

Associated Students, California State University, Bakersfield, Inc.

Financial Statements and Supplemental Information

Years Ended June 30, 2021 and 2020



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Financial Statements and Supplemental Information

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee
Associated Students, California State University, Bakersfield, Inc.

We have audited the accompanying financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our June 30, 2021 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. We conducted our June 30, 2020 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, California State University, Bakersfield, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021, Associated Students, California State University, Bakersfield, Inc. adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 15-27 is presented for 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 September 24, 2021, on our consideration of Associated Students, California State University, Bakersfield, Inc.'s June 30, 2021 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 Associated Students, California State University, Bakersfield, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, California State University, Bakersfield, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Financial Position**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash	\$ 2,817,166	\$ 1,592,817
Investments	54,632	328,238
Accounts receivable, net	-	47,289
Due from related parties	629,859	89,341
Prepaid expenses	<u>4,736</u>	<u>-</u>
Total Current Assets	3,506,393	2,057,685
Property and Equipment, net of accumulated depreciation	<u>2,180</u>	<u>11,620</u>
Total Assets	<u>\$ 3,508,573</u>	<u>\$ 2,069,305</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 48,487	\$ 130,881
Due to related parties	103,620	38,989
Contract liabilities - deferred revenue	<u>-</u>	<u>115,684</u>
Total Current Liabilities	152,107	285,554
Net Assets - Without Donor Restrictions	<u>3,356,466</u>	<u>1,783,751</u>
Total Liabilities and Net Assets	<u>\$ 3,508,573</u>	<u>\$ 2,069,305</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Activities**

Years Ended June 30, 2021 and 2020

	<u>2021</u>		<u>2020</u>
Revenue and Support Without Donor Restrictions:			
Associated student body fees	\$ 4,539,829	\$	4,464,541
Miscellaneous	53,831		146,675
University contract services (Note 7)	29,300		-
Interest	-		<u>5,595</u>
	<u>4,622,960</u>		<u>4,616,811</u>
Expenses:			
Program services - student services	2,742,814		4,058,165
Supporting services - general and administrative	<u>307,431</u>		<u>354,311</u>
	<u>3,050,245</u>		<u>4,412,476</u>
Change in Net Assets	1,572,715		204,335
Net Assets - Without Donor Restrictions, beginning	<u>1,783,751</u>		<u>1,579,416</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 3,356,466</u>	\$	<u>1,783,751</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statement of Functional Expenses**

Year Ended June 30, 2021

	Student Services	General and Administrative	Total
	<u> </u>	<u> </u>	<u> </u>
Scholarships	\$ 1,928,311	\$ -	\$ 1,928,311
Supplies	275,289	12,878	288,167
Salaries and wages	84,100	115,767	199,867
Transfer of student fees	161,536	-	161,536
Employee benefits	35,728	83,693	119,421
Travel	105,133	-	105,133
Insurance	57,522	2,890	60,412
Accounting	-	60,060	60,060
Professional services	23,000	30,200	53,200
University contract expenses (Note 7)	29,300	-	29,300
Information technology	16,200	-	16,200
Office expense	12,404	16	12,420
Depreciation	8,212	1,228	9,440
Occupancy	6,041	-	6,041
Advertising and promotion	-	492	492
Conference, conventions, and meetings	-	150	150
Miscellaneous	38	57	95
	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>2,742,814</u>	\$ <u>307,431</u>	\$ <u>3,050,245</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statement of Functional Expenses**

Year Ended June 30, 2020

	Student Services	General and Administrative	Total
Scholarships	\$ 2,502,258	\$ -	\$ 2,502,258
Travel	662,009	43,239	705,248
Supplies	506,666	37,446	544,112
Salaries and wages	79,982	98,050	178,032
Transfer of student fees	163,144	-	163,144
Employee benefits	29,587	82,307	111,894
Professional services	23,000	30,200	53,200
Dues and subscriptions	45,278	1,283	46,561
Occupancy	6,985	28,375	35,360
Depreciation	18,169	4,214	22,383
Information technology	16,200	2,169	18,369
Accounting	-	15,500	15,500
Insurance	-	7,810	7,810
Conference, conventions, and meetings	1,625	2,619	4,244
Office expense	2,854	1,099	3,953
Advertising and promotion	408	-	408
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>4,058,165</u>	\$ <u>354,311</u>	\$ <u>4,412,476</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Cash Flows**

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,572,715	\$ 204,335
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,440	22,383
Changes in operating assets and liabilities:		
Accounts receivable, net	47,289	(2,200)
Due from related parties	(540,518)	79,291
Prepaid expenses	(4,736)	-
Accounts payable and accrued expenses	(82,394)	71,777
Due to related parties	64,631	573
Contract liabilities - deferred revenue	(115,684)	15,460
	<u>950,743</u>	<u>391,619</u>
Net Cash Provided by Operating Activities	950,743	391,619
Cash Flows from Investing Activities:		
Purchases of investments	(4,400,218)	(4,577,243)
Proceeds from sale of investments	4,673,824	4,503,828
	<u>273,606</u>	<u>(73,415)</u>
Net Cash Provided (Used) by Investing Activities	273,606	(73,415)
Net Increase in Cash	1,224,349	318,204
Cash, beginning	<u>1,592,817</u>	<u>1,274,613</u>
Cash, ending	<u>\$ 2,817,166</u>	<u>\$ 1,592,817</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The Associated Students, California State University, Bakersfield, Inc. (the Organization) was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University) located in Bakersfield, California. The Organization exists as an advocate for students and provides programs which encourage leadership development, educational interests, and cultural awareness both at the University and statewide. The Organization has been in operation since 1976 and became a viable fiscal entity with the introduction of mandatory student fees by an election in 1977. The Organization's primary source of revenue is associated student body fees. Associated student body fees collected by the University and remitted to the Organization are included in revenue and support without donor restrictions in the statements of activities.

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) effective July 1, 2020.

The new guidance was applied retrospectively to all contracts that were not completed as of the adoption date. Management has analyzed the provisions of the FASB's ASC Topic 606 and has concluded that no changes are necessary to conform with the new standard and the new standard has not had a significant impact on the financial statements.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2021 and 2020.

Use of Estimates

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

Income Taxes

The Organization is a qualified nonprofit organization that 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. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows US GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2021 and 2020 and therefore, no amounts have been accrued.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Investments

The Organization carries investments in California State University, Bakersfield's US Bank CSU Consolidated Investment Pool. Its purpose is to provide sufficient and immediate liquidity to meet the operating needs of the Organization. The investment objective is to achieve prudent return within a moderate risk level. The fair value is determined using quoted market prices. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish a price concession for uncollectible amounts. For the years ended June 30, 2021 and 2020, the price concession for uncollectible amounts was \$0 and \$5,051, respectively.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of five years.

Contract Liabilities – Deferred Revenue

Contract liabilities consist of amounts received for exchange transactions before the commencement of the contract terms or the performance obligations are satisfied. The June 30, 2020 contract liability balance is related to summer semester associated student body fees the Organization received in advance of providing the related program services.

Revenue Recognition

Each matriculated student of the University was required to pay associated student body fees of \$204 per Fall and Spring semester and \$122 per Summer semester for the years ended June 30, 2021 and 2020. Fees are due and collectable prior to the first day of the academic semester. These payments, collected by the University then transferred to the Organization, support the Organization's program activities and are recognized by the Organization when cash receipts are received on a ratable basis over the academic semester, which is when the program services are delivered. The Organization may not receive the full amount of fees charged to students if amounts remain uncollected.

Miscellaneous revenue is primarily composed of chartered club activities. Revenue is recognized at a point in time when the transfer of the goods occurs, or the student attends the event.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Functional Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by fund alone or a combination of fund and department. Two funds are used to accumulate expenses considered to be general and administrative in nature. The remaining five funds accumulate expenses considered to be programmatic in nature. Certain costs initially captured within the program funds, such as accounting costs, general insurance and bank fees, are presented as general and administrative instead of program costs.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under US GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

The fair value of the investments held by the CSU Consolidated Investment Pool, explained in Note 4, reflect the Organization's pro rata share of the market value of the underlying assets in the account.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2021 and 2020, due to the relative short maturities of these instruments.

Future Accounting Standards

The FASB has issued a substantial ASU, which will become effective in a future year.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events through September 24, 2021, which is the date the financial statements were available to be issued.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 2 - Liquidity and Availability

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statements of financial position date.

	2021	2020
Cash	\$ 2,817,166	\$ 1,592,817
Investments	54,632	328,238
Accounts receivable, net	-	47,289
Due from related parties	629,859	89,341
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>3,501,657</u>	\$ <u>2,057,685</u>

The Organization is substantially supported by associated student body fees collected by the University and these fees are subsequently transferred to the Organization. The fees carry no donor restrictions, and therefore, all financial assets are available for general expenditure within one year. Fees collected by the University that have not been transferred to the Organization by year-end, are invested in the campus CSU Consolidated Investment Pool short-term investment account. The Organization has no other liquid assets available from which to draw.

Note 3 - Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. In addition, the Organization has deposited cash pooled with the California State University, Bakersfield's US Bank CSU Consolidated Investment Pool account. The Organization manages this risk by using high-quality financial institutions.

Note 4 - Investments and Fair Value Measurement

The Organization's investments are pooled and invested with the California State University, Bakersfield's US Bank CSU Consolidated Investment Pool account to take advantage of an effective investment program. Securities within the investment pool are not insured. In addition, the securities are not held in the Organization's name, but in the name of the University. The Organization's share of the pool is determined based on its proportionate interest in the University's investment pool account and are valued using NAV. The Organization's share of pooled investments was \$54,632 and \$328,238 at June 30, 2021 and 2020, respectively. Investments held in the investment pool are reported as short-term investments included in current assets on the statements of financial position.

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See Note 1 for information regarding investment valuation.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 5 - Property and Equipment

Property and equipment consist of the following:

	2021	2020
Equipment	\$ 53,875	\$ 53,875
Leasehold improvements	254,852	254,852
	308,727	308,727
Less accumulated depreciation	(306,547)	(297,107)
	\$ 2,180	\$ 11,620

Note 6 - Revenue Recognition

Contract Balances

Accounts receivable and contract liabilities from contracts with customers were as follows:

	Accounts Receivable, net		Contract Liabilities - Deferred Revenue	
	2021	2020	2021	2020
Beginning of year	\$ 47,289	\$ 45,089	\$ 115,684	\$ 100,224
End of year	\$ -	\$ 47,289	\$ -	\$ 115,684

Significant Judgments

The Organization analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Organization has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Significant judgment is also required to assess collectability. The Organization assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer's assessed collectability.

Note 7 - University Contract Services

The Organization entered into an operating agreement with the University to use University facilities to provide space for University employees to conduct operations on behalf of the Organization. The Organization paid no rent to the University and has recognized revenue equal to the fair market value of this rent for similar facilities. During the year ended June 30, 2021, the total estimated fair market value of this rent was \$29,300, which has been recognized as University contract services revenue and as an operating expense in the statement of activities.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 8 - Related Party Transactions

The Organization's salaries are paid by the University and billed to the Organization. The University provides accounting, human resources, facilities management, information technology and other administrative services to the Organization. Amounts billed to the Organization are included in the statements of functional expenses as accounting and professional services.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by operating various campus programs. The Organization pays the University and/or the Foundation for these services as provided by the student body.

The California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various campus programs. The Organization also provides program services for student services for the Children's Center.

Related party transactions as of and for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Revenue:		
Cost Recoveries:		
University	\$ 4,539,954	\$ 1,320
Foundation	950	16,331
Student-centered Enterprises	<u>8,000</u>	<u>10,200</u>
	<u>\$ 4,548,904</u>	<u>\$ 27,851</u>
Expenses:		
Program fees:		
University	\$ 2,910,950	\$ 3,639,290
Foundation	19,089	1,354
Student-centered Enterprises	<u>161,536</u>	<u>203,271</u>
	<u>\$ 3,091,575</u>	<u>\$ 3,843,915</u>
Due from:		
University	\$ 43,272	\$ 88,541
Foundation	586,587	-
Student-centered Enterprises	<u>-</u>	<u>800</u>
	<u>\$ 629,859</u>	<u>\$ 89,341</u>
Due to:		
University	\$ 78,869	\$ 37,401
Foundation	-	1,208
Student-centered Enterprises	<u>24,751</u>	<u>380</u>
	<u>\$ 103,620</u>	<u>\$ 38,989</u>

For the year ended June 30, 2021, the Foundation reimbursed the Organization's scholarship payments of \$587,701. The reimbursement is reported in program services – student services on the statement of activities and netted against scholarships expense on the statement of functional expenses.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 9 - Commitments and Contingencies

From time to time, the Organization is subject to various litigation as a result of their activities. Management believes that the outcome of any such litigation will not have a material adverse effect on the Organization's financial position, changes in net assets, or liquidity.

Coronavirus

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the Organization is located.

Management has initiated several changes to the operations of the programs, events and administrative functions in order to protect the health of staff and club members and to mitigate the financial effects of the virus and its resultant economic slowdown. The Organization will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of students and staff.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined.

Note 10 - Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications of supplies, professional services, information technology, and accounting in the statement of activities, statement of functional expenses and schedule of activities by fund, and the purchases of investments and proceeds from the sale of investments in the statement of cash flows. Such reclassifications had no effect on total previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Activities by Fund

Year Ended June 30, 2021

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Revenue and Support Without Donor Restrictions:								
Associated student body fees	\$ 583,425	\$ 533,093	\$ 178,456	\$ 3,020,953	\$ 134,113	\$ 89,789	\$ -	\$ 4,539,829
Miscellaneous	1,144	-	-	-	-	8,000	44,687	53,831
University contract services (Note 7)	29,300	-	-	-	-	-	-	29,300
Total Revenue and Support Without Donor Restrictions	613,869	533,093	178,456	3,020,953	134,113	97,789	44,687	4,622,960
Expenses:								
Program services - student services	275,235	291,060	169,266	1,910,408	25,565	32,075	39,205	2,742,814
Supporting services - general and administrative	170,520	9,234	8,095	17,401	94,379	7,802	-	307,431
Total Expenses	445,755	300,294	177,361	1,927,809	119,944	39,877	39,205	3,050,245
Change in Net Assets	168,114	232,799	1,095	1,093,144	14,169	57,912	5,482	1,572,715
Net Assets - Without Donor Restrictions, beginning	947,663	71,245	3,700	440,342	154,132	53,272	113,397	1,783,751
Net Assets - Without Donor Restrictions, ending	\$ 1,115,777	\$ 304,044	\$ 4,795	\$ 1,533,486	\$ 168,301	\$ 111,184	\$ 118,879	\$ 3,356,466

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Activities by Fund

Year Ended June 30, 2020

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Revenue and Support Without Donor Restrictions:								
Associated student body fees	\$ 599,065	\$ 521,548	\$ 174,562	\$ 2,950,604	\$ 130,956	\$ 87,806	\$ -	\$ 4,464,541
Miscellaneous	930	42	-	223	-	8,000	137,480	146,675
Interest	751	654	219	3,698	164	109	-	5,595
Total Revenue and Support Without Donor Restrictions	600,746	522,244	174,781	2,954,525	131,120	95,915	137,480	4,616,811
Expenses:								
Program services - student services	252,866	473,706	170,644	2,895,232	13,750	70,090	181,877	4,058,165
Supporting services - general and administrative	231,263	2,706	921	15,269	103,210	435	507	354,311
Total Expenses	484,129	476,412	171,565	2,910,501	116,960	70,525	182,384	4,412,476
Change in Net Assets	116,617	45,832	3,216	44,024	14,160	25,390	(44,904)	204,335
Net Assets - Without Donor Restrictions, beginning	831,046	25,413	484	396,318	139,972	27,882	158,301	1,579,416
Net Assets - Without Donor Restrictions, ending	\$ 947,663	\$ 71,245	\$ 3,700	\$ 440,342	\$ 154,132	\$ 53,272	\$ 113,397	\$ 1,783,751

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Schedule of Net Position**

June 30, 2021

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	2,817,166
Short-term investments	54,632
Accounts receivable, net	629,859
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	4,736

Total current assets**3,506,393****Noncurrent assets:**

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	2,180
Other assets	-

Total noncurrent assets**2,180****Total assets****3,508,573****Deferred outflows of resources:**

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-

Total deferred outflows of resources**-**

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Schedule of Net Position**

June 30, 2021

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	24,575
Accrued salaries and benefits	-
Accrued compensated absences, current portion	23,912
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	103,620
Total current liabilities	152,107

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	152,107

Deferred inflows of resources:

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

Net position:

Net investment in capital assets	2,180
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,354,286
Total net position	3,356,466

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2021

(for inclusion in the California State University)

Revenues:**Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	4,622,960
Total operating revenues	4,622,960

Expenses:**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,112,494
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	1,928,311
Auxiliary enterprise expenses	-
Depreciation and amortization	9,440
Total operating expenses	3,050,245
Operating income (loss)	1,572,715

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	-
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Net nonoperating revenues (expenses)	-
Income (loss) before other revenues (expenses)	1,572,715

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	1,572,715

Net position:

Net position at beginning of year, as previously reported	1,783,751
Restatements	-
Net position at beginning of year, as restated	1,783,751
Net position at end of year	3,356,466

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		2,817,166
Total	\$	2,817,166

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	54,632	-	54,632
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	54,632	-	54,632
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 54,632	-	54,632

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

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	\$ -	-	-	-	-
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	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	54,632	-	-	-	54,632
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	54,632	-	-	-	54,632

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements			
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	54,632	- \$	54,632

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(246,753)	-	-	-	(246,753)	(8,099)	-	(254,852)
Personal property:								
Equipment	(50,354)	-	-	-	(50,354)	(1,341)	-	(51,695)
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	(297,107)	-	-	-	(297,107)	(9,440)	-	(306,547)
Total capital assets, net	\$ 11,620	-	-	-	\$ 11,620	(9,440)	-	2,180

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	9,440
Amortization expense related to other assets		-
Total depreciation and amortization	\$	9,440

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 23,727	-	23,727	10,986	(10,801)	\$ 23,912	\$ 23,912	\$ -
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)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	\$ -	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 23,727	-	23,727	10,986	(10,801)	\$ 23,912	23,912	\$ -

5 Capital lease obligations schedule:

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

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

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

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	319,103
Payments to University for other than salaries of University personnel	2,591,847
Payments received from University for services, space, and programs	4,539,954
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(78,869)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	43,272
Other amounts receivable from University (enter as positive number)	-

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

8 Restatements

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

		Debit/(Credit)
Restatement #1	Enter transaction description	
Restatement #2	Enter transaction description	-
		-

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	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	199,867	68,663	50,758	-	-	793,206	-	1,112,494
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,928,311	-	-	1,928,311
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	9,440	9,440
Total operating expenses	\$ 199,867	68,663	50,758	-	1,928,311	793,206	9,440	3,050,245

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

2. Deferred Inflows of Resources

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

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ -

INDEPENDENT AUDITORS' 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 Audit Committee
Associated Students, California State University, Bakersfield, Inc.

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 Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students, California State University, Bakersfield, Inc.'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 Associated Students, California State University, Bakersfield, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Associated Students, California State University, Bakersfield, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students, California State University, Bakersfield, Inc.'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 AUDITORS' 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 Associated Students, California State University, Bakersfield, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, California State University, Bakersfield, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021