

# California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016



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

## Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016

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### Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12
Supplemental Information:	
Schedule of Expenses by Natural Classification	15
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	17
Schedule of Revenues, Expenses, and Changes in Net Position	18
Other Information	19
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 <i>Government Auditing Standards</i>	26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	28
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33
Schedule of Prior Year Findings	36
Corrective Action Plan	37

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
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 statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position 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 audits 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, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were 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 supplementary information included on pages 15-25 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 October 5, 2017, 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 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 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  
October 5, 2017

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

## **Management's Discussion and Analysis**

Year Ended June 30, 2017

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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, 2016 through June 30, 2017. This discussion should be read in conjunction with the financial statements and notes.

### **Introduction to the Financial Statements**

The Organization 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 present the inflows and outflows of cash for the year ended June 30, 2017 and are 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, 2016 through June 30, 2017. Included is an analysis of the current year activities and balances.

The Organization continued the management and operation of several grants including CREST- Center for Research Excellence in Science and Technology, the Teacher Quality Partnerships – GroSTEM, Building Healthy Communities, CAMP - College Assistance Migrant Program, Educational Talent Search, HEP - High School Equivalency Program, and Small Business Development Center.

The total annual revenue for grants under Organization management during the year was approximately \$8.0 million. Several grants that were awarded to the Organization in past years experienced their final year of operation this year.

In its seventh year of operation, the Organization generated approximately \$852 thousand in Facilities and Administrative (F&A) indirect cost recovery - the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many awards receive a lower rate and certain categories of expense may not be used when calculating the actual cost recovery. The actual cost recovery rate for the year is 8.7 percent, above the planned rate of 7.9 percent. Projected F&A for fiscal year 2017-18 is 7.7 percent.

### **Grant Highlights**

The Organization administered 60 new and continuing awards during this reporting period. These awards help fund educational, research, and service activities that benefit students, teachers, small businesses and members of the California State University, Bakersfield (CSUB) community. The following comments are brief descriptions of a select number of awards representative of the ongoing activities and operations of the Organization. They are highlights of awards received by each school or division participating in the sponsored program activities of the University.

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

### **Management's Discussion and Analysis**

Year Ended June 30, 2017

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#### **School of Arts and Humanities Grant**

***Crossing Borders, Making Connections: The Humanities and Ethnic Studies*** was an 18-month project funded through a National Endowment for the Humanities grant. The goals of the project were to develop interdisciplinary expertise in Ethnic Studies at CSUB, and to heighten awareness of ethnic diversity in California's central valley. Phase I of the grant included a series of seminar discussions with a cohort of faculty examining ethnicity and ethnic studies from multiple perspectives. The cohort also contributed to developing a foundational course in the Interdisciplinary Studies program, "Ethnicity and Culture," that aims to engage and enrich student learning through various approaches and dialogues of ethnic studies. Phase II of the grant turned outward toward the community in a number of programs and initiatives that involved community stakeholders and engaged central valley residents in conversations to promote the common good. Marquee events included guest lectures from the president of the California Historical Society, a community workshop, and a community panel that brought together diverse ethnic groups and a keynote speaker who has been working with underrepresented groups in California for over five decades. These events helped develop lasting partnerships that will be utilized within the Interdisciplinary undergraduate curriculum as mutually beneficial internship and applied experience opportunities for students and community stakeholders well into the future.

#### **School of Business and Public Administration Grants**

Grant funding in the School of Business and Public Administration comes primarily through the CSUB Small Business Development Center (SBDC). This funding enables up to twenty talented professionals to offer confidential, in-depth, one-on-one business consulting on a wide spectrum of business issues, at no cost to the client. It also provides a student learning component that gives real world, practical experience for students who work along with our consulting professionals. The Center presents webinars and hosts a number of seminars, conferences and classes throughout the year. These services are provided to small business owners in Kern, Mono, and Inyo Counties. SBDC major funding is from the Small Business Administration.

#### **Enrollment Management Grants**

The College Assistance Migrant Program (CAMP) at California State University, Bakersfield is one of the student equity programs and is a federally funded program designed to meet the needs of students with migrant or seasonal farm working backgrounds. CAMP offers eligible students pre-college transition and first-year support services to help develop the skills necessary to succeed in college. CAMP collaborates with CSUB faculty, student services and community-based agencies to enhance educational and career opportunities for all CAMP eligible students. CAMP and its staff are committed in helping its students succeed at CSUB. CAMP students are immersed with valuable information to assist them in their first year of higher education and be provided follow-up services to guide them in the completion of their baccalaureate degree. 2016/2017 Project Highlights: CAMP had approximately 11 students who graduated with their Master's Degrees and approximately 79 students who graduated with their Bachelor's Degrees.

The CSUB-High School Equivalency Program (HEP) is a federal grant program funded by the U.S. Department of Education, Office of Migrant Education. CSUB-HEP offers a year-round academic program to 100 migrant and seasonal farmworker participants so they can successfully complete their high school equivalency certificate. It also seeks to prepare them to access and obtain improved employment, begin postsecondary studies or enroll in a vocational training program. HEP at CSUB is one of 14 HEP Programs in the State of California and the only project providing these specialized services in the Southern San Joaquin Valley. CSUB-HEP is on its second consecutive funding cycle through 2020. CSUB-HEP alone will serve a minimum of 500 migrant and seasonal farmworkers and their families in a five-year cycle (2015-2020). CSUB-HEP has met or exceeded national performance targets for five consecutive years. To date, \$8,500 in Scholarship Funds from the National HEP and CAMP Association have been awarded to CSUB-HEP graduates as financial assistance for their college expenses. 2016/2017 Project Highlights: HEP successfully assisted 69 participants attain their Official GED Certificate, assisted approximately 55 graduates attain placement in higher education, vocational training, or better employment, and to date 5 graduates have been enrolled at Bakersfield College for the Fall Semester.

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

### **Management's Discussion and Analysis**

Year Ended June 30, 2017

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The Education Talent Search (ETS) is also representative of the Enrollment Management grants administered through the Organization. It serves three high schools in Kern County, one high school in the McFarland High School district, two middle schools in the Bakersfield School District and one middle school in the McFarland school district. The Educational Talent Search (ETS) program from California State University, Bakersfield provides academic, career, and financial counseling to its participants and encourages them to graduate from high school and continue on to and complete their postsecondary education. The ETS has been on our CSUB campus for 31 years and it is one of the eight federal programs targeted to serve and assist low-income individuals, first-generation college students, and individuals with disabilities to progress through the academic pipeline from middle school to post baccalaureate programs. The Educational Talent Search program is dedicated to creating, promoting, and supporting a college-bound culture in the Kern County community. The mission of the program is to increase the number of low-income students and potentially first-generation students who successfully complete high school and postsecondary-educational programs.

### **School of Natural Sciences, Mathematics and Engineering Grants**

The National Science Foundation (NSF) has supported research and student success in NSM&E by funding a number of grants in the School. Two representative grant programs currently funded by the agency are: *The Center of Research Excellence in Science and Technology (CREST)* and the program on *Improving Undergraduate STEM Education (IUSE)*. These programs are administered by the Organization.

CREST Phase II integrated the educational experience of participating students in Year 1 by holding bi-weekly all-hands-on meetings that were required for all CREST participants to attend. These meetings helped to monitor progress on research activity, address advising/student success related matters, as well as provide an opportunity for students' research progress presentations, faculty research talks and guest research speakers. Courses taught by CREST faculty were adapted to design a more transdisciplinary curriculum for all CREST participants. Students attended nine invited presentations from visiting scientists. Students and faculty participated in outreach activities. 15 students (4 undergraduates, 11 graduates) were granted CREST support for AY 16/17. Nine papers were submitted, are in review, or published in top international journals by CREST participants. Nine former and current CREST students finished theses this past year. Twenty-six presentations were given at local, national and regional meetings by CREST participants.

STEM Retention and Graduation: An Integrated Approach: This project consists of a co-teaching and curriculum enhancement scheme in pre-calculus and calculus courses, in-class student tutors, a student ambassador program, and a summer enrichment program for "at-risk" lower division students: developing Sustainable Interdisciplinary STEM Programs for First and Second Year Underserved Students in the Southern San Joaquin Valley. This project consists of the following components: a tablet classroom instruction for pre-calculus, and a summer research project for freshmen and sophomores.

Besides support from the NSF, NSME receives research and other program funding from other federal agencies and from private organizations. For example, the U.S. Department of Agriculture provided funding to develop experiential learning, research and extension opportunities for underrepresented students earning engineering degrees from CSUB. This program titled USDA Novel Research involves outreach efforts with the potential to reach more than 35,000 high school students, and more than 2000 community college students. 60% of the student participants will come from outside CSUB.

The Nursing program has received continued funding from the Office of Statewide Health Planning and Development (OSHPD) for the purpose of supporting programs that train family and primary care physicians, osteopathic family physicians, primary care physician's assistants, registered nurses and primary care nurse practitioners to provide needed services in areas of unmet need within the state. Additionally, funding received from Bakersfield Memorial Hospital and Dignity Health in support of the Masters of Science in Nursing, Family Nurse Practitioner Program has allowed for the updating of existing equipment and the purchase of new equipment that will be used to enhance the student clinical and simulation experiences, which provides the critical foundation during the first year of the training program.

See independent auditors' report.

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

### **Management's Discussion and Analysis**

Year Ended June 30, 2017

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Conventional steam flooding based oil production operations in Kern County, California results in the production of approximately 250,000 acre-ft of water annually. CSUB faculty received funding from private sources which allows for the testing and development of water treatment technologies to treat the current disposal volumes of associated water and to use the treated water for various beneficial reuses which can not only help the oil industry in coping with low oil prices and regulatory constraints related to disposal of oilfield-produced water, but it can also add to the existing water supplies of a region which often faces serious draught conditions.

#### **School of Social Science and Education (SS&E) Grants**

This Teacher Quality Partnership grant funding has been integral in establishing the Kern Rural Teacher Residency. The goal of this residency program is to prepare elementary school teachers with specialized emphases in science, technology, engineering, and mathematics (STEM) to teach in rural, high-need school districts. For the partnership, CSUB works closely with three rural districts: Buttonwillow Elementary, Lamont Elementary, and Semitropic Elementary. Kern Rural Teacher Residents receive full tuition support for the completion of their teaching credentials and master's degrees. As an important part of this project, hundreds of students from the three rural districts participate in Camp Blast!, which is a summer STEM academy at the districts and on the CSUB campus. Data on the residents' progress through the program is consistently collected and analyzed for program improvement.

The Kern Urban Teacher Residency is a partnership between CSUB and the Bakersfield City School District (BCSD). Diverse undergraduate students are recruited and selected to complete their credential program coursework and clinical practice in an innovative model including a Saturday Lab School with BCSD students. Grant funding is provided to offset tuition expenses for the CSUB students and to provide stipends to the Cooperating Teachers from BCSD. An Educational Coordinator from CSUB works closely with an administrator from BCSD to coordinate all aspects of the program including selection of residents, Cooperating Teachers, and placement sites. Data on the residents' progress through the program is consistently collected and analyzed for program improvement.

#### **Other Grants**

There is increasing grant activity within other units of the University. During the reporting period, the Office of Grants, Research, and Sponsored Programs served as the financial hub for continuation of the *Building Healthy Community (BHC)* grant funded by the California Endowment. This program is part of a long-term effort to address poverty and improve health and economic status of communities in South Kern County, through deep, sustained community-driven investments and partnerships.

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

**Management's Discussion and Analysis**

Year Ended June 30, 2017

**Statements of Net Position**

	2017	2016	2015
Assets:			
Current assets	\$ 3,170,393	\$ 2,487,599	\$ 1,840,800
Capital assets	181,365	113,861	103,128
Total Assets	3,351,758	2,601,460	1,943,928
Liabilities:			
Current liabilities	2,214,032	1,493,739	1,219,442
Net Position: Unrestricted	\$ 1,137,726	\$ 1,107,721	\$ 724,486

**Assets**

Assets increased by \$750 thousand to \$3.3 million due to an increase of \$434 thousand in cash, an increase of \$355 thousand in accounts receivable, a decrease \$107 thousand in amounts due from related parties, and an increase of \$68 thousand in capital assets.

**Liabilities**

Total liabilities increased by \$720 thousand to \$2.2 million due largely to an increase in expense accruals and deferred revenue. The change in total liabilities primarily consists of a decrease of \$110 thousand in operating cost, an increase of \$309 thousand in due to related parties, and an increase of \$519 thousand in deferred revenue.

**Net Position**

Total net position remained unchanged at \$1.1 million. Most of the cost recovery generated was used to reimburse expenses the University incurred in post-award and fiscal administration services. This year, the Organization generated more in F&A cost recovery revenue providing funds to not only reimburse the University for fiscal administration services and academic release time salaries, but also set aside unrestricted funds for the Organization's future operations.

**Schedules of Revenues, Expenses, and Changes in Net Position**

	2017	2016	2015
Unrestricted Operating Revenue and Other Support:			
Grants	\$ 7,969,378	\$ 6,828,684	\$ 6,593,981
Other operating revenues	569,185	244,055	213,385
Total Unrestricted Operating Revenue and Other Support	8,538,563	7,072,739	6,807,366
Expenses:			
Program services	7,868,695	6,356,710	6,223,296
General and administrative	476,282	332,794	372,572
Total Expenses	8,344,977	6,689,504	6,595,868
Change in operations before transfer	193,586	383,235	211,498
Transfer of Net Deficit, Children's Center (Note 5)	(163,581)	-	-
Change in Net Position	30,005	383,235	211,498
Net Position, beginning	1,107,721	724,486	512,988
Net Position, ending	\$ 1,137,726	\$ 1,107,721	\$ 724,486

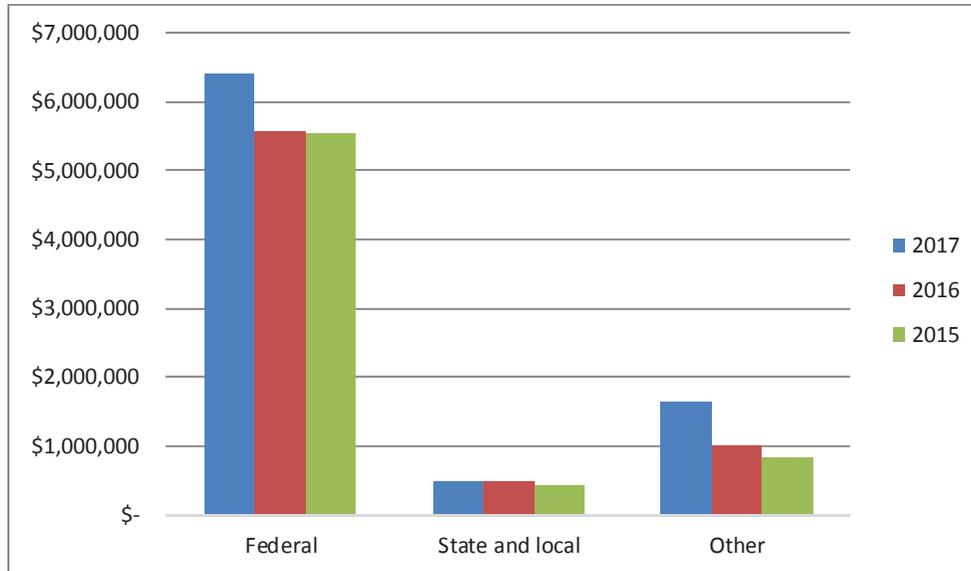
See independent auditors' report.

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

## Management's Discussion and Analysis

Year Ended June 30, 2017

### Revenue



Overall revenues increased from \$7.1 to \$8.5 million. While the federal share of revenue decreased from 79 to 75 percent and the state and local share decreased 7 to 6 percent, other revenue increased from 14 to 19 percent. The decrease in the federal share is due to increased funding from other sources. The increase in federal revenue is due to the TQP grant (\$748 thousand), CREST Phase II (\$719 thousand) and a reduction of last year on CREST (\$698 thousand). Increases from other grants are due to NGEI Kern Urban Teacher (\$259 thousand), Children's Center fees (\$282 thousand), and Children's Center CDE contract (\$123 thousand).

### Expenses

Program expenses represent costs related to administering the grants awarded. These expenses can be classified into payroll and non-payroll related expenses. Payroll related expenses total \$4.0 million whereas \$3.9 million relates to non-payroll grant expenses. General and administrative expenses consist of expenses related to faculty-released time and reimbursements to the University for business and administrative services. General and administrative expenses increased by \$143 thousand due an increase of \$13 thousand in contractual services for intellectual property, F&A negation of \$7 thousand, an increase of \$7 thousand for faculty training, \$17 thousand for staff training, and \$99 thousand of F&A returned to the University.

### Factors Bearing on the Organization's Future

Additional grants have been awarded to the University during the past fiscal year and subsequent to year end. Management intends to manage these grants through the Organization within the next fiscal year.

### 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 Imeh Ebong, Associate Vice President – Grants, Research & Sponsored Programs (GRASP) at 9001 Stockdale Highway, Bakersfield, California 93311.

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

**Statements of Net Position**

June 30, 2017 and 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash	\$ 1,447,256	\$ 1,013,408
Accounts receivable	1,639,563	1,284,751
Due from related parties	81,092	187,643
Prepaid expenses	2,482	1,797
Capital assets, net of accumulated depreciation	<u>181,365</u>	<u>113,861</u>
 Total Assets	 3,351,758	 2,601,460
 <b>LIABILITIES AND NET POSITION</b>		
Accounts payable	170,337	279,382
Due to related parties	960,474	651,953
Accrued expenses	36,048	34,000
Deferred revenue	<u>1,047,173</u>	<u>528,404</u>
 Total Liabilities	 <u>2,214,032</u>	 <u>1,493,739</u>
 Net Position:		
Net investment in capital assets	181,365	113,861
Unrestricted	<u>956,361</u>	<u>993,860</u>
	 <u>\$ 1,137,726</u>	 <u>\$ 1,107,721</u>

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

**Statements of Revenues, Expenses, and Changes in Net Position**

Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Revenue and Other Support:		
Grants:		
Federal	\$ 6,404,058	\$ 5,570,478
State	252,024	155,204
Local	237,146	346,314
Non-governmental	1,076,150	756,688
Other	569,185	244,055
Total Unrestricted Revenue and Other Support	8,538,563	7,072,739
Expenses:		
Program services	7,868,695	6,356,710
General and administrative	476,282	332,794
Total Expenses	8,344,977	6,689,504
Change in Operations Before Transfer	193,586	383,235
Transfer of Net Deficit, Children's Center (Note 5)	(163,581)	-
Change in Net Position	30,005	383,235
Net Position, beginning	1,107,721	724,486
Net Position, ending	\$ 1,137,726	\$ 1,107,721

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

**Statements of Cash Flows**

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 8,821,130	\$ 6,975,102
Payments to suppliers	(4,285,622)	(3,042,266)
Payments to employees	<u>(4,015,087)</u>	<u>(3,435,305)</u>
Net Cash Provided by Operating Activities	520,421	497,531
Cash Flows Used by Capital and Related Financing Activities:		
Purchase of capital assets	<u>(86,573)</u>	<u>(40,692)</u>
Net Increase in Cash	433,848	456,839
Cash, beginning	<u>1,013,408</u>	<u>556,569</u>
Cash, ending	<u>\$ 1,447,256</u>	<u>\$ 1,013,408</u>
Reconciliation of change in net position to net cash provided by operating activities:		
Change in net position	\$ 30,005	\$ 383,235
Transfer of Children's Center	163,581	-
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	36,486	29,959
Changes in operating assets and liabilities:		
Outstanding checks in excess of bank balance	(140,748)	-
Accounts receivable	(342,753)	(92,678)
Due from related parties	106,551	(104,402)
Prepaid expenses	(685)	7,120
Accounts payable	(153,029)	(67,962)
Due to related parties	308,521	229,872
Accrued expenses	(6,277)	12,944
Deferred revenue	<u>518,769</u>	<u>99,443</u>
Net Cash Provided by Operating Activities	<u>\$ 520,421</u>	<u>\$ 497,531</u>
Transfer of Children's Center program on July 1, 2016 (Note 5):		
Accounts receivable	\$ 12,059	\$ -
Capital equipment, net of accumulated depreciation	17,417	-
Outstanding checks in excess of bank balance	(140,748)	-
Accounts payable	(43,984)	-
Accrued expenses	<u>(8,325)</u>	<u>-</u>
Net transfer	<u>\$ (163,581)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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

## Notes to Financial Statements

Years Ended June 30, 2017 and 2016

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### 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 (CSU Bakersfield or the University) 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. 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 generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 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, 2017 and 2016 and therefore no amounts have been accrued.

#### Accounts Receivable

The 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. If amounts become uncollectible, they will be charged to operations when that determination is made.

#### 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 3 to 10 years.

#### Deferred Revenue

Deferred revenue represents grant revenue received in advance.

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

**Notes to Financial Statements**

Years Ended June 30, 2017 and 2016

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

Subsequent Events

The Organization has evaluated subsequent events through October 5, 2017, 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 the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. At June 30, 2017, the Organization’s uninsured cash balance was \$1,258,039. The Organization manages this risk by using high quality financial institutions.

**Note 3 – Capital Assets**

Changes in capital assets consist of the following for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Transfer from Children's Center (Note 5)	Balance June 30, 2017
Equipment	\$ 193,596	\$ 86,573	\$ -	\$ -	\$ 280,169
Leasehold improvements	-	-	-	20,000	20,000
Less accumulated depreciation	<u>(79,735)</u>	<u>(36,486)</u>	<u>-</u>	<u>(2,583)</u>	<u>(118,804)</u>
	<u>\$ 113,861</u>	<u>\$ 50,087</u>	<u>\$ -</u>	<u>\$ 17,417</u>	<u>\$ 181,365</u>

Changes in capital assets consist of the following for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Transfer from Children's Center (Note 5)	Balance June 30, 2016
Equipment	\$ 152,904	\$ 40,692	\$ -	\$ -	\$ 193,596
Less accumulated depreciation	<u>(49,776)</u>	<u>(29,959)</u>	<u>-</u>	<u>-</u>	<u>(79,735)</u>
	<u>\$ 103,128</u>	<u>\$ 10,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,861</u>

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

**Notes to Financial Statements**

Years Ended June 30, 2017 and 2016

**Note 4 – 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 a matching contribution related to a grant awarded to the Organization. Additionally, the Foundation provides various services to the Organization.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) and California State University, Bakersfield Student Union (Student Union) provide various services to the Organization.

	<u>2017</u>	<u>2016</u>
Revenue:		
University	\$ 37,304	\$ 22,771
Foundation	195,716	598,803
Associated Students	<u>125,898</u>	<u>81,909</u>
	<u>\$ 358,918</u>	<u>\$ 703,483</u>
Expenses:		
Services from other agencies:		
University	\$ 3,932,884	\$ 2,934,416
Foundation	203,010	50,055
Student Union	<u>15,563</u>	<u>19,596</u>
	<u>\$ 4,151,457</u>	<u>\$ 3,004,067</u>
Due from:		
University	\$ 941	\$ 947
Foundation	24,253	186,696
Associated Students	<u>55,898</u>	<u>-</u>
	<u>\$ 81,092</u>	<u>\$ 187,643</u>
Due to:		
University	\$ 959,134	\$ 605,150
Foundation	800	46,653
Student Union	<u>540</u>	<u>150</u>
	<u>\$ 960,474</u>	<u>\$ 651,953</u>

**Note 5 – Transfer of Children’s Center**

In fiscal year 2016, the California Department of Education approved the transfer of the California State University, Bakersfield Foundation Children’s Center contracts for both preschool and child care and development to the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration. The effective date of this transfer was July 1, 2016.

## SUPPLEMENTAL INFORMATION

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

**Schedule of Expenses by Natural Classification**

Year Ended June 30, 2017

	Program Services	General and Administrative	Total
Salaries	\$ 3,132,632	\$ -	\$ 3,132,632
Stipends	1,589,858	-	1,589,858
Payroll taxes and benefits	884,503	-	884,503
Supplies	898,398	10,439	908,837
Services from other agencies	439,495	384,674	824,169
Miscellaneous	344,383	3,712	348,095
Travel	211,197	14,700	225,897
Conference and meetings	86,048	2,980	89,028
Professional fees	44,846	42,700	87,546
Small equipment	81,444	1,695	83,139
Rent	44,866	1,728	46,594
Depreciation	36,486	-	36,486
Printing and publications	33,852	1,253	35,105
Dues and subscriptions	10,590	3,500	14,090
Insurance	4,578	8,901	13,479
Telephone	11,668	-	11,668
Scholarships	11,061	-	11,061
Advertising	2,196	-	2,196
Postage	594	-	594
	<u>7,868,695</u>	<u>476,282</u>	<u>8,344,977</u>
Total Expenses	\$ <u>7,868,695</u>	\$ <u>476,282</u>	\$ <u>8,344,977</u>

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

**Schedule of Expenses by Natural Classification**

Year Ended June 30, 2016

	Program Services	General and Administrative	Total
Salaries	\$ 2,760,020	\$ -	\$ 2,760,020
Services from other agencies	1,056,660	261,018	1,317,678
Payroll taxes and benefits	688,229	-	688,229
Stipends	652,471	-	652,471
Supplies	509,339	10,446	519,785
Scholarships	200,915	-	200,915
Travel	186,475	-	186,475
Professional fees	51,167	42,000	93,167
Conference and meetings	77,714	-	77,714
Rent	50,247	-	50,247
Miscellaneous	28,503	3,712	32,215
Depreciation	29,959	-	29,959
Small equipment	29,494	-	29,494
Printing and publications	21,130	-	21,130
Dues and subscriptions	1,460	9,221	10,681
Telephone	9,588	-	9,588
Insurance	330	6,397	6,727
Postage	2,945	-	2,945
Advertising	64	-	64
	<u>6,356,710</u>	<u>332,794</u>	<u>6,689,504</u>
Total Expenses	\$ <u>6,356,710</u>	\$ <u>332,794</u>	\$ <u>6,689,504</u>

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

**Schedule of Net Position**

June 30, 2017

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,447,256
Short-term investments	-
Accounts receivable, net	1,720,655
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	2,482
Total current assets	<u>3,170,393</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	181,365
Other assets	-
Total noncurrent assets	<u>181,365</u>
Total assets	<u>3,351,758</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,130,811
Accrued salaries and benefits	-
Accrued compensated absences, current portion	30,923
Unearned revenue	1,047,173
Capitalized lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	5,125
Total current liabilities	<u>2,214,032</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capitalized 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	-
Other postemployment benefits obligations	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>2,214,032</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	181,365
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	956,361
Total net position	<u>\$ 1,137,726</u>

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, 2017

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$0)	\$	—
Grants and contracts, noncapital:		
Federal		6,404,058
State		252,024
Local		237,146
Nongovernmental		1,076,150
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		-
Other operating revenues		569,185
Total operating revenues		<u>8,538,563</u>
Expenses:		
Operating expenses:		
Instruction		397,854
Research		1,354,906
Public service		1,519,002
Academic support		408,711
Student services		1,493,346
Institutional support		766,047
Operation and maintenance of plant		—
Student grants and scholarships		2,368,625
Auxiliary enterprise expenses		—
Depreciation and amortization		36,486
Total operating expenses		<u>8,344,977</u>
Operating income (loss)		<u>193,586</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		—
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses)		(163,581)
Net nonoperating revenues (expenses)		<u>(163,581)</u>
Income (loss) before other revenues (expenses)		30,005
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		<u>30,005</u>
Net position:		
Net position at beginning of year, as previously reported		1,107,721
Restatements		—
Net position at beginning of year, as restated		<u>1,107,721</u>
Net position at end of year	\$	<u><u>1,137,726</u></u>

See independent auditors' report.



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

## Other Information

June 30, 2017

(for inclusion in the California State University)

<b>2.3 Restricted current investments at June 30, 2017 related to:</b>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted current investments at June 30, 2017</b>	<u><u>\$ —</u></u>

<b>2.4 Restricted noncurrent investments at June 30, 2017 related to:</b>	<u>Amount</u>
Endowment investment	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted noncurrent investments at June 30, 2017</b>	<u><u>\$ —</u></u>

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

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

See independent auditors' report.

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

## Other Information

June 30, 2017

(for inclusion in the California State University)

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

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	20,000	—	—	20,000
Personal property:								
Equipment	193,596	—	—	193,596	86,573	—	—	280,169
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	193,596	—	—	193,596	106,573	—	—	300,169
Total capital assets	193,596	—	—	193,596	106,573	—	—	300,169
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	(4,583)	—	—	(4,583)
Personal property:								
Equipment	(79,735)	—	—	(79,735)	(34,486)	—	—	(114,221)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(79,735)	—	—	(79,735)	(39,069)	—	—	(118,804)
Total capital assets, net	\$ 113,861	—	—	113,861	67,504	—	—	181,365

See independent auditors' report.

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

## Other Information

June 30, 2017

(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 39,069
Amortization expense related to other assets	(2,583)
Total depreciation and amortization	<u>\$ 36,486</u>

### 4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 29,222	—	—	29,222	47,459	(45,758)	30,923	30,923	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 29,222	—	—	29,222	47,459	(45,758)	30,923	30,923	—

### 5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
<b>Capitalized lease obligation, net of current portion</b>									<u>\$ —</u>

See independent auditors' report.

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

## Other Information

June 30, 2017

(for inclusion in the California State University)

### 6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
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									—
<b>Long-term debt obligations, net of current portion</b>									<b>\$ —</b>

### 7 Calculation of net position

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

Capital assets, net of accumulated depreciation	\$ 181,365
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Net position - net investment in capital asset	<b>\$ 181,365</b>

#### 7.2 Calculation of net position - restricted for nonexpendable - endowments

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

See independent auditors' report.

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

**Other Information**

June 30, 2017

(for inclusion in the California State University)

**8 Transactions with related entities**

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,826,017
Payments to University for other than salaries of University personnel	2,106,867
Payments received from University for services, space, and programs	37,304
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)	(959,134)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	941
Other amounts receivable from University	—

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

Annual required contribution (ARC)	\$ —
Contributions during the year	—
Increase (decrease) in net OPEB obligation (NOO)	—
Other adjustments	—
NOO - beginning of year	—
NOO - end of year	\$ —

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

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

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

**Other Information**

June 30, 2017

(for inclusion in the California State University)

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 1,107,721
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2016, as restated		\$ 1,107,721

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

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

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 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 financial position as of June 30, 2017, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2017.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

**California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's Response to Findings**

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Aldrich CPAs + Advisors LLP*

San Diego, California  
October 5, 2017

**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, 2017. 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, 2017.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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  
October 5, 2017

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

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>Research and Development Cluster:</u>				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
USDA Novel Research	10.310	2016-67032-25008	\$ 85,168	\$ -
<u>U.S. Department of Defense</u>				
Direct Program:				
Quantitative Forecasting	12.630	W911NF-15-1-0498	175,706	-
Impacts of Climate and Land Use on Valley Fever	12.999	W912HK-16-C-0018	19,628	-
			<u>195,334</u>	<u>-</u>
<u>National Science Foundation</u>				
Direct Programs:				
RUI Network Structure	47.041	Awd No.1509966	8,992	-
EARS:Collab Res: Overcoming Propagation Challenges	47.041	ECCS-1642567	299	-
Sierra Geomorphology Grant	47.050	EAR-1324939	196	-
Career 1 Grant	47.074	IOS-1252232	128,840	-
CSUB NSF Crest/Lab remodel	47.076	HRD-1137774	464,599	-
CSUB NSF Crest Phase II	47.076	HRD-1547784	805,898	-
Pass-through trustee of Columbia University:				
IOPD Expedition 359	47.050	27(GG009393)	7,388	-
			<u>1,416,212</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Pass-through CSU Long Beach Research Foundation:				
HSI STEM	84.031	GRA2817	311	-
Total Research and Development Cluster			<u>\$ 1,697,025</u>	<u>\$ -</u>
<u>WIA/WIOA Cluster:</u>				
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Slingshot Program	17.258	Agreement #553	\$ 50,000	\$ -
Career Beginnings ISY	17.259	575-2015	308	-
Migrant Book Assistance Program	17.259	575-2015	232	-
Total WIA/WIOA Cluster			<u>\$ 50,540</u>	<u>\$ -</u>
<u>CCDF Cluster:</u>				
<u>U.S. Department of Education</u>				
Direct Programs:				
General Child Care and Development Program	93.575/93.596	CCTR-6315	\$ 53,115	\$ -
California State Preschool Program	93.575/93.596	CSPP-6670	33,104	-
Total CCDF Cluster			<u>\$ 86,219</u>	<u>\$ -</u>
<u>TRIO Cluster:</u>				
<u>U.S. Department of Education</u>				
Direct Programs:				
TRIO - Educational Talent Search (ETS)	84.044	P044A110408-15	\$ 37,687	\$ -
TRIO - Talent Search	84.044	P044A160244	389,576	-
Total TRIO Cluster			<u>\$ 427,263</u>	<u>\$ -</u>

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

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct Program:				
RELO: Research, Experiential and Learning Opportunities	10.223	2016-38422-25544	\$ 27,155	-
Investigate Use of Treated Unconventional Water	10.326	2017-70001-25983	20,707	-
Pass-through California Department of Education:				
Child Nutrition and Food Distribution Division;				
Child and Adult Care Food Program - Center	10.558	04923-CACFP-15-NP-IC	765	-
Child Nutrition and Food Distribution Division;				
Child and Adult Care Food Program - Center	10.558	06226-CACFP-15-NP-IC	10,666	-
			59,293	-
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Book Assistance Program	17.264	GRA0484	23,289	-
<u>National Aeronautics and Space Administration</u>				
Pass-through AERO Institute in Palmdale, CA:				
The NASA Cooperative	43.008	AERO676	4,860	-
<u>National Endowment for the Humanities</u>				
Direct Program:				
Crossing Borders, Making Connections	45.162	AC-234498-16	57,062	-
<u>National Science Foundation</u>				
Direct Programs:				
IUSE STEM Retention	47.076	DUE-1430398	313,246	-
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center	59.037	F300GTA066	118,563	-
Small Business Development Center	59.037	F300GUA073	75,064	-
			193,627	-
<u>U.S. Department of Education</u>				
Direct Programs:				
Title V - B Graduate Student Ctr (GSC)	84.031	P031M090060-10	30	-
HEP-High School Equivalency Program	84.141	S141A100008-14	1,518	-
HEP-High School Equivalency Program	84.141	S141A150005-16	451,563	-
CAMP Program	84.149	S149A150026-16	373,796	-
Practices to Optimize Special Education	84.325	H325K140418	233,318	-
MSEIP (Minority Science and Engineering Improvement Program)	84.120	P120A140051	269,697	-
TQP GRO STEM	84.336	U336S140047	1,889,911	-
So. Kern Math Partnership (SKMP)	84.366	GRA2434	51,692	-
Pass-through Regents of UCOP:				
NCLB 12	84.367	NCLB12-CMP-Bakersfield	1,068	-
NCLB 13	84.367	NCLB13-CMP-Bakersfield	5,177	-
			3,277,770	-
<u>U.S. Department of Health &amp; Human Services</u>				
Direct Program				
CSUB SATP	93.243	1H79T1026006-01	213,864	-
			\$ 6,404,058	\$ -

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

**Notes to Schedule of Expenditure of Federal Awards**

Year Ended June 30, 2017

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**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.200.414 Indirect costs.

**Note 3 – State Funds**

Contracts in the CCDF cluster contain comingled state and federal funds. The current year federal portion reported in the schedule is estimated based on the total federal award amounts of \$53,115 for contract CCTR-6315 and \$33,104 for contract CSPP-6670, respectively. Actual expenditures for these programs exceeded the federal award amounts and totaled \$60,430 for contract CCTR-6315 and \$71,886 for contract CSPP-6670, respectively.

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

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2017

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**Section I - Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major program:	
Significant deficiency(ies) identified?	None identified
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.200.516(a)?	Yes
--	-----

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.120	Minority Science and Engineering Improvement Program
Misc.	Cluster – Research and Development
10.310	
12.630	
12.999	
47.041	
47.050	
47.074	
47.076	
84.031	

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 Grant Guidance, 2.CFR.200.520?	Yes
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**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS  
ADMINISTRATION**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2017

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**Section II – Financial Statement Findings**

**Finding 2017-001**

1. *Program Information:* General Child Care and Development Program (CCTR), CFDA 93.575/93.596 (CCTR-6315) and California State Preschool Program (CSPP), CFDA 93.575/93.596 (CSPP-6670)
2. *Criteria:* Attendance for each program is required to be reported to the California Department of Education (CDE) on a quarterly or monthly basis for both certified (subsidized) and non-certified (non-subsidized) children. Reports must indicate how many days were attended for one-half-time, three-quarters-time, full-time, and full-time-plus.
3. *Condition:* For the CCTR program, 4 out of 16 reporting periods were misreported. For the CSPP program, 6 of the 16 reporting periods were misreported. See the chart below for reference.

	CCTR		CSPP	
	Certified	Non-Certified	Certified	Non-Certified
Q1 (Jul-Sep)	Misreported	Misreported	Misreported	Misreported
Q2 (Oct-Dec)				
January	Misreported		Misreported	
February				
March			Misreported	
April				
May	Misreported		Misreported	Misreported
June				

4. *Questioned Costs:* The related conditions did not result in reportable questioned costs.
5. *Context:* During the audit, a comparison was made between the summary of daily attendance for each program per the attendance records to totals of attendance reported on Forms 8501 and 9500. Across all circumstances, attendance was both under and over reported in a seemingly random fashion.
6. *Effect:* Considered to be a significant deficiency in controls over financial reporting and compliance.
7. *Cause:* Monthly and quarterly reporting was not reviewed for accuracy before submission.
8. *Recommendation:* We recommend that the Organization attempt to identify the cause of the error and design new controls around reporting. We recommend that more than one individual participate in the reporting process and that there is appropriate designation of preparation, review, and supervision procedures.
9. *Views of Responsible Officials and Planned Corrective Actions:* See corrective action plan beginning on page 37.

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

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2017

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**Finding 2017-002**

1. *Program Information:* N/A
2. *Criteria:* The schedule of expenditures of federal awards should be prepared in accordance with the Uniform Grant Guidance, 2 CFR 200.510(b).
3. *Condition:* The schedule of expenditures of federal awards originally excluded a federal grant, clusters were not correctly identified and grouped, and amounts for certain federal expenditures required adjustment.
4. *Questioned Costs:* The related conditions did not result in reportable questioned costs.
5. *Context:* When the original schedule of expenditures of federal awards was presented, it had an additional award identified, but not included in the listing since it was classified as a contract as an exchange transaction. However, a section of the grant listed that it was subject to the Uniform Grant Guidance and an audit and was added to the schedule. As originally presented, the schedule omitted various clusters and grants that should have been part of clusters were listed individually. Also during the audit, expenditures on the schedule were traced to the general ledger detail of all expenses and variances were noted prompting inquiring and subsequent adjustment.
6. *Effect:* Considered to be a significant deficiency in controls over financial reporting and compliance.
7. *Cause:* The award document for one grant was initially identified as a contract as an exchange transaction due to lack of a CFDA number, however, upon review of the grant agreement, the grant was subject to the Uniform Grant Guidance and audit procedures. Additionally, new grants were awarded in the current year, but the listing of clusters in the Compliance Supplement was not reviewed before preparing the schedule, so it was modeled after the prior year's clusters. Lastly, expenditures originally reported required material adjustments after review of the detail of expense transactions.
8. *Recommendation:* We recommend that the Organization review grant agreements upon receipt to determine if an award should be included in the schedule of expenditures of federal awards. We also recommend that the most recent compliance supplement is reviewed to determine applicable clusters. Finally, we recommend that expenditures on the schedule of expenditures of federal awards are reconciled to the general ledger detail to ensure the integrity of the values reported.
9. *Views of Responsible Officials and Planned Corrective Actions:* See corrective action plan beginning on page 37.

**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, 2017

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**Section IV – Schedule of Prior Year Findings**

None reported.



# CSU Bakersfield

## Academic Affairs

Office of Grants, Research, and Sponsored Programs (GRaSP)

Mail Stop: 24 DDH Room 108  
9001 Stockdale Highway  
Bakersfield, California 93311-1022

(661) 654-2231  
(661) 654-3342 FAX  
[www.csub.edu](http://www.csub.edu)

October 5, 2017

Aldrich CPAs + Advisors LLP  
7676 Hazard Center Drive, Suite 1300  
San Diego, California 92108  
Re: Corrective Action Plan

Dear Aldrich,

The following are responses to the audit findings from the most recent audit of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration for the year ended June 30, 2017.

### 1. Finding 2017-001

#### Misreported Attendance

To avoid misreporting attendance moving forward, the Director of the Children's Center and Grants, Research, and Sponsored Programs (GRaSP) will implement the following:

- a) The Administrative Assistant will input the children's attendance into the 9400 and the cross-referencing spreadsheet by the 2<sup>nd</sup> of the month and submit them to the Director.
- b) The Director will review each child's attendance sign-in and out sheet to ensure that their attendance was properly documented. The 9400 attendance collection sheet for the CCTR and CSPP contracts will also be reviewed to ensure there are no attendance reporting mistakes.
- c) The Director will review the Center's cross-referencing spreadsheet to ensure that all of the attendance symbols were properly calculated and will compile the CDE 8501 and 9500 reports and place those attendance numbers on the Attendance Summary spreadsheet.
- d) Once all of the reporting documents are completed, the Director will forward the 9400 attendance collection sheets, a copy of the subsidized children sign-in and out sheets, the completed reports and the dollar amounts for tuition collected under each category to the GRaSP.
- e) GRaSP will review all of the attendance collection documents and reports to ensure that each child's attendance was documented correctly. GRaSP will input all of the financial information into the 8501 and 9500 reports prior to submission to the state.
- f) The Teachers record the meals eaten by the children in each category daily and submit the collection sheet to Administrative Assistant on the 1<sup>st</sup> of the month. The Administrative Assistant then correlates the meal numbers with the sign-in and out sheets to ensure that each child was present for each meal claimed. The Director will double check the sign-in and out sheets and the meal collection sheet for accuracy and return it to Administrative Assistant. They will then file a claim with the Child and adult Care Food Program (CACFP) through the Child Nutrition Information & Payment System (CNIPS) database.
- g) The Director held a CACFP meal recording & record maintenance training session with the staff on August 16, 2017 to ensure these mistakes don't happen again. Student Assistants will no longer record meals, only the Teachers will.

#### Contact person(s) responsible for corrective action:

- 1) Gladys Garcia-Jara, Children's Center Director
- 2) Eva Hebebrand, Director of Sponsored Programs Management

**Anticipated completion date:** November 30, 2017



# CSU Bakersfield

## Academic Affairs

Office of Grants, Research, and Sponsored Programs (GRaSP)

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## 2. Finding 2017-002

### **Schedule of Federal Expenditure Documentation**

Reviews on newly awarded grants will include identifying the Uniform Guidance major program or cluster. GRaSP will record revenue with additional detail. The GRaSP accounting staff will review and reconcile revenue by grant to verify funding source is recorded properly on each quarter. The Organization will review established policies and procedures regarding research administration best practices. Eva Hebebrand, Director of Sponsored Programs Management, will review procedures and supporting documentation from GRaSP staff and report quarterly to management.

### **Contact person responsible for corrective action:**

- 1) Eva Hebebrand Director of Sponsored Programs Management

**Anticipated completion date:** December 31, 2017