

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



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

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplemental Information:	
Schedules 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	19
Other Information	20
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>	28
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	30
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35
Schedule of Prior Year Findings	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, 2020 and 2019, 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, 2020 and 2019, 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Emphasis of Matter

As described in Note 1 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to that matter.

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 3-7 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 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 15-27 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 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 17, 2020, 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
September 17, 2020

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2020

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, 2019 through June 30, 2020. 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 for the year ended June 30, 2020, 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, 2019 through June 30, 2020. Included, is an analysis of the current year activities and balances.

During the reporting period, the Organization generated and submitted 73 proposals requesting for approximately \$33 million, including about \$3.33 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 lower rates 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. They 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, form partnerships with local agencies, and support research. Enrollment management proposed two projects (a \$2.35 million project and a \$2.12 million project) to the U.S. Department of Education under the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). These programs are designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Business and Administrative Services (BAS) submitted five proposals to the San Joaquin Air District requesting a total of \$99 thousand for the purchase of alternative vehicles for use on campus. The Office of Graduate and Undergraduate Studies submitted a \$3 million proposal to the U.S. Department of Education for *Promoting Excellence in Graduate Education & Increasing Hispanic STEM-Related Degree Completion*.

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2020

Arts and Humanities (AH)

Faculty from the School of Arts and Humanities submitted proposals to the Mockingbird Foundation and the California Humanities, an independent nonprofit organization and a partner of the National Endowment for the Humanities. Proposal titles and the originating departments included *Arts Integration through Music* (Music), *Humanities beyond Bars: Incarceration, Visibility, and Humanization* (Philosophy and Religious Studies), and *CalHum Cares Act Funding for Todd Madigan Gallery* (Todd Madigan Gallery). These proposals requested about \$32 thousand for programmatic support. They reflect the diversity of culture within CSU Bakersfield and the community.

Business and Public Administration (BPA)

BPA grant proposals focused on economic development, entrepreneurship support, and providing research experiences to undergraduate students. A *Build to Scale Venture Challenge Grant proposal* requested \$200 thousand from the Economic Development Administration. The project seeks to address the need for minority business education, technical assistance, and support. Student and faculty engagement are strongly reflected in *BRIXCAL: Building Research and Internship Experiences for Hispanics in California's Central Valley*. The proposal requests \$250 thousand from the Department of Agriculture to engage students through research intensive experiences with external community partnerships for internships. Each proposal addresses specific needs of the region, seeking to advance educational and economic outcomes.

Natural Sciences, Mathematics, and Engineering (NSME)

NSME submitted about 41% of all proposals in the reporting period. About one third of the proposals were submitted to the National Science Foundation. Proposals included a \$1.36 million *CSUB ITEST* project and a \$2.46 million *CSUB IUSE* proposal to the Improving Undergraduate STEM Education: Hispanic-Serving Institutions Program. A \$750 thousand proposal submitted to The California Learning Laboratory seeks to bring together collaborative work from three Hispanic-serving institutions in the San Joaquin Valley representing all three segments of higher education, specifically, Bakersfield College (BC), CSU Bakersfield, and University of California, Merced (UC Merced). The project team will develop, deliver, and implement online learning interventions to further provide evidence-based practices for achieving institutional change toward online learning in their respective STEM discipline-specific courses. CSU Bakersfield and BC will focus on chemistry courses while UC Merced will focus on engineering courses. The Department of Nursing submitted *Pathway Adelante: A Model HSI Career Pathway in Health Sciences* to the U.S. Department of Education in the amount of \$3 million. The proposal will support students and establish a model career pathway in health sciences for Hispanic-serving institutions. The California Energy Research Center submitted a proposal to the California BioEnergy LLC for funds to support student research opportunities.

Other research proposals from various departments were submitted to sponsors such as the U.S. Department of Agriculture, U.S. Geological Survey, and California private and public funding agencies.

Social Sciences and Education (SSE)

Community partnerships and student workforce linkages are featured in these proposals. The Department of Social Work in collaboration with University of California, Berkeley, submitted a \$3.19 million proposal to the Title IV-E Stipend Program with the California Social Worker Education Center. The program provides professional education and monetary support to undergraduate and graduate social work students who intend to pursue or continue a career in the field of public child welfare. The Department of Psychology submitted a proposal entitled *U-RISE at California State University, Bakersfield*, requesting \$1.6 million from the National Institutes of Health. The proposal will provide aspiring young researchers from diverse backgrounds transformational experiences that will strengthen their acceptance and successful completion of Ph.D.'s in the biomedical, behavioral and clinical fields leading to a diverse pool of the nation's scientists.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2020

Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current assets	\$ 4,359,303	\$ 3,508,901	\$ 2,911,140
Capital assets	<u>210,166</u>	<u>193,433</u>	<u>200,179</u>
Total Assets	4,569,469	3,702,334	3,111,319
Liabilities:			
Current liabilities	<u>2,600,459</u>	<u>2,314,157</u>	<u>2,017,020</u>
Net Position	<u>\$ 1,969,010</u>	<u>\$ 1,388,177</u>	<u>\$ 1,094,299</u>

Assets

Assets increased by \$867 thousand to \$4.6 million due to an increase in cash of \$560 thousand, an increase in accounts receivable of \$364 thousand, a decrease of \$75 thousand in amounts due from related parties, an increase in prepaids of \$1 thousand and an increase of \$17 thousand in capital assets.

Liabilities

Total liabilities increased by \$286 thousand to \$2.6 million due to an increase of accounts payable of \$277 thousand, an increase in due to related parties of \$85 thousand, a decrease in accrued expenses of \$141 thousand and an increase in deferred revenue of \$65 thousand.

Net Position

Total net position increased by \$581 thousand. Most of the cost recovery generated will be used to support reimbursement of expenses to the University incurred in administration services. This year, the Organization generated enough F&A cost recovery revenue 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**

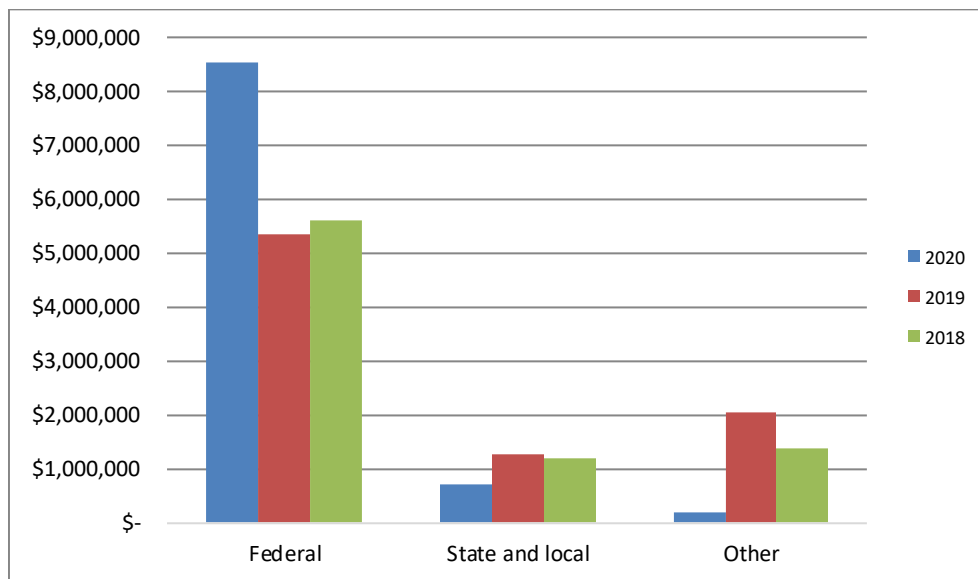
Management’s Discussion and Analysis

Year Ended June 30, 2020

Schedules of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
Operating Revenue and Other Support:			
Grants	\$ 9,426,885	\$ 7,572,077	\$ 7,691,371
Other operating revenues	4,360	1,099,036	498,434
Total Operating Revenue and Other Support	9,431,245	8,671,113	8,189,805
Expenses:			
Program services	8,402,229	7,629,204	7,441,170
General and administrative	395,485	748,031	792,062
Total Expenses	8,797,714	8,377,235	8,233,232
Change in Net Position Before Transfer	633,531	293,878	(43,427)
Transfer of Net Deficit, Children's Center	16,769	-	-
Transfer of Net Position, University Grants	(69,467)	-	-
Change in Net Position	580,833	293,878	(43,427)
Net Position, beginning	1,388,177	1,094,299	1,137,726
Net Position, ending	\$ 1,969,010	\$ 1,388,177	\$ 1,094,299

Revenue



Overall revenues increased from \$8.7 to \$9.4 million. The federal grant revenue generated by the Organization increased from 62 to 91 percent. The increase in federal revenue is primarily due to the transfer of two grants from the University to the Organization: CalSWEC 2018 for \$1.2 million and GPS to Stem Degree Completion for \$1.1 million. State grant revenues decreased from 10 percent to 7 percent, local grant revenues reflected a decrease of revenue from 5 percent to 1 percent, and non-governmental revenues decreased from 10 percent to 1 percent. Other revenue decreased from 13 to 0 percent due to the transfer of the children’s center operations from the Organization to California State University, Bakersfield Student-centered Enterprises, Inc.

See independent auditors’ report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2020

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 \$4.8 million whereas \$3.6 million relates to non-payroll grant expenses. General and administrative expenses consist of those related to reimbursements to the University for business and administrative services. General and administrative expenses decreased by \$353 thousand, from \$748 thousand to \$395 thousand. Primarily, this is due to a decrease in 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 Dr. 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, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash	\$ 2,445,042	\$ 1,884,726
Accounts receivable	1,899,979	1,535,680
Due from related parties	13,143	88,461
Prepaid expenses	1,139	34
Capital assets, net of accumulated depreciation	<u>210,166</u>	<u>193,433</u>
 Total Assets	 4,569,469	 3,702,334
 LIABILITIES		
Accounts payable	483,387	205,969
Due to related parties	1,530,253	1,445,249
Accrued expenses	266,717	407,950
Deferred revenue	<u>320,102</u>	<u>254,989</u>
 Total Liabilities	 <u>2,600,459</u>	 <u>2,314,157</u>
 NET POSITION		
Net investment in capital assets	210,166	193,433
Unrestricted	<u>1,758,844</u>	<u>1,194,744</u>
 Total Net Position	 <u>\$ 1,969,010</u>	 <u>\$ 1,388,177</u>

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue and Other Support:		
Grants:		
Federal	\$ 8,544,003	\$ 5,357,388
State	634,777	842,431
Non-governmental	178,345	959,105
Local	69,760	413,153
Other	4,360	1,099,036
	<u>9,431,245</u>	<u>8,671,113</u>
Total Operating Revenue and Other Support	9,431,245	8,671,113
Operating Expenses:		
Program services	8,402,229	7,629,204
General and administrative	395,485	748,031
	<u>8,797,714</u>	<u>8,377,235</u>
Total Operating Expenses	8,797,714	8,377,235
Change in Net Position Before Transfers	633,531	293,878
Transfer of Net Deficit, Children's Center (Note 5)	16,769	-
Transfer of Net Position, University Grants (Note 5)	(69,467)	-
	<u>580,833</u>	<u>293,878</u>
Change in Net Position	580,833	293,878
Net Position, beginning	<u>1,388,177</u>	<u>1,094,299</u>
Net Position, ending	<u>\$ 1,969,010</u>	<u>\$ 1,388,177</u>

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

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 9,127,538	\$ 7,568,298
Payments to suppliers	(3,516,946)	(3,417,672)
Payments to employees	(4,950,373)	(4,093,908)
	<u>660,219</u>	<u>56,718</u>
Net Cash Provided by Operating Activities		
Cash Flows Used by Capital and Related Financing Activities:		
Acquisitions of capital assets	(99,903)	(58,420)
	<u>560,316</u>	<u>(1,702)</u>
Net Increase (Decrease) in Cash		
Cash, beginning	<u>1,884,726</u>	<u>1,886,428</u>
Cash, ending	<u>\$ 2,445,042</u>	<u>\$ 1,884,726</u>
Cash Flows from Operating Activities:		
Change in net position	\$ 580,833	\$ 293,878
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	26,950	29,881
Transfer of capital assets	44,802	35,285
Transfer of Children's Center	(16,769)	-
Transfer of University Grants	69,467	-
Changes in operating assets and liabilities:		
Accounts receivable	(444,137)	(571,165)
Due from related parties	75,318	(29,828)
Prepaid expenses	(1,105)	1,530
Accounts payable	295,418	(31,309)
Due to related parties	85,004	595,775
Accrued expenses	(138,204)	234,493
Deferred revenue	65,113	(501,822)
Due to other funds	17,529	-
	<u>660,219</u>	<u>56,718</u>
Net Cash Provided by Operating Activities		
Transfer of Children's Center program on July 1, 2019 (Note 5):		
Accounts receivable	\$ (10,371)	-
Capital assets, net of accumulated depreciation	(11,418)	-
Due to other funds	17,529	-
Accounts payable	18,000	-
Accrued expenses	3,029	-
	<u>16,769</u>	<u>-</u>
Net transfer		
Transfer of University Grants on July 1, 2019 (Note 5):		
Accounts receivable	<u>\$ (69,467)</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, 2020 and 2019

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. 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, 2020 and 2019 and therefore no amounts have been accrued.

Accounts Receivable

The accounts receivable arises 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 3 to 30 years.

Deferred Revenue

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

Advertising

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

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

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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

Subsequent Events

The Organization has evaluated subsequent events through September 17, 2020, which is the date the financial statements were available to be issued.

As of the date through which the Organization has evaluated events occurring subsequent to the statement of financial position of June 30, 2020, the Organization believes it understands the risk associated with COVID-19. The Organization is in the process of implementing risk mitigation tactics for the Organization as to the risk of the impact, if any, of COVID-19 related to all aspects of the Organization’s business transactions with customers and vendors and human interaction within and outside of the Organization.

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 for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Transfers	Transfer of Children's Center (Note 5)	Balance June 30, 2020
Equipment	\$ 234,458	\$ 99,903	\$ (59,730)	\$ -	\$ 274,631
Leasehold improvements	20,000	-	-	(20,000)	-
Buildings and improvements	9,646	-	(9,646)	-	-
Less accumulated depreciation	<u>(70,671)</u>	<u>(26,950)</u>	<u>24,574</u>	<u>8,582</u>	<u>(64,465)</u>
	<u>\$ 193,433</u>	<u>\$ 72,953</u>	<u>\$ (44,802)</u>	<u>\$ (11,418)</u>	<u>\$ 210,166</u>

Changes in capital assets consist of the following for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Transfers	Transfer of Children's Center (Note 5)	Balance June 30, 2019
Equipment	\$ 324,694	\$ 58,420	\$ (148,656)	\$ -	\$ 234,458
Leasehold improvements	20,000	-	-	-	20,000
Buildings and improvements	9,646	-	-	-	9,646
Less accumulated depreciation	<u>(154,161)</u>	<u>(29,881)</u>	<u>113,371</u>	<u>-</u>	<u>(70,671)</u>
	<u>\$ 200,179</u>	<u>\$ 28,539</u>	<u>\$ (35,285)</u>	<u>\$ -</u>	<u>\$ 193,433</u>

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

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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-centered Enterprises, Inc. (Student-centered Enterprises) provide various services to the Organization.

Related party transactions as of and for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Revenue:		
University	\$ 227,412	\$ 528,422
Foundation	346,036	48
Associated Students	-	150,226
Student-centered Enterprises	4,997	35,000
	<u>\$ 578,445</u>	<u>\$ 713,696</u>
Expenses:		
Services from other agencies:		
University	\$ 5,482,652	\$ 4,098,214
Foundation	4,811	5,223
Student-centered Enterprises	130,635	15,492
	<u>\$ 5,618,098</u>	<u>\$ 4,118,929</u>
Due from:		
University	\$ 13,143	\$ 53,461
Student-centered Enterprises	-	35,000
	<u>\$ 13,143</u>	<u>\$ 88,461</u>
Due to:		
University	<u>\$ 1,530,253</u>	<u>\$ 1,445,249</u>

Note 5 – Transfer of Children’s Center and University Grants

In fiscal year 2019, the Board of Directors of the Organization and Student-centered Enterprises approved the transfer of the Children’s Center contracts for preschool, childcare and development, and the nutrition program to Student-centered Enterprises. The transfer was approved by the California Department of Education in fiscal year 2020 with an effective date of July 1, 2019.

With the granting agency’s (sponsor’s) approval, the University transferred the University’s grants for CalSWEC 2018, CalSWEC Mental Health 2016, GPS to Stem Degree Completion, and Chevron Revs Up to the Organization. The effective date of the transfer was July 1, 2019.

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

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 6 – Reclassifications

Certain items in the 2019 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications in the schedule of expenses by natural classification. Such reclassifications had no effect on previously reported changes in net position.

SUPPLEMENTAL INFORMATION

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2020

	Program Services	General and Administrative	Total
Salaries	\$ 3,621,388	\$ -	\$ 3,621,388
Payroll taxes and benefits	1,187,752	-	1,187,752
Stipends	1,171,127	-	1,171,127
Services from other agencies	760,514	299,965	1,060,479
Supplies	1,007,223	10,872	1,018,095
Small equipment	215,135	-	215,135
Travel	162,872	9,019	171,891
Miscellaneous	111,833	1,027	112,860
Professional fees	1,620	44,825	46,445
Rent	41,553	245	41,798
Dues and subscriptions	18,286	13,860	32,146
Depreciation	26,950	-	26,950
Conference and meetings	25,414	701	26,115
Printing and publications	24,705	265	24,970
Insurance	184	14,591	14,775
Parking	10,501	25	10,526
Telephone	6,302	-	6,302
Promotions	6,002	-	6,002
Postage	1,638	-	1,638
Repairs and maintenance	618	90	708
Scholarships	612	-	612
	<u>8,402,229</u>	<u>395,485</u>	<u>8,797,714</u>
Total Expenses	\$ <u>8,402,229</u>	\$ <u>395,485</u>	\$ <u>8,797,714</u>

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2019

	Program Services	General and Administrative	Total
Salaries	\$ 3,555,164	\$ -	\$ 3,555,164
Services from other agencies	728,884	607,753	1,336,637
Payroll taxes and benefits	949,473	-	949,473
Stipends	830,171	-	830,171
Supplies	798,067	6,271	804,338
Travel	238,128	5,776	243,904
Miscellaneous	143,462	276	143,738
Conference and meetings	100,160	2,734	102,894
Small equipment	25,299	54,454	79,753
Professional fees	25,228	43,167	68,395
Promotions	45,055	-	45,055
Scholarships	38,689	-	38,689
Printing and publications	34,864	870	35,734
Depreciation	29,881	-	29,881
Dues and subscriptions	12,817	14,154	26,971
Rent	24,054	315	24,369
Repairs and maintenance	21,010	22	21,032
Insurance	3,314	12,221	15,535
Telephone	8,111	-	8,111
Parking	6,314	10	6,324
Events	6,069	-	6,069
Postage	4,990	8	4,998
	<u>4,990</u>	<u>8</u>	<u>4,998</u>
Total Expenses	<u>\$ 7,629,204</u>	<u>\$ 748,031</u>	<u>\$ 8,377,235</u>

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

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	2,445,042
Short-term investments		-
Accounts receivable, net		1,913,122
Capital lease receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		1,139
Total current assets		4,359,303

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		210,166
Other assets		-
Total noncurrent assets		210,166
Total assets		4,569,469

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, 2020

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	2,013,640
Accrued salaries and benefits	247,402
Accrued compensated absences, current portion	19,315
Unearned revenues	320,102
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	-

Total current liabilities 2,600,459

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	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities -

Total liabilities 2,600,459

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	210,166
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,758,844

Total net position \$ 1,969,010

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2020

(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	8,544,003
State	634,777
Local	69,760
Nongovernmental	178,345
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	4,360
Total operating revenues	9,431,245

Expenses:

Operating expenses:

Instruction	261,915
Research	2,730,897
Public service	586,759
Academic support	2,876,827
Student services	1,906,454
Institutional support	407,300
Operation and maintenance of plant	-
Student grants and scholarships	612
Auxiliary enterprise expenses	-
Depreciation and amortization	26,950
Total operating expenses	8,797,714

Operating income (loss)	633,531
--------------------------------	----------------

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	(52,698)

Net nonoperating revenues (expenses)	(52,698)
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Income (loss) before other revenues (expenses)	580,833
---	----------------

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	580,833

Net position:

Net position at beginning of year, as previously reported	1,388,177
Restatements	-
Net position at beginning of year, as restated	1,388,177
Net position at end of year	\$ 1,969,010

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(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	2,445,042
Total	\$ 2,445,042

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
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	-	-	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable 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	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	9,646	-	-	-	9,646	-	(9,646)	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	20,000	-	-	-	20,000	-	(20,000)	-	-
Personal property:									
Equipment	234,458	-	-	-	234,458	99,903	(59,730)	-	274,631
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	264,104	-	-	-	264,104	99,903	(89,376)	-	274,631
Total capital assets	\$ 264,104	-	-	-	\$ 264,104	99,903	(89,376)	-	\$ 274,631

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(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	(469)	-	-	-	(469)	(13)	482	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(8,583)	-	-	-	(8,583)	-	8,583	-	-
Personal property:									
Equipment	(61,619)	-	-	-	(61,619)	(26,937)	24,091	-	(64,465)
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	(70,671)	-	-	-	(70,671)	(26,950)	33,156	-	(64,465)
Total capital assets, net	\$ 193,433	-	-	-	\$ 193,433	72,953	(56,220)	-	210,166

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 26,950
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 26,950

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassi- fications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 48,506	-	48,506	24,348	(53,539)	\$ 19,315	\$ 19,315	-
2. Claims liability for losses and loss adjustment	-	-	-	-	-	-	-	-
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	\$ 48,506	-	48,506	24,348	(53,539)	\$ 19,315	19,315	-

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:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(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:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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	3,313,246
Payments to University for other than salaries of University personnel	2,169,406
Payments received from University for services, space, and programs	227,412
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	(1,530,253)
Other amounts (payable to) University	-
Accounts receivable from University	13,143
Other amounts receivable from University	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(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	121,351	19,962	17,312	-	-	103,290	-	261,915
Research	1,102,445	211,622	163,372	-	-	1,253,458	-	2,730,897
Public service	232,076	46,678	26,197	-	-	281,808	-	586,759
Academic support	1,151,906	207,697	194,906	-	-	1,322,318	-	2,876,827
Student services	1,013,610	214,272	85,734	-	-	592,838	-	1,906,454
Institutional support	-	-	-	-	-	407,300	-	407,300
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	612	-	-	612
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	26,950	26,950
Total operating expenses	\$ 3,621,388	700,231	487,521	-	612	3,961,012	26,950	8,797,714

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2020

(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	-

**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 of
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, 2020, 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 September 17, 2020.

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 17, 2020

**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 of
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, 2020. 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, 2020.

**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.

Alanich CPAs + Advisors LLP

San Diego, California
September 17, 2020

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<u>Research and Development Cluster:</u>				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Integrated Project	10.326	2018-70001-27831	47,944	-
Pass-through Research Triangle Institute:				
Assessing Human Health Impacts	10.310	888-17-04-02	8,906	-
Pass-through California Department of Food & Agriculture:				
Mist Cooling to Delay Bloom	10.170	17-0275-038-SC	34,813	-
			91,663	-
<u>U.S. Department of Interior, Bureau of Reclamation</u>				
Pass-through The Metropolitan Water District of Southern California:				
Designing & Building Electroclada	15.530	179948	3,887	-
<u>U.S. Department of Defense</u>				
Direct Program:				
Quantative Forecasting	12.630	W911NF-15-1-0498	4,368	-
<u>U.S. Department of The Interior</u>				
Pass-through The California State Historic Preservation Officer:				
SSJVIC-Historic Preservation	15.904	P18AF00112	1,000	-
<u>U.S. Department of Justice</u>				
Pass-through City of Bakersfield BPD:				
Shot Spotter	16.609	18-019 US17 01 6203	24,255	-
<u>National Science Foundation</u>				
Direct Programs:				
Collab Research: Correlating Opto	47.049	DMR-1904042	23,611	-
Collab Research: GP-EXTRA	47.050	ICER-1700942	46,045	-
Testing the fidelity of Nd Isotopes	47.050	1811798	30,528	-
Career 1 Grant	47.074	IOS-1252232	3,463	-
CSUB NSF Crest Phase II	47.076	HRD-1547784	1,319,031	-
Catalyzing IDEA's for the San	47.076	HRD-1928568	29,144	-
Pass-through trustee of Columbia University:				
IOPD Expedition 359	47.050	27(GG009393)	26,328	-
Pass-through CSU Sacramento:				
CSU-LSAMP (2018-2023)	47.076	HRD-1826490	9,743	-
			1,487,893	-
<u>U.S. Department of Education</u>				
Direct Programs:				
GPS to Stem Degree Completion	84.031	P031C160080	1,131,771	-
Increasing Hispanic STEM Relationships	84.031	P031M190029	88,586	-
CSUB CCAMPIS Project	84.335	P335A180240	153,604	-
			1,373,961	-
Total Research and Development Cluster			\$ 2,987,027	\$ -
<u>SNAP Cluster:</u>				
<u>U.S. Department of Agriculture</u>				
Pass-through CSU, Chico Research Foundation-Center for Healthy Communities/CA Department of Social Services:				
Cal Fresh Outreach	10.561	18-7015	\$ 16,300	\$ -
Total SNAP Cluster			\$ 16,300	\$ -
<u>WIOA Cluster:</u>				
<u>U.S. Department of Education</u>				
Pass-through County of Kern, Employers Training Resource:				
Accelerated Drug & Alcohol Study	17.258	AA-33218-19-55-A-6	\$ 116,554	\$ -
Total WIOA Cluster			\$ 116,554	\$ -

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<u>TRIO Cluster:</u>				
<u>U.S. Department of Education</u>				
Direct Program:				
TRIO - Talent Search	84.044	P044A160244	\$ 489,230	\$ -
Total TRIO Cluster			\$ 489,230	\$ -
<u>U.S. Department of Agriculture</u>				
Direct Program:				
RELO: Research, Experiential and Learning Opportunities	10.223	2016-38422-25544	\$ 97,741	\$ -
<u>U.S. Department of Justice/Office on Violence Against Women</u>				
Direct Program:				
Roadrunner Risk Reduction Prog	16.525	2018-WA-AX-0046	12,831	-
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Books 2018	17.264	687-2018	851	-
MBAP/Migrant Book Assistance	17.264	687-2019	24,180	-
2019 NHE Phase II Opioid Crisis	17.277	DW32815-19-60-A-6	139,865	-
Pass-through BCSD, Migrant Education Program, Region 21:				
BCSD Residential Academy	17.999	S011A190005	30,304	-
BCSD Non-Residential Academy	17.999	LOU 3640	48,890	-
			244,090	-
<u>U.S. Department of State</u>				
Pass-through World Learning Inc.				
World Learning Workshop	19.009	S-ECAGD-18-CA-0068	14,242	-
<u>National Endowment for the Humanities</u>				
Pass-through California Humanities:				
Spanish Language & Linguistics	45.129	HFAQ18-112	2,655	-
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center 2019	59.037	SBAHQ-19-B-0067	284,805	-
Pass-through The Regents of UC, Merced:				
Central CA SBDC Network 2020	59.037	SBAHQ20B0060	20,066	-
			304,871	-
<u>U.S. Department of Education</u>				
Direct Programs:				
HEP-High School Equivalency Program	84.141	S141A150005-16	453,674	-
CAMP Program	84.149	S149A150026-16	367,849	-
Practices to Optimize Special Education	84.325	H325K140418	22,021	-
TQP GRO STEM	84.336	U336S140047	717,803	50,000
TQP III: Citizen Scientist Path	84.336	U336S180012	808,828	-
Pass-through Regents of UC, Office of the President:				
CSMP-ESSA19	84.367	S367A190005	11,496	-
			2,381,671	50,000
<u>U.S. Department of Health & Human Services</u>				
Direct Program:				
HRSA ANEW Program Transforming	93.247	T94HP32897	497,919	86,029
Pass-through Regents of UC, Berkeley CalSWEC/Foster Care Title IV:				
CalSWEC 2018	93.658	18-3028		
			1,242,843	-
			1,740,762	86,029
Total Expenditures of Federal Awards			\$ 8,407,974	\$ 136,029

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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, 2020

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
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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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.247	HRSA ANEW Program Transforming
93.658	CalSWEC 2018

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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, 2020

Section IV – Schedule of Prior Year Findings

None reported.

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Report to the Board of Directors

Year Ended June 30, 2020



TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
COMMUNICATION OF INTERNAL CONTROL MATTERS	2
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	3
OTHER PROCESS IMPROVEMENT RECOMMENDATIONS	5
SUMMARY OF CORRECTED MISSTATEMENTS	7
SUMMARY OF UNCORRECTED MISSTATEMENTS	10
TREND AND RATIO ANALYSIS	11
MANAGEMENT REPRESENTATION LETTER	13

To assist you in your responsibilities as a member of the Board of Directors, this section summarizes the most significant conclusions reached and issues addressed during our audit of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration for the year ended June 30, 2020.

Significant Conclusions and Issues

We have completed our audit and will issue our report, dated September 17, 2020, once accepted by the Board. Based on our work performed:

- Our audit scope was in accordance with that communicated in our engagement letter dated April 16, 2020.
- We rendered an unmodified opinion on the June 30, 2020 financial statements.
- We rendered an unmodified opinion on compliance over major programs.
- We did not identify conditions which we consider to be material weaknesses in internal controls.
- Audit areas designated as greater than normal risk have been addressed and resolved to our satisfaction, in the context of the overall fairness of the presentation of the financial statements.
- We received the full cooperation of management and staff throughout the audit and were kept informed as to developments and plans affecting our audit scope.

The following report includes required communications and additional information for the benefit of the Audit Committee.

September 17, 2020

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

In planning and performing our audit of the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Aldrich CPAs + Advisors LLP

Aldrich CPAs + Advisors LLP

September 17, 2020

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

We have audited the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 16, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives for capital assets is based on management's expected useful lives of those assets using IRS tables as guidelines. We evaluated the key factors and assumptions used to develop the depreciable lives for capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of expenses by natural classification is based on time and effort and other measures. We evaluated the key factors and assumptions used to develop the assumptions related to the allocation of expenses by natural classification in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached journal entries summarize the corrected and uncorrected misstatements of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2020. A copy of the letter is included for your reference.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Aldrich CPAs + Advisors LLP

Aldrich CPAs + Advisors LLP

To: The Board of Directors
From: Aldrich CPAs + Advisors LLP
Date: September 17, 2020
Subject: Other Process Improvement Recommendations

During the course of our audit, we became aware of certain matters that provide an opportunity for strengthening internal controls and operating efficiency. Our comments and suggestions are summarized as follows:

Closing Entry Methodology

During fieldwork, Aldrich noted that the closing entry which matches revenues to expenses for an ending net zero fund balance was incorrectly universally applied to all grant types, resulting in errors in ending deferred revenue, revenue, accounts receivable, and expenses for the year. We recommend reviewing applicability of closing entry based on grant type. See specific observations and recommendations below:

- Current period expenses were incorrectly deferred to align with deferred revenue, resulting in AJE #4. Expenses must be recognized in the period incurred, regardless of when revenue is recognized. We recommend reviewing expense recognition to ensure that this is occurring properly. For example, review if any funds do not have an expense balance at the end of the year while the grant is still active.
- Revenues for a performance-based grant were set equal to expenses, resulting in more revenue than the total possible grant award. We recommend preparing a separate schedule of grants by type to be used when preparing the closing entry to ensure that treatment is properly applied. This could potentially also include notes about expiration date or revenue recognition treatment, as necessary.
- There was at least one grant which had incorrectly recorded both accounts receivable and deferred revenue balances at year-end. This appears to have been the result of hard-keying the incorrect number for use in the closing entry (potentially due to a subsequent adjustment). Wherever possible, we recommend using formulas rather than hard-keyed numbers to ensure that changes are properly captured. Also, review the ending funds after posting the closing entry to confirm that the amounts recorded for deferred revenue and accounts receivable are accurate.
- Currently, there is no easy way to track which grants should be subject to the universal closing entry and which ones should be adjusted separately (or not at all). We recommend preparing a separate schedule of grants by type to use when preparing the closing entry to ensure that treatment is properly applied. This potentially also include notes about expiration date or revenue recognition treatment as necessary.
- The closing entry was posted after the close-out of inactivated funds. As such, the amount of revenue was not calculated off of actual current year activity. We recommend reviewing the topside entry calculation to ensure that any close-out activity is removed prior to posting.
- The closing entry was posted after the transfer in of funds with opening fund balances. As such, the amount of revenue was not calculated off of actual current year activity. We recommend reviewing the closing entry calculation to ensure that any transfers of fund balance are properly removed prior to posting.
- Federal revenue was set equal to expenses rather than expenditures for cost-reimbursement grants and thus, was misstated for grants which had capital asset acquisitions during the year. We recommend reviewing the topside entry calculation to ensure that federal revenue for cost-reimbursement grants is adjusted to expenditures rather than expenses.

Fund Balance

During fieldwork, Aldrich noted that fund balance activity transferred in did not account for prior year financial statement presentation entries posted by the University. We recommend reviewing transfers in for both legal ledger and financial statement presentation entries to ensure beginning balances are accurately captured.

Grants with Related Parties

During the year, the California State University, Bakersfield Foundation (Foundation) transferred funds for two of the Organization's programs. It was noted that, unlike arrangements with external sponsors, there were no formalized agreements for the grants provided by the Foundation which creates the risk that too much or too little could be received and that revenues could be recorded in the incorrect period. We recommend formalizing all grant agreements, even those with related parties, to ensure that terms are clearly defined.

Revenue Recognition Policy

During the testing of grant revenue, multiple questions arose regarding the treatment of recognition or deferral of revenue. The Organization follows applicable GASB, Federal OMB, and sponsor guidance for the recognition of revenue and defers to GASB guidance as the most authoritative source when questions arise. However, the guidance on revenue recognition for GASB is sometimes ambiguous. GASB has acknowledged this and is moving forward with a revenue and expense recognition project with a target date of 2024 for new standard updates. Until that time, it is recommended to document steps taken to analyze revenue recognition treatment for major sources of funding, including conclusions on whether the transactions are exchange or non-exchange. This will help to ensure internal consistency of treatment and support any questions which may arise from external sources.

Return of Grant Funds

Through review of grant support, Aldrich noted that a portion of funds recognized during the year were returned to a sponsor and were recorded to expense accounts rather than reducing revenue. Although there is no bottom-line impact, returns should be either directly applied to the corresponding revenue account or entered in a separate contra-revenue account, rather than included with expenses, otherwise both revenues and expenses are overstated.

Single Audit Subrecipient Monitoring

Through review of supporting documentation related to a major program tested, Aldrich noted that the subrecipient commitment form used outdated language and threshold when referring to single audit requirements (i.e. A-133, \$500,000 threshold) and it was not clear if CSU Bakersfield had reviewed the most recent available single audit report. If it had, it was not clear how that review impacted the decision to select the specified organization as a subrecipient. Per our independent review of the specified organization's single audit report for the year ended March 31, 2019, Aldrich noted a material weakness in financial reporting and two compliance findings related to other federal programs, one of which was related to grant financial reporting.

Even though the pre-award team is responsible for preliminary subrecipient procedures, we recommend updating forms for current language and documenting how items addressed on the form inform the decision process for selecting subrecipients and how the level of risk is communicated to the post-award team.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

SUMMARY OF CORRECTED MISSTATEMENTS



Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To correct SP223 revenue for prior year cash collections.			
503107	Federal Contracts & Grants-Oth	74,238.00	
503110	Federal - F & A Cost Recovery	4,772.00	
250860	Due To Campus		74,238.00
662001	Sponsored Program F&A Indirect		4,772.00
Total		<u>79,010.00</u>	<u>79,010.00</u>
Adjusting Journal Entries JE # 2			
PBC - To accrue additional expenses for June 2020.			
103007	A/R OTHER	10,464.00	
503301	Local Contracts & Grants	347.00	
616002	I/T Hardware (Computers)	3,677.00	
619801	Equipment over 5000	6,787.00	
201803	Manual AP Accruals		3,677.00
201803	Manual AP Accruals		6,787.00
205090	Deferred Revenue		347.00
503107	Federal Contracts & Grants-Oth		10,464.00
Total		<u>21,275.00</u>	<u>21,275.00</u>
Adjusting Journal Entries JE # 3			
PBC - To adjust expense for performance grants as of 6/30/20.			
201803	Manual AP Accruals	347.00	
660003	Supplies and Services		347.00
Total		<u>347.00</u>	<u>347.00</u>
Adjusting Journal Entries JE # 4			
To correct inappropriately deferred expenses for SP197 and SP235.			
660003	Supplies and Services	143,999.00	
660003	Supplies and Services	20,939.00	
201803	Manual AP Accruals		143,999.00
201803	Manual AP Accruals		20,939.00
Total		<u>164,938.00</u>	<u>164,938.00</u>
Adjusting Journal Entries JE # 5			
To correct SP232 prior year revenue for transferred net asset balance.			
503210	State - F & A Cost Recovery	3,850.00	
503290	State Contracts & Grants-Other	105,983.00	
305908	Net Assets Restricted		105,983.00
662001	Sponsored Program F&A Indirect		3,850.00
Total		<u>109,833.00</u>	<u>109,833.00</u>

SUMMARY OF CORRECTED MISSTATEMENTS, cont. Aldrich

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
To record transfers of net asset balances as equity transactions.			
305908	Net Assets Restricted	452,455.00	
305909	Net Assets Unrestricted	146,813.00	
580094	Cost Recovery Other CSU Funds	326,646.00	
580095	Cost Recovery Auxiliaries	199,120.00	
305901	Fund Balance		163,582.00
660995	Expenses TFR other Agencies		961,452.00
Total		<u>1,125,034.00</u>	<u>1,125,034.00</u>
Adjusting Journal Entries JE # 7			
To correct SP227 prior year revenue for transferred net asset balance.			
503107	Federal Contracts & Grants-Oth	277,005.00	
305908	Net Assets Restricted		277,005.00
Total		<u>277,005.00</u>	<u>277,005.00</u>
Reclassifying Journal Entries JE # 101			
To clear revenue and expense from SQ131 to align with ending trial balance by fund.			
580095	Cost Recovery Auxiliaries	72,569.00	
660995	Expenses TFR other Agencies		72,569.00
Total		<u>72,569.00</u>	<u>72,569.00</u>
Reclassifying Journal Entries JE # 102			
To reclassify close out activity to equity transactions.			
503290	State Contracts & Grants-Other	219,197.00	
503301	Local Contracts & Grants	33,538.00	
580094	Cost Recovery Other CSU Funds	322,012.00	
580095	Cost Recovery Auxiliaries	10,864.00	
503107	Federal Contracts & Grants-Oth		3,878.00
503402	Nongvrnmntl Contracts & Grants		68.00
660995	Expenses TFR other Agencies		581,665.00
Total		<u>585,611.00</u>	<u>585,611.00</u>
Reclassifying Journal Entries JE # 103			
To reclassify immaterial federal revenues in excess of SEFA expenditures.			
660995	Expenses TFR other Agencies	79,514.00	
503107	Federal Contracts & Grants-Oth		79,514.00
Total		<u>79,514.00</u>	<u>79,514.00</u>

SUMMARY OF CORRECTED MISSTATEMENTS, cont. Aldrich.

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 104			
To clear abnormal expense credit balances due to accruals and reversals posted to different accounts.			
601804	Special Consultants (Payroll)	162,894.00	
608001	Library Books-Library Use Only	2,145.00	
660929	OTHER SCHOLARSHIPS	37,779.00	
660937	Food / Drink Expense	9,611.00	
601300	Support Staff Salaries		162,894.00
660002	Printing		2,145.00
660003	Supplies and Services		9,611.00
660839	Stipends		37,779.00
Total		<u>212,429.00</u>	<u>212,429.00</u>
Reclassifying Journal Entries JE # 105			
To reduce SP235 deferred revenue for amounts not collected by year-end.			
205090	Deferred Revenue	24,000.00	
103007	A/R OTHER		24,000.00
Total		<u>24,000.00</u>	<u>24,000.00</u>

SUMMARY OF UNCORRECTED MISSTATEMENTS Aldrich.

Account	Description	Debit	Credit
Proposed Journal Entries JE # 1001			
To set federal revenue equal to federal expenditures for grants with capital asset additions.			
205090	Deferred Revenue	84,626.00	
503107	Federal Contracts & Grants-Oth	2,880.00	
103007	A/R OTHER		24,180.00
103007	A/R OTHER		2,880.00
503107	Federal Contracts & Grants-Oth		60,446.00
Total		<u>87,506.00</u>	<u>87,506.00</u>
Proposed Journal Entries JE # 1002			
To recognize OSHPD revenue which should have been deferred in prior years.			
305908	Net Assets Restricted	233,892.00	
503290	State Contracts & Grants-Other		233,892.00
Total		<u>233,892.00</u>	<u>233,892.00</u>
Proposed Journal Entries JE # 1003			
To correct SP159 net assets and current year revenue for amounts which should have been recognized in prior years.			
205090	Deferred Revenue	25,736.00	
503301	Local Contracts & Grants	4,090.00	
305908	Net Assets Restricted		29,826.00
Total		<u>29,826.00</u>	<u>29,826.00</u>

TREND AND RATIO ANALYSIS

A summary of key financial statement information is presented below:

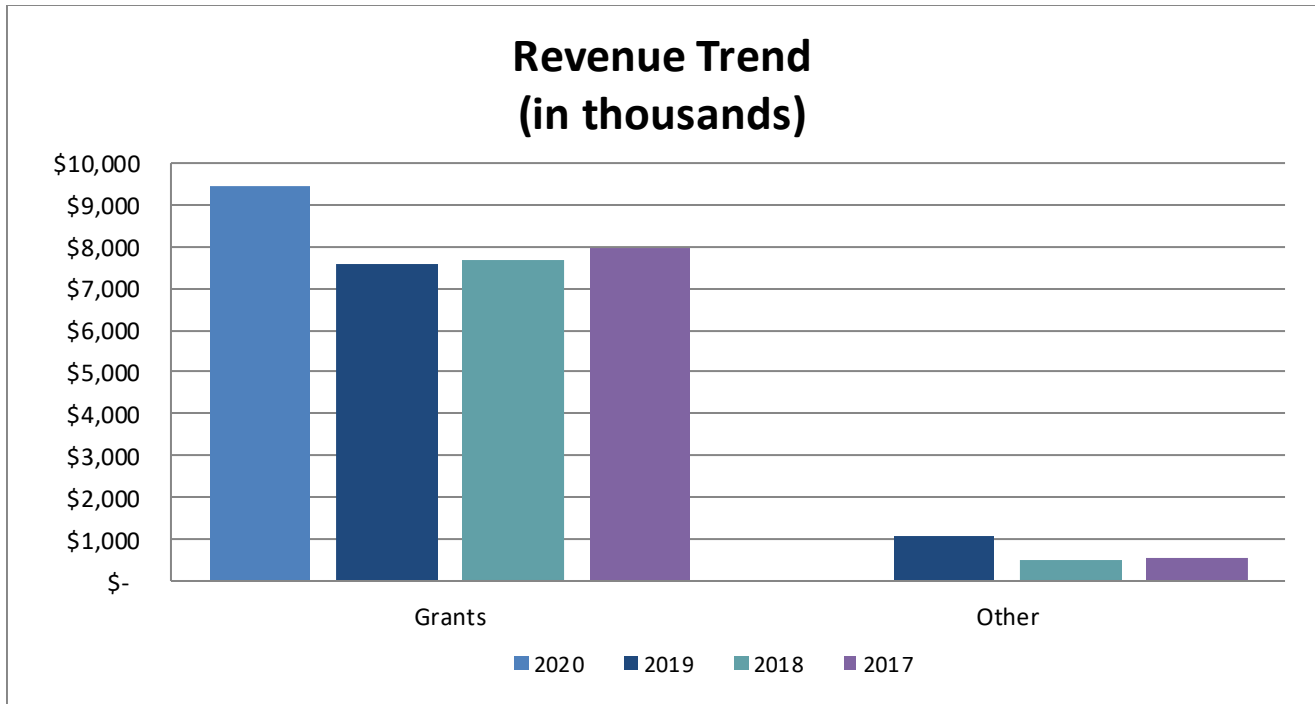
Summary of Statements of Net Position

	2020		2019		2018		2017	
ASSETS								
Cash	\$ 2,445,042	54%	\$ 1,884,726	51%	\$ 1,886,428	61%	\$ 1,447,256	43%
Accounts receivable	1,913,122	42%	1,624,141	44%	1,023,148	33%	1,720,655	51%
Other assets	211,305	4%	193,467	5%	201,743	6%	183,847	6%
Total Assets	4,569,469	100%	3,702,334	100%	3,111,319	100%	3,351,758	100%
LIABILITIES								
Accounts payable	2,013,640	44%	1,651,218	45%	1,086,752	35%	1,130,811	34%
Accrued expenses	266,717	6%	407,950	11%	173,457	6%	36,048	1%
Deferred revenue	320,102	7%	254,989	7%	756,811	24%	1,047,173	31%
Total Liabilities	2,600,459	57%	2,314,157	63%	2,017,020	65%	2,214,032	66%
NET POSITION	\$ 1,969,010	43%	\$ 1,388,177	37%	\$ 1,094,299	35%	\$ 1,137,726	34%

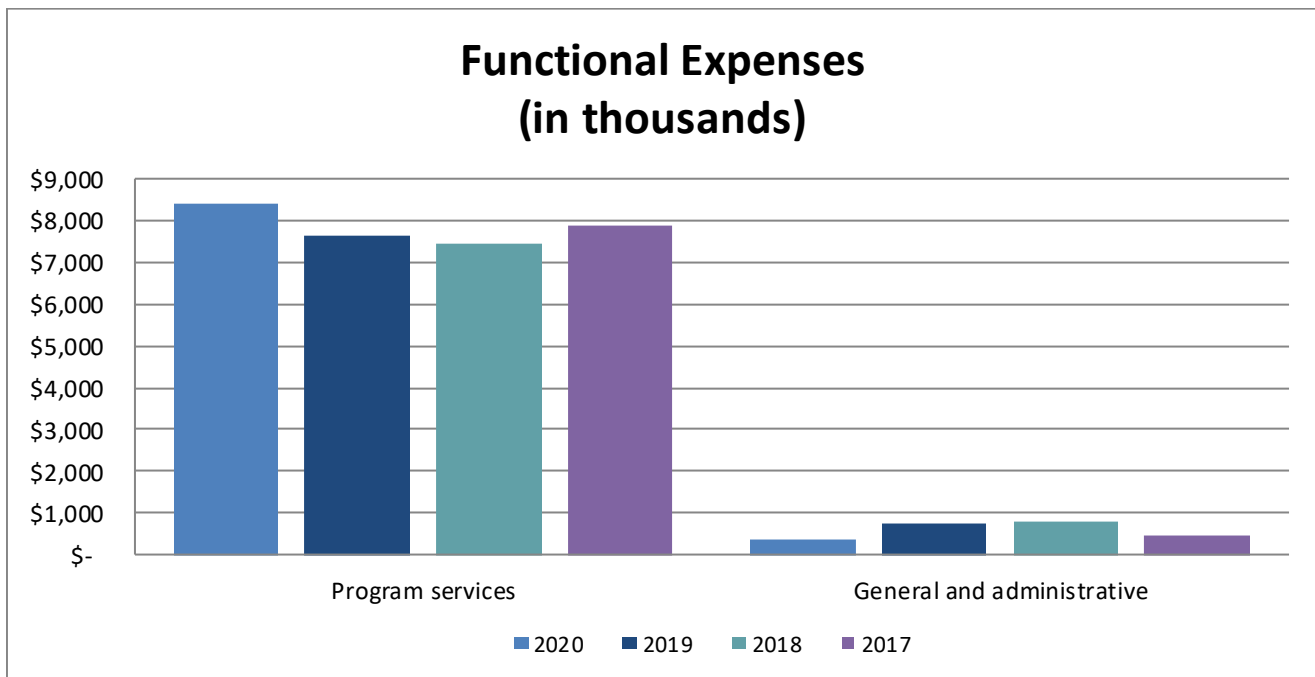
Summary of Statements of Revenues, Expenses, and Changes in Net Position

	2020		2019		2018		2017	
Revenues:								
Grants	\$ 9,426,885	100%	\$ 7,572,077	87%	\$ 7,691,373	94%	\$ 7,969,378	93%
Other	4,360	0%	1,099,036	13%	498,432	6%	569,185	7%
Total revenues	9,431,245	100%	8,671,113	100%	8,189,805	100%	8,538,563	100%
Expenses:								
Program services	8,402,225	96%	7,629,204	91%	7,441,170	90%	7,868,912	94%
General and administrative	395,489	4%	748,031	9%	792,062	10%	476,065	6%
Total expenses	8,797,714	100%	8,377,235	100%	8,233,232	100%	8,344,977	100%
Change in operations before transfer	633,531		293,878		(43,427)		193,586	
Transfer of Children's Center	16,769		-		-		(163,581)	
Transfer of University Grants	(69,467)		-		-		-	
Change in Net Position	\$ 580,833		\$ 293,878		\$ (43,427)		\$ 30,005	

Summary Revenue Trend



Summary of Functional Expenses





CSU Bakersfield

Business and Administrative Services

Financial Services

Mail Stop: 39 ADM
9001 Stockdale Highway
Bakersfield, California 93311-1022

(661) 654-2251
(661) 654-6031 FAX
www.csub.edu/bas/fiscal

September 17, 2020

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

This representation letter is provided in connection with your audit of the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization), which comprise the statements of net position as of June 30, 2020 and 2019, 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 (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 17, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 16, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A summary of the uncorrected misstatements is included in the Board package.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) As part of your audit, you assisted with the preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

Information Provided

- 13) We have provided you with—
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves—
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 18) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
- 19) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 20) We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
- 21) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.


- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) California State University, Bakersfield, Auxiliary for Sponsored Programs Administration is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 27) We acknowledge our responsibility for presenting the supplemental information in accordance with U.S. GAAP, and we believe the supplemental information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplemental information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 28) Net position components are properly classified and, if applicable, approved.
- 29) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and all allocations have been made on a reasonable basis.
- 30) We have analyzed the accounting and reporting requirements and the Organization is required to follow GASB standards.
- 31) With respect to federal award programs:
 - a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements, including, when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u) We have charged costs to federal awards in accordance with applicable cost principles.
- v) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all


information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- w) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

32) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Signature: 

Queen King,
Associate Vice President – Financial Services &
Controller

Signature: 

Dr. Vernon B. Harper Jr.,
Executive Director – Sponsored Programs
Administration