards					158,917.50	
Total Economic Development Cluster Other Direct Awards					249,825.55	
Total Pass Through Awards					69,814.43	
Total Department of Commerce					478,557.48	
Department of Defense						
Direct Awards - Research and Development						
12.300	SP6079301	High Speed Cost Effect Sim Y1	200	N00014-19-1-2056	145,853.73	
12.300	SP6079401	High Speed Simulation & Design	200	N00014-19-1-2055	90,447.96	
Sub-Total Research and Development Direct Awards					236,301.69	
Total Research and Development Direct Awards					236,301.69	
Total Department of Defense					236,301.69	
Department of Housing and Urban Development						
Pass Through Awards						
Butte County						
14.218	SP6496501	CDBG Butte Nutrition 21/22	300	X24557	6,400.72	
Sub-Total, CDBG - Entitlement Grants Cluster, Pass Through Awards, Butte County					6,400.72	
Total, CDBG - Entitlement Grants Cluster, Pass Through Awards, Butte County					6,400.72	
Total Department of Housing and Urban Development					6,400.72	
Department of Interior						
Direct Awards - Research and Development						
15.245	SP6082301	Post Fire Veg Recovery	200	L20AC00415	8,141.43	
15.533	SP6081701	Modeling Effects of Wildfire	200	R20AC00111	9,509.84	
15.533	SP6076801	MERCURY TRANS/TANSPORT WILDFIR	200	R18AC00005	(552.25)	
15.933	SP6080501	JACS: ALASKA AT TULE LAKE	200	P19AP00224	40,372.68	
Sub-Total Research and Development Direct Awards					57,471.70	

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Direct Awards						
15.52	SP6069601	USBR SIDE CHNNLS RESTOR-SRCAF	300	R 16AC00099	100,261.49	
15.52	SP6072401	USBR SIDE CHNNLS RESTOR-ARP	300	R 16AC00099	2,472.20	
15.52	SP6072501	USBR SIDE CHNNLS RESTOR-ABL	300	R 16AC00099	6,210.74	
15.52	SP6072201	USBR SIDE CHNNLS RESTOR-GIC	300	R 16AC00099	60,653.25	
15.52	SP6072301	USBR SIDE CHNNLS RESTOR-BANET	300	R 16AC00099	94,741.23	
15.52	SP6072601	USBR SIDE CHNNLS RESTOR-SUBKS	300	R 16AC00099	4,998,974.68	4,998,974.68
15.52	SP6083701	Salmonid Habitat Restor (B-1)	300	R21A C 10420	232,816.49	28,851.61
15.670	SP6079901	National Wildlife Refuge Data	300	140F018P0098	73,564.90	1,776.74
15.945	SP6080801	Stream Condition Monitoring-Me	300	P 16AC01202	11,037.02	
Sub-Total Direct Awards					5,580,732.00	5,029,603.03
Pass Through Awards						
Cal Poly Corporation						
15.560	SP6498401	Tech Assist-Water Dist 22-27	200	2022-17-486 D	1,483.43	
Sub-Total Research & Development Pass Through Awards, Cal Poly Corporation					1,483.43	
Ca Dept Of Parks & Recreation						
15.904	SP6485301	OHP Annual Grant FFY 19-20	300	C8964508	(2.26)	
15.904	SP6496301	SHP O FY 2021/2022	300	SHP O FY 2021/2022	455.29	
15.904	SP6494401	OHP FFY 2021	300	C8965528	1,000.00	
Sub-Total Pass Through Awards, CA Dept of Parks & Recreation					1,453.03	
Total Research and Development Direct Awards					57,471.70	-
Total Direct Awards					5,580,732.00	5,029,603.03
Total Research & Development Pass Through Awards					1,483.43	-
Total Pass Through Awards					1,453.03	-
Total Department of Interior					5,641,440.16	5,029,603.03
Department of Justice Bureau of Justice Assistance						
Direct Awards - Research and Development						
15.560	SP6073501	HUMAN REMAINS SEARCH PARAMETER	200	2016-DN-BX-0159	7,439.50	
15.560	SP6074101	HUMAN REMAINS SEARCH - FACULTY	200	2016-DN-BX-0159	7,723.42	
Sub-Total Research and Development Direct Awards					15,162.92	
Pass Through Awards						
Butte County						
15.738	SP6490901	Butte Co. LEP 20/21	300	X2422	8,040.44	
Sub-Total Pass Through Awards, Butte County					8,040.44	
Total Research and Development Direct Awards					15,162.92	
Total Pass Through Awards					8,040.44	
Total Department of Justice Bureau of Justice Assistance					33,203.36	
Department of Labor						
Pass Through Awards						
No Central Counties Consortium						
17.259	SP6490102	NCCC Summr Workforce Exp 21/22	300	20-23	5,683.99	
Sub-Total WIOA Cluster Pass Through Awards, No Cntrl Counties Consortium					5,683.99	
Total WIOA Cluster Pass Through Awards					5,683.99	
Total Department of Labor					5,683.99	
Department of State Bureau of Educational and Cultural Affairs						
Pass Through Awards						
World Learning, Inc.						
18.021	SP6494501	SSU IYLEP World Learning	300	SSU IYLEP World Learning	63,473.72	
Sub-Total Pass Through Awards, World Learning Inc					63,473.72	
University of Montana						
18.401	SP6478201	University of Montana 2019	300	PG 19-26933-01	32.90	
18.401	SP6496601	Univ of Montana SUSI 2021Yr 1	300	PG22-26985-01	103,245.91	
18.401	SP6489501	Study of US Institutes	300	20107	75,623.75	
Sub-Total Pass Through Awards, University of Montana					178,902.56	

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
	Int'l Research & Exchanges Brd					
19.408	SP6447601	TEA PROGRAM SPRING 2015	300	FY15-TEA-Chico-01	0.01	
19.408	SP6496001	IREX 2021-2022 Fulbright TEA	300	FY22-FTEA_CSU-01	222,398.00	
19.408	SP6494201	IREX-TEA Program 2122	300	FY21-FTEA_CSU-01	231,028.7	
	Sub-Total Pass Through Awards, Int'l Research & Exchanges Brd				453,500.88	
	Int'l Research & Exchanges Brd					
19.900	SP6498201	IREX 21-22 Uzbekistan	300	FY22-FTEA-CSU-01A1	4,072.00	
	Sub-Total Pass Through Awards, Int'l Research & Exchanges Brd				4,072.00	
	Total Pass Through Awards				709,949.16	
Total Department of State Bureau of Educational and Cultural Affairs					709,949.16	
Department of Transportation						
Pass Through Awards						
	Kansas State University					
20.325	SP6488901	Rural Railroad Safety Center	200	A20-0537-S004	68,332.80	
	Sub-Total Research & Development Pass Through Award, Kansas State University				68,332.80	
	Total Research & Development Pass Through Award				68,332.80	
Total Department of Transportation					68,332.80	
Department of the Treasury						
Pass Through Awards						
	California Volunteers					
21027	SP6498101	CA College Corp Planning	500	CCSFRF003	30,006.13	
	Sub-Total Pass Through Awards, California Volunteers				30,006.13	
	Total Pass Through Awards				30,006.13	
Total Department of Treasury					30,006.13	
National Aeronautics & Space Administration (NASA)						
Pass Through Awards						
	Texas A&M University					
43.001	SP6494001	Oxidizing Oases - South Africa	200	M210725	17,717.93	
	Sub-Total Research & Development Pass Through Awards, Texas A&M University				17,717.93	
	Total Research & Development Pass Through Awards				17,717.93	
Total National Aeronautics & Space Administration (NASA)					17,717.93	
National Endowment for the Arts						
Direct Awards - Research and Development						
45.313	SP6081501	Western Rural Copy Ed Research	200	20060	1199.13	
	Sub-Total Research and Development Direct Awards				1199.13	
Direct Awards						
45.164	SP6084001	Rbldng Humanities Quartz VIR	300	92-CA04-2022BMPU	16,653.40	
	Sub-Total Direct Awards				16,653.40	
	Total Research and Development Direct Awards				1199.13	
	Total Direct Awards				16,653.40	
Total National Endowment for the Arts					17,852.53	
National Science Foundation						
Direct Awards - Research and Development						
47.041	SP6082201	NSF: RAPID Collaborative Res	200	2101904	7,997.53	
47.049	SP6080901	Chico Topology Conference 2020	200	1953894	14,619.04	
47.049	SP6083301	LEAPS-MPS: Tunable Hybrid	200	2137915	49,433.62	
47.050	SP6079501	NSF: Mass Spectrometer Acquisi	200	1826807	36,416.12	
47.050	SP6082801	Topography and Magma Propertie	200	2123216	11,355.19	
47.050	SP6083001	Theoretical & Obs. Investigati	200	2054969	23,692.62	
47.074	SP6077901	NSF Digitization TCN	200	1802182	340.67	
47.076	SP6081101	NSF: HSI IUSE	200	1953751	364,884.79	32,489.83
47.076	SP6081801	NSF: Engaged Student Learning	200	2021307	25,694.26	10,249.21
47.076	SP6075101	NSF LEARNING PHYSICS	200	DUE-1726249	38,014.80	33,769.80
47.076	SP6080001	NSF HDR: STEM EVAL & RSRCH	200	1928596	351,166.25	342,024.44
47.076	SP6077401	NSF NORCAL MAST NOYCE TRACK 1	200	1758522	222,010.01	
47.076	SP6081201	NSF: Career	200	1944802	65,675.87	
47.076	SP6080101	NSF: Geoscience Inquiry Labs	200	1933488	18,843.77	
	Sub-Total Research and Development Direct Awards				1,330,134.54	48,533.28

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Pass Through Awards						
47.041	Haselton Baker Risk Group					
	SP6483901	Rapid Calc Earthquake Rep Cost	200	SP-19-198	17,806.27	
	Sub-Total Research & Development Pass Through Awards, Haselton Baker Risk Group				17,806.27	
Uc Davis						
47.041	SP6490601	DNA-BASED ASSEMBLY OF MANUFACTURING	100	A21-1719-S003	7,905.50	
	Sub-Total Research and Development Pass Through Awards, UC Davis				7,905.50	
Univ Of Nevada - Reno						
47.041	SP6482201	NSF: UNR NEWIR Manure 19/20 Y1	200	UNR-20-19	50,763.19	
	Sub-Total Research & Development Pass Through Awards, University of Nevada - Reno				50,763.19	
Portland State University						
47.076	SP6482301	NSF: UNDERGRAD STUDENT TRANSIT	200	10012	27,190.27	
	Sub-Total Research & Development Pass Through Awards, Portland State University				27,190.27	
Univ Enterprises (University E)						
47.076	SP6482703	NSF LSAMP 2122	100	553052	500.00	
	Sub-Total Research and Development Pass Through Awards, University Enterprises, Inc., CSU Sacramento				500.00	
	Total Research and Development Direct Awards				1330,034.54	418,533.28
	Total Research and Development Pass Through Awards				104,165.23	-
Total National Science Foundation					1,434,299.77	418,533.28
Environmental Protection Agency Office of Research and Development						
Direct Awards - Research and Development						
66.516	SP6077101	RESBL BIODGRDBL SLVNTS BIODSL	200	SV-839351010	2,165.69	
	Sub-Total Research and Development Direct Awards				2,165.69	
Pass Through Awards						
Southern California Coastal Water Research						
66.U01	SP6494901	Western Mountains Streamflow	300	Task Order 17904	31,050.00	
66.U02	SP6497001	Western Mountains Streamflow	300	SP-22-0238	46,494.18	
	Sub-Total Pass Through Awards, Southern California Coastal Wa				77,544.18	
	Total Research and Development Direct Awards				2,165.69	
	Total Pass Through Awards				77,544.18	
Total Environmental Protection Agency Office of Research and Development					79,709.87	
Department of Education						
Direct Awards - Research and Development						
84.305A	SP6078103	Assess Diff in Adult Learners	200	R305A180417	337,582.85	273,170.73
	Sub-Total Research and Development Direct Awards				337,582.85	273,170.73
Direct Awards						
84.325	SP6079103	T.I.E.R. Y3 20/21	100	H325K180127-19	166,176.23	
84.299B	SP6076203	NORCAL PRIE II 19/20 Y4	100	S299B160013	2,430.44	
84.325K	SP6079104	T.I.E.R. Y4 21/22	100	H325K180127 - 21	124,668.92	
84.336S	SP6080702	The CLASS Project	100	U336S180030	549,987.70	
84.336S	SP6080703	The CLASS Project	100	U336S180030-21	1,352,262.53	
84.336S	SP6065602	PRISMS Y5 18/19	100	U336S140023	(9,675.58)	
84.335A	SP6079003	Childcare Access Parents	300	P335A180211	594.00	
84.335A	SP6079004	Childcare Access Parents	300	P335A180211-20	292,296.87	189,163.49
84.365Z	SP6075702	CIELO EXPAND ENGLNR ED OP	300	T365Z170163	(0.02)	
84.365Z	SP6075704	CIELO EXPAND ENGLNR ED OP	300	T365Z170163	32,964.14	
84.365Z	SP6083401	BRILLA	300	T365Z210195	194,151.06	
84.365Z	SP6075705	CIELO EXPAND ENGLNR ED OP	300	T365Z170163 - 21	368,866.90	
84.031S	SP6080602	Adelante: A Pipeline Program f	400	P031S180332	161,796.17	
84.031S	SP6080603	Adelante: A Pipeline Program	400	P031S180332 - 21	459,578.56	
84.031S	SP6083801	Project Destino	400	P031S210231	285,879.71	
84.031C	SP6083501	Chico STEM Connection CSC2	500	P031C210097	226,718.86	
84.031C	SP6076104	CHICO STEM CONN Y5 20/21	500	P031C160125	626,256.47	
	Sub-Total Direct Awards				4,834,952.96	189,163.49

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
TRIO Cluster, Direct Awards						
84.042A	SP6082101	TRIO Student Support 20/21	500	P042A200376	40,916.79	
84.042A	SP6082102	TRIO Student Support 21/22	500	P042A200376-21	22,126.22	
84.044A	SP6083101	ETS IY121/22	500	P044A210612	245,209.82	
84.044A	SP6083201	ED TALENT SEARCH II Y121/22	500	P044A210590	165,801.29	
84.044A	SP6075804	ED TALENT SEARCH II Y5 20/21	500	P044A160601	76,042.14	
84.044A	SP6075604	ETS IY5 20/21	500	P044A160598	127,514.55	
84.047A	SP6078303	Upward Bound II Y3 20/21	500	P047A180185	816,111.22	
84.047A	SP6077603	UPWARD BOUND IY3 20/21	300	P047A180184	0.01	
84.047A	SP6077605	UPWARD BOUND IY5 22/23	300	P047A180184	1,174.63	
84.047A	SP6077604	UPWARD BOUND IY4 21/22	300	P047A180184	56,127.63	
84.047M	SP6076005	UB STEM Y5 21/22	500	P047M170194-21	2,800.47	
84.047M	SP6075905	UB MATH/SCIENCE Y5 21/22	500	P047M170193-21	236,276.32	
84.047M	SP6078304	Upward Bound II Y4 21/22	500	P047A180185-21	274,652.38	
84.047M	SP6075904	UB MATH/SCIENCE Y4 20/21	500	P047M170193	75,053.47	
84.047M	SP6076004	UB STEM Y4 20/21	500	P047M170194	94,337.14	
Sub-Total, TRIO Cluster, Direct Awards					2,520,648.48	
Pass Through Awards						
Uc Los Angeles (Ucla)						
84.367	SP6496801	21CSMP-ESSER-CMP	300	0070-S-ZB852	30,373.00	
Sub-Total Pass Through Awards, UC Los Angeles (UCLA)					30,373.00	
Uc Regents/Office Of The Presi						
84.367A	SP6495601	N. CWP ESSA 21/22	300	ESSA21-CWP-CHICO	38,907.82	
84.367A	SP6484101	Chico Math Project 2019-20	300	ESSA19-CMP-CHICO	275.20	
84.367A	SP6495701	ESSA CSP	300	ESSA21-CSP-CHICO	3,1824.27	
84.367A	SP6490501	INLAND N. SCI P/JCT 20/21	300	ESSA20-CSP-CHICO	0.01	
84.367A	SP6495801	Chico Math Project	300	ESSA21-CMP-CHICO	23,342.91	
Sub-Total Pass Through Awards, UC Regents/Office of the Pres					94,350.21	
Nat'L Writing Project						
84.411A	SP6478401	NWP I3 Scale Up Prof Dev 19/20	300	92-CA04-2019I3C3WP	310.63	
84.411A	SP6485101	NCWP I3 Scale-up	300	20-309	8,332.69	
Sub-Total Pass Through Awards, National Writing Project					8,643.32	
Ca Dept Of Education						
84.424	SP6488201	NOR-CAL ELC	100	1665-AA05-00	0.05	
84.424	SP6494401	Nor-Cal ELC 21/22	100	20201665-AA053.02	1,207,762.30	42,618.31
Sub-Total Pass Through Awards, CA Dept of Education					1,207,762.35	42,618.31
Uc Santa Barbara						
84.425	SP6498001	ESSER NCWP 21/22	300	KK2260	25,119.07	
Sub-Total Pass Through Awards, US Santa Barbara					25,119.07	
Csu Chico						
84.425F	SP6496701	COVID-19 - HEERF	100	92034	232,796.71	
84.425F	SP6495101	COVID-19 - Ecotherapy-Student Wellness	500	T8548 HERF	235,466.19	
Sub-Total Pass Through Awards, CSU Chico					468,262.90	
Total Research and Development Direct Awards					337,582.85	273,170.73
Total Direct Awards					4,834,952.96	189,163.49
Total TRIO Cluster Direct Awards					2,520,648.48	-
Total Pass Through Awards					1,834,510.85	42,618.31
Total Department of Education					9,527,695.14	504,952.53
Department of Aging and Adult Services (DAAS)						
Pass Through Awards						
Ca Dept Of Aging						
92.324	SP6494704	HICAP Fed Program 21/22	300	HI-2122-03	68,502.10	
92.324	SP6494704	HICAP Program 21/22	300	HI-2122-03	7,219.00	
92.324	SP6488104	HICAP PROGRAM 20/21	300	HI-202103	104.19	
Sub-Total Pass Through Awards, CA Depart of Aging					75,825.29	
Total Pass Through Awards					75,825.29	
Total Department of Aging and Adult Services (DAAS)					75,825.29	

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Department of Health and Human Services						
Direct Awards - Research and Development						
93.847	SP6071801	NIH - MICRO RNA-375 AND CREM	200	2R15DK088281-02A1	(0.05)	
93.847	SP6075001	NIH STEMCELL GENERATION RSRCH	200	1R15DK114732-01	63,216.15	
Sub-Total Research and Development Direct Awards					63,216.10	
Direct Awards						
93.732	SP6083601	Health Resc & Svc Admin	400	21-124Y1	123,364.08	
Sub-Total Direct Awards					123,364.08	
Pass Through Awards						
Ca Dept Of Aging						
93.041	SP6486901	7B ELDER ABUSE 20/21	300	AP-2021-03	(1,100.00)	
Sub-Total Federal \$ Pass Through Awards, CA Dept of Aging					(1,100.00)	
Ca Dept Of Aging						
93.042	SP6493801	Ombudsman 7A Robo Pet 21/22	300	AP-2122-03	1,663.86	
93.042	SP6492803	7A Ombudsman 21/22	300	AP-2122-03	35,758.21	
93.042	SP6492803	Ombudsman Federal Funds 21/22	300	AP-2122-03	2,370.01	
93.042	SP6486703	3B & 7A OMBUDSMAN 20/21	300	AP-2021-03	616.95	
93.042	SP6488701	COVID-19 - CARES 7A OMB 20/21	300	CK #09219513 CARES-03	803.64	
Sub-Total Federal \$ Pass Through Awards, CA Dept of Aging					41,212.67	
Ca Dept Of Aging						
93.043	SP6493101	3D Disease Prevention 21/22	300	AP-2122-03	20,903.03	
Sub-Total Federal \$ Pass Through Awards, CA Dept of Aging					20,903.03	
Psa2 Area Agency Of Aging						
93.043	SP6491101	PSA 2 IIID Health Promotion	300	6002-2021-A12	(3.74)	
93.043	SP6495001	PSA 2 IIID 21-22	300	6002-2112-03	9,335.10	
Sub-Total Federal \$ Pass Through Awards, PSA2 Area Agency of Aging CA Dept of Aging					9,331.36	
Ca Dept Of Aging						
93.044	SP6491901	3B Homemaker 21/22	300	AP-2122-03	682.00	
93.044	SP6492701	3B Senior Companions 21/22	300	AP-2122-03	10,880.06	
93.044	SP6492301	3B Public Info 21/22	300	AP-2122-03	19,271.13	
93.044	SP6492802	3B Ombudsman 21/22	300	AP-2122-03	24,481.32	
93.044	SP6492401	3B Home Modification 21/22	300	AP-2122-03	55,055.00	
93.044	SP6491802	AP Admin Federal 21/22	300	AP-2122-03	115,429.58	
93.044	SP6493501	3B Subcontracts 21/22	300	AP-2122-03	133,219.29	95,837.29
93.044	SP6492201	3B Info & Assist 21/22	300	AP-2122-03	172,919.57	
93.044	SP6491802	AP Administration 21/22	300	AP-2122-03	54.60	
93.044	SP6492802	Ombudsman Federal Funds 21/22	300	AP-2122-03	753.00	
93.044	SP6491802	AP Administration 21/22	300	AP-2122-03	8,694.00	
93.044	SP6479501	3B PUBLIC INFO 19/20	300	AP-1920-03	(3,850.00)	
93.044	SP6486201	3B INFO & ASSIST 20/21	300	AP-2021-03	(2,984.08)	
93.044	SP6485801	AP ADMIN 20/21	300	AP-2021-03	28.20	
93.044	SP6486301	3B PUBLIC INFO 20/21	300	AP-2021-03	3,014.36	
93.044	SP6479401	3B INFO & ASSIST 19/20	300	AP-1920-03	3,850.00	
93.044	SP6488401	COVID-19 - CARES 3B Direct 20/21	300	CK #09219663 CARES-03	10,226.78	
93.044	SP6488402	COVID-19 - CARES 3B Phone Buddies 20/21	300	CK #09219663 CARES-03	41,353.35	
93.044	SP6486702	3B & 7A OMBUDSMAN 20/21	300	AP-2021-03	503.98	
Sub-Total Federal \$ Aging Cluster Pass Through Awards, CA Dept of Aging					593,582.14	95,837.29

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Assistance Listing No.	Project	Project Description	FIRM CODE	CONTRACT NUMBER	FY21-22 FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
Ca Dept Of Aging						
93.045	SP6493402	3C2 Direct Fed 2122	300	AP-2122-03	45,257.33	
93.045	SP6492601	CAA SubK 3C2 2122	300	AP-2122-03	68,499.82	
93.045	SP6493702	3C2 SubK Fed 2122	300	AP-2122-03	103,266.64	
93.045	SP6493302	3C1 Direct Fed 2122	300	AP-2122-03	104,256.63	
93.045	SP6493602	3C1 SubK Fed 2122	300	AP-2122-03	319,599.00	102,095.00
93.045	SP6493601	3C1 Subcontracts 2122	300	AP-2122-03	(73,777.80)	
93.045	SP6493302	3C1 Direct Nutrition 2122	300	AP-2122-03	18,413.66	
93.045	SP6493402	3C2 Direct Nutrition 2122	300	AP-2122-03	8,081.15	
93.045	SP6493702	3C2 Subcontractors 2122	300	AP-2122-03	37,560.40	
93.045	SP6488501	COVID-19 - CARES 3C2 Direct 20/21	300	CK #09219663 CARES-03	(6,798.97)	
93.045	SP6484501	DIRECT FFCRA 3C1	300	CK #09215722 FFCRA-03	0.10	
93.045	SP6484601	DIRECT FFCRA 3C2	300	CK #09215722 FFCRA-03	599.07	
93.045	SP6484701	SUBK FFCRA 3C1	300	CK #09215722 FFCRA-03	9,879.01	9,879.01
93.045	SP6484801	SUBK FFCRA 3C1	300	CK #09215722 FFCRA-03	21,186.94	21,186.94
93.045	SP6488801	COVID-19 - CARES 3C2 Subk 20/21	300	CK #09219663 CARES-03	102,887.91	46,803.23
93.045	SP6487201	3C1 DIRECT SRV 20/21	300	AP-2021-03	(115.3)	
93.045	SP6487502	3C1 SUBCONTRACTS 20/21	300	AP-2021-03	(69,931.03)	
93.045	SP6487301	3C2 DIRECT SERVICES 20/21	300	AP-2021-03	15,020.42	
Sub-Total Federal \$ Aging Cluster Pass Through Awards, CA Dept of Aging					733,857.75	179,964.18
Ca Health Advocates						
93.048	SP6496201	Senior Medicare Patrol 2122	300	#90MPPG0019-03-00	14,496.50	
93.048	SP6490301	Senior Medicare Patrol 20/21	300	#90MPPG0019-03-00	1,690.10	
Sub-Total Pass Through Awards, CA Health Advocates					16,186.60	
Ca Dept Of Aging						
93.052	SP6493201	3E FSCP 2122	300	AP-2122-03	194,502.41	
93.052	SP6487101	3E FCSP 20/21	300	AP-2021-03	(15,000.00)	
93.052	SP6480301	3E FCSP 19/20	300	AP-1920-03	(3,845.42)	
93.052	SP6488601	COVID-19 - CARES 3E Direct 20/21	300	CK #09219663 CARES-03	(6,616.75)	
Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging					169,040.24	
Psa2 Area Agency On Aging						
93.052	SP648201	PSA2 3E FCSP 19/20	300	6001-1920-A12	(758.87)	
93.052	SP6488301	PSA2 3E FCSP 20/21	300	6001-2021-A12	12.13	
93.052	SP6491601	PSA2 3E FCSP 2122	300	6001-2122-A12	98,068.04	
Sub-Total Federal \$ Pass Through Awards, PSA2 Area Agency of Aging CA Dept of Aging					97,321.30	
Ca Dept Of Aging						
93.053	SP6493304	3C1 Direct Fed NSIP 2122	300	AP-2122-03	6,552.70	
93.053	SP6493404	3C2 Direct NSIP 2122	300	AP-2122-03	17,882.70	
93.053	SP6493604	3C1 SubK NSIP 2122	300	AP-2122-03	30,765.00	9,828.00
93.053	SP6493704	3C2 SubK NSIP 2122	300	AP-2122-03	33,533.69	7,445.43
93.053	SP6493601	3C1 Subcontracts 2122	300	AP-2122-03	(4,520.85)	
93.053	SP6493304	3C1 Direct Nutrition 2122	300	AP-2122-03	160.00	
93.053	SP6493404	3C2 Direct Nutrition 2122	300	AP-2122-03	497.00	
93.053	SP6493704	3C2 Subcontractors 2122	300	AP-2122-03	6,114.59	
93.053	SP6487504	3C1 SUBCONTRACTS 20/21	300	AP-2021-03	(825.67)	
Sub-Total Federal \$ Aging Cluster Pass Through Awards, CA Dept of Aging					90,159.16	17,273.43
Ca Dept Of Aging						
93.071	SP6491001	MIPPA SFY 2020-2021	300	M1-2021-03	11,770.60	
93.071	SP6496901	MIPPA FY 2122	300	M1-2122-03	29,219.30	
Sub-Total Federal \$ Pass Through Awards, CA Dept of Aging					40,989.90	
National Council On Aging						
93.071	SP6476601	North State Benefit Enrollment	300	SP-19-086	(0.01)	
93.071	SP6483801	NCOA NSBEC 2020	300	SP-20-098	121.14	
93.071	SP6488601	BEC Sustainability Grant	300	SP-21-070	21213.64	
Sub-Total Federal \$ Pass Through Awards, National Council on Aging					21334.77	
Univ. of No. Car. Chapel Hill						
93.307	SP6484901	ROLE OF HEALTH CENTERS/DUALEL	200	516734	16,156.12	
Sub-Total Pass Through Awards, University of North Carolina at Chapel Hill					16,156.12	

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
Ca Dept Of Public Health						
93.439	SP6477803	SPAN Grant-Colusa & Glenn 2021	300	18-10550	39,237.14	
93.439	SP6477804	SPAN Grant-Colusa & Glenn 2022	300	18-10550	52,557.32	
Sub-Total Pass Through Awards, CA Dept of Public Health					91,794.46	
Ca Dept Of Public Health						
93.558	SP6489002	CalWORKS Fam Plan 20-22	300	20-3040	1064.94	
93.558	SP6489003	CalWORKS Fam Plan 20-22	300	20-3040	4,11741.19	256,360.00
Sub-Total,TANF Cluster, Pass Through Awards, CA Dept of Public Health					42,806.13	256,360.00
Community Action Agency Butte						
93.569	SP6489401	Food Rescue Project	300	20F-3501FRC	9,753.01	
93.569	SP6489501	Food Rescue Project 2122	300	2F-4406-FRC	53,672.01	
Sub-Total,Community Service Block Grant 477 Cluster, Pass Through Awards, Community Action Agency Butte					63,425.02	
Ca Dept Of Social Services						
93.658	SP6476002	CHILD RESIDENTIAL TRAINING 20	300	18-3049	(19.73)	
Sub-Total Pass Through Awards, CA Dept of Social Services					(19.73)	
Uc Regents/Office Of The Presi						
93.658	SP6485401	Title IV-E Chi Wif 20-22	100	10496	6,629.03	
93.658	SP6485402	Title IV-E Chi Wif 20-22	100	10496	1,357,477.69	
Sub-Total Pass Through Awards, UC Regents/Office of the Pres					1,364,106.72	
Ca Dept Of Aging						
93.778	SP6491503	M SSP Waived Svcs 2122	300	MS-2122-10	143,754.84	
93.778	SP6491501	M SSP Admin 2122	300	MS-2122-10	32,127.10	
93.778	SP6491502	M SSP Care Mgmt 2122	300	MS-2122-10	35,142.93	
93.778	SP6485503	M SSP Care Waived Svcs 20/21	300	MS-2021-10	(500.00)	
93.778	SP6485501	M SSP CMS-ADMIN 20/21	300	MS-2021-10	24.44	
Sub-Total Medicaid Cluster Pass Through Awards, CA Dept of Aging					85,698.31	
Butte County Dept Of Behaviora						
93.982	SP6494301	Butte Disaster Response 2122	300	X24357	68,622.23	
93.982	SP6489901	Butte Disaster Response 20/21	300	X24082	(928.30)	
Sub-Total Pass Through Awards, Butte County Dept of Behavioral					67,693.93	
CA Dept Of Aging						
STATE	SP6491803	AP Admin State 2122	300	AP-2122-03	38,018.50	
STATE	SP6491803	AP Administration 2122	300	AP-2122-03	7,185.23	
VARIOUS	SP6491801	AP Administration 2122	300	AP-2122-03	-	
VARIOUS	SP6493301	3C1Direct Nutrition 2122	300	AP-2122-03	-	
STATE	SP6493303	3C1Direct State 2122	300	AP-2122-03	44,375.59	
VARIOUS	SP6487501	3C1SUBCONTRACTS 20/21	300	AP-2021-03	-	
STATE	SP6493601	3C1Subcontracts 2122	300	AP-2122-03	(11,698.17)	
VARIOUS	SP6493601	3C1Subcontracts 2122	300	AP-2122-03	-	
STATE	SP6493603	3C1SubK State 2122	300	AP-2122-03	107,607.78	34,297.00
STATE	SP6493403	3C2 Direct Nutrition 2122	300	AP-2122-03	22,503.00	
VARIOUS	SP6493401	3C2 Direct Nutrition 2122	300	AP-2122-03	-	
STATE	SP6493403	3C2 Direct State 2122	300	AP-2122-03	10,064.35	
STATE	SP6493703	3C2 Subcontractors 2122	300	AP-2122-03	16,205.79	33,968.69
VARIOUS	SP6493701	3C2 Subcontractors 2122	300	AP-2122-03	-	
STATE	SP6493703	3C2 SubK State 2122	300	AP-2122-03	168,504.25	51,709.12
Sub-Total STATE \$ Aging Cluster Pass Through Awards, CA Dept of Aging					593,766.32	119,974.81
CA Dept Of Aging						
STATE	SP6488001	HICAP ADMIN 20/21	300	HI-2021-03	34.17	
STATE	SP6494601	HICAP Admin 2122	300	HI-2122-03	694.38	
STATE	SP6494603	HICAP Fund Admin 2122	300	HI-2122-03	2,878.88	
STATE	SP6494703	HICAP Fund Program 2122	300	HI-2122-03	63,682.99	
STATE	SP6488102	HICAP PROGRAM 20/21	300	HI-2021-03	304.06	
STATE	SP6488103	HICAP PROGRAM 20/21	300	HI-2021-03	55.89	
VARIOUS	SP6488101	HICAP PROGRAM 20/21	300	HI-2021-03	-	
STATE	SP6494702	HICAP Program 2122	300	HI-2122-03	18,401.77	
STATE	SP6494703	HICAP Program 2122	300	HI-2122-03	3,872.00	
VARIOUS	SP6494701	HICAP Program 2122	300	HI-2122-03	-	
STATE	SP6494602	HICAP Reimb Admin 2122	300	HI-2122-03	5,755.74	
STATE	SP6494702	HICAP Reimb Program 2122	300	HI-2122-03	17,502.23	
VARIOUS	SP6492801	Ombudsman Federal Funds 2122	300	AP-2122-03	-	
STATE	SP6492901	Ombudsman State Funds 2122	300	AP-2122-03	12,481.72	
STATE	SP6492902	State Ombudsman GF 3B 2122	300	AP-2122-03	77,512.36	
STATE	SP6492903	State Ombudsman LOPF 2122	300	AP-2122-03	2,831.05	
STATE	SP6492904	State Ombudsman SDFL 2122	300	AP-2122-03	11,679.13	
STATE	SP6492905	State Ombudsman SNFL 2122	300	AP-2122-03	13,450.15	
VARIOUS	SP6486701	3B & 7A OMBUDSMAN 20/21	300	AP-2021-03	-	
VARIOUS	SP6493901	AP Exec Director Dist 2122	300	AP-2122-03	-	
Sub-Total State \$ Pass Through Awards, CA Dept of Aging					331,066.52	

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Assistance Listing No.</u>	<u>Project</u>	<u>Project Description</u>	<u>FIRM CODE</u>	<u>CONTRACT NUMBER</u>	<u>FY21-22 FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
		Total Research and Development Direct Awards			63,216.10	-
		Total Direct Awards			23,364.08	-
		Total Federal \$ Pass Through Awards, CA Dept of Aging			45,219.87	-
		Total State \$ Pass Through Awards, CA Dept of Aging			33,136.52	-
		Total Federal \$ Aging Cluster Pass Through Awards, CA Dept of Aging			1,417,599.05	293,074.90
		Total State \$ Aging Cluster Pass Through Awards, CA Dept of Aging			593,766.32	19,974.81
		Total TANF Cluster Pass Through Awards, CA Dept of Social Services			42,806.13	256,360.00
		Total Pass Through Awards			1,539,631.50	-
		Total Community Service Block Grant 477 Cluster, Pass Through Awards			63,425.02	-
		Total Medicaid Cluster Pass Through Awards, CA Dept of Social Services			85,698.31	-
Total Department of Health and Human Services					5,775,862.90	669,409.71
Corporation for National and Community Services						
Direct Awards						
94.002	SP6082501	RSVP 2122	300	21SRICA016	73,546.25	
Sub-Total Direct Awards					73,546.25	
Foster Grandparent/Senior Companion Cluster Direct Awards						
94.011	SP608401	FOSTER GRANDPARENTS 20/21	300	20SFPCA003	177.75	
94.011	SP608402	Foster Grandparents 2122	300	20SFPCA003	34,180.42	
94.016	SP608302	Senior Companions 2122	300	20SCPCA001	88,107.68	
94.016	SP608301	SENIOR COMPANIONS 20/21	300	20SCPCA001	24.15	
Sub-Total, Foster Grandparent/Senior Companion Cluster, Direct Awards					430,18.00	
Total Direct Awards					73,546.25	
Total Direct Awards, Foster Grandparent/Senior Companion Cluster					430,18.00	
Total Corporation for National and Community Services					503,664.25	
Total Direct Awards					11,598,739.10	5,225,706.66
Total Research and Development Direct Awards					2,156,281.16	721,704.01
Total Pass Through Awards					4,739,147.86	42,618.31
Total SNAP Cluster Pass Through Awards					6,078,653.15	2,638,219.02
Total Economic Development Cluster Other Direct Awards					249,825.55	-
Total WIOA Cluster Pass Through Awards					5,683.99	-
Total Research and Development Pass Through Awards					512,589.58	-
Total TRIO Cluster Direct Awards					2,520,648.48	-
Total, CDBG - Entitlement Grants Cluster, Pass Through Awards, Butte County					6,400.72	-
Total Federal \$ Pass Through Awards, CA Dept of Aging					45,219.87	-
Total Federal \$ Aging Cluster Pass Through Awards, CA Dept of Aging					1,417,599.05	293,074.90
Total TANF Cluster Pass Through Awards, CA Dept of Social Services					42,806.13	256,360.00
Total Medicaid Cluster Pass Through Awards, CA Dept of Social Services					85,698.31	-
Total Foster Grandparent/Senior Companion Cluster Direct Awards					430,18.00	-
Total Community Service Block Grant 477 Cluster, Pass Through Awards					63,425.02	-
Total Federal and Federal Pass Through Awards					3,142,835.97	9,177,682.90
Total State \$ Pass Through Awards, CA Dept of Aging					33,136.52	-
Total State \$ Aging Cluster Pass Through Awards, CA Dept of Aging					593,766.32	19,974.81
Total State and Other Awards Through CA Dept of Aging					924,902.84	19,974.81
Grand Total Federal, Federal Pass Through and CDA Other Awards					\$ 32,347,738.81	\$ 9,297,657.71

CHICO STATE ENTERPRISES

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Chico State Enterprises (CSE) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CSE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the CSE.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

CSE did not elect to use the 10% de minimis cost rate as covered in the Uniform Guidance 2.CFR.200.414 indirect costs.

Note 4 – Additional Reporting Items

Per CSE's agreement with the California Department of Aging (CDA), certain federally originated state pass through funds must be included for CDA program audit purposes. This information is reported on pp. 57-58. No other state funding is included with the SEFA.

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of
Chico State Enterprises

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Chico State Enterprises (CSE), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSE's internal control. Accordingly, we do not express an opinion on the effectiveness of CSE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*, CONTINUED

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
October 4, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
of Chico State Enterprises

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chico State Enterprises' (CSE) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CSE's major federal programs for the year ended June 30, 2022. CSE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CSE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CSE and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CSE's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CSE's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CSE's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CSE's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE,
CONTINUED**

Auditor's Responsibilities for the Audit of Compliance, continued

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CSE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CSE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CSE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on CSE's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. CSE's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on CSE's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. CSE's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance, continued

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California

October 4, 2022

CHICO STATE ENTERPRISES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	No
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	Yes

Identification of major programs:

<u>Assistance Listing No. (ALN)</u>	<u>Name of Federal Program or Cluster</u>
84.336	Teacher Quality Partnership Grants
84.365	English Language Acquisition State Grants
84.424	North State Arts Consortium
93.044	Aging Cluster
93.045	Aging Cluster
93.053	Aging Cluster
93.658	Foster Care Title IV-E
94.011	Foster Grandparent Program
94.016	Senior Companion Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$970,432
Auditee qualified as a low-risk auditee under the Uniform Guidance, 2 CFR section 200.520?	Yes

CHICO STATE ENTERPRISES

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

2022-001	Foster Grandparent Program – ALN 94.011, Senior Companion Program – ALN 94.016
Criteria:	All recipients must complete AmeriCorps’ National Service Criminal History Check (NSCHC) training every year. Each grant recipient must identify at minimum one staff person who has some responsibility for NSCHC compliance to fulfill this requirement on behalf of the grant recipient. The grant recipient must retain the certificate of completion and assign staff to retake the course annually prior to the expiration of the certificate. Grant recipients must save certificates of completion from each year as grant records.
Condition:	NSCHC training certificate of completion is not retained on file for the staff person responsible for completing the annual training.
Cause:	CSE did not have adequate policies and procedures to ensure an NSCHC training certificate of completion was retained.
Effect:	Failure to fulfill the NSCHC training could result in noncompliance for the programs.
Questioned Costs:	None
Context:	The one staff member who was responsible for fulfilling the NSCHC training was selected for audit. The test found that the staff member completed the training in-person, but an NSCHC training certificate of completion or other proof of attendance was not retained.
Recommendation:	CSE should implement policies and procedures to ensure annual NSCHC training certificates of completion are retained.
Views of Responsible Officials:	Management agrees with the audit finding and a response is included in the corrective action plan.
2022-002	Foster Grandparent Program – ALN 94.011, Senior Companion Program – ALN 94.016
Criteria:	The NSCHC must be conducted, reviewed, and an eligibility determination made by the grant recipient or subrecipient based on the results of the NSCHC no later than the day before a person begins to work or serve on a NSCHC-required grant. The grant recipient must maintain adequate documentation of individual NSCHC grant records to include evidence that all required components (National Sex Offender Public Website (NSOPW), State(s), and FBI checks) were completed and on file (45 CFR §2540.206).
Condition:	CSE did not have completed NSOPW documentation on file for two individuals before they began working or serving on the grant.
Cause:	CSE did not have adequate policies and procedures to ensure all required components were completed and retained before individuals began working or serving on the grant.
Effect:	The individuals working or serving on the grant may not have been eligible.

CHICO STATE ENTERPRISES

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Questioned Costs: None

Context: A sample of 37 was selected for audit from a population of 58 staff members and volunteers. The test found two instances where there was no documentation of the required NSOPW check. Our sample was a statistically valid sample.

Recommendation: We recommend implementing policies and procedures to ensure all required components of NSCHC are completed and retained before individuals begin working or serving on the grant.

Views of Responsible
Officials: Management agrees with the audit finding and a response is included in the corrective action plan.

CHICO STATE ENTERPRISES

Summary of Prior Audit Findings

Year Ended June 30, 2022

Section IV – Prior Audit Findings

None reported.

September 28, 2022

Aldrich CPAs + Advisors LLP
7676 Hazard Center Drive, Suite 1300
San Diego, California 92108

RE: Corrective Action Plan

Dear Aldrich CPAs + Advisors LLP,

The following are the responses to the findings in the Chico State Enterprises audit for the year ended June 30, 2022:

1. Finding 2022-001, Special Tests and Provisions

- a. Program Information: Foster Grandparent Program – ALN 94.011, Senior Companion Program – ALN 94.016
- b. Criteria: All recipients must complete AmeriCorps' National Service Criminal History Check (NSCHC) training every year. Each grant recipient must identify at minimum one staff person who has some responsibility for NSCHC compliance to fulfill this requirement on behalf of the grant recipient. The grant recipient must retain the certificate of completion and assign staff to retake the course annually prior to the expiration of the certificate. Grant recipients must save certificates of completion from each year as grant records.
- c. Condition: CSE did not have an NSCHC training certificate of completion on file for the staff person responsible for completing the annual training.

Response:

The CSE Director of Human Resources and project management will review and update existing policy as necessary and ensure that annual NSCHC training certificates are obtained and subsequently retained at both the program and personnel level.

Contact person(s) responsible for corrective action:

1. Vance Kelly, Director of Finance and Accounting
2. Michele Flowerdew, Director of Sponsored Programs Administration

Anticipated completion date: December 31, 2022

2. Finding 2022-002, Special Tests and Provisions

- a. Program Information: Foster Grandparent Program – ALN 94.011, Senior Companion Program – ALN 94.016
- b. Criteria: The NSCHC must be conducted, reviewed, and an eligibility determination made by the grant recipient or subrecipient based on the results of the NSCHC no later than the day before a person begins to work or serve on a NSCHC-required grant. The grant recipient must maintain adequate documentation of individual NSCHC grant records to include evidence that all required components (NSOPW, State(s), and FBI checks) were completed and on file (45 CFR §2540.206).
- c. Condition: CSE did not have completed NSOPW documentation on file for two individuals before they began working or serving on the grant.

Response:

The CSE Director of Human Resources and project management will review and update existing policy as necessary and ensure that all required components of the NSCHC are completed by requiring the NSCHC Documentation Checklist to be: 1) completed at least one day prior to the person working or serving on the grant and 2) retained at the program and/or personnel level as appropriate.

Contact person(s) responsible for corrective action:

1. Vance Kelly, Director of Finance and Accounting
2. Michele Flowerdew, Director of Sponsored Programs Administration

Anticipated completion date: December 31, 2022

If there are additional questions or clarifications needed, please feel free to contact me via email, vkelly1@csuchico.edu, or phone, (530) 898-6362.

Respectfully,



Vance Kelly
Director of Finance and Accounting
Chico State Enterprises