



Chapter 8

UNIVERSITY AUXILIARY ORGANIZATION AUDITED FINANCIAL STATEMENTS 2022-2023

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

Associated Students, California State University, Bakersfield, Inc.

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Students, California State University, Bakersfield, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students, California State University, Bakersfield, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 14-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental 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 15, 2023, on our consideration of Associated Students, California State University, Bakersfield, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, California State University, Bakersfield, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, California State University, Bakersfield, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 15, 2023

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

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash	\$ 3,244,625	\$ 3,642,541
Accounts receivable	-	1,439
Due from related parties	164,744	13,824
Prepaid expenses	<u>-</u>	<u>708</u>
Total Current Assets	3,409,369	3,658,512
Property and Equipment, net of accumulated depreciation	<u>-</u>	<u>839</u>
Total Assets	<u>\$ 3,409,369</u>	<u>\$ 3,659,351</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 43,411	\$ 70,031
Due to related parties	<u>50,949</u>	<u>220,540</u>
Total Current Liabilities	94,360	290,571
Net Assets - Without Donor Restrictions	<u>3,315,009</u>	<u>3,368,780</u>
Total Liabilities and Net Assets	<u>\$ 3,409,369</u>	<u>\$ 3,659,351</u>

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

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and Support Without Donor Restrictions:		
Associated student body fees	\$ 3,465,408	\$ 3,780,237
University contract services (Note 6)	617,361	510,024
Miscellaneous	<u>54,379</u>	<u>106,549</u>
Total Revenue and Support Without Donor Restrictions	4,137,148	4,396,810
Expenses:		
Program services - student services	3,891,876	3,997,562
Supporting services - general and administrative	<u>518,135</u>	<u>386,934</u>
Total Expenses	<u>4,410,011</u>	<u>4,384,496</u>
Operating Income (Loss)	(272,863)	12,314
Other Non-Operating Income (Note 9)	<u>219,092</u>	<u>-</u>
Change in Net Assets	(53,771)	12,314
Net Assets - Without Donor Restrictions, beginning	<u>3,368,780</u>	<u>3,356,466</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 3,315,009</u>	<u>\$ 3,368,780</u>

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

Year Ended June 30, 2023

	Student Services	General and Administrative	Total
	<u> </u>	<u> </u>	<u> </u>
Scholarships	\$ 2,998,355	\$ -	\$ 2,998,355
University contract expenses (Note 6)	216,127	401,234	617,361
Supplies	499,811	36,953	536,764
Insurance	78,620	1,156	79,776
Space rental	28,178	23,790	51,968
Travel	3,878	22,304	26,182
Minor equipment	26,180	-	26,180
Office expense	21,005	1,144	22,149
Accounting	-	19,000	19,000
Information technology	17,500	-	17,500
Advertising and promotion	-	6,381	6,381
Utilities	-	3,589	3,589
Dues and subscriptions	424	1,361	1,785
Repairs and maintenance	595	628	1,223
Depreciation	839	-	839
Miscellaneous	-	595	595
Conference, conventions, and meetings	190	-	190
Bank fees	174	-	174
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 3,891,876</u>	<u>\$ 518,135</u>	<u>\$ 4,410,011</u>

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

Year Ended June 30, 2022

	Student Services	General and Administrative	Total
	<u> </u>	<u> </u>	<u> </u>
Scholarships	\$ 2,608,814	\$ -	\$ 2,608,814
University contract expenses (Note 6)	177,427	332,597	510,024
Supplies	442,349	16,950	459,299
Travel	418,377	9,166	427,543
Transfer of student fees	151,421	-	151,421
Insurance	132,326	1,163	133,489
Minor equipment	28,056	-	28,056
Accounting	-	20,800	20,800
Information technology	17,000	-	17,000
Space rental	11,083	-	11,083
Office expense	5,773	782	6,555
Conference, conventions, and meetings	2,975	249	3,224
Dues and subscriptions	620	2,604	3,224
Utilities	-	2,111	2,111
Depreciation	1,341	-	1,341
Advertising and promotion	-	444	444
Repairs and maintenance	-	68	68
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 3,997,562</u>	<u>\$ 386,934</u>	<u>\$ 4,384,496</u>

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

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (53,771)	\$ 12,314
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	839	1,341
Changes in operating assets and liabilities:		
Accounts receivable	1,439	(1,439)
Due from related parties	(150,920)	616,035
Prepaid expenses	708	4,028
Accounts payable and accrued expenses	(26,620)	21,544
Due to related parties	(169,591)	116,920
	<u>(397,916)</u>	<u>770,743</u>
Net Cash Provided (Used) by Operating Activities	(397,916)	770,743
Cash Flows Provided by Investing Activities:		
Proceeds from sale of investments	-	54,632
	<u>-</u>	<u>54,632</u>
Net Increase (Decrease) in Cash	(397,916)	825,375
Cash, beginning	<u>3,642,541</u>	<u>2,817,166</u>
Cash, ending	<u>\$ 3,244,625</u>	<u>\$ 3,642,541</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2023 and 2022.

Use of Estimates

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

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows U.S. GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2023 and 2022, and therefore, no amounts have been accrued.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish a price concession for uncollectible amounts. For the years ended June 30, 2023 and 2022, no price concession for uncollectible amounts was considered necessary.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Investments

The Organization carried investments in California State University, Bakersfield's U.S. Bank CSU Consolidated Investment Pool. Its purpose is to provide sufficient and immediate liquidity to meet the operating needs of the Organization. The investment objective is to achieve prudent return within a moderate risk level. The fair value is determined using quoted market prices. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Unrealized gains and losses are included in the change in net assets in the statements of activities. During the year ended June 30, 2022, the Organization liquidated its position in the CSU Consolidated Investment Pool, therefore, no investments are reported at June 30, 2023 and 2022.

Property and Equipment

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

Revenue Recognition

Each matriculated student of the University was required to pay associated student body fees of \$210 per Fall and Spring semester and \$126 per Summer semester for the year ended June 30, 2023, and \$204 per Fall and Spring semester and \$122 per Summer semester for the year ended June 30, 2022. Fees are due and collectable prior to the first day of the academic semester. These payments, collected by the University then transferred to the Organization, support the Organization's program activities and are recognized by the Organization when cash receipts are received on a ratable basis over the academic semester, which is when the program services are delivered. The Organization may not receive the full amount of fees charged to students if amounts remain uncollected.

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

Advertising

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

Functional Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by a combination of fund and department. With the exception of the student club fund, all other funds have expenses that are programmatic and general and administrative in nature.

Subsequent Events

The Organization has evaluated subsequent events through September 15, 2023, which is the date the financial statements were available to be issued.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Liquidity and Availability

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

	2023	2022
Cash	\$ 3,244,625	\$ 3,642,541
Accounts receivable	-	1,439
Due from related parties	164,744	13,824
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,409,369	\$ 3,657,804

The Organization is substantially supported by associated student body fees collected by the University and these fees are subsequently transferred to the Organization. The fees carry no donor restrictions, and therefore, all financial assets are available for general expenditure within one year. The Organization has no other liquid assets available from which to draw.

Note 3 - Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. The Organization manages this risk by using high-quality financial institutions.

Note 4 - Property and Equipment

Property and equipment consists of the following:

	2023	2022
Equipment	\$ 53,875	\$ 53,875
Leasehold improvements	254,852	254,852
	308,727	308,727
Less accumulated depreciation	(308,727)	(307,888)
	\$ -	\$ 839

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 5 - Revenue Recognition

Significant Judgments

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

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

Note 6 - University Contract Services

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets in the form of university contract services recognized within the statement of activities include:

	<u>2023</u>	<u>2022</u>
University employee services:		
Programming services	\$ 186,827	\$ 148,126
General and administrative services	401,234	332,598
Rent of University facilities	<u>29,300</u>	<u>29,300</u>
Total University contract services	<u>\$ 617,361</u>	<u>\$ 510,024</u>

The Organization recognized contributed nonfinancial assets within revenue including contributed University employee services and rent of University facilities. Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services include University employees who provide direct programming services to the Organization including planning, managing, and overseeing programming events and activities. Additionally, University employees provide indirect services on behalf of the Organization including accounting services, human resource services, facility management services, information technology services and other administrative services as appropriate. Contributed services are valued at the estimated fair value in the financial statements based on the estimated employee cost to provide programming, general and administrative services.

The Organization uses University facilities to provide programming activities. The Organization paid no rent to the University and has recognized a contributed nonfinancial asset equal to the fair market value of this rent for similar facilities.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions

The Organization receives associated student body fees from the University to provide benefits to the student body of the University. Other payments received from the University includes receipts for use of operating various student-led programs.

The Organization provides scholarships to students, which are recognized as payments to the University. The Organization also reimburses the University for costs incurred to carry out the mission of the Intercollegiate Athletic program and student club activities.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by fundraising for University programs and activities. Payments received from the Foundation include receipts supporting the Organization's student body programs and services. Payments to the Foundation are for fundraising activities benefiting University programs and activities.

California State University, Bakersfield, Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to enhance the student experience by operating various programming facilities. Payments received from Student-centered Enterprises are to support student body programs and services. During the year ended June 30, 2023, payments to Student-centered Enterprises was for the use of the Organization's programming facilities and equipment. During the year ended June 30, 2022, payments to Student-centered Enterprises was to support the Children's Center, use of the Organization's programming facilities and equipment as well as to support other programs and services.

Related party transactions as of and for the years ended June 30, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments received from:		
University	\$ 3,465,408	\$ 3,780,237
Foundation	907	3,264
Student-centered Enterprises	<u>10,000</u>	<u>10,000</u>
	<u>\$ 3,476,315</u>	<u>\$ 3,793,501</u>
Payments to:		
University	\$ 3,488,402	\$ 3,674,692
Foundation	395	544
Student-centered Enterprises	<u>12,991</u>	<u>157,885</u>
	<u>\$ 3,501,788</u>	<u>\$ 3,833,121</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions, continued

	<u>2023</u>	<u>2022</u>
Due from related parties:		
University	\$ 147,715	\$ 13,824
Foundation	17,029	-
	<u>\$ 164,744</u>	<u>\$ 13,824</u>
Due to related parties:		
University	\$ 45,173	\$ 213,981
Foundation	80	444
Student-centered Enterprises	5,696	6,115
	<u>\$ 50,949</u>	<u>\$ 220,540</u>

For the years ended June 30, 2023 and 2022, the Foundation reimbursed the Organization's scholarship payments of \$399,152 and \$630,664, respectively. The reimbursement is reported in program services – student services on the statement of activities and netted against scholarships expense on the statement of functional expenses.

For the years ended June 30, 2023 and 2022, the Organization also recorded University contract services revenue and expense in the amount of \$617,361 and \$510,024, respectively, as noted in Note 6.

Note 8 - Contingency

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

Note 9 - Other Non-Operating Income

Student-centered Enterprises, a related party, previously managed a Children's Center on campus to provide daycare services to students attending California State University, Bakersfield. During the year ended June 30, 2023, programming activities previously covered under Student-centered Enterprises were discontinued. ASI children's center fees will be administered and managed by the Organization going forward. As a result of the change in Student-centered Enterprises operations, unspent funds of \$219,092 were transferred back to the Organization. This was recorded as other non-operating income for the year end June 30, 2023, on the statement of activities.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedules of Activities by Fund

Year Ended June 30, 2023

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Revenue and Support Without Donor Restrictions:								
Associated student body fees	\$ 213,676	\$ 451,820	\$ 137,959	\$ 2,590,055	\$ 10,146	\$ 61,752	\$ -	\$ 3,465,408
University contract services (Note 6)	330,367	21,459	29,259	21,459	186,558	28,259	-	617,361
Miscellaneous	-	-	-	-	-	8,000	46,379	54,379
Total Revenue and Support Without Donor Restrictions	544,043	473,279	167,218	2,611,514	196,704	98,011	46,379	4,137,148
Expenses:								
Program services - student services	316,506	378,557	290	2,991,647	85,986	24,073	94,817	3,891,876
Supporting services - general and administrative	281,444	23,674	29,998	33,983	120,410	28,626	-	518,135
Total Expenses	597,950	402,231	30,288	3,025,630	206,396	52,699	94,817	4,410,011
Other Non-Operating Income (Note 9)	-	-	219,092	-	-	-	-	219,092
Change in Net Assets	(53,907)	71,048	356,022	(414,116)	(9,692)	45,312	(48,438)	(53,771)
Net Assets - Without Donor Restrictions, beginning	1,250,479	14,119	1,962	1,632,713	169,370	172,880	127,257	3,368,780
Net Assets - Without Donor Restrictions, ending	\$ 1,196,572	\$ 85,167	\$ 357,984	\$ 1,218,597	\$ 159,678	\$ 218,192	\$ 78,819	\$ 3,315,009

See independent auditor's report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedules of Activities by Fund

Year Ended June 30, 2022

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Revenue and Support Without Donor Restrictions:								
Associated student body fees	\$ 281,084	\$ 485,167	\$ 149,632	\$ 2,776,846	\$ 18,862	\$ 68,646	\$ -	\$ 3,780,237
University contract services (Note 6)	285,209	12,602	20,202	12,602	160,207	19,202	-	510,024
Miscellaneous	26,442	-	-	-	-	8,000	72,107	106,549
Total Revenue and Support Without Donor Restrictions	592,735	497,769	169,834	2,789,448	179,069	95,848	72,107	4,396,810
Expenses:								
Program services - student services	263,040	772,671	151,421	2,663,905	68,253	14,543	63,729	3,997,562
Supporting services - general and administrative	194,993	15,023	21,246	26,316	109,747	19,609	-	386,934
Total Expenses	458,033	787,694	172,667	2,690,221	178,000	34,152	63,729	4,384,496
Change in Net Assets	134,702	(289,925)	(2,833)	99,227	1,069	61,696	8,378	12,314
Net Assets - Without Donor Restrictions, beginning	1,115,777	304,044	4,795	1,533,486	168,301	111,184	118,879	3,356,466
Net Assets - Without Donor Restrictions, ending	\$ <u>1,250,479</u>	\$ <u>14,119</u>	\$ <u>1,962</u>	\$ <u>1,632,713</u>	\$ <u>169,370</u>	\$ <u>172,880</u>	\$ <u>127,257</u>	\$ <u>3,368,780</u>

See independent auditor's report.

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

June 30, 2023

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	3,244,625
Short-term investments	-
Accounts receivable, net	164,744
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-

Total current assets	3,409,369
-----------------------------	------------------

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	-
Other assets	-

Total noncurrent assets	-
--------------------------------	----------

Total assets	3,409,369
---------------------	------------------

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-

Total deferred outflows of resources	-
---	----------

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Net Position, continued

June 30, 2023

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	43,411
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	50,949

Total current liabilities

94,360

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities

-

Total liabilities

94,360

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Net Position, continued

June 30, 2023

(for inclusion in the California State University)

Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,315,009
Total net position	<u><u>3,315,009</u></u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	4,137,148
Total operating revenues	4,137,148

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,410,817
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	2,998,355
Auxiliary enterprise expenses	-
Depreciation and amortization	839
Total operating expenses	4,410,011
Operating income (loss)	(272,863)

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

Year Ended June 30, 2023

(for inclusion in the California State University)

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)	219,092
Net nonoperating revenues (expenses)	219,092
Income (loss) before other revenues (expenses)	(53,771)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(53,771)
Net position:	
Net position at beginning of year, as previously reported	3,368,780
Restatements	-
Net position at beginning of year, as restated	3,368,780
Net position at end of year	3,315,009

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		3,244,625
Total	\$	3,244,625

2.1 Composition of investments:

Not Applicable

2.2 Fair value hierarchy in investments:

Not Applicable

2.3 Investments held by the University under contractual agreements:

Not Applicable

3.1 Capital Assets, excluding ROU assets:

<u>Composition of capital assets, excluding ROU assets:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
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 intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	254,852	-	-	-	254,852	-	-	-	254,852
Personal property:									
Equipment	53,875	-	-	-	53,875	-	-	-	53,875
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	308,727	-	-	-	308,727	-	-	-	308,727
Total capital assets	\$ 308,727	-	-	-	\$ 308,727	-	-	-	\$ 308,727

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2023

(for inclusion in the California State University)

	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(254,852)	-	-	-	(254,852)	-	-	-	(254,852)
Personal property:									
Equipment	(53,036)	-	-	-	(53,036)	(839)	-	-	(53,875)
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	(307,888)	-	-	-	(307,888)	(839)	-	-	(308,727)
Total capital assets, net excluding ROU assets	\$ 839	-	-	-	\$ 839	(839)	-	-	-

Capital Assets, ROU

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	-	-	-	-	-	-	-	-	-

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	-	-	-	-	-	-	-	-	- \$ -

Total capital assets, net including ROU assets \$ -

3.2 Detail of depreciation and amortization expense:	
Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 839
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	<u>\$ 839</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities: Not Applicable

5 Future minimum payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	3,488,402
Payments received from University for services, space, and programs	3,465,408
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	(45,173)
Other amounts payable to University	-
Accounts receivable from University	147,715
Other amounts receivable from University	-

8 Restatements Not Applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	1,410,817	-	1,410,817
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	2,998,355	-	-	2,998,355
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	839	839
Total operating expenses	\$ -	-	-	-	2,998,355	1,410,817	839	\$ 4,410,011

No pension plan reported N/A

10 Deferred outflows/inflows of resources: Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	219,092
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 219,092

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 15, 2023

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information included on pages 15-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

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, 2022 through June 30, 2023. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

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

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

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

Financial Overview

The following discussion highlights management's understanding of the key financial aspects of the Organization's financial activities, as of the period July 1, 2022 through June 30, 2023. Included, is an analysis of the current year activities and balances.

During the reporting period, the Organization generated and submitted 77 proposals requesting approximately \$30.9 million, with about \$5.5 million in anticipated Facilities and Administrative (F&A) cost recovery – the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many funding opportunities offer a lower rate and certain categories of expense may not be used when calculating the actual cost recovery.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

Statements of Net Position

	2023		2022		2021
Assets:					
Current assets	\$ 4,049,185	\$	4,479,644	\$	5,029,932
Capital assets, net	366,983		247,876		282,684
Total Assets	4,416,168		4,727,520		5,312,616
Liabilities:					
Current liabilities	3,167,283		3,412,069		3,213,508
Net Position	\$ 1,248,885	\$	1,315,451	\$	2,099,108

Assets

Assets decreased by \$311 thousand to \$4.4 million due to a decrease in cash of \$1.2 million, an increase in accounts receivable of \$692 thousand, an increase of \$3 thousand in amounts due from related parties, an increase of \$70 thousand in prepaid expenses, and an increase of \$119 thousand in capital assets. An increase in cost reimbursement contracts contributed to the increase in accounts receivable. Furthermore, the decrease in cash is due to the transfer of salary cost savings to campus related to the replacement lecturer salary and release time for faculty working on grants.

Liabilities

Total liabilities decreased by \$245 thousand to \$3.2 million due to a decrease of accounts payable of \$17 thousand, a decrease in due to related parties of \$207 thousand, a decrease in accrued expenses of \$70 thousand and an increase in deferred revenue of \$49 thousand. The decrease of accounts payable is related to a decrease in vacation accrual for the Organization's employees. Furthermore, the reduction in due to related parties is consequence of a decrease in replacement lecturer salaries and release time for faculty, resulting in a lower liability to campus when compared to last fiscal year. The decrease in accrued expenses is due to fewer grants ending in fiscal year 2023 when compared to fiscal year 2022. Additionally, the increase in deferred revenue is mainly due to an increase in revenue received that may not be recognized until earned. Per agreement's terms and conditions, revenue is deferred until contractual obligations, goals and/or objectives are fulfilled.

Net Position

Total net position decreased by \$67 thousand to \$1.2 million. The change in net position of \$67 thousand is due to an increase in grant revenues year to year offset by higher program and general administrative expenses. Primarily, there was an increase in salaries and benefits due to transfer of salary and cost savings to campus for a replacement lecturer salary and release time for faculty working on grants.

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

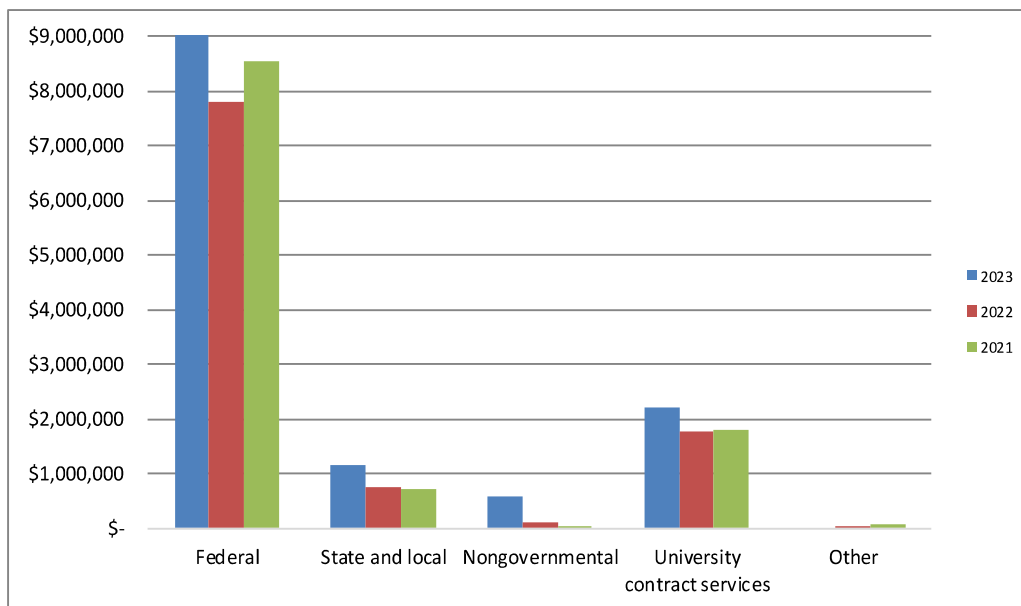
Management’s Discussion and Analysis

Year Ended June 30, 2023

Schedules of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021
Operating Revenue and Other Support:			
Grants	\$ 11,069,840	\$ 8,676,783	\$ 9,313,316
University contract services	2,227,782	1,781,267	1,802,205
Other	-	1,034	73,671
Total Operating Revenue and Other Support	13,297,622	10,459,084	11,189,192
Operating Expenses:			
Program services	11,410,658	9,496,358	9,262,750
General and administrative	1,953,530	1,746,383	1,796,344
Total Operating Expenses	13,364,188	11,242,741	11,059,094
Change in Net Position	(66,566)	(783,657)	130,098
Net Position, beginning	1,315,451	2,099,108	1,969,010
Net Position, ending	\$ 1,248,885	\$ 1,315,451	\$ 2,099,108

Revenues



Overall revenues increased from \$10.5 million to \$13.3 million, an increase of 27 percent. Federal grant revenue increased by \$1.5 million when compared to fiscal year 2022, an increase of 19 percent. State grant revenue increased from 6 to 7 percent, local grant revenue reflected an increase of revenue from 1 to 2 percent and nongovernmental grant revenue increased from 1 to 4 percent. Increase in state grant revenue is due to the recognition of revenue upon confirmation that all contingencies were met as outlined in agreements for performance grants that ended. Increase in local grant revenue is mainly due to the National Youth Sports Program (NYSP) grant that provides students with summer programs which includes math, science, drug and alcohol prevention, education research, and sports. Additionally, the increase in nongovernmental grant revenue is related to an increase in grants received from non-profit organizations.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

University contract services stayed consistent at 17 percent of total revenues. This category records the value of salaries, wages, and benefits for employees under CSU Bakersfield that work on grants for the Organization and rent for facilities utilized by those employees.

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 \$5.3 million whereas \$6.1 million relates to non-payroll grant expenses. The increase in payroll related expenses is mainly due to filling vacancies within the programmatic functions that resulted in an increase of total salaries. Additionally, the increase in payroll related expenses had an increase in salaries for faculty and support staff due to the general salary increase of 7% implemented in fiscal year 2023. The increase in non-payroll related expenses is mainly due to an overall increase in spending across the grants portfolio of the Organization. One of the factors that contributed to the increase in non-related payroll expenses was the lift of Covid-19 restrictions that allowed Principal Investigators to increase their spending in travel, programmatic events, and participant support cost.

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 Heather Macaulay, Senior Director and Controller, California State University, Bakersfield at 9001 Stockdale Highway, 59 ADM, Bakersfield, California 93311.

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

Statements of Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,397,374	\$ 2,593,692
Accounts receivable	2,577,948	1,885,952
Due from related parties	3,403	-
Prepaid expenses	70,460	-
Capital assets, net of accumulated depreciation	366,983	247,876
	<u>4,416,168</u>	<u>4,727,520</u>
LIABILITIES		
Accounts payable	104,542	121,861
Due to related parties	1,371,006	1,577,988
Accrued expenses	938,286	1,008,049
Deferred revenue	753,449	704,171
	<u>3,167,283</u>	<u>3,412,069</u>
NET POSITION		
Net investment in capital assets	366,983	247,876
Unrestricted	881,902	1,067,575
	<u>1,248,885</u>	<u>1,315,451</u>
Total Net Position	\$ <u><u>1,248,885</u></u>	\$ <u><u>1,315,451</u></u>

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue and Other Support:		
Grants:		
Federal	\$ 9,312,433	\$ 7,794,659
State	951,444	641,979
Nongovernmental	586,552	127,875
Local	219,411	112,270
University contract services	2,227,782	1,781,267
Other	-	1,034
	<u>13,297,622</u>	<u>10,459,084</u>
Total Operating Revenue and Other Support		
Operating Expenses:		
Program services	11,410,658	9,496,358
General and administrative	1,953,530	1,746,383
	<u>13,364,188</u>	<u>11,242,741</u>
Total Operating Expenses		
Change in Net Position	(66,566)	(783,657)
Net Position, beginning	<u>1,315,451</u>	<u>2,099,108</u>
Net Position, ending	<u>\$ 1,248,885</u>	<u>\$ 1,315,451</u>

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

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 10,423,719	\$ 8,614,327
University contract services	2,227,782	1,781,267
Payments to suppliers	(8,193,302)	(6,341,242)
Payments to employees	(5,365,501)	(4,618,386)
	<u>(907,302)</u>	<u>(564,034)</u>
Net Cash Used by Operating Activities		
Cash Flows Used by Capital and Related Financing Activities:		
Acquisitions of capital assets	(289,016)	(76,245)
	<u>(1,196,318)</u>	<u>(640,279)</u>
Net Decrease in Cash		
Cash, beginning	2,593,692	3,233,971
Cash, ending	<u>\$ 1,397,374</u>	<u>\$ 2,593,692</u>
Reconciliation of Change in Net Position to Net Cash Provided (Used) by Operating Activities:		
Change in net position	\$ (66,566)	\$ (783,657)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	43,751	50,298
Transfer of capital assets to a related party	126,158	60,755
Changes in operating assets and liabilities:		
Accounts receivable	(691,996)	(137,823)
Due from related parties	(3,403)	47,832
Prepaid expenses	(70,460)	-
Accounts payable	(17,319)	70,463
Due to related parties	(206,982)	(95,499)
Accrued expenses	(69,763)	197,096
Deferred revenue	49,278	26,501
	<u>(907,302)</u>	<u>(564,034)</u>
Net Cash Used by Operating Activities		

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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 (University) as a non-profit auxiliary organization. The Organization is responsible for the accomplishment of certain University objectives that require financial support not provided by the State. These activities occur in all aspects of university life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects.

Basis of Presentation

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

Use of Estimates

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

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2023 and 2022, therefore no amounts have been accrued.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

Capital Assets

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

Deferred Revenue

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Net Position

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

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

Advertising

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

Subsequent Events

The Organization has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued.

Note 2 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. The Organization manages this risk by using high-quality financial institutions.

Note 3 - Capital Assets

Changes in capital assets consist of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Transfers	Balance June 30, 2023
Equipment	\$ 366,572	\$ 289,016	\$ (210,579)	\$ 445,009
Less accumulated depreciation	(118,696)	(43,751)	84,421	(78,026)
	<u>\$ 247,876</u>	<u>\$ 245,265</u>	<u>\$ (126,158)</u>	<u>\$ 366,983</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Capital Assets, continued

Changes in capital assets consist of the following for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Transfers	Balance June 30, 2022
Equipment	\$ 384,321	\$ 76,245	\$ (93,994)	\$ 366,572
Less accumulated depreciation	(101,637)	(50,298)	33,239	(118,696)
	<u>\$ 282,684</u>	<u>\$ 25,947</u>	<u>\$ (60,755)</u>	<u>\$ 247,876</u>

Note 4 - University Contract Services

The Organization utilizes University employees to provide direct programming services and indirect other services on behalf of the Organization. Services provided to the Organization by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. The total estimated employee cost for the years ended June 30, 2023 and 2022 was \$2,071,182 and \$1,624,667, respectively, and has been recognized as University contract services revenue and as an operating expense in the statements of revenues, expenses, and changes in net position.

The Organization utilizes University facilities to conduct its services. The Organization pays no rent to the University and has recognized revenue equal to the fair market value of this rent for similar facilities. The total estimated fair market value of this rent for the years ended June 30, 2023 and 2022 was \$156,600 and has been recognized as University contract services revenue and as an operating expense in the statements of revenues, expenses, and changes in net position.

Note 5 - Related Party Transactions

The Organization functions to benefit the University by accomplishing certain objectives, including faculty and staff research and educational projects, that require financial support not provided by the State. The University collects funds on behalf of the Organization related to draw downs on their various grants. These amounts are reported as payments received from the University. Payments to the University are for accounting and payroll services to the Organization.

California State University, Bakersfield Foundation (Foundation) functions to the benefit of the University by fundraising for University programs and activities. Payments received from the Foundation are for the reimbursement of expenses incurred by the Organization on behalf of Foundation. Payments to Foundation include the reimbursement for cost incurred through a historical grant fund that were cleared by Sponsored Programs Administration as well as the reimbursement to Foundation for expenses paid by Foundation on behalf of the Organization.

California State University, Bakersfield, Student-centered Enterprises, Inc. (Student-centered Enterprises) operates various campus programming facilities. Payments to Student-centered Enterprises are for the use of the related party's facilities and equipment.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 5 - Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments received from:		
University	\$ 75,125	\$ 12,436
Foundation	905	-
	<u>\$ 76,030</u>	<u>\$ 12,436</u>
Payments to:		
University	\$ 4,996,344	\$ 4,557,225
Foundation	374,633	-
Student-centered Enterprises	43,755	-
	<u>\$ 5,414,732</u>	<u>\$ 4,557,225</u>
Due from:		
University	<u>\$ 3,403</u>	<u>\$ -</u>
Due to:		
University	\$ 1,013,542	\$ 1,577,988
Foundation	357,464	-
	<u>\$ 1,371,006</u>	<u>\$ 1,577,988</u>

SUPPLEMENTAL INFORMATION

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

Schedules of Expenses by Natural Classification

Year Ended June 30, 2023

	Program Services	General and Administrative	Total
Salaries	\$ 4,104,982	\$ -	\$ 4,104,982
University contract services	1,143,435	1,084,347	2,227,782
Stipends	1,772,584	-	1,772,584
Services from other agencies	970,042	712,620	1,682,662
Payroll taxes and benefits	1,181,403	-	1,181,403
Supplies	1,145,289	11,868	1,157,157
Small equipment	464,249	35,731	499,980
Travel	268,095	1,484	269,579
Printing and publications	100,364	647	101,011
Dues and subscriptions	65,681	17,350	83,031
Professional fees	8,326	64,715	73,041
Space rental	64,876	-	64,876
Conference and meetings	45,920	-	45,920
Depreciation	43,751	-	43,751
Miscellaneous	22,573	5,115	27,688
Insurance	-	19,653	19,653
Telephone	6,854	-	6,854
Postage	2,234	-	2,234
	<u>11,410,658</u>	<u>1,953,530</u>	<u>13,364,188</u>
Total Expenses	\$ <u>11,410,658</u>	\$ <u>1,953,530</u>	\$ <u>13,364,188</u>

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

Schedules of Expenses by Natural Classification

Year Ended June 30, 2022

	Program Services	General and Administrative	Total
Salaries	\$ 3,588,811	\$ -	\$ 3,588,811
Services from other agencies	1,307,961	825,296	2,133,257
University contract services	1,013,647	767,620	1,781,267
Payroll taxes and benefits	1,094,049	-	1,094,049
Stipends	1,065,121	-	1,065,121
Supplies	988,408	13,540	1,001,948
Small equipment	198,682	58,898	257,580
Travel	78,237	-	78,237
Dues and subscriptions	45,970	27,422	73,392
Depreciation	50,298	-	50,298
Professional fees	16,488	13,481	29,969
Miscellaneous	5,751	23,212	28,963
Printing and publications	17,787	341	18,128
Conference and meetings	14,028	1,800	15,828
Insurance	-	14,773	14,773
Postage	8,226	-	8,226
Telephone	1,894	-	1,894
Events	1,000	-	1,000
Total Expenses	\$ 9,496,358	\$ 1,746,383	\$ 11,242,741

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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	1,397,374
Short-term investments	-
Accounts receivable, net	2,581,351
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	70,460
Total current assets	4,049,185

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	366,983
Other assets	-
Total noncurrent assets	366,983
Total assets	4,416,168

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-

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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	1,427,881
Accrued salaries and benefits	222,403
Accrued compensated absences, current portion	47,667
Unearned revenues	753,449
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	715,883
Total current liabilities	3,167,283

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-

Total liabilities

3,167,283

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-

Net position:

Net investment in capital assets	366,983
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	881,902
Total net position	1,248,885

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(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	9,312,433
State	951,444
Local	219,411
Nongovernmental	586,552
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	2,227,782
Total operating revenues	13,297,622

Expenses:

Operating expenses:

Instruction	1,858,107
Research	3,181,200
Public service	1,332,615
Academic support	400,866
Student services	3,450,684
Institutional support	3,096,965
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	43,751
Total operating expenses	13,364,188
Operating income (loss)	(66,566)

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)	-
Net nonoperating revenues (expenses)	-
Income (loss) before other revenues (expenses)	(66,566)

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(66,566)

Net position:

Net position at beginning of year, as previously reported	1,315,451
Restatements	-
Net position at beginning of year, as restated	1,315,451
Net position at end of year	1,248,885

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(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	1,397,374
Total	\$ 1,397,374

2.1 Composition of investments:

Not Applicable

2.2 Fair value hierarchy in investments:

Not Applicable

2.3 Investments held by the University under contractual agreements:

Not Applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
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	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	366,572	-	-	-	366,572	289,016	(210,579)	-	445,009
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	366,572	-	-	-	366,572	289,016	(210,579)	-	445,009
Total capital assets	\$ 366,572	-	-	-	\$ 366,572	289,016	(210,579)	-	\$ 445,009

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(118,696)	-	-	-	(118,696)	(43,751)	84,421	-	(78,026)
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	(118,696)	-	-	-	(118,696)	(43,751)	84,421	-	(78,026)
Total capital assets, net excluding ROU assets	\$ 247,876	-	-	-	\$ 247,876	245,265	(126,158)	-	366,983

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	\$ -	-	-	-	\$ -	-	-	-	\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-
<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	-	-	-	\$ -	-	-	-	-
Total capital assets, net including ROU assets									\$ 366,983
3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 43,751								
Amortization expense - Leases ROU	-								
Amortization expense - SBITA ROU	-								
Amortization expense - P3 ROU	-								
Depreciation and Amortization expense - Others	-								
Total depreciation and amortization	\$ 43,751								

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 59,337	-	59,337	43,108	(54,778)	47,667	47,667	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	-	-	-	-	\$ -	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	\$ -	-	-	-	\$ -	-	-

Total long-term liabilities

\$ 47,667 47,667 -

5 Future minimum payments schedule - leases, SBITA, P3:

Not Applicable

6 Future minimum payments schedule - Long-term debt obligations:

Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,695,609
Payments to University for other than salaries of University personnel	2,300,735
Payments received from University for services, space, and programs	-
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	(1,013,542)
Other amounts payable to University	-
Accounts receivable from University	3,403
Other amounts receivable from University	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

8 Restatements

Not Applicable

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	612,838	132,666	108,741	-	-	1,003,862	-	1,858,107
Research	1,483,091	194,757	125,287	-	-	1,378,065	-	3,181,200
Public service	501,402	66,934	36,229	-	-	728,050	-	1,332,615
Academic support	171,067	54,899	15,557	-	-	159,343	-	400,866
Student services	1,416,084	312,528	133,806	-	-	1,588,266	-	3,450,684
Institutional support	1,309,771	761,411	-	-	-	1,025,783	-	3,096,965
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	43,751	43,751
Total operating expenses	\$ 5,494,253	1,523,195	419,620	-	-	5,883,369	43,751	\$ 13,364,188

Select type of pension plan >>

Defined Benefit Plan

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Not Applicable

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

To the Audit Committee
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, 2023, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

SUPPLEMENTAL AWARDS INFORMATION

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

To the Audit Committee
California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditor's Responsibilities for the Audit of Compliance, continued

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, in 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal/Pass-Through Grantor and Program Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
Research and Development Cluster:				
<u>National Science Foundation</u>				
Direct Programs:				
Collab Research: Correlating Optoelectronic Properties	47.049	DMR-1904042	\$ 23,811	\$ -
Collaborative Research: GeoPaths-EXTRA	47.050	ICER-1700942	68,487	-
Cyber Resilient 5G Enable Virtual Power System	47.070	CNS-2219701	23,181	-
Catalyzing IDEA's for the San Joaquin Valley	47.076	HRD-1928568	97,930	-
HSI Pilot Project: The MAESTRO	47.076	HRD-2122442	66,509	-
Advance Catalyst: Organization	47.076	HRD-2200323	70,408	-
Pass-through Council of Graduate Schools:				
CGS Master's Career Pathway Project	47.076	HRD-2100343	3,197	-
Pass-through CSU Sacramento:				
CSU-LSAMP (2018-2023)	47.076	HRD-1826490	12,213	-
Pass-through Tennessee State University:				
Design & Simulation 5G Communication Infrastructure	47.070	CNS-2219700	1,800	-
			<u>367,536</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
BRIXCAL	10.223	2020-38422-32245	88,533	-
SUPPERSTAR: Sustainability Undergraduate Program	10.310	2022-68018-36609	129,369	-
Capacity Building Agricultural Wastes	10.326	2021-70001-34774	59,016	71,865
			<u>276,918</u>	<u>71,865</u>
<u>U.S. Department of Defense</u>				
Pass-through National Science Teaching Association:				
JSHS Symposium	12.630	W911SR-15-2-0001	9,972	-
Pass-through Brigham Young University:				
Assessing the Influence of Space Launch and Landing Noise on Species of Concern	12.005	23-0595	33,408	-
			<u>43,380</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
Guided Pathway Solution to STEM Degree Completion	84.031C	P031C160080	273,426	-
An Equitable Pathway to In Demand STEM Careers	84.031C	P031C210093	652,219	-
Increasing Hispanic STEM Related Degree Completion	84.031M	P031M190029	754,009	-
Pathway Adelante: A Model HIS Career Pathway to Health Sciences	84.031S	P031S200095	666,055	-
Puedas! Caminos, Carino, Y Carreras in Post Academic Era	84.031S	P031S220020	226,267	-
Pass-Through Cal Poly Pomona Foundation:				
DJJ-Project Rebound Mentorship Program	84.013A	S013A190005	9,036	-
			<u>2,581,012</u>	<u>-</u>

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal/Pass-Through Grantor and Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-Through Grantor No.</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<u>U.S. Department of Energy</u>				
Direct Program:				
Nanopore Characterization for Geologic Storage og H2 and CO2	81.049	DE-SC0023639	\$ 44,532	\$ -
<u>U.S. Department of Health & Human Services</u>				
Direct Program:				
U-RISE at CSUB	93.859	5T34GM145384-02	222,536	-
Total Research and Development Cluster			\$ 3,535,914	\$ 71,865
WIOA Cluster:				
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Book 2022	17.264	D237069	\$ 24,130	\$ -
Pass-through Fresno Regional Workforce Development Board:				
HRCC: CCI ValleyBuild	17.258	553-0819	64,274	-
Total WIOA Cluster			\$ 88,404	\$ -
TRIO Cluster:				
<u>U.S. Department of Education</u>				
Direct Program:				
CSUB TRIO Talent Search Program	84.044A	P044A210365	\$ 580,772	\$ -
Total TRIO Cluster			\$ 580,772	\$ -
<u>U.S. Department of Commerce</u>				
Direct Program:				
EDA University Center 2022-27	11.303	ED22SEA3030042	\$ 33,474	\$ -
<u>U.S. Department of the Interior, Bureau of Land Management</u>				
Direct Program:				
Detection of Coccidioides Immitis in Soil Samples	15.225	L21AC10478-00	23,473	-
<u>U.S. Department of the Interior</u>				
Pass-through the State Department of Parks and Recreation:				
SSJVIC - Historic Preservation Fund 21-22	15.904	P21AF10887	1,000	-
<u>U.S. Department of Justice/Office of Violence Against Women</u>				
Direct Program:				
Roadrunner Risk Reduction Program	16.525	2018-WA-AX-0046	70,241	-

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal/Pass-Through Grantor and Program Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<u>U.S. Department of State</u>				
Pass-through World Learning Inc:				
Faculty Led Study Abroad Nursing Program to Developing Nations	19.009	IDEAS-CSUB01	\$ 2,903	\$ -
<u>U.S. Department of Transportation - Federal Highway Administration</u>				
Pass-through National Academy of Sciences:				
Handbook on Deterring and Excluding Bats from Transportation	20.200	693JJ31950003	3,015	-
<u>U.S. Department of the Treasury</u>				
Pass-through OPR California Volunteers:				
California For College Fellows	21.027-COVID-19	CCSFRF002	453,506	-
<u>National Endowment for the Humanities</u>				
Direct Program:				
California Dreaming: Migration, Work, and Settlement	45.163	BH-281239-21	37,885	-
Pass-through California Humanities:				
Humanities Beyond Bars	45.129	SO-268663-20	182	-
			<u>38,067</u>	<u>-</u>
<u>U.S. Small Business Administration</u>				
Pass-through The Regents of UC, Merced:				
SBDC2021	59.037	SBAHQ21B0069	7,738	-
SBA Core Funding SBDC	59.037	SBAHQ22B0079	232,912	-
			<u>240,650</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
High School Equivalency Program	84.141A	S141A200028	532,983	-
College Assistance Migrant Program	84.149A	S149A200030	513,982	-
TQP III: Citizen Scientist Residency Pathway	84.336S	U336S180012	905,083	-
Pass-through Tulare County Office of Education:				
Teacher Residency for Rural Education	84.336S	U336S190056	108,685	-
Pass-through The Regents of UC, Office of the President:				
CSMP-ESSA22	84.367A	S367A220005	10,804	-
			<u>2,071,537</u>	<u>-</u>
<u>Corporation for National and Community Service-AmeriCorps</u>				
Pass-through Jumpstart for Young Children, Inc.:				
Jumpstart Program 2021-22	94.006	3360200	13,583	-
JumpStart Training for ECE Students Interested in Teaching	94.006	3360230	91,450	-
			<u>105,033</u>	<u>-</u>

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal/Pass-Through Grantor and Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-Through Grantor No.</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<u>U.S. Department of Health & Human Services</u>				
Direct Program:				
HRSA ANEW Program Transforming Workforce	93.247	T94HP32897-01-00	\$ 762,716	\$ 133,885
Pass-through Regents of UC, Berkeley:				
CalSWEC Title IV-E	93.658	00011218	1,017,742	-
Pass-through Penny Lane Centers:				
MSW Field Education State	93.959-COVID-19	GRA10177	22,718	-
Pass-through The Center for Sexuality and Gender Diversity:				
MSW Field Education	93.959-COVID-19	GRA10168	37,000	-
			<u>1,840,176</u>	<u>133,885</u>
Total Expenditures of Federal Awards			<u>\$ 9,088,165</u>	<u>\$ 205,750</u>

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 Significant deficiency(ies) identified? 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 auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)? No

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

21.027 - COVID-19
93.247
93.658

California For College Fellows
HRSA ANEW Program Transforming Workforce
CalSWEC Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee under the Uniform Guidance, 2 CFR section 200.520? Yes

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Prior Year Findings

None reported.

See independent auditor's report.

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
California State University, Bakersfield Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 28-35 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental 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 21, 2023, on our consideration of California State University, Bakersfield Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Financial Position**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 14,693,436	\$ 13,041,393
Current portion of promises to give, net of allowance for doubtful promises	2,795,062	3,151,468
Accounts receivable	3,171	162
Due from related parties	516,890	81,728
Other current assets	2,631	-
Total Current Assets	<u>18,011,190</u>	<u>16,274,751</u>
Non-Current Assets:		
Investments	35,960,422	33,767,551
Promises to give, net of discount and current portion	2,774,018	4,748,178
Property and equipment, net of accumulated depreciation	35,046	41,797
Collections	82,170	91,670
Life insurance policy	861	2,739
Total Non-Current Assets	<u>38,852,517</u>	<u>38,651,935</u>
Total Assets	<u>\$ 56,863,707</u>	<u>\$ 54,926,686</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 187,514	\$ 131,766
Deposits, events	7,184	-
Due to related parties	153,717	1,194,514
Revenue collected in advance	75,880	80,814
Current portion of accrued post-employment benefits other than pensions	68,080	58,696
Total Current Liabilities	<u>492,375</u>	<u>1,465,790</u>
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>735,315</u>	<u>706,838</u>
Total Liabilities	<u>1,227,690</u>	<u>2,172,628</u>
Net Assets:		
Without donor restrictions:		
Operating	(1,690,330)	(2,574,027)
Board designated endowments	4,327,923	4,076,274
	<u>2,637,593</u>	<u>1,502,247</u>
With donor restrictions:		
Time restricted	-	5,060
Purpose restricted	20,164,093	20,226,286
Endowments - accumulated investment gains	4,896,926	4,044,700
Endowments - perpetual in nature	27,937,405	26,975,765
	<u>52,998,424</u>	<u>51,251,811</u>
Total Net Assets	<u>55,636,017</u>	<u>52,754,058</u>
Total Liabilities and Net Assets	<u>\$ 56,863,707</u>	<u>\$ 54,926,686</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Activities**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and Other Support:		
Contributions	\$ 4,364,116	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,291,802	3,196,642
Investment income (loss)	2,524,916	(4,848,421)
Other	1,436,938	608,813
Transfers from related parties (Note 12)	<u>209,739</u>	<u>337,174</u>
Total Revenue and Other Support	11,827,511	10,011,263
Expenses:		
Program services:		
Alumni engagement	38,251	45,362
Athletics	3,201,068	1,652,812
Scholarships and academic support	2,362,097	7,384,565
Supporting services:		
General and administrative	1,793,289	1,577,506
Fundraising	<u>2,733,308</u>	<u>2,512,167</u>
Total Operating Expenses	<u>10,128,013</u>	<u>13,172,412</u>
Income (Loss) from Operations	1,699,498	(3,161,149)
Non-Operating Revenues (Expenses and Losses):		
Transfers from related parties (Note 12)	1,281,538	-
Change in post-employment benefits other than pensions	(99,077)	(7,973)
Change in donors' agreements (Note 14)	<u>-</u>	<u>(206,127)</u>
Total Non-Operating Revenues (Expenses and Losses)	<u>1,182,461</u>	<u>(214,100)</u>
Change in Net Assets	2,881,959	(3,375,249)
Net Assets, beginning	<u>52,754,058</u>	<u>56,129,307</u>
Net Assets, ending	<u>\$ 55,636,017</u>	<u>\$ 52,754,058</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statement of Activities**

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 54,897	\$ 4,309,219	\$ 4,364,116
Contributed nonfinancial assets (Note 11)	3,172,584	119,218	3,291,802
Investment income	395,353	2,129,563	2,524,916
Other	817,199	619,739	1,436,938
Transfers from related parties (Note 12)	-	209,739	209,739
Net assets released from restriction	<u>5,783,194</u>	<u>(5,783,194)</u>	<u>-</u>
Total Revenue and Other Support	10,223,227	1,604,284	11,827,511
Expenses:			
Program services:			
Alumni engagement	38,251	-	38,251
Athletics	3,201,068	-	3,201,068
Scholarships and academic support	2,362,097	-	2,362,097
Supporting services:			
General and administrative	1,793,289	-	1,793,289
Fundraising	<u>2,733,308</u>	<u>-</u>	<u>2,733,308</u>
Total Operating Expenses	<u>10,128,013</u>	<u>-</u>	<u>10,128,013</u>
Income from Operations	95,214	1,604,284	1,699,498
Non-Operating Revenues (Expenses):			
Transfers from related parties (Note 12)	1,139,209	142,329	1,281,538
Change in post-employment benefits other than pensions	<u>(99,077)</u>	<u>-</u>	<u>(99,077)</u>
Total Non-Operating Revenues	<u>1,040,132</u>	<u>142,329</u>	<u>1,182,461</u>
Change in Net Assets	1,135,346	1,746,613	2,881,959
Net Assets, beginning	<u>1,502,247</u>	<u>51,251,811</u>	<u>52,754,058</u>
Net Assets, ending	<u>\$ 2,637,593</u>	<u>\$ 52,998,424</u>	<u>\$ 55,636,017</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statement of Activities**

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 42,202	\$ 10,674,853	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,055,011	141,631	3,196,642
Other	395,451	213,362	608,813
Transfers from related parties (Note 12)	-	337,174	337,174
Investment loss	(719,877)	(4,128,544)	(4,848,421)
Net assets released from restriction	<u>8,766,665</u>	<u>(8,766,665)</u>	<u>-</u>
Total Revenue and Other Support	11,539,452	(1,528,189)	10,011,263
Expenses:			
Program services:			
Alumni engagement	45,362	-	45,362
Athletics	1,652,812	-	1,652,812
Scholarships and academic support	7,384,565	-	7,384,565
Supporting services:			
General and administrative	1,577,506	-	1,577,506
Fundraising	<u>2,512,167</u>	<u>-</u>	<u>2,512,167</u>
Total Operating Expenses	<u>13,172,412</u>	<u>-</u>	<u>13,172,412</u>
Loss from Operations	(1,632,960)	(1,528,189)	(3,161,149)
Non-Operating Expenses and Losses:			
Change in post-employment benefits other than pensions	(7,973)	-	(7,973)
Change in donors' agreements (Note 14)	<u>-</u>	<u>(206,127)</u>	<u>(206,127)</u>
Total Non-Operating Expenses and Losses	<u>(7,973)</u>	<u>(206,127)</u>	<u>(214,100)</u>
Change in Net Assets	(1,640,933)	(1,734,316)	(3,375,249)
Net Assets, beginning	<u>3,143,180</u>	<u>52,986,127</u>	<u>56,129,307</u>
Net Assets, ending	<u>\$ 1,502,247</u>	<u>\$ 51,251,811</u>	<u>\$ 52,754,058</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Operating Expenses:								
University contract expenses (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ 1,119,871	\$ 2,052,713	\$ 3,172,584	\$ 3,172,584
Transfers to related parties (Note 12)	-	1,446,243	475,919	1,922,162	100,600	-	100,600	2,022,762
Scholarships	-	552,762	789,898	1,342,660	-	-	-	1,342,660
Salaries and wages	900	407,032	327,537	735,469	-	4,596	4,596	740,065
Travel	1,574	392,599	87,999	482,172	3,681	30,835	34,516	516,688
Supplies and services	2,549	61,610	323,772	387,931	34,176	34,709	68,885	456,816
Employee benefits	-	115,498	17,773	133,271	239,047	22,309	261,356	394,627
Office expense	18,976	32,968	92,727	144,671	41,486	96,241	137,727	282,398
Events	-	-	322	322	-	275,758	275,758	276,080
Information technology	3,392	30,000	22,078	55,470	21,680	143,673	165,353	220,823
Dues and subscriptions	-	2,540	88,688	91,228	18,625	13,752	32,377	123,605
Contributed nonfinancial asset expenses	-	54,069	42,087	96,156	-	-	-	96,156
Conference, conventions, and meetings	100	16,429	18,295	34,824	20,118	30,570	50,688	85,512
Miscellaneous	-	61,459	17,208	78,667	-	3,223	3,223	81,890
Bad debt	-	-	-	-	70,436	-	70,436	70,436
Minor equipment	-	20,059	33,824	53,883	15,215	-	15,215	69,098
Accounting	-	-	-	-	52,400	-	52,400	52,400
Advertising and promotion	969	-	5,445	6,414	11,391	16,276	27,667	34,081
Occupancy	7,177	-	17,080	24,257	7,558	952	8,510	32,767
Insurance	2,614	3,737	1,445	7,796	9,812	1,013	10,825	18,621
Legal	-	-	-	-	16,479	-	16,479	16,479
Other professional fees	-	1,013	-	1,013	7,013	6,688	13,701	14,714
Depreciation	-	3,050	-	3,050	3,701	-	3,701	6,751
Total operating expenses	38,251	3,201,068	2,362,097	5,601,416	1,793,289	2,733,308	4,526,597	10,128,013
Non-Operating Expenses:								
Change in post-employment benefits other than pensions	-	-	-	-	99,077	-	99,077	99,077
Total expenses	\$ 38,251	\$ 3,201,068	\$ 2,362,097	\$ 5,601,416	\$ 1,892,366	\$ 2,733,308	\$ 4,625,674	\$ 10,227,090

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Operating Expenses:								
Transfers to related parties (Note 12)	\$ 500	\$ 112,388	\$ 5,806,291	\$ 5,919,179	\$ -	\$ -	\$ -	\$ 5,919,179
University contract expenses (Note 11)	-	-	-	-	1,004,069	2,050,942	3,055,011	3,055,011
Scholarships	24,168	834,180	746,473	1,604,821	-	-	-	1,604,821
Salaries and wages	450	265,268	251,396	517,114	-	-	-	517,114
Employee benefits	-	101,213	14,903	116,116	217,265	22,554	239,819	355,935
Supplies and services	2,810	26,268	192,261	221,339	44,760	29,790	74,550	295,889
Office expense	6,812	53,239	54,442	114,493	45,174	95,603	140,777	255,270
Travel	1,057	80,917	39,227	121,201	4,981	17,668	22,649	143,850
Contributed nonfinancial asset expenses	200	66,682	74,749	141,631	-	-	-	141,631
Dues and subscriptions	2,913	150	90,048	93,111	17,750	25,040	42,790	135,901
Other professional fees	6,139	11,800	58,366	76,305	5,036	49,006	54,042	130,347
Advertising and promotion	151	700	1,821	2,672	67,786	57,849	125,635	128,307
Miscellaneous	-	78,890	21,293	100,183	-	2,492	2,492	102,675
Information technology	-	-	19,653	19,653	9,444	65,247	74,691	94,344
Conference, conventions, and meetings	-	-	5,042	5,042	7,907	40,640	48,547	53,589
Events	-	-	2,224	2,224	-	48,210	48,210	50,434
Bad debt	-	-	-	-	44,329	-	44,329	44,329
Accounting	-	-	-	-	39,940	-	39,940	39,940
Depreciation	-	3,050	-	3,050	30,317	-	30,317	33,367
Payroll taxes	-	16,801	-	16,801	-	1,799	1,799	18,600
Occupancy	162	-	6,183	6,345	5,037	3,803	8,840	15,185
Minor equipment	-	1,266	-	1,266	12,995	200	13,195	14,461
Insurance	-	-	193	193	10,551	1,324	11,875	12,068
Legal	-	-	-	-	10,165	-	10,165	10,165
Total operating expenses	45,362	1,652,812	7,384,565	9,082,739	1,577,506	2,512,167	4,089,673	13,172,412
Non-Operating Expenses:								
Change in post-employment benefits other than pensions	-	-	-	-	7,973	-	7,973	7,973
Total expenses	\$ 45,362	\$ 1,652,812	\$ 7,384,565	\$ 9,082,739	\$ 1,585,479	\$ 2,512,167	\$ 4,097,646	\$ 13,180,385

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Cash Flows**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,881,959	\$ (3,375,249)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,751	33,367
Transfer of property and equipment to the University	-	641,222
(Gain) loss on investments	(2,677,349)	4,665,258
Endowment contributions	1,056,492	2,972,918
Changes in operating assets and liabilities:		
Promises to give	2,330,566	(2,767,221)
Accounts receivable	(438,171)	(79,204)
Other current assets	(2,631)	-
Collections	9,500	-
Life insurance policy	1,878	684,512
Accounts payable and accrued expenses	55,748	14,514
Other current liabilities	(1,038,547)	(1,850,535)
Accrued post-employment benefits other than pensions	37,861	(49,682)
Net Cash Provided by Operating Activities	<u>2,224,057</u>	<u>889,900</u>
Cash Flows from Investing Activities:		
Purchases of investments	(20,096,827)	(29,376,129)
Proceeds from sale of investments	<u>20,581,305</u>	<u>35,724,353</u>
Net Cash Provided by Investing Activities	484,478	6,348,224
Cash Flows Used by Financing Activities:		
Endowment contributions	<u>(1,056,492)</u>	<u>(2,972,918)</u>
Net Increase in Cash and Cash Equivalents	1,652,043	4,265,206
Cash and Cash Equivalents, beginning	<u>13,041,393</u>	<u>8,776,187</u>
Cash and Cash Equivalents, ending	<u>\$ 14,693,436</u>	<u>\$ 13,041,393</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform to current year classifications, specifically, combining accounts payable and accrued expenses in the statements of financial position and separating transfers from related parties from other revenue in the statements of activities. In addition, investment categories in Note 4 were reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

Use of Estimates

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

Income Taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. The Foundation is not a private foundation.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2023 and 2022, and therefore, no amounts have been accrued.

Cash and Cash Equivalents

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

Promises to Give

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectable amounts. No allowance was considered necessary as of June 30, 2023 and 2022 as management believes all amounts are collectable.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift, if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset of three to 30 years.

Collections

The Foundation capitalizes its collections at cost, if purchased, and at appraised or fair value at the date of accession, if donated. There were no acquisitions for the years ended June 30, 2023 and 2022. Capitalized collections are not depreciated. The University Policy on the Collection and Installation of Art requires funds realized from deaccession sales be used to benefit the University art collection. In the event that the Foundation disposed of collection items, proceeds could be used for the acquisition of new collection items or direct care of existing collections. Direct care of existing collections includes, but is not limited to, costs that enhance the life, usefulness, or quality of the collection.

Life Insurance Policies

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

Revenue Recognition

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

Contributed Nonfinancial Assets – Contributions of services and tangible assets are recognized at fair market value when received. Contributed nonfinancial assets are recognized as net assets without donor restrictions unless donor stipulation requires them to be recognized as net assets with donor restrictions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Revenue Recognition, continued

Other Revenue – Other revenue is primarily composed of sponsorships, athletics game guarantees, ticket sales, and administrative fees. Sponsorships, athletic game guarantees, and ticket sales are recognized at a point in time when performance obligations are satisfied. Administrative fees are recognized when payments on contributions are received.

Advertising

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

Functional Allocation of Expenses

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

Fair Value Measurements

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

The three levels are defined as follows:

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

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Certain financial instruments may be valued using net asset value (NAV) per share. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding or percentage ownership.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

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

Mutual funds, common stock, and exchange traded funds – Valued at the closing price reported on the active market on which the individual securities are traded.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Fair Value Measurements, continued

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

Private equity and private real estate – Valued at net asset value per share.

Subsequent Events

The Foundation has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 14,693,436	\$ 13,041,393
Promises to give, net	5,569,080	7,899,646
Accounts receivable	3,171	162
Due from related parties	516,890	81,728
Other current assets	2,631	-
Investments	35,960,422	33,767,551
Anticipated distributions from endowments	<u>1,334,615</u>	<u>1,207,060</u>
Total financial assets	58,080,245	55,997,540
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	(52,998,424)	(51,251,811)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(4,327,923)</u>	<u>(4,076,274)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 753,898</u>	<u>\$ 669,455</u>

The Foundation is substantially supported by donor-restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in money market funds. At June 30, 2023, the Foundation had a quasi-endowment of \$4,327,923, of which \$2,114,800 was designated for general operations. At June 30, 2022, the Foundation had a quasi-endowment of \$4,076,274, of which \$2,062,614 was designated for general operations. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its quasi-endowment could be made available, if necessary, by an action voted on by the board of directors.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. The balances at times may exceed FDIC limits. The Foundation manages this risk by using high-quality financial institutions.

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

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

Three donors comprised 41% and two donors comprised 31% of promises to give at June 30, 2023 and 2022, respectively. Three donors comprised 60% and two donors comprised 35% of contributions for the years ended June 30, 2023 and 2022, respectively.

Note 4 - Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Common stock	\$ 10,583,953	\$ -	\$ -	\$ -	\$ 10,583,953
Corporate bonds	-	384,280	-	-	384,280
Government securities:					
U.S. Treasury securities	174,796	-	-	-	174,796
U.S. Agency securities	-	448,984	-	-	448,984
Mutual funds:					
Nontraditional	534,734	-	-	-	534,734
Emerging markets	826,806	-	-	-	826,806
Fixed income	3,839,085	-	-	-	3,839,085
Exchange traded funds	13,042,122	-	-	-	13,042,122
Alternative investments:					
Hedge funds	-	-	-	3,322,510	3,322,510
Private equity	-	-	-	1,604,632	1,604,632
Private real estate	-	-	-	1,198,520	1,198,520
	<u>\$ 29,001,496</u>	<u>\$ 833,264</u>	<u>\$ -</u>	<u>\$ 6,125,662</u>	<u>\$ 35,960,422</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

Commitments and redemptions schedule for those investments valued based on NAV as of June 30, 2023:

	Fair Value June 30, 2023	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Ironwood Inst MS Hedge Fund [a]	\$ 723,721	\$ none	semi-annually	95 calendar days
Hamilton Lane PMOF I [b]	1,275,955	288,312	none	none
Blackstone BREIT [c]	844,648	none	monthly	T-3 business days
Coatue Offshore Fund, Ltd. [d]	488,694	none	quarterly	45 calendar days
Brevan Howard Fund Limited [e]	481,122	none	monthly	90 days
Starboard Value and Opportunity Fund [f]	508,334	none	quarterly	90 days
Schonfeld Fundamental Equity Fund [g]	663,893	none	quarterly	45 days
SEG Partners Offshore, Ltd. [h]	456,746	none	quarterly	60 days
HarbourVest Co-Investment VI LP [i]	322,477	325,000	none	none
Bridge Workforce & Affordable Housing [j]	353,872	237,929	none	none
PE Premier Lexington CP X Offshore [k]	6,200	613,800	none	none

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

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

[c] Blackstone BREIT is a 1933 Act non-traded perpetual life real estate investment trust (REIT). The fund focuses on investing in stabilized, income-generating commercial real estate in the U.S. and is diversified across property types.

[d] Coatue Offshore Fund, Ltd. is a long/short hedge fund, focused on the technology, media and telecommunications sectors.

[e] Brevan Howard Fund Limited is a multi-trader, discretionary global macro/relative value absolute return fund. The fund invests its capital across various underlying individual Brevan Howard funds, and also makes capital allocations directly to individual traders or strategies.

[f] Starboard Value and Opportunity Fund Ltd. is an event-driven hedge fund that seeks to invest in undervalued companies and actively engage with management teams and boards of directors to identify and execute on opportunities to unlock value.

[g] Schonfeld Fundamental Equity Fund is a multi-manager platform equity market neutral hedge fund that invests with the majority of Schonfeld Strategic Advisors LLC's fundamental discretionary PMs and a subset of its tactical strategy managers.

[h] SEG Partners Offshore, Ltd. is a U.S.-focused long/short equity hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[i] HarbourVest Co-Investment VI LP is a global private equity fund of direct co-investments primarily in the buyout and growth equity spaces.

[j] Bridge Workforce & Affordable Housing Fund II LP is a value-add private real estate fund that focuses on the multi-family sector. Their investments seek to preserve, rehabilitate and develop workforce and affordable housing assets in high-growth U.S. markets.

[k] PE Premier Lexington CP X Offshore LP will seek to construct a globally diversified portfolio of secondary interest in established private investment funds across buyout, growth, and venture capital strategies at attractive discounts to market value while preserving capital and generating early and frequent cash distributions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

Investments consist of the following as of June 30, 2022:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 9,055,172	\$ -	\$ -	\$ -	\$ 9,055,172
Corporate bonds	-	489,226	-	-	489,226
Government securities:					
U.S. Treasury securities	393,702	-	-	-	393,702
U.S. Agency securities	-	501,566	-	-	501,566
Mutual funds:					
Nontraditional	716,245	-	-	-	716,245
Emerging markets	403,005	-	-	-	403,005
Fixed income	3,404,424	-	-	-	3,404,424
Exchange traded funds	12,894,957	-	-	-	12,894,957
Alternative investments:					
Hedge funds	-	-	-	3,281,325	3,281,325
Private equity	-	-	-	1,413,830	1,413,830
Private real estate	-	-	-	1,214,099	1,214,099
	<u>\$ 26,867,505</u>	<u>\$ 990,792</u>	<u>\$ -</u>	<u>\$ 5,909,254</u>	<u>\$ 33,767,551</u>

Commitments and redemptions schedule for those investments valued based on NAV as of June 30, 2022:

	June 30, 2022	Commitment	Frequency	Notice Period
Ironwood Inst MS Hedge Fund [a]	\$ 1,056,103	\$ none	semi-annually	95 calendar days
Hamilton Lane PMOF I [b]	1,381,330	412,926	none	none
Blackstone BREIT [c]	828,628	none	monthly	T-3 business days
Coatue Offshore Fund, Ltd. [d]	441,661	none	quarterly	45 calendar days
Cooper Square Offshore Fund, Ltd. [e]	447,719	none	quarterly	60 days
Starboard Value and Opportunity Fund [f]	506,087	none	quarterly	90 days
Schonfeld Fundamental Equity Fund [g]	361,760	none	quarterly	45 days
SEG Partners Offshore, Ltd. [h]	467,995	none	quarterly	60 days
HarbourVest Co-Investment VI LP [i]	32,500	617,500	none	none
Bridge Workforce & Affordable Housing [j]	385,471	267,040	none	none

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

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

[c] Blackstone BREIT is a 1933 Act non-traded perpetual life real estate investment trust (REIT). The fund focuses on investing in stabilized, income-generating commercial real estate in the U.S. and is diversified across property types.

[d] Coatue Offshore Fund, Ltd. is a long/short hedge fund, focused on the technology, media and telecommunications sectors.

[e] Cooper Square Offshore Fund, Ltd. is an international equity focused long/short hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[f] Starboard Value and Opportunity Fund Ltd. is an event-driven hedge fund that seeks to invest in undervalued companies and actively engage with management teams and boards of directors to identify and execute on opportunities to unlock value.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

[g] Schonfeld Fundamental Equity Fund is a multi-manager platform equity market neutral hedge fund that invests with the majority of Schonfeld Strategic Advisors LLC's fundamental discretionary PIMs and a subset of its tactical strategy managers.

[h] SEG Partners Offshore, Ltd. is a U.S.-focused long/short equity hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[i] HarbourVest Co-Investment VI LP is a global private equity fund of direct co-investments primarily in the buyout and growth equity spaces.

[j] Bridge Workforce & Affordable Housing Fund II LP is a value-add private real estate fund that focuses on the multi-family sector. Their investments seek to preserve, rehabilitate and develop workforce and affordable housing assets in high-growth U.S. markets.

Note 5 - Promises to Give

Promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 2,817,062	\$ 3,372,361
Due in one to five years	2,348,926	4,456,035
Due in more than five years	<u>672,000</u>	<u>674,000</u>
Gross promises to give	5,837,988	8,502,396
Less:		
Allowance for doubtful promises to give	(22,000)	(220,893)
Discount on promises to give (average imputed rate of 3%)	<u>(246,908)</u>	<u>(381,857)</u>
Promises to give, net	<u>\$ 5,569,080</u>	<u>\$ 7,899,646</u>

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

	<u>2023</u>	<u>2022</u>
Current	\$ 2,795,062	\$ 3,151,468
Non-current	<u>2,774,018</u>	<u>4,748,178</u>
	<u>\$ 5,569,080</u>	<u>\$ 7,899,646</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 1,571,775	\$ 1,571,775
Leasehold improvements	232,323	232,323
Improvements, other than buildings	72,963	72,963
Buildings and building improvements	<u>12,127</u>	<u>12,127</u>
	1,889,188	1,889,188
Less accumulated depreciation	<u>(1,857,281)</u>	<u>(1,850,530)</u>
	31,907	38,658
Land	<u>3,139</u>	<u>3,139</u>
	<u>\$ 35,046</u>	<u>\$ 41,797</u>

Note 7 - Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the years ended June 30, 2023 and 2022, the benefit obligation contribution was made by CSU Bakersfield.

Note 8 - Post-Employment Benefits Other Than Pensions

The Foundation no longer has direct employees that qualify for postretirement health care benefits through CalPERS and instead utilizes services from the University to fulfill its needs. However, these benefits are provided to previous direct employees of the Foundation who retired prior to this operational change. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on actuarial studies performed as of June 30, 2023 and 2022:

Net periodic postretirement benefit cost included the following components:

	<u>2023</u>	<u>2022</u>
Service cost	\$ -	\$ -
Interest cost	33,128	31,420
Amortization net gain	<u>(117,667)</u>	<u>(131,166)</u>
Net periodic postretirement benefit cost	<u>\$ (84,539)</u>	<u>\$ (99,746)</u>

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.50%	4.00%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	6.75%	7.00%
Present rate 65 and older	5.00%	5.00%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Accumulated postretirement and projected benefit obligation:

	<u>2023</u>	<u>2022</u>
Retirees	\$ <u>803,395</u>	\$ <u>765,534</u>

Funded status:

	<u>2023</u>	<u>2022</u>
Beginning accrued postretirement benefit obligation	\$ 765,534	\$ 815,216
Actuarial loss	182,996	107,719
Retiree contributions:		
Net periodic postretirement cost	(84,539)	(99,746)
Estimated benefit payments	<u>(60,596)</u>	<u>(57,655)</u>
Ending accrued postretirement benefit obligation	\$ <u>803,395</u>	\$ <u>765,534</u>

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

	<u>2023</u>	<u>2022</u>
Discount rate	4.75%	4.50%
Health care cost trend rate:		
Present rate before 65	6.50%	6.75%
Present rate 65 and older	5.00%	5.00%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

The expected net periodic postretirement benefit cost for fiscal year 2023:

Service cost	\$ -
Interest cost	36,544
Amortization of unrecognized net gain	<u>(108,336)</u>
Net periodic postretirement benefit costs	\$ <u>(71,792)</u>

The expected contribution for the next 10 years:

2024	\$ 68,080
2025	60,721
2026	61,779
2027	62,663
2028	63,379
2029-2033	264,784

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 24, 2023, as of and for the year then ended June 30, 2023.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 9 - Net Assets

Net assets without donor restrictions includes operating net asset deficits due to postretirement benefit liabilities.

Net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Time restrictions:		
General use	\$ -	\$ 5,060
Purpose restrictions:		
Promises to give:		
Academic programs	2,731,271	4,315,036
Scholarships	661,632	1,045,559
Athletic programs	148,729	396,958
Academic programs	13,140,442	10,991,301
Scholarships	1,866,640	1,766,038
Athletic programs	<u>1,615,379</u>	<u>1,711,394</u>
	20,164,093	20,226,286
Endowments:		
Promises to give:		
Academic programs	1,730,451	1,746,939
Athletic programs	201,478	198,522
Scholarships	95,519	191,572
Academic programs	15,248,410	15,111,680
Scholarships	14,852,975	13,145,501
Athletic programs	<u>705,498</u>	<u>626,251</u>
	<u>32,834,331</u>	<u>31,020,465</u>
	<u>\$ 52,998,424</u>	<u>\$ 51,251,811</u>

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

	<u>2023</u>	<u>2022</u>
Satisfaction of time and purpose restrictions:		
Athletic programs	\$ 2,547,460	\$ 6,420,698
Academic programs	1,801,962	728,896
Scholarships	<u>1,426,212</u>	<u>1,611,841</u>
	5,775,634	8,761,435
Satisfaction of time restrictions:		
General use	<u>7,560</u>	<u>5,230</u>
	<u>\$ 5,783,194</u>	<u>\$ 8,766,665</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments

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

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

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

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

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

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

If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly, the Foundation has adopted an annual spend amount equal to 4.00% based upon the spend formula, in addition to the Foundation's 1.00% investment management fee. The spend formula is computed based on the historical three year rolling-average of the endowment's fiscal year-end market value, one year before the fiscal year in which the spend is available commencing July 1.

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments, continued

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations.

The endowment net assets composition by type of fund consisted of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,327,923	\$ -	\$ 4,327,923
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	27,937,405	27,937,405
Accumulated investment gains	-	4,896,926	4,896,926
	<u>\$ 4,327,923</u>	<u>\$ 32,834,331</u>	<u>\$ 37,162,254</u>

The endowment net assets composition by type of fund consisted of the following as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,076,274	\$ -	\$ 4,076,274
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	26,975,765	26,975,765
Accumulated investment gains	-	4,044,700	4,044,700
	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

The changes in endowment net assets for the year ended June 30, 2023, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,076,274	\$ 31,020,465	\$ 35,096,739
Contributions	-	1,056,492	1,056,492
Appropriated expenditures	(142,825)	(1,374,155)	(1,516,980)
Investment return, net	394,474	2,131,529	2,526,003
Endowment net assets, end of year	<u>\$ 4,327,923</u>	<u>\$ 32,834,331</u>	<u>\$ 37,162,254</u>

The changes in endowment net assets for the year ended June 30, 2022, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,546,157	\$ 33,480,391	\$ 35,026,548
Contributions	3,468,956	2,972,918	6,441,874
Appropriated expenditures	(280,701)	(1,447,563)	(1,728,264)
Investment return, net	(658,138)	(3,985,281)	(4,643,419)
Endowment net assets, end of year	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments, continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in four donor designated endowment funds, which together have an original gift value of \$1,070,585, a current fair value of \$1,040,422, and a deficiency of \$30,163 as of June 30, 2023. Deficiencies of this nature exist in eight donor designated endowment funds, which together have an original gift value of \$5,823,835, a current fair value of \$5,653,417, and a deficiency of \$170,418 as of June 30, 2022.

The Foundation has interpreted UPMIFA to permit spending from underwater donor-restricted endowment funds in accordance with prudent measures required under law. The governing board appropriated for expenditure \$27,308 and \$73,090 from underwater endowment funds during the years ended June 30, 2023 and 2022, respectively.

Note 11 - Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2023</u>	<u>2022</u>
University contract services:		
University employee services:		
Fundraising services	\$ 1,990,405	\$ 1,986,292
General and administrative services	1,085,879	972,419
Rent of University facilities:		
Fundraising services	62,308	64,650
General and administrative services	<u>33,992</u>	<u>31,650</u>
	3,172,584	3,055,011
Other supplies and services:		
Services	46,905	34,899
Food and beverage	33,750	30,318
Supplies	31,312	-
Auction items	5,860	-
Gift cards	1,391	200
Equipment	-	71,314
Artwork	<u>-</u>	<u>4,900</u>
	119,218	141,631
Total contributed nonfinancial assets	<u>\$ 3,291,802</u>	<u>\$ 3,196,642</u>

The Foundation recognized contributed nonfinancial assets within revenue, including University contract services for employee services and facility rental that the University provides to support the operations of the Foundation. Contributed nonfinancial assets also include contributions for services, food and beverage, supplies, auction items, gift cards, equipment, and artwork. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

University contract services include facilities and University employees who provide direct supporting and indirect other services for the Foundation. University employees provide services such as fundraising, accounting, and general and administrative services as appropriate. These services are valued at the estimated fair value in the financial statements based on the estimated employee cost incurred to provide those services. The Foundation uses University facilities to provide space for the University employees who provide direct supporting services on behalf of the Foundation.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 11 - Contributed Nonfinancial Assets, continued

The Foundation paid no rent to the University and has recognized a contributed nonfinancial asset equal to the fair market value of this rent for similar facilities.

Contributed nonfinancial assets identified as other supplies and services contributions were utilized by the Athletics, Academic Support, Student Affairs, and Alumni programs. In valuing food and beverage, the Foundation estimated the fair value on the basis of wholesale values and comparable sales prices. In valuing supplies, auction items, gift cards, equipment, and artwork, the Foundation estimated fair value on the basis of comparable sales prices.

Contributed nonfinancial assets also include contributions related to medic standby services from an ambulance company utilized by the Athletics program and consulting services utilized by the Academic Support program. These services are valued and reported at the estimated fair value based on current rates for similar professional services.

Note 12 - Transactions with Related Parties

The Foundation functions to benefit the University by fundraising and supporting University programs and activities. Payments received from the University are for refunds of capital project funding, reimbursement of costs related to historical fund balances, and transfer of funds when receipts are received by the University on behalf of the Foundation, or an expense is incurred by the Foundation on behalf of the University. The Foundation provides scholarships to students and funding for capital projects, which are recognized as payments to the University. Additionally, the Foundation reimburses the University for various administrative services incurred to carry out the mission of the Foundation.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by operating various grant and research programs. Payments received from Sponsored Programs Administration include reimbursement for cost incurred through a historical grant fund that were cleared by Sponsored Programs Administration as well as reimbursement to Foundation for expenses paid on behalf of Sponsored Programs Administration. Payments to Sponsored Programs Administration are for the reimbursement of expenses incurred by Sponsored Programs Administration on behalf of the Foundation.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student-led programs. Payments received from Associated Students are for fundraising activities benefiting University programs and activities. Payments to Associated Students include reimbursement for scholarship payments and support for Associated Students programs and services.

California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various student enterprise programs. Payments received from Student-centered Enterprises are for fundraising activities benefiting University programs and activities. Payments to Student-centered Enterprises are for the use of Student-centered Enterprises programming facilities and equipment, as well as the general support of Student-centered Enterprises programming activities.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 12 - Transactions with Related Parties, continued

Transfers with related parties for the years ended June 30, 2023 and 2022 are reflected in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Transfers from:		
University	\$ <u>209,739</u>	\$ <u>337,174</u>
Transfers to:		
University	\$ 2,021,853	\$ 5,915,235
Associated Students	909	2,664
Student-centered Enterprises	-	1,280
	\$ <u>2,022,762</u>	\$ <u>5,919,179</u>

Total payments to and from related parties, including the transfers in the schedule above, for the years ended June 30, 2023 and 2022 are reflected in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Payments from:		
University	\$ 1,286,067	\$ 663,751
Sponsored Programs Administration	374,633	24,818
Associated Students	395	544
Student-centered Enterprises	3,842	576
	\$ <u>1,664,937</u>	\$ <u>689,689</u>
Payments to:		
University	\$ 3,811,153	\$ 6,997,377
Sponsored Programs Administration	905	70,491
Associated Students	404,960	633,928
Student-centered Enterprises	5,676	10,797
	\$ <u>4,222,694</u>	\$ <u>7,712,593</u>

Additionally, for the year ended June 30, 2023, the Foundation recorded \$1,281,538 in transfers from the University and Sponsored Programs Administration as non-operating revenues on the statements of activities. These transfers relate to reimbursement of costs for historical fund balances.

For the years ended June 30, 2023 and 2022, the Foundation also recorded University contract services revenue and expense in the amount of \$3,172,584 and \$3,055,011, respectively, as noted in Note 11.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 12 - Transactions with Related Parties, continued

Amounts reported in the statements of financial position at June 30, 2023 and 2022 as due from and due to related parties include the following:

	<u>2023</u>	<u>2022</u>
Due from related parties:		
University	\$ 159,346	\$ 80,708
Sponsored Programs Administration	357,464	-
Associated Students	80	444
Student-centered Enterprises	-	576
	<u>\$ 516,890</u>	<u>\$ 81,728</u>
Due to related parties:		
University	\$ 135,459	\$ 1,192,554
Associated Students	17,028	-
Student-centered Enterprises	1,230	1,960
	<u>\$ 153,717</u>	<u>\$ 1,194,514</u>

Note 13 - Risks and Uncertainties

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

Note 14 - Change in Donors' Agreements

The Foundation entered into revised gift agreements with two donors during the year ended June 30, 2022. These agreements updated the terms and conditions of the promises to give and contributions that were previously recognized in prior years. The adjustment of \$206,127 has been recognized as change in donors' agreements in the statement of activities for the year ended June 30, 2022.

Note 15 - Conditional Contributions

Conditional contributions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Student scholarships	\$ 1,270,000	\$ 1,290,000
Other programs	104,860	160,814
	<u>\$ 1,374,860</u>	<u>\$ 1,450,814</u>

Conditional contributions received for student scholarships are conditional on successful annual review. Conditional contributions received for other programs are conditional on the substantial completion of various program objectives.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 15 - Conditional Contributions, continued

A conditional contribution does not meet the standard for revenue recognition. As such, collectively, the \$1,374,860 and \$1,450,814 conditional portions of contributions have not been recognized in the statements of activities for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, \$75,880 and \$80,814, respectively, of conditional contributions have been collected in advance, and are reported as revenue collected in advance on the statements of financial position. The Foundation expects all conditions to be met within the next fiscal year.

The Foundation receives bequests, intentions, and other types of planned gift communications from donors which are conditional due to dependence upon a future event. Neither the timing nor the amount of the promise is clearly determinable. These gifts are not recognized as contributions until they become unconditional promises to give. At present, value cannot be determined.

Note 16 - Contingency

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

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	14,693,436
Short-term investments	-
Accounts receivable, net	520,061
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	2,795,062
Prepaid expenses and other current assets	2,631
Total current assets	18,011,190

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	2,774,018
Endowment investments	34,418,065
Other long-term investments	1,542,357
Capital assets, net	117,216
Other assets	861
Total noncurrent assets	38,852,517
Total assets	56,863,707

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position, continued

June 30, 2023

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	185,266
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	75,880
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	163,149

Total current liabilities

424,295

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	803,395
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities

803,395

Total liabilities

1,227,690

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-

Total deferred inflows of resources

-

Net position:

Net investment in capital assets	117,216
Restricted for:	
Nonexpendable – endowments	27,937,405
Expendable:	
Scholarships and fellowships	5,745,040
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	19,302,800
Unrestricted	2,533,556

Total net position

55,636,017

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	4,819,261
Total operating revenues	4,819,261
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	1,572,199
Student services	2,744,333
Institutional support	4,561,147
Operation and maintenance of plant	-
Student grants and scholarships	1,342,660
Auxiliary enterprise expenses	-
Depreciation and amortization	6,751
Total operating expenses	10,227,090
Operating income (loss)	(5,407,829)
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	3,521,694
Investment income (loss), net	(1,087)
Endowment income (loss), net	2,526,003
Interest expense	-
Other nonoperating revenues (expenses)	1,281,538
Net nonoperating revenues (expenses)	7,328,148
Income (loss) before other revenues (expenses)	1,920,319
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	961,640
Increase (decrease) in net position	2,881,959
Net position:	
Net position at beginning of year, as previously reported	52,754,058
Restatements	-
Net position at beginning of year, as restated	52,754,058
Net position at end of year	55,636,017

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(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	14,693,436
Current cash and cash equivalents	-
Total	\$ 14,693,436

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	448,984	448,984
U.S. treasury securities	-	174,796	174,796
Municipal bonds	-	-	-
Corporate bonds	-	384,280	384,280
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	5,200,625	5,200,625
Exchange-traded funds	-	13,042,122	13,042,122
Equity securities	-	10,583,953	10,583,953
Alternative investments:			
Private equity (including limited partnerships)	-	1,604,632	1,604,632
Hedge funds	-	3,322,510	3,322,510
Managed futures	-	-	-
Real estate investments (including REITs)	-	1,198,520	1,198,520
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
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	-	35,960,422	35,960,422
Less endowment investments (enter as negative number)	-	(34,418,065)	(34,418,065)
Total investments, net of endowments	\$ -	1,542,357	1,542,357

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	448,984	-	448,984	-	-
U.S. treasury securities	174,796	174,796	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	384,280	-	384,280	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	5,200,625	5,200,625	-	-	-
Exchange-traded funds	13,042,122	13,042,122	-	-	-
Equity securities	10,583,953	10,583,953	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	1,604,632	-	-	-	1,604,632
Hedge funds	3,322,510	-	-	-	3,322,510
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	1,198,520	-	-	-	1,198,520
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investments	-	-	-	-	-
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	\$ 35,960,422	29,001,496	833,264	-	6,125,662

2.3 Investments held by the University under contractual agreements:

Not Applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 3,139	-	-	-	\$ 3,139	-	-	-	\$ 3,139
Works of art and historical treasures	76,170	-	-	-	76,170	-	-	-	76,170
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total Other intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total non-depreciable/non-amortizable capital assets	\$ 94,809	-	-	-	\$ 94,809	-	(9,500)	-	85,309

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

Depreciable/Amortizable capital assets:									
Buildings and building improvements	12,127	-	-	-	12,127	-	-	-	12,127
Improvements, other than buildings	72,963	-	-	-	72,963	-	-	-	72,963
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	232,323	-	-	-	232,323	-	-	-	232,323
Personal property:									
Equipment	1,571,775	-	-	-	1,571,775	-	-	-	1,571,775
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	129,093	-	-	-	129,093	-	-	-	129,093
Total Other intangible assets:	129,093	-	-	-	129,093	-	-	-	129,093
Total intangible assets	129,093	-	-	-	129,093	-	-	-	129,093
Total depreciable/amortizable capital assets	2,018,281	-	-	-	2,018,281	-	-	-	2,018,281
Total capital assets	\$ 2,113,090	-	-	-	\$ 2,113,090	-	(9,500)	-	\$ 2,103,590
Less accumulated depreciation/amortization:									
Buildings and building improvements	(12,127)	-	-	-	(12,127)	-	-	-	(12,127)
Improvements, other than buildings	(48,186)	-	-	-	(48,186)	(3,648)	-	-	(51,834)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:									
Equipment	(1,557,894)	-	-	-	(1,557,894)	(3,103)	-	-	(1,560,997)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total Other intangible assets:	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total intangible assets	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total accumulated depreciation/amortization	(1,979,623)	-	-	-	(1,979,623)	(6,751)	-	-	(1,986,374)
Total capital assets, net excluding ROU assets	\$ 133,467	-	-	-	\$ 133,467	(6,751)	(9,500)	-	\$ 117,216

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	\$ -	-	-	-	\$ -	-	-	-	\$ -

See independent auditor's report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	-	-	-	\$ -	-	-	-	-

Total capital assets, net including ROU assets

\$ 117,216

3.2 Detail of depreciation and amortization expense:	
Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 6,751
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 6,751

4 Long-term liabilities: Not Applicable

5 Future minimum payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	569,507
Payments to University for other than salaries of University personnel	3,241,646
Payments received from University for services, space, and programs	1,286,067
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	(135,459)
Other amounts payable to University	-
Accounts receivable from University	159,346
Other amounts receivable from University	-

8 Restatements

Not Applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	327,537	17,773	-	-	-	1,226,889	-	1,572,199
Student services	407,032	115,498	-	99,077	-	2,122,726	-	2,744,333
Institutional support	5,496	261,356	-	-	-	4,294,295	-	4,561,147
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,342,660	-	-	1,342,660
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	6,751	6,751
Total operating expenses	\$ 740,065	394,627	-	99,077	1,342,660	7,643,910	6,751	10,227,090

No pension plan reported

N/A

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	1,281,538
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 1,281,538

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

To the Audit Committee
California State University, Bakersfield Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

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

Financial Statements with Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.
Financial Statements with Supplemental Information
Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Student-centered Enterprises, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield Student-centered Enterprises, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 16-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental 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 21, 2023, on our consideration of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Financial Position**

June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 3,451,871	\$ 2,931,758
Accounts receivable	3,118	732
Due from related parties	<u>34,179</u>	<u>685,503</u>
Total Current Assets	3,489,168	3,617,993
Property and Equipment, net of accumulated depreciation	645,669	780,842
Right-of-Use Assets, net of accumulated amortization	<u>21,621</u>	<u>-</u>
Total Assets	<u>\$ 4,156,458</u>	<u>\$ 4,398,835</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 305,029	\$ 314,822
Due to related parties	133,966	241,988
Current portion of operating lease liabilities	<u>10,176</u>	<u>-</u>
Total Current Liabilities	449,171	556,810
Operating Lease Liabilities, net of current portion	<u>11,445</u>	<u>-</u>
Net Assets - Without Donor Restrictions	<u>3,695,842</u>	<u>3,842,025</u>
Total Liabilities and Net Assets	<u>\$ 4,156,458</u>	<u>\$ 4,398,835</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Activities**

Years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>
Revenue and Support Without Donor Restrictions:			
University contract services (Note 6)	\$ 4,366,517	\$	3,930,944
Program activity fees	1,112,000		1,200,300
Facility rental	159,518		41,727
Membership fees	78,172		19,173
Other operating revenues	70,451		39,933
Associated student body fees	-		151,421
	<u>5,786,658</u>		<u>5,383,498</u>
Total Revenue and Support Without Donor Restrictions	5,786,658		5,383,498
Expenses:			
Program services:			
Student Union	938,708		760,923
Student Recreation Center	3,528,751		3,035,399
Student Housing and Residential Life	810,257		780,297
Children's Center	-		28,704
Supporting services - general and administrative	436,033		504,506
	<u>5,713,749</u>		<u>5,109,829</u>
Total Expenses	5,713,749		5,109,829
Operating Income	72,909		273,669
Other Non-Operating Expense	(219,092)		-
Change in Net Assets	(146,183)		273,669
Net Assets - Without Donor Restrictions, beginning	<u>3,842,025</u>		<u>3,568,356</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 3,695,842</u>	\$	<u>3,842,025</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services			Total	General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life			
University contract expenses (Note 6)	\$ 820,992	\$ 2,702,871	\$ 551,389	\$ 4,075,252	\$ 291,265	\$ 4,366,517
Utilities	45,449	433,562	211,673	690,684	70,558	761,242
Supplies and contract services	63,594	130,792	26,514	220,900	5,617	226,517
Depreciation	-	154,508	-	154,508	-	154,508
Information technology	-	25,779	5,030	30,809	13,129	43,938
Minor equipment	2,655	35,217	-	37,872	-	37,872
Accounting	-	-	-	-	27,000	27,000
Travel	3,601	16,758	1,741	22,100	-	22,100
Advertising and promotion	-	16,247	-	16,247	-	16,247
Insurance	-	-	-	-	15,357	15,357
Amortization, ROU Asset - lease expense	-	-	9,816	9,816	-	9,816
Office expense	2,417	2,454	3,771	8,642	-	8,642
Conference, conventions, and meetings	-	5,130	-	5,130	2,530	7,660
Bank fees	-	-	-	-	6,776	6,776
Dues and subscriptions	-	3,014	-	3,014	3,378	6,392
Miscellaneous	-	1,878	300	2,178	423	2,601
Repairs and maintenance	-	541	23	564	-	564
Total expenses	\$ 938,708	\$ 3,528,751	\$ 810,257	\$ 5,277,716	\$ 436,033	\$ 5,713,749

See accompanying notes to financial statements.

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

Statements of Functional Expenses

Year Ended June 30, 2022

	Program Services						General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total			
University contract expenses (Note 6)	\$ 693,937	\$ 2,341,506	\$ 579,479	\$ 26,689	\$ 3,641,611	\$ 289,333	\$ 3,930,944	
Utilities	25,476	276,439	134,385	-	436,300	44,795	481,095	
Supplies and contract services	32,960	209,791	59,607	-	302,358	34,976	337,334	
Depreciation	-	152,228	-	2,015	154,243	339	154,582	
Insurance	-	-	-	-	-	83,333	83,333	
Information technology	3,829	25,145	4,559	-	33,533	14,369	47,902	
Accounting	-	-	-	-	-	26,600	26,600	
Travel	2,557	10,138	-	-	12,695	-	12,695	
Advertising and promotion	-	10,480	-	-	10,480	-	10,480	
Miscellaneous	-	754	-	-	754	5,448	6,202	
Dues and subscriptions	-	2,973	-	-	2,973	2,180	5,153	
Office expense	560	1,363	2,267	-	4,190	-	4,190	
Conference, conventions, and meetings	-	3,310	-	-	3,310	324	3,634	
Repairs and maintenance	1,604	1,272	-	-	2,876	-	2,876	
Bank fees	-	-	-	-	-	2,809	2,809	
Total expenses	\$ 760,923	\$ 3,035,399	\$ 780,297	\$ 28,704	\$ 4,605,323	\$ 504,506	\$ 5,109,829	

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Cash Flows**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (146,183)	\$ 273,669
Adjustments to reconcile change in net assets to net increase in cash:		
Depreciation	154,508	154,582
Loss on disposal of equipment	5,456	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,386)	(732)
Due from related parties	651,324	31,024
Prepaid expenses	-	5,726
Accounts payable and accrued expenses	(9,793)	(48,834)
Due to related parties	(108,022)	219,835
Net Cash Used by Operating Activities	<u>544,904</u>	<u>635,270</u>
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(24,791)</u>	<u>-</u>
Net Increase in Cash	520,113	635,270
Cash, beginning	<u>2,931,758</u>	<u>2,296,488</u>
Cash, ending	<u>\$ 3,451,871</u>	<u>\$ 2,931,758</u>
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 31,437</u>	<u>\$ -</u>

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

The Organization previously managed a Children's center on campus to provide daycare services to students attending California State University, Bakersfield. As of June 30, 2023, programming activities previously covered under the Organization have been discontinued.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2023 and 2022.

Use of Estimates

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

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows U.S. GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at years ended June 30, 2023 and 2022 and therefore, no amounts have been accrued.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish a price concession for uncollectible amounts. For the years ended June 30, 2023 and 2022, no price concession for uncollectible amounts was considered necessary.

Property and Equipment

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

Leases

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* as of July 1, 2022. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes previous U.S. GAAP guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease liabilities, as well as additional disclosures (See Note 8). The Organization adopted this standard using the modified retrospective approach. Upon adoption, the Organization recognized right-of-use assets and lease liabilities of \$31,436.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Revenue Recognition

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

Associated Student Body Fees – During the year end June 30, 2022, each matriculated student of the University was required to pay associated student body fees. A designated ratio of the associated student body fees equal to \$8 per semester is to support the Children's Center, which is managed by the Organization. Associated student body fees are due and collectible following Fall, Spring and Summer census dates when enrollment is finalized. Payments are recognized by the Organization on a ratable basis over the academic semester, which is when the program services are delivered.

Due to changes in the Organization's children's center operations, there was no revenue from associated student body fees during the year end June 30, 2023.

Advertising

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

Functional Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by a combination of fund and department. Each fund has expenses that are programmatic and general and administrative in nature.

Subsequent Events

The Organization has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,451,871	\$ 2,931,758
Accounts receivable	3,118	732
Due from related parties	<u>34,179</u>	<u>685,503</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,489,168</u>	<u>\$ 3,617,993</u>

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

Note 3 - Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. The Organization manages this risk by using high-quality financial institutions.

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 1,200,779	\$ 1,175,988
Improvements, other than buildings	<u>424,297</u>	<u>435,714</u>
	1,625,076	1,611,702
Less accumulated depreciation	<u>(979,407)</u>	<u>(830,860)</u>
	<u>\$ 645,669</u>	<u>\$ 780,842</u>

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 5 - Revenue Recognition

Significant Judgments

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

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

Note 6 - University Contract Services

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets in the form of university contract services recognized within the statement of activities include:

	<u>2023</u>	<u>2022</u>
University employee services:		
Programming services	\$ 2,628,086	\$ 2,228,411
General and administrative services	291,265	289,333
University supplies	33,966	-
Rent of University facilities	<u>1,413,200</u>	<u>1,413,200</u>
Total University contract services	<u>\$ 4,366,517</u>	<u>\$ 3,930,944</u>

The Organization recognized contributed nonfinancial assets within revenue including contributed University employee services, supplies and rent of University facilities. Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services include University employees who provide direct programming services to the Organization including planning, managing and overseeing programming events and activities. Supplies utilized by these employees for programming events and activities have also been recorded as a contributed nonfinancial asset. Additionally, University employees provide indirect services on behalf of the Organization including; accounting services, human resource services, facility management services, information technology services and other administrative services as appropriate. Contributed services are valued at the estimated fair value in the financial statements based on the estimated employee cost to provide programming, general and administrative services. The Organization valued supplies based on comparable sales prices.

The Organization uses University facilities to provide programming activities. The Organization paid no rent to the University and has recognized a contributed nonfinancial asset equal to the fair market value of this rent for similar facilities.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions

The Organization receives program activity fees from the University to provide programs and services that enhance the student experience. Other payments received from the University include receipts for use of programming facilities and equipment.

The Organization has an agreement with the University to use campus facilities to conduct operations. Utility cost related to the Organization's use of those facilities are paid by the University and reimbursed by the Organization. Additionally, the University incurs supplies and other cost to support the Organization's programming activities, which are reimbursed by the Organization and included as payments to the University.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by fundraising for University programs and activities. Payments received from the Foundation include receipts for the use of the Organization's programming facilities and equipment as well as general support of the Organization's programming activities. Payments to the Foundation are for fundraising activities benefiting University programs and activities.

Associated Students, California State University, Bakersfield, Inc (Associated Students), functions to benefit the student body of the University by operating various student-led programs. Payments to Associated Students are to support student body programs and services.

During the year end June 30, 2022, payments received from Associated Students were to support the Children's Center, use of the Organization's programming facilities and equipment as well as to support other programs and services. During the year end June 30, 2023, payments received from Associated Students are for receipts for the use of the Organization's programming facilities and equipment.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by administering grants on behalf of the Organization. Payments received from Sponsored Programs Administration include receipts for the use of the Organization's programming facilities and equipment.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Notes to Financial Statements**

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments received from:		
University	\$ 1,198,988	\$ 1,202,370
Sponsored Programs Administration	43,755	-
Foundation	5,676	5,631
Associated Students	<u>12,991</u>	<u>157,885</u>
	<u>\$ 1,261,410</u>	<u>\$ 1,365,886</u>
Payments to:		
University	\$ 862,538	\$ 747,868
Foundation	3,680	576
Associated Students	<u>10,000</u>	<u>10,000</u>
	<u>\$ 876,218</u>	<u>\$ 758,444</u>
Due from related parties:		
University	\$ 27,253	\$ 677,428
Foundation	1,230	1,960
Associated Students	<u>5,696</u>	<u>6,115</u>
	<u>\$ 34,179</u>	<u>\$ 685,503</u>
Due to related parties:		
University	\$ 133,966	\$ 241,412
Foundation	<u>-</u>	<u>576</u>
	<u>\$ 133,966</u>	<u>\$ 241,988</u>

In addition to the related party transactions noted above, the Organization also recorded University contract services revenue and expense in the amount of \$4,366,517 and \$3,930,944 at June 30, 2023 and 2022, respectively. See Note 6.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Leasing Arrangements

The Organization leases equipment from an unrelated party under a long-term non-cancelable operating lease agreement. The Company is reasonably certain to renew the lease through July 2025. Base monthly rental payments were \$899 as of June 30, 2023.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. These are estimated using actual borrowing costs and making necessary adjustments.

The following summarizes the operating and finance right-of-use assets as of June 30, 2023:

<u>Operating Leases</u>	
Operating lease right-of-use assets	\$ <u>21,621</u>
Current portion of operating lease liabilities	\$ 10,176
Operating lease liabilities, net of current portion	<u>11,445</u>
Total operating lease liabilities	\$ <u>21,621</u>

The amounts contractually due on lease liabilities were as follows as of June 30, 2023:

<u>Year Ending</u> <u>June 30,</u>	<u>Operating</u>
2024	\$ 10,788
2025	10,788
2026	<u>899</u>
Total lease payments	22,475
Less amount representing imputed interest	<u>(854)</u>
Present value of lease liabilities	\$ <u>21,621</u>

Lease expense for the year ended June 30, 2023, was \$9,816.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Leasing Arrangements, continued

Supplemental cash flow information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$	9,816
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Lease assets obtained in exchange for lease liabilities:

Operating leases	\$	31,437
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Supplemental statement of financial position information related to leases as of June 30, 2023 was as follows:

Weighted average remaining lease term - Operating leases	2.1
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Weighted average discount rate - Operating leases	3.61%
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Rent expense under all operating lease agreements was \$10,788 for the year ended June 30, 2022.

Under previous leasing standards, future minimum lease payments for the non-cancellable operating leases at June 30, 2022 were as follows:

Year Ending June 30,		
<u>2023</u>	\$	10,788
2024		<u>1,798</u>
	\$	<u>12,586</u>

Note 9 - Contingency

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

Note 10 - Other Non-Operating Expense

The Organization previously managed a Children's Center on campus to provide daycare services to students attending California State University, Bakersfield. During the year ended June 30, 2023, programming activities for the Children's Center were discontinued. As a result of the change in the Organization's operations, unspent funds of \$219,092 were transferred back to Associated Students, California State University, Bakersfield, Inc. (Associated Students). This was recorded as other non-operating expense for the year end June 30, 2023, on the statement of activities.

SUPPLEMENTAL INFORMATION

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

Schedules of Activities by Enterprise

Year Ended June 30, 2023

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Unrestricted Revenue and Other Support:					
University contract services (Note 6)	\$ 956,225	\$ 2,780,704	\$ 629,588	\$ -	\$ 4,366,517
Program activity fees	148,900	574,100	389,000	-	1,112,000
Facility rental	39,186	120,332	-	-	159,518
Membership fees	-	78,172	-	-	78,172
Other operating revenues	-	32,600	37,851	-	70,451
	<u>1,144,311</u>	<u>3,585,908</u>	<u>1,056,439</u>	<u>-</u>	<u>5,786,658</u>
Total Revenue and Support Without Donor Restrictions					
	1,144,311	3,585,908	1,056,439	-	5,786,658
Expenses:					
Program services	938,708	3,528,751	810,257	-	5,277,716
Supporting services - general and administrative	158,868	114,214	162,829	122	436,033
	<u>1,097,576</u>	<u>3,642,965</u>	<u>973,086</u>	<u>122</u>	<u>5,713,749</u>
Total operating expenses					
	1,097,576	3,642,965	973,086	122	5,713,749
Other Non-Operating Expense					
	-	-	-	(219,092)	(219,092)
Change in Net Assets					
	46,735	(57,057)	83,353	(219,214)	(146,183)
Net Assets (Deficit) - Without Donor Restrictions, beginning					
	<u>1,469,430</u>	<u>2,286,200</u>	<u>(133,276)</u>	<u>219,671</u>	<u>3,842,025</u>
Net Assets (Deficit) - Without Donor Restrictions, ending					
	<u>\$ 1,516,165</u>	<u>\$ 2,229,143</u>	<u>\$ (49,923)</u>	<u>\$ 457</u>	<u>\$ 3,695,842</u>

See independent auditor's report.

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

Schedules of Activities by Enterprise

Year Ended June 30, 2022

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Unrestricted Revenue and Other Support:					
University contract services (Note 6)	\$ 803,431	\$ 2,422,885	\$ 677,939	\$ 26,689	\$ 3,930,944
Program activity fees	186,600	731,000	282,700	-	1,200,300
Associated student body fees	-	-	-	151,421	151,421
Facility rental	4,755	36,972	-	-	41,727
Other operating revenues	317	19,935	19,681	-	39,933
Membership fees	-	19,173	-	-	19,173
Total Revenue and Support Without Donor Restrictions	995,103	3,229,965	980,320	178,110	5,383,498
Expenses:					
Program services	760,923	3,035,399	780,297	28,704	4,605,323
Supporting services - general and administrative	161,427	129,891	206,711	6,477	504,506
Total Expenses	922,350	3,165,290	987,008	35,181	5,109,829
Change in Net Assets	72,753	64,675	(6,688)	142,929	273,669
Net Assets (Deficit) - Without Donor Restrictions, beginning	1,396,677	2,221,525	(126,588)	76,742	3,568,356
Net Assets (Deficit) - Without Donor Restrictions, ending	\$ 1,469,430	\$ 2,286,200	\$ (133,276)	\$ 219,671	\$ 3,842,025

See independent auditor's report.

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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	3,451,871
Short-term investments	-
Accounts receivable, net	37,297
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-

Total current assets

3,489,168

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	667,290
Other assets	-

Total noncurrent assets

667,290

Total assets

4,156,458

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-

Total deferred outflows of resources

-

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

June 30, 2023

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	305,029
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	10,176
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	133,966

Total current liabilities449,171**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	11,445
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities11,445**Total liabilities**460,616**Deferred inflows of resources:**

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-

Total deferred inflows of resources-**Net position:**

Net investment in capital assets	645,669
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,050,173

Total net position3,695,842

See independent auditor's report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:**Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-

Grants and contracts, noncapital:

Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-

Other operating revenues	5,786,658
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Total operating revenues	5,786,658
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Expenses:**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,586,033
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	963,392
Depreciation and amortization	164,324

Total operating expenses	5,713,749
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Operating income (loss)	72,909
--------------------------------	---------------

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)	(219,092)

Net nonoperating revenues (expenses)	(219,092)
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Income (loss) before other revenues (expenses)	(146,183)
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State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(146,183)

Net position:

Net position at beginning of year, as previously reported	3,842,025
Restatements	-
Net position at beginning of year, as restated	3,842,025
Net position at end of year	3,695,842

See independent auditor's report.

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

Other Information

June 30, 2023

(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

Total

-
-
3,451,871
\$ 3,451,871

2.1 Composition of investments:

Not Applicable

2.2 Fair value hierarchy in investments:

Not Applicable

2.3 Investments held by the University under contractual agreements:

Not Applicable

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

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	-	-	-	\$ -	-	-	-	-

Total capital assets, net including ROU assets

667,290

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$	154,508
Amortization expense - Leases ROU		9,816
Amortization expense - SBITA ROU		-
Amortization expense - P3 ROU		-
Depreciation and Amortization expense - Others		-
Total depreciation and amortization	\$	164,324

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

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	-	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	-	-	-	- \$	-	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	21,621	-	-	21,621	10,176	11,445
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	-	21,621	-	- \$	21,621	10,176	11,445
Total long-term liabilities						21,621	10,176	11,445

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

Other Information

June 30, 2023

(for inclusion in the California State University)

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			Public-Private or Public/Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2024	10,176	612	10,788	-	-	-	-	-	-	10,176	612	10,788
2025	10,549	239	10,788	-	-	-	-	-	-	10,549	239	10,788
2026	896	3	899	-	-	-	-	-	-	896	3	899
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	21,621	854	22,475	-	-	-	-	-	-	21,621	854	22,475
Less: amounts representing interest												(854)
Present value of future minimum payments												21,621
Total Leases, SBITA, P3 liabilities												21,621
Less: current portion												(10,176)
Leases, SBITA, P3 liabilities, net of current portion												\$ 11,445

6 Future minimum payments schedule - Long-term debt obligations:

Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	862,538
Payments received from University for services, space, and programs	1,198,988
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	(133,966)
Other amounts payable to University	-
Accounts receivable from University	27,253
Other amounts receivable from University	-

8 Restatements

Not Applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	4,586,033	-	4,586,033
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	963,392	-	963,392
Depreciation and amortization	-	-	-	-	-	-	164,324	164,324
Total operating expenses	\$ -	-	-	-	-	5,549,425	164,324	5,713,749

No pension plan reported

N/A

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ -
Other nonoperating (expenses)	(219,092)
Total other nonoperating revenues (expenses)	\$ (219,092)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023