



Chapter 8

UNIVERSITY AUXILIARY ORGANIZATION AUDITED FINANCIAL STATEMENTS 2020-2021

- Associated Students Inc.
- Auxiliary for Sponsored Programs Administration
- Foundation
- Student-centered Enterprises Inc.

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	4,736	-
	<u>3,506,393</u>	<u>2,057,685</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	-	115,684
	<u>152,107</u>	<u>285,554</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	-	5,595
	<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	307,431	354,311
	<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

	<u>Student Services</u>	<u>General and Administrative</u>	<u>Total</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>38</u>	<u>57</u>	<u>95</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

	<u>Student Services</u>	<u>General and Administrative</u>	<u>Total</u>
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

See independent auditors' report.

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

See independent auditors' report.

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)

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	<u>\$ -</u>

2. Deferred Inflows of Resources

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

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	<u>\$ -</u>

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

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Year Ended June 30, 2021



**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Financial Statements and Supplemental Information

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The supplemental information included on pages 14-25 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on California State University, Bakersfield, Auxiliary for Sponsored Programs Administration'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 California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2021

This section of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) annual financial report includes management's discussion and analysis of the financial performance of the Organization for the period July 1, 2020 through June 30, 2021. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

The Organization's financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements are supported by notes to the financial statements and management's discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial picture of the Organization.

Statement of Net Position: The statement of net position includes all assets and liabilities. Assets and liabilities are reported on an accrual basis, as of the statement date. It also identifies major categories of restrictions of net position of the Organization.

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

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

Financial Overview

The following discussion highlights management's understanding of the key financial aspects of the Organization's financial activities, as of the period July 1, 2020 through June 30, 2021. Included, is an analysis of the current year activities and balances.

During the reporting period, the Organization generated and submitted 71 proposals requesting approximately \$35 million, with about \$5.5 million in anticipated Facilities and Administrative (F&A) cost recovery – the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many requests for proposals offer a lower rate and certain categories of expense may not be used when calculating the actual cost recovery.

Highlights of Proposed Projects

Proposal submission is the primary path to revenue for the Organization. Awards from successful proposals help fund educational, research, and service activities that benefit students, teachers, small businesses, and members of the California State University, Bakersfield (CSU Bakersfield or the University) community. The following comments are brief descriptions of a select number of proposals representative of the proposed activities and operations of the Organization. There are highlights of proposals submitted by each school with support from the Sponsored Programs Development Office in Grants, Research & Sponsored Programs (GRASP).

Academic and Administrative Departments

Administrative and academic departments submitted various proposals to support student needs, address college readiness, and form partnerships with local agencies. Enrollment management proposed a \$2.6 million grant renewal project to the Department of Education under the Talent Search funding announcement. The goal of the Talent Search Program is to increase the number of youths from disadvantaged backgrounds who complete high school and enroll in postsecondary education. The project will serve three high schools in the Kern High School District, one high school and one middle school in the McFarland Unified School District, and one middle school in the Bakersfield City School District. Low-income and potential first-generation students will be targeted for the project, which also includes homeless, foster care, re-entry, and veteran populations.

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2021

The Division of Extended Education and Global Outreach (EEGO) proposed a \$184,377 project to America's Job Center of California through the County of Kern. The project will provide a Drug & Alcohol Studies Certification Program to a select student cohort in preparation for workforce entry.

Arts and Humanities (AH)

Faculty from the School of Arts and Humanities submitted several proposals to the National Endowment for the Humanities. Proposal titles and the originating departments included *Humanizing Virtual Reality* (English) requesting \$121,167 and, *California Dreamin': Migration, Work, and Settlement in the 'Other' California* (Teacher Education) requesting \$190,000 in federal funding. The proposals centered on dynamic classroom practices, community conversations, regional programming, and educators with new curriculum practices. Each project reflects the diversity of culture within CSU Bakersfield and the community.

Business and Public Administration (BPA)

Grant proposals focused on economic development, entrepreneurship support, and providing research experiences to undergraduate students. *Aerospace Valley Futures: California Eastern Sierra Aerospace Corridor Workforce & Infrastructure Improvement Program* (Management and Marketing) requested \$4,999,798 from the Department of Defense in service of a Science, Technology, Engineering, Math (STEM) workforce and economic development initiative for California's Eastern Sierra Aerospace Corridor. Similarly, *Small Business Development Center GOBIZ Technical Assistance Expansion Program* requested \$185,000 from the California Governor's Office for Business & Economic Development (GOBED) through Regents of the University of California (UC). The program improves the state's business and technical resources and networks for entrepreneurs and micro and small business owners.

Natural Sciences, Mathematics, and Engineering (NSME)

The National Science Foundation received several proposals from the School of Natural Sciences, Mathematics, and Engineering (NSME). The *CREST Center for Examining Ecosystem Function of Intact and Degraded Shrublands of Southern California (Biology)* requested \$4,999,637 to quantify ecosystem functioning in southern California shrubland landscapes and create a STEM pipeline for undergraduate students to enter M.S. or Ph.D. programs. The proposal entitled *NSF MRI: Acquisition of a Field Emission Scanning Electron Microscope with Energy Dispersive X-Ray Spectroscopy (FE-SEM EDS) for Interdisciplinary Research and Teaching at California State University, Bakersfield* (Physics and Engineering) requested \$609,878 for the acquisition of a new Zeiss Sigma 300 field emission scanning electron microscope (FE-SEM) with a Bruker energy dispersive X-ray spectroscopy (EDS) and a Deben Coolstage. The proposed instrument will allow continuation of existing multi-disciplinary research projects in School of Natural Science, Mathematics, and Engineering. It will also allow new research directions, facilitate new collaborations of CSU Bakersfield faculty and researchers from other institutions, and support existing collaborative efforts with community colleges and outreach efforts to high schools.

The Department of Nursing requested \$240,000 for the *Nursing Capitation Grant 2020* from the Office of Statewide Health Planning and Development (OSHPD). The proposal requests support for the BSN program at CSU Bakersfield to improve clinical education experiences and provide support services to students. In addition, \$125,000 was requested from OSHPD to fund the *Nursing Special Projects Grant 2020* to support service learning programs such as Community Preventative Health Collaborative Program (CPHC), the California Nursing Student Association (CNSA), and our RN Explorers Program (High School Students). This proposal will offer multiple advantages to the students of the CSU Bakersfield program including potentially reducing attrition rates, increasing nursing student confidence, providing mentorship, and student leadership opportunities.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2021

Social Sciences and Education (SSE)

Partnerships and student workforce linkages make up noted proposals. The Child, Adolescent, and Family Studies Program requested \$327,835 from the Early Educator Investment Collaborative to support Transforming Early Educator Lead Teacher Preparation Programs in collaboration with California State University, Sacramento. The proposal supports innovative approaches to dismantling barriers in the current system in order to better serve the current and future early education workforce. Similarly, the Jumpstart Training for Early Childhood Education Students proposal requested \$107,735 to enhance the learning experiences of students with hands-on practicum experiences which are invaluable for workforce development. The Jumpstart program, a national early education organization, engages students with earning real-world experiences that enhance their preparation and equips them as early childhood professionals.

Statements of Net Position

	2021	2020	2019
Assets:			
Current assets	\$ 5,029,932	\$ 4,359,303	\$ 3,508,901
Capital assets, net	282,684	210,166	193,433
Total Assets	5,312,616	4,569,469	3,702,334
Liabilities:			
Current liabilities	3,213,508	2,600,459	2,314,157
Net Position	\$ 2,099,108	\$ 1,969,010	\$ 1,388,177

Assets

Assets increased by \$743 thousand to \$5.3 million due to an increase in cash of \$789 thousand, a decrease in accounts receivable of \$152 thousand, an increase of \$35 thousand in amounts due from related parties, a decrease in prepaids of \$1 thousand and an increase of \$72 thousand in capital assets.

Liabilities

Total liabilities increased by \$613 thousand to \$3.2 million due to an increase of accounts payable of \$7 thousand, an increase in due to related parties of \$143 thousand, an increase in accrued expenses of \$105 thousand and an increase in deferred revenue of \$358 thousand.

Net Position

Total net position increased by \$130 thousand. Most of the cost recovery generated was used to support reimbursement of expenses to the University incurred in administration services. This year, the Organization generated less facilities and administrative cost recovery revenue than prior year, yet enough to support reimbursing the University for administration services, academic release time salaries, and consulting services to better serve and guide some of the most complex grants.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

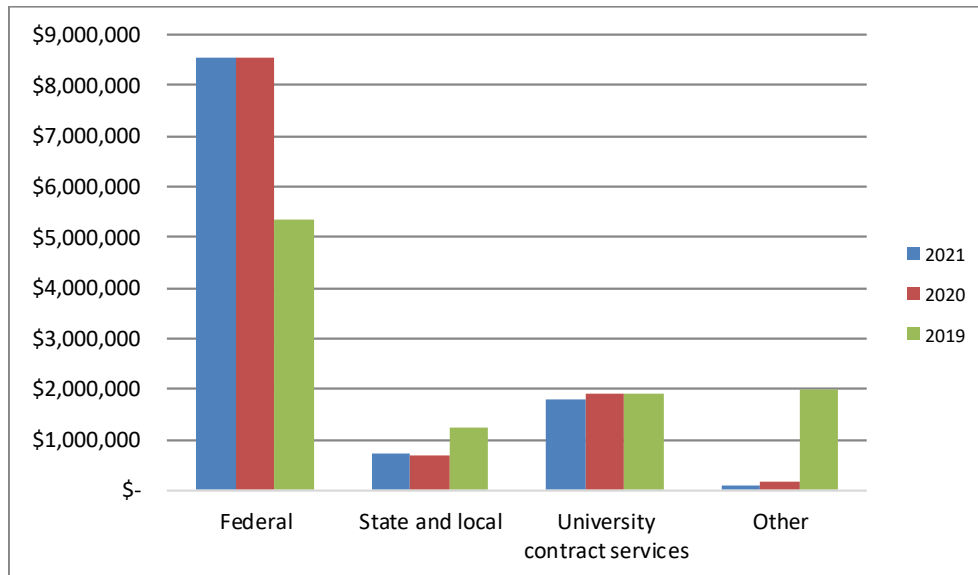
Management’s Discussion and Analysis

Year Ended June 30, 2021

Schedules of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
Operating Revenue and Other Support:			
Grants	\$ 9,313,316	\$ 9,426,885	\$ 7,572,077
University contract services	1,802,205	1,902,345	1,924,030
Other operating revenues	73,671	4,360	1,039,936
Total Operating Revenue and Other Support	11,189,192	11,333,590	10,536,043
Operating Expenses:			
Program services	9,262,750	9,323,494	8,264,603
General and administrative	1,796,344	1,376,565	1,977,562
Total Operating Expenses	11,059,094	10,700,059	10,242,165
Change in Net Position Before Transfers	130,098	633,531	293,878
Transfer of Net Deficit, Children's Center	-	16,769	-
Transfer of Net Position, University Grants	-	(69,467)	-
Change in Net Position	130,098	580,833	293,878
Net Position, beginning	1,969,010	1,388,177	1,094,299
Net Position, ending	\$ 2,099,108	\$ 1,969,010	\$ 1,388,177

Revenues



Overall revenues decreased from \$11.3 million to \$11.2 million. The federal grant revenue generated by the Organization increased from 75 percent to 76 percent. State grant revenue stayed consistent at 6 percent, local grant revenue reflected a decrease of revenue from 1 to 0 percent, and non-governmental grant revenue decreased from 2 to 0 percent. University contract services decreased from 17 percent to 16 percent. This category records the value of salaries, wages, and benefits for employees under California State University that work on grants for the Organization and rent for facilities utilized by those employees.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2021

Expenses

Program expenses represent costs related to administering the grants awarded. These expenses can be classified into payroll and non-payroll related expenses (i.e. supplies and services, contractual services, travel, etc.). Payroll related expenses total \$4.6 million whereas \$4.6 million relates to non-payroll grant expenses. General and administrative expenses consist of those related to reimbursement to the University for business and administrative services. General and administrative expenses increased by \$420 thousand. This is mainly due to services from other agencies.

Factors Bearing on the Organization's Future

The Sponsored Programs Development Office in GRASP is developing strategies and refining procedures to assist faculty and staff with generation and submission of more high-quality proposals for projects to be managed in the future by the Organization.

Contacting the Organization's Financial Management

The Organization's financial report is designed to provide the Organization's Board of Directors, management, legislative and oversight agencies, citizens, and customers with an overview of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's finances, and to demonstrate its accountability for funds received. For additional information about this report, please contact Vernon B. Harper Jr. Ph.D., Provost and Vice President for Academic Affairs at 9001 Stockdale Highway, 59 ADM, Bakersfield, California 93311.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Statement of Net Position

June 30, 2021

ASSETS

Cash	\$	3,233,971
Accounts receivable		1,748,129
Due from related parties		47,832
Capital assets, net of accumulated depreciation		<u>282,684</u>
Total Assets		5,312,616

LIABILITIES

Accounts payable		51,398
Due to related parties		1,673,487
Accrued expenses		810,953
Deferred revenue		<u>677,670</u>
Total Liabilities		<u>3,213,508</u>

NET POSITION

Net investment in capital assets		282,684
Unrestricted		<u>1,816,424</u>
Total Net Position	\$	<u><u>2,099,108</u></u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2021

Operating Revenue and Other Support:

Grants:

Federal	\$	8,545,271
State		677,374
Local		50,758
Non-governmental		39,913
University contract services		1,802,205
Other		73,671

Total Operating Revenue and Other Support 11,189,192

Operating Expenses:

Program services		9,262,750
General and administrative		1,796,344

Total Operating Expenses 11,059,094

Change in Net Position 130,098

Net Position, beginning 1,969,010

Net Position, ending \$ 2,099,108

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities:	
Grant revenue receipts	\$ 9,861,716
University contract services	1,802,205
Payments to suppliers	(6,043,206)
Payments to employees	<u>(4,707,365)</u>
Net Cash Provided by Operating Activities	913,350
Cash Flows Used by Capital and Related Financing Activities:	
Acquisitions of capital assets	<u>(124,421)</u>
Net Increase in Cash	788,929
Cash, beginning	<u>2,445,042</u>
Cash, ending	<u><u>\$ 3,233,971</u></u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:	
Change in net position	\$ 130,098
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	42,747
Transfer of capital assets	9,156
Changes in operating assets and liabilities:	
Accounts receivable	151,850
Due from related parties	(34,689)
Prepaid expenses	1,139
Accounts payable	6,769
Due to related parties	143,234
Accrued expenses	105,478
Deferred revenue	<u>357,568</u>
Net Cash Provided by Operating Activities	<u><u>\$ 913,350</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) was incorporated in the State of California on August 28, 2009. The Organization was formed and operated solely for the benefit of California State University, Bakersfield as a non-profit auxiliary organization. The Organization is responsible for the accomplishment of certain University objectives that require financial support not provided by the State. These activities occur in all aspects of University life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects.

Basis of Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Use of Estimates

The preparation of financial statements in conformity with 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 accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization 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 the Organization has no uncertain tax positions at June 30, 2021 and therefore no amounts have been accrued.

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 an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

Capital Assets

The Organization capitalizes all expenditures for capital assets 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 three to ten years.

Deferred Revenue

Deferred revenue represents grant payments received in advance of grant earnings.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Year Ended June 30, 2021

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

Net Position

The Organization's net position is classified into the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted: All other categories of net position.

Advertising

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

Subsequent Events

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

Note 2 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by 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. The Organization manages this risk by using high-quality financial institutions.

Note 3 - Capital Assets

Changes in capital assets consist of the following:

	Balance June 30, 2020	Additions	Transfers	Balance June 30, 2021
Equipment	\$ 274,631	\$ 124,421	\$ (14,731)	\$ 384,321
Less accumulated depreciation	(64,465)	(42,747)	5,575	(101,637)
	<u>\$ 210,166</u>	<u>\$ 81,674</u>	<u>\$ (9,156)</u>	<u>\$ 282,684</u>

Note 4 - University Contract Services

The Organization utilizes University employees to provide direct programming services and indirect other services on behalf of the Organization. Services provided to the Organization by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. The total estimated employee cost is \$1,645,605 and has been recognized as University contract services revenue and as an operating expense in the statement of revenues, expenses, and changes in net position.

The Organization utilizes University facilities to conduct its services. The Organization pays no rent to the University and has recognized revenue equal to the fair market value of this rent for similar facilities. The total estimated fair market value of this rent is \$156,600 and has been recognized as University contract services revenue and as an operating expense in the statement of revenues, expenses, and changes in net position.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 5 - Related Party Transactions

The University provides accounting and payroll services to the Organization. Additionally, the University collects funds on behalf of the Organization related to draw downs on their various grants.

California State University, Bakersfield Foundation (Foundation) collected funds on behalf of the Organization for matching contributions related to grants awarded to the Organization.

Related party transactions are reflected in the accompanying financial statements as follows:

Revenue:		
University	\$	162,147
Foundation		18,914
		<hr/>
	\$	181,061
		<hr/>
Expenses:		
Services from other agencies:		
University	\$	5,135,468
		<hr/>
Due from:		
University	\$	29,659
Foundation		18,173
		<hr/>
	\$	47,832
		<hr/>
Due to:		
University	\$	1,673,487
		<hr/>

Note 6 - Contingencies

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 and administrative functions in order to protect the health of staff and students 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 staff and students. 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.

SUPPLEMENTAL INFORMATION

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Expenses by Natural Classification

Year Ended June 30, 2021

	Program Services	General and Administrative	Total
Salaries	\$ 3,559,842	\$ -	\$ 3,559,842
Services from other agencies	1,359,744	738,750	2,098,494
University contract services	894,379	907,826	1,802,205
Payroll taxes and benefits	1,083,762	-	1,083,762
Stipends	1,062,149	-	1,062,149
Supplies	903,658	10,825	914,483
Small equipment	254,987	56,633	311,620
Professional fees	14,253	47,800	62,053
Dues and subscriptions	30,866	17,644	48,510
Depreciation	42,747	-	42,747
Conference and meetings	23,093	600	23,693
Printing and publications	14,351	260	14,611
Insurance	-	12,798	12,798
Miscellaneous	7,652	3,119	10,771
Postage	7,503	89	7,592
Telephone	2,548	-	2,548
Travel	1,216	-	1,216
Total Expenses	\$ 9,262,750	\$ 1,796,344	\$ 11,059,094

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	3,233,971
Short-term investments		-
Accounts receivable, net		1,795,961
Capital lease receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		-
Total current assets		5,029,932

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		282,684
Other assets		-
Total noncurrent assets		282,684
Total assets		5,312,616

Deferred outflows of resources:

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

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	1,708,855
Accrued salaries and benefits	159,668
Accrued compensated absences, current portion	16,030
Unearned revenues	677,670
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	651,285

Total current liabilities

3,213,508

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

3,213,508

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	282,684
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,816,424

Total net position

\$ 2,099,108

See independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

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	8,545,271
State	677,374
Local	50,758
Nongovernmental	39,913
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	1,875,876
Total operating revenues	11,189,192

Expenses:

Operating expenses:

Instruction	1,768,013
Research	1,154,972
Public service	653,357
Academic support	1,841,982
Student services	2,805,937
Institutional support	2,690,724
Operation and maintenance of plant	99,129
Student grants and scholarships	2,233
Auxiliary enterprise expenses	-
Depreciation and amortization	42,747
Total operating expenses	11,059,094
Operating income (loss)	130,098

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)	130,098

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	130,098

Net position:

Net position at beginning of year, as previously reported	1,969,010
Restatements	-
Net position at beginning of year, as restated	1,969,010
Net position at end of year	\$ 2,099,108

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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		3,233,971
Total	\$	3,233,971

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)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	-	-	-
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	\$	-	-

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	-	-	-	-	-

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):	-	-	\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassification s	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 19,315	-	19,315	16,482	(19,767)	\$ 16,030	\$ 16,030	\$ -
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	\$ 19,315	-	19,315	16,482	(19,767)	\$ 16,030	16,030	\$ -

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									\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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	2,912,244
Payments to University for other than salaries of University personnel	2,223,224
Payments received from University for services, space, and programs	162,147
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)	(1,673,487)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	29,659
Other amounts receivable from University (enter as positive number)	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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	N/A	
		-
Restatement #2	N/A	
		-

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	392,624	98,704	65,477	-		1,211,208		1,768,013
Research	600,151	89,845	71,069	-		393,907		1,154,972
Public service	234,377	47,753	27,539	-		343,688		653,357
Academic support	1,033,622	123,901	110,222	-		574,237		1,841,982
Student services	1,308,421	293,825	155,214	-		1,048,477		2,805,937
Institutional support	-	-	-	-		2,690,724		2,690,724
Operation and maintenance of plant	-	-	-	-		99,129		99,129
Student grants and scholarships	-	-	-	-	2,233			2,233
Auxiliary enterprise expenses	-	-	-	-		-		-
Depreciation and amortization							42,747	42,747
Total operating expenses	\$ 3,569,195	654,028	429,521	-	2,233	6,361,370	42,747	11,059,094

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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 -

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 -

Total deferred inflows of resources \$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	<u>\$ -</u>

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 Board of Directors
California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting (internal control) to determine the 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 California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration'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 and 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 California State University, Bakersfield, Auxiliary for Sponsored Programs Administration'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 determination of financial statement amounts. 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 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
September 24, 2021

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

To the Board of Directors
California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Report on Compliance for Each Major Federal Program

We have audited California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs for the year ended June 30, 2021. California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance.

Opinion on Each Major Federal Program

In our opinion, California State University, Bakersfield, Auxiliary for Sponsored Programs Administration 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, 2021.

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

Report on Internal Control over Compliance

Management of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over compliance.

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 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.

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

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 Grant Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal/Pass-Through Grantor and Program Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
Research and Development Cluster:				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
BRIXCAL: Building Research and Internship Experiences for Hispanics in California's Central Valley	10.223		\$ 7,863	-
Direct Program:				
Integrated Project	10.326		34,901	-
Pass-Through California Department of Food & Agriculture:				
Mist Cooling to Delay Bloom	10.170	17-0275-038-SC	11,621	-
Direct Program:				
Acquisition of GC-TCD for Analyzing Agriculture	10.519		60,281	-
			114,666	-
<u>U.S. Department of Interior, Bureau of Reclamation</u>				
Pass-Through The Metropolitan Water District of Southern California:				
Designing & Building Electroclida	15.530	179948	1,000	-
<u>U.S. Department of the Interior</u>				
Pass-Through Office of Historic Preservation - Department of Parks & Rec:				
SSJVIC - Historic Preservation	15.904	P19AF00226	1,000	-
Pass-Through Sequoia Parks Conservancy (SPC)/Sequoia Science Learning Center (SSLC):				
Summer Roost Selection & Torpor Expression of Bats	15.954	20-0028	3,683	-
			4,683	-
<u>National Science Foundation</u>				
Direct Programs:				
Collab Research: Correlating Opto	47.049		48,162	-
Collab Research: GP-EXTRA	47.050		28,799	-
CSUB NSF Crest Phase II	47.076		676,877	-
Catalyzing IDEA's for the San Joaquin Valley	47.076		158,911	-
Pass-Through CSU Sacramento:				
CSU-LSAMP (2018-2023)	47.076	HRD-1826490	5,492	-
			918,241	-
<u>U.S. Department of Education</u>				
Pass-Through Cal Poly Pomona Foundation, Inc.:				
DJJ-Project Rebound Mentorship	84.013	S013A190005	11,211	-
Direct Programs:				
GPS to Stem Degree Completion	84.031		1,149,947	-
Increasing Hispanic STEM Relationships	84.031		511,334	-
Pathway Adelante: A Model HIS	84.031		148,254	-
CSUB CCAMPIS Project	84.335		932	-
			1,821,678	-
Total Research and Development Cluster			\$ 2,860,268	\$ -
WIOA Cluster:				
<u>U.S. Department of Education</u>				
Pass-Through County of Kern, Employers Training Resource:				
ETR PPCSA	17.258	599-2019	\$ 9,000	\$ -
ETR-PPCSA-20	17.258	026-2021	39,150	-
Total WIOA Cluster			\$ 48,150	\$ -

See independent auditors' report and notes to schedule of expenditures of federal awards.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal/Pass-Through Grantor and Program Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
TRIO Cluster:				
<u>U.S. Department of Education</u>				
Direct Program:				
TRIO - Talent Search	84.044		\$ 455,069	\$ -
Total TRIO Cluster			\$ 455,069	\$ -
<u>U.S. Department of Agriculture</u>				
Direct Program:				
RELO: Research, Experiential and Learning Opportunities	10.223		\$ 45,134	\$ -
<u>U.S. Department of Justice/Office on Violence Against Women</u>				
Direct Program:				
Roadrunner Risk Reduction Program	16.525		70,658	-
<u>U.S. Department of Labor</u>				
Pass-Through County of Kern:				
Migrant Book Assistance Program	17.264	687-2019	247	-
Migrant Book Assistance Program	17.264	687-2020	22,555	-
			22,802	-
<u>National Endowment for the Humanities</u>				
Pass-Through California Humanities:				
Spanish Language & Linguistics	45.129	HFAQ18-112	455	-
Humanities Beyond Bars	45.129	HFAP20-73	13,073	-
			13,528	-
<u>Small Business Administration</u>				
Pass-Through The Regents of UC, Merced:				
Central CA SBDC Network 2020	59.037	SBAHQ20B0060	179,643	-
COVID-19: Central CA SBDC Center	59.037	SBAHQ20C0065	222,183	-
			401,826	-
<u>U.S. Department of Education</u>				
Direct Programs:				
HEP-High School Equivalency Program	84.141		34,600	-
HEP-High School Equivalency Program	84.141		315,382	-
College Assistance Migrant Program	84.149		60,860	-
College Assistance Migrant Program	84.149		289,283	-
Practices to Optimize Special Education	84.325		2,409	-
TQP GRO STEM	84.336		276,792	-
TQP III: Citizen Scientist Path	84.336		1,354,372	-
Pass-Through Tulare County Office of Education:				
Teacher Residency for Rural Education	84.336	200766	145,312	-
Pass-Through Regents of UC, Office of the President:				
CSMP-ESSA19	84.367	S367A190005	7,050	-
CSMP-ESSA20	84.367	S367A200005	20,168	-
			2,506,228	-
<u>U.S. Department of Health & Human Services</u>				
Direct Program:				
HRSA ANEW Program Transforming	93.247		565,531	96,369
Pass-Through Regents of UC, Berkeley CalSWEC/Foster Care Title IV-E:				
CalSWEC 2018	93.658	18-3028	34,055	-
CalSWEC Title IV-E Program	93.658	20-3019	1,175,906	-
			1,775,492	96,369

See independent auditors' report and notes to schedule of expenditures of federal awards.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal/Pass-Through Grantor and Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass- Through Grantor No.</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<u>Corporation for National and Community Service-AmeriCorps</u>				
Pass-Through Jumpstart:				
Jumpstart Training for ECE Students Interested in Teaching	94.006	3360200	\$ <u>49,959</u>	\$ <u>-</u>
Total Expenditures of Federal Awards			\$ <u>8,249,114</u>	\$ <u>96,369</u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration and is presented on the accrual basis of accounting. 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).

Note 2 - Summary of Significant Accounting Policies

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2 CFR section 200.414 indirect costs.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Type of auditors' 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)?	No
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Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.044	TRIO Cluster – TRIO – Talent Search
84.336	TQP GRO STEM
	TQP III: Citizen Scientist Path
	Teacher Residency for Rural Education

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee under the Uniform Guidance, 2 CFR section 200.520?	Yes
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Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Prior Year Findings

Year Ended June 30, 2021

Section IV - Schedule of Prior Year Findings

None reported.

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Year Ended June 30, 2021



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee
California State University, Bakersfield Foundation

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 22-32 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 California State University, Bakersfield Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Financial Position

June 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	8,776,187
Current portion of promises to give, net of allowance for doubtful promises		1,977,452
Due from related parties		2,686
Total Current Assets		<u>10,756,325</u>

Non-Current Assets:

Investments		44,781,033
Promises to give, net of discount and current portion		3,154,973
Property and equipment, net of accumulated depreciation		716,386
Collections		91,670
Life insurance policies		687,251
Total Non-Current Assets		<u>49,431,313</u>
Total Assets	\$	<u><u>60,187,638</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	108,889
Accrued expenses		13,277
Due to related parties		917,475
Current portion of revenue collected in advance		152,816
Current portion of accrued post-employment benefits other than pensions		59,420
Total Current Liabilities		<u>1,251,877</u>

Non-Current Liabilities:

Revenue collected in advance, net of current portion		2,050,658
Accrued post-employment benefits other than pensions, net of current portion		755,796
Total Non-Current Liabilities		<u>2,806,454</u>
Total Liabilities		4,058,331

Net Assets:

Without donor restrictions:

Operating		6,542,908
Board designated endowment		4,179,449
		<u>10,722,357</u>

With donor restrictions:

Time restricted		205,371
Purpose restricted		22,455,115
Perpetual in nature		22,746,464
		<u>45,406,950</u>

Total Net Assets		<u>56,129,307</u>
Total Liabilities and Net Assets	\$	<u><u>60,187,638</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2021

Revenue and Other Support:		
Contributions	\$	9,388,247
Investment income		9,412,741
University contract services (Note 11)		3,012,546
Other		<u>490,155</u>
Total Revenue and Other Support		22,303,689
Expenses:		
Program services:		
Alumni engagement		13,941
Athletics		1,692,661
Scholarships and academic support		1,626,943
Reserves		42,252
Supporting services:		
General and administrative		1,646,674
Fundraising		<u>2,294,935</u>
Total Operating Expenses		<u>7,317,406</u>
Income from Operations		14,986,283
Non-Operating Expenses:		
Change in post-employment benefits other than pensions		<u>(40,441)</u>
Change in Net Assets		14,945,842
Net Assets, beginning		<u>41,183,465</u>
Net Assets, ending	\$	<u><u>56,129,307</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	\$ 232,792	\$ 9,155,455	\$ 9,388,247
Investment income	1,698,655	7,714,086	9,412,741
University contract services (Note 11)	3,012,546	-	3,012,546
Other	369,792	120,363	490,155
Net assets released from restriction	<u>3,753,426</u>	<u>(3,753,426)</u>	<u>-</u>
 Total Revenue and Other Support	 9,067,211	 13,236,478	 22,303,689
Expenses:			
Program services:			
Alumni engagement	13,941	-	13,941
Athletics	1,692,661	-	1,692,661
Scholarships and academic support	1,626,943	-	1,626,943
Reserves	42,252	-	42,252
Supporting services:			
General and administrative	1,646,674	-	1,646,674
Fundraising	<u>2,294,935</u>	<u>-</u>	<u>2,294,935</u>
 Total Operating Expenses	 <u>7,317,406</u>	 <u>-</u>	 <u>7,317,406</u>
 Income from Operations	 1,749,805	 13,236,478	 14,986,283
Non-Operating Expenses:			
Change in post-employment benefits other than pensions	<u>(40,441)</u>	<u>-</u>	<u>(40,441)</u>
 Change in Net Assets	 1,709,364	 13,236,478	 14,945,842
Net Assets, beginning	<u>9,012,993</u>	<u>32,170,472</u>	<u>41,183,465</u>
Net Assets, ending	<u>\$ 10,722,357</u>	<u>\$ 45,406,950</u>	<u>\$ 56,129,307</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Total Program Services	Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Reserves		General and Administrative	Fundraising	Total Supporting Services	
University contract expenses (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034,644	\$ 1,977,902	\$ 3,012,546	\$ 3,012,546
Scholarships	1,579	700,513	679,840	-	1,381,932	-	-	-	1,381,932
Transfers to CSU Bakersfield	-	434,348	465,350	-	899,698	-	-	-	899,698
Salaries and wages	-	297,286	155,569	-	452,855	10,309	-	10,309	463,164
Employee benefits	-	104,694	13,445	-	118,139	215,562	-	215,562	333,701
Supplies	5,243	17,404	109,248	180	132,075	43,956	32,189	76,145	208,220
Office expense	6,612	18,275	64,809	259	89,955	32,743	76,384	109,127	199,082
Bad debt	-	-	-	-	-	125,934	-	125,934	125,934
Information technology	-	4,800	40,685	2,695	48,180	2,062	68,730	70,792	118,972
Other professional fees	-	7,595	4,472	-	12,067	38,737	25,886	64,623	76,690
Miscellaneous	507	25,222	33,445	307	59,481	11,855	5,274	17,129	76,610
Advertising and promotion	-	193	-	97	290	36,144	36,802	72,946	73,236
Dues and subscriptions	-	2,582	30,702	-	33,284	6,041	31,164	37,205	70,489
Accounting	-	-	-	-	-	51,120	-	51,120	51,120
Minor equipment	-	8,113	29,025	-	37,138	6,554	-	6,554	43,692
Depreciation	-	3,049	-	37,664	40,713	-	-	-	40,713
Events	-	-	-	-	-	-	38,553	38,553	38,553
In-kind expenses	-	29,554	-	-	29,554	-	-	-	29,554
Travel	-	19,720	-	-	19,720	310	369	679	20,399
Payroll taxes	-	18,563	-	-	18,563	461	-	461	19,024
Legal	-	-	-	-	-	11,878	-	11,878	11,878
Insurance	-	750	-	1,050	1,800	9,241	-	9,241	11,041
Conference, conventions, and meetings	-	-	353	-	353	5,133	1,682	6,815	7,168
Occupancy	-	-	-	-	-	3,990	-	3,990	3,990
Total operating expenses	13,941	1,692,661	1,626,943	42,252	3,375,797	1,646,674	2,294,935	3,941,609	7,317,406
Change in post-employment benefits other than pensions	-	-	-	-	-	40,441	-	40,441	40,441
Total expenses	\$ 13,941	\$ 1,692,661	\$ 1,626,943	\$ 42,252	\$ 3,375,797	\$ 1,687,115	\$ 2,294,935	\$ 3,982,050	\$ 7,357,847

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$ 14,945,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	40,713
Gains on investments	(9,329,138)
Endowment contributions	3,076,004
Changes in operating assets and liabilities:	
Promises to give	(3,937,418)
Accounts receivable	60,795
Life insurance policies	(209,723)
Accounts payable and accrued expenses	19,399
Other liabilities	<u>1,632,821</u>
Net Cash Provided by Operating Activities	6,299,295
Cash Flows from Investing Activities:	
Purchases of investments	(46,627,903)
Proceeds from sale of investments	<u>44,059,207</u>
Net Cash Used by Investing Activities	(2,568,696)
Cash Flows Used by Financing Activities:	
Endowment contributions	<u>(3,076,004)</u>
Net Increase in Cash and Cash Equivalents	654,595
Cash and Cash Equivalents, beginning	<u>8,121,592</u>
Cash and Cash Equivalents, ending	<u>\$ 8,776,187</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The California State University, Bakersfield Foundation (the Foundation), was incorporated in the State of California on February 5, 1969. The Foundation was formed and operates as a nonprofit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University), which is located in Bakersfield, California. The Foundation supports the University by advocating on behalf of the University, fundraising for University programs and activities, and managing the finances of the Foundation and the University endowment.

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 Foundation 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 Foundation have been prepared in accordance with US GAAP, which require the Foundation to report information regarding their 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 Foundation. These net assets may be used at the discretion of the Foundation'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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 Foundation 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 Foundation 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 Foundation is not a private foundation.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2021 and therefore, no amounts have been accrued.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

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

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are discounted to their estimated net present value. After promises are originally recorded, an allowance for uncollectible promises may be established based on specific circumstances.

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 an allowance for doubtful accounts for uncollectible amounts. As of June 30, 2021, there were no accounts receivable.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. 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. Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statement of activities.

Property and Equipment

The Foundation 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 asset of three to 30 years.

Collections

The Foundation capitalizes its collections at cost if purchased and at appraised or fair value at the date of accession if donated. There were no acquisitions for the year ended June 30, 2021. Capitalized collections are not depreciated. The Foundation does not have a formal policy on the use of proceeds from the disposal of collection items. The California State University (CSU) systemwide policy is currently being developed and will be adopted by the Foundation for the upcoming fiscal year. In the event that the Foundation disposed of collection items in the interim, proceeds could be used for the acquisition of new collection items or direct care of existing collections. Direct care of existing collections includes, but is not limited to, costs that enhance the life, usefulness, or quality of the collection.

Life Insurance Policies

The Foundation receives life insurance policies as gifts. These policies are irrevocable and the Foundation is the sole beneficiary. These policies are valued at their cash surrender value discounted for life expectancy.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

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

Revenue Recognition

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Gifts In-kind – Contributions of services and tangible assets are recognized at fair market value when received. In-kind contributions are recognized as net assets without donor restrictions, unless donor stipulation requires them to be recognized as net assets with donor restrictions.

Other Revenue – Other revenue is primarily composed of administrative fees charged when payments on contributions are received and sponsorships. Revenue is recognized at a point in time when the contribution is received or sponsorship is made.

Advertising

The Foundation follows the policy of charging the costs of advertising to expenses as incurred.

Functional Allocation of Expenses

The Foundation's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by either fund alone or by a combination of fund and department. One fund is used to accumulate expenses considered to be either general and administrative or fundraising in nature. Within that fund, the department determines whether the expense is general and administrative or fundraising in nature. The remaining funds accumulate expenses considered to be programmatic in nature. Certain costs initially captured within the program funds, such as investment brokerage fees and professional fundraising fees, are presented as general and administrative and fundraising costs instead of program costs.

Fair Value Measurements

The Foundation 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 Foundation 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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

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

Fair Value Measurements, continued

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 following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Mutual funds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at cost plus accrued interest, which approximates fair value.

Corporate bonds and government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Hedge funds: Valued at the partner's reported capital account balance, which approximates fair value.

Future Accounting Standards

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

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, although there are optional practical expedients that entities may elect to apply. The Foundation is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 8,776,187
Promises to give, net	5,132,425
Due from related parties	2,686
Investments	44,781,033
Anticipated distributions from endowments	<u>1,063,730</u>
Total financial assets	59,756,061
Less amounts not available to be used within one year:	
Restricted by donor with purpose or time restrictions	(45,356,490)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(4,179,449)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,220,122</u>

The Foundation is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in certificates of deposit. The Foundation had a quasi-endowment of \$4,179,449 at June 30, 2021. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its quasi-endowment could be made available if necessary. There are reserve funds established by the governing board that may be drawn upon in the event of financial distress or a liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 3 - Concentrations of Credit Risk

The Foundation 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. The balances at times may exceed FDIC limits. The Foundation manages this risk by using high-quality financial institutions.

The Foundation invests in various types of money market funds, certificates of deposit, corporate bonds, and mutual funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified.

The Foundation also invests in various investment securities. Investment securities in general are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Two donors comprised 41% of promises to give at June 30, 2021, and one donor comprised 11% of contributions for the year ended June 30, 2021.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 4 - Investments and Fair Value Measurement

Investments consist of the following:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 53,031	\$ -	\$ -	\$ -	\$ 53,031
Certificates of deposit	-	407,639	-	-	407,639
Corporate bonds	-	6,709,629	-	-	6,709,629
Government securities	-	4,087,254	-	-	4,087,254
Mutual funds:					
Large cap	10,987,160	-	-	-	10,987,160
Domestic	8,092,920	-	-	-	8,092,920
International	5,949,548	-	-	-	5,949,548
Mid cap	977,700	-	-	-	977,700
Emerging markets	2,829,282	-	-	-	2,829,282
Alternative investments:					
Hedge funds	-	-	-	4,686,870	4,686,870
	<u>\$ 28,889,641</u>	<u>\$ 11,204,522</u>	<u>\$ -</u>	<u>\$ 4,686,870</u>	<u>\$ 44,781,033</u>

Commitments and redemptions schedule for those investments valued based on NAV are as follows:

	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Ironwood Inst MS Hedge Fund [a]	\$ 1,654,010	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,146,228	none	semi-annually	90 days
Hamilton Lane PMOF I [c]	1,231,870	\$ 463,881	none	none
Blackstone BREIT [d]	654,762	none	monthly	T-3 business days

[a] Ironwood Inst MS Hedge Funds are fund of hedge funds which are relative value and event driven, equity market neutral, distressed securities and credit opportunities.

[b] Skybridge Multi-advisor Hedge Funds are fund of hedge funds which are relative value and event driven.

[c] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[d] Blackstone BREIT is a 1933 Act non-traded perpetual life REIT. The fund focuses on investing in stabilized, income-generating commercial real estate in the US and is diversified across property types.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 5 - Promises to Give

Promises to give consist of the following:

Due in less than one year	\$ 2,172,306
Due in one to five years	3,202,643
Due in more than five years	<u>238,000</u>
Gross promises to give	5,612,949
Less:	
Allowance for doubtful promises to give	(194,854)
Discount on promises to give (average imputed rate of 3%)	<u>(285,670)</u>
Promises to give, net	<u>\$ 5,132,425</u>

Promises to give consist of the following on the statement of financial position:

Current	\$ 1,977,452
Non-current	<u>3,154,973</u>
	<u>\$ 5,132,425</u>

Note 6 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,571,775
Buildings and improvements	1,588,494
Leasehold improvements	<u>72,963</u>
	3,233,232
Less accumulated depreciation	<u>(2,519,985)</u>
	713,247
Land	<u>3,139</u>
	<u>\$ 716,386</u>

Note 7 - Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the year ended June 30, 2021, the benefit obligation contribution was made by CSU Bakersfield.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Post-Employment Benefits Other Than Pensions

The Foundation no longer has direct employees that qualify for postretirement health care benefits through CalPERS and instead utilizes services from the University to fulfill its needs. However, these benefits are provided to previous direct employees of the Foundation who retired prior to this operational change. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on an actuarial study performed as of June 30, 2021:

Net periodic postretirement benefit cost included the following components:

Service cost	\$	-
Interest cost		32,095
Amortization net gain		<u>(160,812)</u>
Net periodic postretirement benefit cost	\$	<u><u>(128,717)</u></u>

The net periodic postretirement benefit cost was determined using the following weighted average assumptions:

Discount rate	4.00%
Expected long-term rate of return	N/A
Health care cost trend rate:	
Present rate before 65	5.00%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

Accumulated postretirement and projected benefit obligation:

Retirees	\$	<u><u>815,216</u></u>
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Funded status:

Beginning accrued postretirement benefit obligation	\$	832,863
Actuarial loss		170,082
Retiree contributions:		
Net periodic postretirement cost		(128,717)
Estimated benefit payments		<u>(59,012)</u>
Ending accrued postretirement benefit obligation	\$	<u><u>815,216</u></u>

The projected accrued postretirement benefit obligation was determined using the following weighted average assumptions:

Discount rate	4.00%
Health care cost trend rate:	
Present rate before 65	7.00%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Post-Employment Benefits Other Than Pensions, continued

The expected net periodic postretirement benefit cost for fiscal year 2022:

Service cost	\$	-
Interest cost		31,420
Amortization of unrecognized net gain		<u>(131,166)</u>
Net periodic postretirement benefit costs	\$	<u><u>(99,746)</u></u>

The expected contribution for the next 10 years:

2022	\$	59,420
2023		60,901
2024		62,234
2025		56,562
2026		57,098
2027-2029		264,835

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 21, 2021, as of and for the year then ended June 30, 2021.

Note 9 - Restricted Net Assets

Net assets with donor restrictions consist of the following:

Purpose restrictions:	
Academic programs	\$ 11,056,409
Scholarships	6,048,112
Athletic programs	<u>423,540</u>
	17,528,061
Time and purpose restrictions:	
Academic programs	1,815,136
Athletic programs	1,611,112
Scholarships	1,500,806
General use	<u>205,371</u>
	5,132,425
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Academic programs	12,609,245
Scholarships	<u>10,137,219</u>
	<u>22,746,464</u>
	<u><u>\$ 45,406,950</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 9 - Restricted Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of time and purpose restrictions:

Athletic programs	\$	1,571,909
Academic programs		1,239,423
Scholarships		<u>785,342</u>
		3,596,674

Satisfaction of time restrictions:

General use		<u>156,752</u>
	\$	<u><u>3,753,426</u></u>

Note 10 - Endowments

The Foundation has adopted the guidance on net classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and institution-designated endowment funds.

The Foundation's endowments consist of funds established for a variety of purposes. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the donor-restricted endowment fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investment assets
- 6) Other resources of the Foundation
- 7) The investment policy statement of the Foundation

Spending policy: The Foundation's spending policy allocates total earnings from the portfolio between current spending and reinvestment for future earnings and has been designed with three objectives in mind: (a) provide current programs with a predictable, stable stream of revenues; (b) ensure that the purchasing power of real value of this revenue stream does not decline over time; and (c) ensure that the purchasing power or real value of the endowment assets does not decline over time. The cost of current operating programs will likely increase over time at least as fast as inflation.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 10 - Endowments, continued

If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly, the Foundation has adopted an annual spend amount equal to 4.00% based upon the spend formula, in addition to the Foundation's 1.25% investment management fee. The spending formula is computed based on the historical three year rolling-average of the endowment's fiscal year-end market value, one year before the fiscal year in which the spend is available commencing July 1.

Investment policy: The objective is to promote growth in the investment funds sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant-dollar value and purchasing power of the funds for future generations, and to preserve the principal of operating cash and reserves while producing market-level income. The total annualized rate of return objective for the full portfolio shall be, net of all investment asset expenses, 5.00% greater than the rate of inflation, as measured by the Consumer Price Index.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations. In accordance with US GAAP deficits of this nature are reported as net assets without donor restrictions.

The endowment net assets composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,179,449	\$ -	\$ 4,179,449
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	22,746,464	22,746,464
Accumulated investment gains	-	9,308,706	9,308,706
	<u>\$ 4,179,449</u>	<u>\$ 32,055,170</u>	<u>\$ 36,234,619</u>

The changes in endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,458,354	\$ 23,485,701	\$ 26,944,055
Contributions	-	3,076,004	3,076,004
Appropriated expenditures	(188,673)	(1,179,070)	(1,367,743)
Investment return, net	909,768	6,672,535	7,582,303
Endowment net assets, end of year	<u>\$ 4,179,449</u>	<u>\$ 32,055,170</u>	<u>\$ 36,234,619</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 10 - Endowments, continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in three donor-restricted endowment funds, which together have an original gift value of \$170,100, a current fair value of \$163,466, and a deficiency of \$6,634 as of June 30, 2021.

The Foundation has interpreted UPMIFA to permit spending from underwater donor-restricted endowment funds in accordance with prudent measures required under law. The governing board appropriated for expenditure \$3,351 from underwater endowment funds during the year ended June 30, 2021.

Note 11 - University Contract Services

The Foundation entered into an operating agreement with the University to use the University employees to provide direct supporting services and indirect other services on behalf of the Foundation including human resource services, facilities management services, information technology services and other administrative services as appropriate. Services provided to the Foundation by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. During the year ended June 30, 2021, the total estimated employee cost was \$2,916,246, and has been recognized as university contract services revenue and as an operating expense in the statement of activities.

The Foundation entered into an operating agreement with the University to use the University facilities to provide space for the University employees to provide direct supporting services on behalf of the Foundation. The Foundation 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 \$96,300, and has been recognized as university contract services revenue and as an operating expense in the statement of activities.

Note 12 - Transactions with Related Parties

The Foundation functions to benefit the University by operating various campus programs. The Foundation purchases various services such as printing, utilities, telephone, mail service, etc. from the University.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by operating various grant and research programs.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student led programs.

California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various student enterprise programs.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 12 - Transactions with Related Parties, continued

Transactions with related parties are reflected in the accompanying financial statements as follows:

Revenue:

University:

Student services	\$	114,368
Program fees		33,334
Associated Students		19,089
Student-centered Enterprises		276
	\$	<u>167,067</u>

Expenses:

University:

Scholarships	\$	858,996
Administrative services		1,267,723
Interest		27,965
Sponsored Programs Administration		18,914
Associated Students		588,651
Student-centered Enterprises		4,515
	\$	<u>2,766,764</u>

Due from:

University	\$	<u>2,686</u>
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Due to:

University	\$	312,415
Sponsored Programs Administration		18,173
Associated Students		586,587
Student-centered Enterprises		300
	\$	<u>917,475</u>

For the year ended June 30, 2021, of the \$588,651 reported as expense to Associated Students, \$586,587 is related to scholarship payments which were reimbursed by the Foundation and are reported in program services on the statement of activities and scholarships expense on the statement of functional expenses.

Note 13 - Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balance and the amounts reported on the statement of activities.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2021

Note 14 - Conditional Contributions

Conditional contributions consisted of the following:

Building construction	\$ 5,250,658
Academic programs	1,500,000
Student scholarships	1,400,000
Other programs	<u>152,816</u>
	<u>\$ 8,303,474</u>

Conditional contributions received for the construction of a building are conditional on approval of the University's construction plans by the Chancellor's Office. Conditional contributions received for academic programs are conditional on meeting specific performance criteria. Conditional contributions received for student scholarships are conditional on successful annual review. Conditional contributions received for other programs are conditional on the substantial completion of various program objectives.

A conditional contribution does not meet the standard for revenue recognition. As such, collectively, the \$8,303,474 conditional portion of contributions has not been recognized in the statement of activities for the year ended June 30, 2021.

As of June 30, 2021, \$2,203,474 of conditional contributions have been collected in advance, and are reported as revenue collected in advance on the statement of financial position. The current portion of revenue collected in advance represents amounts where the Foundation expects conditions to be met within the next fiscal year.

Note 15 - Commitments and Contingencies

From time to time, the Foundation 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 Foundation'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 students and to mitigate the financial effects of the virus and its resultant economic slowdown. The Foundation 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 Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's customers, employees, and vendors, all of which at present, cannot be determined.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	8,776,187
Short-term investments	-
Accounts receivable, net	2,686
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	1,977,452
Prepaid expenses and other current assets	-
Total current assets	10,756,325

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	3,154,973
Endowment investments	36,234,619
Other long-term investments	8,546,414
Capital assets, net	808,056
Other assets	687,251
Total noncurrent assets	49,431,313
Total assets	60,187,638

Deferred outflows of resources:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	108,889
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	152,816
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	990,172

Total current liabilities

1,251,877

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	2,050,658
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	755,796
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities

2,806,454

Total liabilities

4,058,331

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	808,056
Restricted for:	
Nonexpendable – endowments	22,746,464
Expendable:	
Scholarships and fellowships	7,548,918
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	15,111,568
Unrestricted	9,914,301
Total net position	<u>56,129,307</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION
Schedules 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	3,502,701
Total operating revenues	3,502,701
Expenses:	
Operating expenses:	
Instruction	55,356
Research	-
Public service	-
Academic support	-
Student services	1,881,081
Institutional support	3,953,971
Operation and maintenance of plant	4,353
Student grants and scholarships	1,381,932
Auxiliary enterprise expenses	-
Depreciation and amortization	40,713
Total operating expenses	7,317,406
Operating income (loss)	(3,814,705)
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	6,312,243
Investment income (loss), net	1,830,438
Endowment income (loss), net	7,582,303
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(40,441)
Net nonoperating revenues (expenses)	15,684,543
Income (loss) before other revenues (expenses)	11,869,838
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	3,076,004
Increase (decrease) in net position	14,945,842
Net position:	
Net position at beginning of year, as previously reported	41,183,465
Restatements	-
Net position at beginning of year, as restated	41,183,465
Net position at end of year	56,129,307

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2021

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	3,139	-	-	-	\$ 3,139	-	-	-	\$ 3,139
Works of art and historical treasures	205,263	(129,093)	-	-	76,170	-	-	-	76,170
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets:	15,500	-	-	-	15,500	-	-	-	15,500
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
Total intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
Total non-depreciable/non-amortizable capital assets	\$ 223,902	(129,093)	-	-	\$ 94,809	-	-	-	\$ 94,809
Depreciable/Amortizable capital assets:									
Buildings and building improvements	1,356,171	-	-	-	1,356,171	-	-	-	1,356,171
Improvements, other than buildings	72,963	-	-	-	72,963	-	-	-	72,963
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	232,323	-	-	-	232,323	-	-	-	232,323
Personal property:									
Equipment	1,571,775	-	-	-	1,571,775	-	-	-	1,571,775
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	-	129,093	-	-	129,093	-	-	-	129,093
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	129,093	-	-	129,093	-	-	-	129,093
Total intangible assets	-	129,093	-	-	129,093	-	-	-	129,093
Total depreciable/amortizable capital assets	3,233,232	129,093	-	-	3,362,325	-	-	-	3,362,325
Total capital assets	\$ 3,457,134	-	-	-	\$ 3,457,134	-	-	-	\$ 3,457,134

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

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	(654,372)	-	-	-	(654,372)	(33,962)	-	-	(688,334)
Improvements, other than buildings	(40,890)	-	-	-	(40,890)	(3,648)	-	-	(44,538)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	(1,680,780)	129,093	-	-	(1,551,687)	(3,103)	-	-	(1,554,790)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:	-	-	-	-	-	-	-	-	-
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Exhaustible Art	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
Total intangible assets	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
Total accumulated depreciation/amortization	(2,608,365)	-	-	-	(2,608,365)	(40,713)	-	-	(2,649,078)
Total capital assets, net	\$ 848,769	-	-	-	\$ 848,769	(40,713)	-	-	808,056

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 40,713
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 40,713

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassif ications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	\$ -	-	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
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	\$ -	-	-	-	-	\$ -	-	\$ -

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									\$ -

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2021

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
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	368,839
Payments to University for other than salaries of University personnel	1,785,845
Payments received from University for services, space, and programs	147,702
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)	(312,415)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	2,686
Other amounts receivable from University (enter as positive number)	

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2021

(for inclusion in the California State University)

8 Restatements

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

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

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	9,300	120	-	-	-	45,936	-	55,356
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	443,555	136,582	-	-	-	1,300,944	-	1,881,081
Institutional support	10,309	216,023	-	-	-	3,727,639	-	3,953,971
Operation and maintenance of plant	-	-	-	-	-	4,353	-	4,353
Student grants and scholarships	-	-	-	-	1,381,932	-	-	1,381,932
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	40,713	40,713
Total operating expenses	\$ 463,164	352,725	-	-	1,381,932	5,078,872	40,713	7,317,406

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2021

(for inclusion in the California State University)

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	(40,441)
Total other nonoperating revenues (expenses)	<u>\$ (40,441)</u>

See independent auditors' report.

**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
California State University, Bakersfield Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Foundation (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 California State University, Bakersfield Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University, Bakersfield Foundation's internal control.

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

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

Compliance and Other Matters

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

**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 California State University, Bakersfield Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation'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

California State University, Bakersfield Student-Centered Enterprises, Inc.

Financial Statements with Supplemental Information

Year Ended June 30, 2021



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.
Financial Statements with Supplemental Information
Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee
California State University, Bakersfield Student-centered Enterprises, Inc.

We have audited the accompanying financial statements of California State University, Bakersfield Student-centered Enterprises, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Student-centered Enterprises, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year 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, California State University, Bakersfield Student-centered Enterprises, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, included on pages 13-24 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 California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Statement of Financial Position

June 30, 2021

ASSETS

Current Assets:

Cash	\$	2,296,488
Due from related parties		716,527
Prepaid expenses		<u>5,726</u>

Total Current Assets 3,018,741

Property and Equipment, net of accumulated depreciation 1,124,028

Total Assets \$ 4,142,769

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$	363,656
Due to related parties		<u>678,348</u>

Total Current Liabilities 1,042,004

Net Assets - Without Donor Restrictions 3,100,765

Total Liabilities and Net Assets \$ 4,142,769

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statement of Activities**Year Ended June 30, 2021

Revenue and Support Without Donor Restrictions:	
University contract services (Note 7)	\$ 3,828,225
Program activity fees	917,600
Housing administration and programming fee	282,700
Associated student body fees	161,536
Other operating revenues	<u>23,177</u>
Total Revenue and Support Without Donor Restrictions	5,213,238
Expenses:	
Program services:	
Student Union	878,222
Student Recreation Center	2,450,501
Student Housing and Residential Life	729,138
Children's Center	440,175
Supporting services - general and administrative	<u>466,178</u>
Total Expenses	<u>4,964,214</u>
Change in Operations Before Transfer	249,024
Transfer of Employee Vacation Liability (Note 9)	<u>185,552</u>
Change in Net Assets	434,576
Net Assets - Without Donor Restrictions, beginning	<u>2,666,189</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 3,100,765</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total			
University contract expenses (Note 7)	\$ 796,872	\$ 1,835,684	\$ 496,073	\$ 438,160	\$ 3,566,789	\$ 261,436	\$ 3,828,225	
Utilities	47,657	195,667	108,908	-	352,232	36,301	388,533	
Supplies	33,354	128,379	96,250	-	257,983	8,261	266,244	
Depreciation	-	247,520	-	2,015	249,535	2,714	252,249	
Insurance	-	-	-	-	-	84,276	84,276	
Information technology	-	23,952	4,264	-	28,216	13,932	42,148	
Miscellaneous	-	64	-	-	64	27,766	27,830	
Repairs and maintenance	276	3,261	20,817	-	24,354	-	24,354	
Accounting	-	-	-	-	-	16,190	16,190	
Professional fees	-	-	-	-	-	7,200	7,200	
Bank fees	-	-	-	-	-	6,719	6,719	
Minor equipment	-	5,602	-	-	5,602	-	5,602	
Dues and subscriptions	-	4,433	-	-	4,433	906	5,339	
Advertising and promotion	-	4,349	-	-	4,349	-	4,349	
Office expense	63	13	2,826	-	2,902	7	2,909	
Conference, conventions, and meetings	-	1,150	-	-	1,150	470	1,620	
Travel	-	427	-	-	427	-	427	
Total expenses	\$ 878,222	\$ 2,450,501	\$ 729,138	\$ 440,175	\$ 4,498,036	\$ 466,178	\$ 4,964,214	

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Statement of Cash Flows

Year Ended June 30, 2021

Cash Flows from Operating Activities:

Change in net assets	\$ 434,576
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	252,249
Transfer of employee vacation liability (Note 9)	(185,552)
Changes in operating assets and liabilities:	
Accounts receivable, net	47,441
Due from related parties	420,794
Prepaid expenses	(5,726)
Accounts payable and accrued expenses	102,091
Due to related parties	<u>(1,602,975)</u>
Net Cash Used by Operating Activities	(537,102)

Cash Flows Used by Investing Activities:

Purchases of property and equipment	<u>(6,774)</u>
Net Decrease in Cash	(543,876)

Cash, beginning	<u>2,840,364</u>
Cash, ending	<u>\$ 2,296,488</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield Student-centered Enterprises, Inc. (Organization) was incorporated in the State of California on March 9, 1994, and opened its facility in May 1994. In May 2009, the Organization opened its Student Recreation Center. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University). The Organization operates a student union facility to enhance the quality of the student experience through the development of and exposure to, campus programs, activities, and organizations in a student-centered environment; a student recreation center to allow students to achieve physical and mental well-being through a variety of programs and services; a children's center to provide on-campus daycare services to students attending California State University, Bakersfield as well as the community and staff and faculty of the University; and student housing and residential life designed to create a holistic, student centered housing experience, in which students have access to faculty, engaging and social activities, and are able to access support easily and often.

In February 2020, the entity changed its name from California State University, Bakersfield Student Union to California State University, Bakersfield Student-centered Enterprises, Inc.

Change in Operations

During the year ended June 30, 2021, the University and Organization entered into an operating agreement to better define the purpose and primary functions of the Organization. Under the former agreement, the Organization's primary sources of revenue were mandatory and non-mandatory student fees collected by the Organization. Under the new agreement, the University collects the student fees and provides the Organization a portion of the fees to provide programming services that enhance the quality of the student experience. The fees provided to the Organization for programming services are based on an annual approved budget and may vary each year depending on student enrollment, nature of programming events, and estimated expenses.

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 their 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 year ended June 30, 2021.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

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

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 statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2021 and therefore, no amounts have been accrued.

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.

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 year ended June 30, 2021, no price concession for uncollectible amounts was considered necessary.

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 three to ten years.

Revenue Recognition

Program Activity Fees – The Organization receives program activity fees from the University to provide a variety of student-centered programs and services that enhance the quality of the student experience. Contracted amounts are determined through a budgetary process approved by the Organization's governing board and University Chief Financial Officer. Program activity fees are recognized by the Organization as program services and are delivered over the academic calendar year.

Associated Student Body Fees – Each matriculated student of the University is required to pay associated student body fees. A designated ratio of the associated student body fees equal to \$8 per semester is to support the Children's Center, which is managed by the Organization. Associated student body fees are due and collectible prior to the first day of the academic semester. Payments are recognized by the Organization on a ratable basis over the academic semester, which is when the program services are delivered.

Housing Administration and Programming Fee – The Organization received a housing administration and programming fee for programs and services provided to housing residents. Contracted amounts are determined and recognized in a similar manner as programming activity fees.

Advertising

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

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

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. Each fund has expenses that are programmatic and general and administrative in nature and certain costs initially captured within the funds, such as accounting costs, general insurance and bank fees, are presented as general and administrative instead of program costs.

Future Accounting Standards

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.

Note 2 - Liquidity and Availability

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

Cash	\$ 2,296,488
Due from related parties	<u>716,527</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,013,015</u>

The Organization is substantially supported by program activity fees collected by the University and are subsequently transferred to the Organization for programming services. None of the financial assets are subject to donor restriction, and therefore, all financial assets are available for general expenditure within one year. The Organization has no other liquid assets available from which to draw.

Note 3 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by 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. The Organization manages this risk by using high-quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note 4 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,760,519
Leasehold improvements	1,022,240
	<u>2,782,759</u>
Less accumulated depreciation	(1,658,731)
	<u>\$ 1,124,028</u>

Note 5 - Revenue Recognition

Contract Balances

Accounts receivable from contracts with customers were \$47,441 at the beginning of the year and \$0 at the end of the year.

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 6 - Commitments

The Organization has entered into various agreements for the maintenance of facilities and equipment, information technology services, and equipment rentals under non-cancelable agreements expiring at various dates through October 2021, including one with the University.

Minimum future payments as of June 30, 2021 are due as follows:

Year Ending June 30,	
<u>2022</u>	\$ 22,321
Thereafter	<u>-</u>
	<u>\$ 22,321</u>

Expenses related to these commitments, including month-to-month leases, was \$136,628.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note 7 - University Contract Services

The Organization entered into an operating agreement with the University to use University employees to provide the direct programming services and indirect other services on behalf of the Organization including human resource services, facilities management services, information technology services and other administrative services as appropriate. Services provided to the Organization by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. During the year ended June 30, 2021, the total estimated employee cost is \$2,415,025 and has been recognized as University contract services revenue and as an operating expense in the statement of activities.

The Organization entered into an operating agreement with the University to use University facilities to provide space for the University employees to provide direct programming services 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 is \$1,413,200 and has been recognized as University contract services revenue and as an operating expense in the statement of activities.

Note 8 - Related Party Transactions

The Organization has an agreement with the University to use campus facilities to conduct operations. Utility costs related to the Organization's use of those facilities are paid by the University and reimbursed by the Organization. Custodial and landscape maintenance charges were billed to the Organization by the University on a monthly basis as expenses were incurred. The Organization and the University are currently in the process of renegotiating multi-year contracts for these services.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by operating various philanthropic programs.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student led programs.

Related party transactions are reflected in the accompanying financial statements as follows:

Revenue:

Cost Recoveries:

University	\$	1,227,184
Foundation		4,516
Associated Students		<u>161,536</u>
Total Cost Recoveries	\$	<u><u>1,393,236</u></u>

Expense:

Services from Other Agencies:

University	\$	576,011
Foundation		276
Associated Students		<u>8,000</u>
	\$	<u><u>584,287</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Related Party Transactions, continued

Due from Related Parties:

University	\$	691,476
Foundation		300
Associated Students		24,751
		<u>24,751</u>
	\$	<u>716,527</u>

Due to Related Parties:

University	\$	<u>678,348</u>
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Note 9 - Transfer of Employee Vacation Liability

In fiscal year 2021, based on clarified guidance provided by the operating agreement between the University and the Organization, it was determined that, since the Organization utilizes University employees to provide the direct programming services and indirect other services on behalf of the Organization, the related employee vacation liability was not the responsibility of the Organization and should be transferred to the University. Therefore, the employee vacation liability balance of \$185,552 was transferred to the University during the year ended June 30, 2021.

Note 10 - 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 students 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 staff and students. 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.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Schedule of Activities by Enterprise

Year Ended June 30, 2021

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Revenue and Support Without Donor Restrictions:					
University contract services (Note 7)	\$ 922,308	\$ 1,880,684	\$ 570,773	\$ 454,460	\$ 3,828,225
Program activity fees	186,600	731,000	-	-	917,600
Housing administration and programming fee	-	-	282,700	-	282,700
Associated student body fees	-	-	-	161,536	161,536
Other operating revenues	383	408	22,083	303	23,177
	<u>1,109,291</u>	<u>2,612,092</u>	<u>875,556</u>	<u>616,299</u>	<u>5,213,238</u>
Expenses:					
Program services	878,222	2,450,501	729,138	440,175	4,498,036
Supporting services - general and administrative	171,075	91,102	169,606	34,395	466,178
	<u>1,049,297</u>	<u>2,541,603</u>	<u>898,744</u>	<u>474,570</u>	<u>4,964,214</u>
Change in Operations Before Transfer	59,994	70,489	(23,188)	141,729	249,024
Transfer of Employee Vacation Liability	73,142	40,998	61,774	9,638	185,552
Change in Net Assets	133,136	111,487	38,586	151,367	434,576
Net Assets (Deficit) - Without Donor Restrictions, beginning	<u>1,263,541</u>	<u>2,298,642</u>	<u>(821,369)</u>	<u>(74,625)</u>	<u>2,666,189</u>
Net Assets (Deficit) - Without Donor Restrictions, ending	<u>\$ 1,396,677</u>	<u>\$ 2,410,129</u>	<u>\$ (782,783)</u>	<u>\$ 76,742</u>	<u>\$ 3,100,765</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Schedule of Net Position**

June 30, 2021

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	2,296,488
Short-term investments	-
Accounts receivable, net	716,527
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	5,726
Total current assets	3,018,741

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	1,124,028
Other assets	-
Total noncurrent assets	1,124,028
Total assets	4,142,769

Deferred outflows of resources:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Schedule of Net Position**

June 30, 2021

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	363,656
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	678,348

Total current liabilities1,042,004**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**1,042,004**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	1,124,028
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,976,737
Total net position	<u>3,100,765</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, 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	5,213,238
Total operating revenues	5,213,238
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,711,965
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	252,249
Total operating expenses	4,964,214
Operating income (loss)	249,024
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	185,552
Net nonoperating revenues (expenses)	185,552
Income (loss) before other revenues (expenses)	434,576
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	434,576
Net position:	
Net position at beginning of year, as previously reported	2,666,189
Restatements	-
Net position at beginning of year, as restated	2,666,189
Net position at end of year	3,100,765

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, 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	(248,327)	-	-	-	(248,327)	(41,887)	-	-	(290,214)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(383,023)	-	-	-	(383,023)	(36,557)	-	-	(419,580)
Personal property:									
Equipment	(775,132)	-	-	-	(775,132)	(173,805)	-	-	(948,937)
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	(1,406,482)	-	-	-	(1,406,482)	(252,249)	-	-	(1,658,731)
Total capital assets, net	\$ 1,369,503	-	-	-	\$ 1,369,503	(245,475)	-	-	1,124,028

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	252,249
Amortization expense related to other assets		-
Total depreciation and amortization	\$	252,249

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.

Other Information

June 30, 2021

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassif ications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 185,552	-	185,552	-	(185,552)	\$ -	-	-
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	\$ 185,552	-	185,552	-	(185,552)	\$ -	-	\$ -

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									

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, 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	-
Payments to University for other than salaries of University personnel	576,011
Payments received from University for services, space, and programs	1,227,184
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)	(678,348)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	691,476
Other amounts receivable from University (enter as positive number)	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, 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	N/A	
Restatement #2	N/A	-

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	-	-	-	-	-	4,711,965	-	4,711,965
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	252,249	252,249
Total operating expenses	\$ -	-	-	-	-	4,711,965	252,249	4,964,214

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, 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	<u>\$ -</u>

2. Deferred Inflows of Resources

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

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	185,552
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	<u>\$ 185,552</u>

**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
California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, 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*.

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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 California State University, Bakersfield Student-centered Enterprises, 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 California State University, Bakersfield Student-centered Enterprises, 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