



Chapter 8

UNIVERSITY AUXILIARY ORGANIZATION AUDITED FINANCIAL STATEMENTS 2017-18

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

Associated Students, California State University, Bakersfield, Inc.

Financial Statements and Supplemental Information
Years Ended June 30, 2018 and 2017 (As Restated)



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Financial Statements and Supplemental Information
Years Ended June 30, 2018 and 2017 (As Restated)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information:	
Schedules of Expenses by Natural Classification	12
Schedules of Activities by Fund	14
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	16
Schedule of Revenues, Expenses, and Changes in Net Position	17
Other Information	18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students, California State University, Bakersfield, Inc.

We have audited the accompanying financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, California State University, Bakersfield, Inc. as of June 30, 2018 and 2017, 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 12-24 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.

Restatement

As discussed in Note 7 to the financial statements, Associated Students, California State University, Bakersfield, Inc. has adjusted the net asset balance as of June 30, 2017, to account for the change in reporting of the clubs activities that was not included in the statement of activities for the year ended June 30, 2017, but was recorded in deposits in excess of withdrawals for agency accounts. Our opinion is not modified with respect to the matter.

Alanich CPAs + Advisors LLP

San Diego, California

September 14, 2018

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Statements of Financial Position
June 30, 2018 and 2017 (As Restated)

ASSETS	2018	2017 (As Restated)
Current Assets:		
Cash	\$ 1,368,942	\$ 1,883,972
Investments	141,444	227,892
Accounts receivable, net of allowance for doubtful accounts of \$8,581 (2018) and \$3,605 (2017)	29,687	46,373
Due from related parties	23,280	1,561
Prepaid expenses and other current assets	-	535
Total Current Assets	1,563,353	2,160,333
Property and Equipment, net of accumulated depreciation	57,744	76,722
Total Assets	\$ 1,621,097	\$ 2,237,055
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 53,724	\$ 38,471
Deferred revenue	43,092	76,998
Due to related parties	173,871	809,372
Total Current Liabilities	270,687	924,841
Net Assets - Unrestricted	1,350,410	1,312,214
Total Liabilities and Net Assets	\$ 1,621,097	\$ 2,237,055

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Statements of Activities
Years Ended June 30, 2018 and 2017 (As Restated)

	2018	2017 (As Restated)
Unrestricted Revenue and Support:		
Student fees	\$ 3,722,755	\$ 3,581,658
Miscellaneous	205,222	170,043
Interest	14,773	7,137
	<u>3,942,750</u>	<u>3,758,838</u>
Total Unrestricted Revenue and Support	3,942,750	3,758,838
Expenses:		
Program services	3,437,373	3,561,608
General and administrative	467,181	436,639
	<u>3,904,554</u>	<u>3,998,247</u>
Total Expenses	3,904,554	3,998,247
Change in Net Assets	38,196	(239,409)
Net Assets - Unrestricted, beginning (as originally stated)	1,312,214	1,362,941
Restatement (Note 7)	-	188,682
	<u>1,312,214</u>	<u>1,551,623</u>
Net Assets - Unrestricted, beginning (as restated)	1,312,214	1,551,623
Net Assets - Unrestricted, ending	<u>\$ 1,350,410</u>	<u>\$ 1,312,214</u>

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

Years Ended June 30, 2018 and 2017 (As Restated)

	2018	2017 (As Restated)
Cash Flows from Operating Activities:		
Change in net assets	\$ 38,196	\$ (239,409)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,686	25,714
Changes in operating assets and liabilities:		
Accounts receivable, net	16,686	10,792
Due from related parties	(21,719)	17,415
Prepaid expenses and other current assets	535	(470)
Accounts payable and accrued expenses	15,253	(20,273)
Deferred revenue	(33,906)	(26,056)
Due to related parties	(635,501)	627,281
Net Cash Provided (Used) by Operating Activities	(594,770)	394,994
Cash Flows from Investing Activities:		
Purchases of property and equipment	(6,708)	-
Purchases of investments	(14,773)	(7,137)
Proceeds from sale of investments	101,221	52,589
Net Cash Provided by Investing Activities	79,740	45,452
Net Increase (Decrease) in Cash	(515,030)	440,446
Cash, beginning	1,883,972	1,443,526
Cash, ending	\$ <u>1,368,942</u>	\$ <u>1,883,972</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2018 and 2017 (As Restated)

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

The Associated Students, California State University, Bakersfield, Inc. (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 student fees.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no temporarily restricted or permanently restricted net assets during the years ended June 30, 2018 and 2017.

Use of Estimates

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

Income Taxes

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

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2018 and 2017 and therefore, no amounts have been accrued.

Investments

The Organization 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. Unrealized gains and losses are included in the change in net assets in the statements of activities.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2018 and 2017 (As Restated)

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 uncollectible amounts.

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 3 to 10 years.

Deferred Revenue

Deferred revenue represents the portion of student fees collected for the summer session applicable to the next fiscal year.

Student Fees

During the year ended June 30, 2017, the Organization converted from a quarterly-based academic year to a semester-based academic year. Each matriculated student of the University was required to pay \$188 per semester for student fees for the year ended June 30, 2018 and \$123 per quarter for the year ended June 30, 2017. These payments support the Organization's operations and are recognized as revenue ratably over the course of the term.

Advertising

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. 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.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2018 and 2017 (As Restated)

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

Fair Value Measurements, continued

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

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The fair value of the investments held by the pooled SWIFT account explained in Note 3 reflect the Organization's pro rata share of the market value of the underlying assets in the account.

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

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2018 and 2017, due to the relative short maturities of these instruments.

Subsequent Events

The Organization has evaluated subsequent events through September 14, 2018, which is the date the financial statements were available to be issued.

Note 2 – 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. At June 30, 2018, the Organization had approximately \$1,156,000 that was exposed to uninsured deposit risk. In addition, the Organization has deposited cash pooled with the California State University, US Bank SWIFT account. The Organization manages this risk by using high-quality financial institutions.

Note 3 – Investments and Fair Value Measurement

The Organization's investments are pooled and invested with the California State University, Bakersfield's US Bank SWIFT account to take advantage of an effective investment program. Securities within the investment pool are not insured. In addition, the securities are not held in the Organization's name, but in the name of the University. The Organization's share of the pool is determined based on its proportionate interest in the University's investment pool account. The Organization's share of pooled investments was \$141,444 and \$227,892 at June 30, 2018 and 2017, respectively. Investments held in the investment pool are reported as short-term investments included in current assets on the statements of financial position.

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

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Notes to Financial Statements
Years Ended June 30, 2018 and 2017 (As Restated)

Note 3 – Investments and Fair Value Measurement, continued

The following tables set forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value:

	Financial Instruments at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Asset backed securities	\$ -	\$ 10,299	\$ -	\$ -	\$ 10,299
Certificates of deposit	-	7,112	-	-	7,112
Corporate bonds	-	40,263	-	-	40,263
Money market funds	-	-	-	344	344
Mortgage backed securities	-	9	-	-	9
Municipal bonds	-	1,824	-	-	1,824
Repurchase agreements	-	360	-	-	360
U.S. agency securities	-	41,571	-	-	41,571
U.S. treasury securities	-	35,163	-	-	35,163
Mutual Fund	-	4,499	-	-	4,499
	<u>\$ -</u>	<u>\$ 141,100</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 141,444</u>

	Financial Instruments at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	NAV	Total
Asset backed securities	\$ -	\$ 19,496	\$ -	\$ -	\$ 19,496
Certificates of deposit	-	9,667	-	-	9,667
Corporate bonds	-	62,821	-	-	62,821
Money market funds	-	-	-	979	979
Mortgage backed securities	-	23	-	-	23
Municipal bonds	-	1,033	-	-	1,033
Repurchase agreements	-	642	-	-	642
U.S. agency securities	-	82,275	-	-	82,275
U.S. treasury securities	-	50,956	-	-	50,956
	<u>\$ -</u>	<u>\$ 226,913</u>	<u>\$ -</u>	<u>\$ 979</u>	<u>\$ 227,892</u>

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2018	2017
Equipment	\$ 64,514	\$ 57,806
Leasehold improvements	254,852	254,852
	<u>319,366</u>	<u>312,658</u>
Less accumulated depreciation	(261,622)	(235,936)
	<u>\$ 57,744</u>	<u>\$ 76,722</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Notes to Financial Statements**

Years Ended June 30, 2018 and 2017 (As Restated)

Note 5 – Operating Leases

The Organization leases 1,220 square feet of office space at California State University, Bakersfield from California State University, Bakersfield Student Union, Inc. under non-cancellable agreements expiring through June 2019. Monthly lease payments range from \$2,013 to \$2,355 throughout the contract.

Minimum future lease payments as of June 30, 2018 are due as follows:

Year Ending June 30,	
<u>2019</u>	\$ 28,255
Thereafter	<u>-</u>
	<u>\$ 28,255</u>

Rental expense relating to long term leases was \$27,230 and \$26,206 for the years ended June 30, 2018 and 2017, respectively.

Note 6 – Related Party Transactions

The Organization's salaries are paid by the University and billed to the Organization. The University provides accounting services and leases office space to the Organization.

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

California State University, Bakersfield Student Union, Inc. (Student Union) functions to benefit the student body of the University by operating various campus programs. The Student Union provides facilities for the Organization to conduct its operations. The Organization pays the Student Union for the use of these facilities as provided by the student body.

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 campus. The Organization also provides program services for student services for the Children's Center. The Organization pays the Sponsored Programs Administration for these services as provided by the student body.

Related party transactions as of and for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Expenses:		
Program fees:		
University	\$ 3,023,391	\$ 3,132,439
Foundation	4,241	10,909
Sponsored Programs Administration	147,734	125,898
Student Union	<u>39,510</u>	<u>38,435</u>
	<u>\$ 3,214,876</u>	<u>\$ 3,307,681</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Notes to Financial Statements**Years Ended June 30, 2018 and 2017 (As Restated)

Note 6 – Related Party Transactions, continued

	<u>2018</u>	<u>2017</u>
Due from:		
University	\$ 7,887	\$ 15
Foundation	1,674	1,546
Sponsored Programs Administration	6,278	-
Student Union	<u>7,441</u>	<u>-</u>
	<u>\$ 23,280</u>	<u>\$ 1,561</u>
Due to:		
University	\$ 171,910	\$ 752,799
Foundation	1,350	675
Sponsored Programs Administration	<u>611</u>	<u>55,898</u>
	<u>\$ 173,871</u>	<u>\$ 809,372</u>

Note 7 – Restatement

The Organization administers the activity of student clubs and organizations. Previously, the Organization recorded this activity as a "deposits in excess of withdrawals for agency accounts," and did not record revenues or expenses. The Organization has determined that it is acting as a fiscal sponsor to the clubs and organizations and therefore should record the related revenues and expenses. A prior period adjustment has been recorded to remove the June 30, 2016, deposits in excess of withdrawals for agency accounts from \$188,682 to \$0 and to increase unrestricted net assets from \$1,362,941 to \$1,551,623.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Expenses by Natural Classification
Year Ended June 30, 2018

	Program Services	General and Administrative	Total
Scholarships	\$ 2,265,763	\$ 44,250	\$ 2,310,013
Supplies	549,135	115,924	665,059
Travel	413,524	33,474	446,998
Salaries	57,763	113,238	171,001
Benefits	37,461	65,533	102,994
Services from other agencies	22,118	28,400	50,518
Rent	13,672	27,230	40,902
Conference and meetings	16,532	23,054	39,586
Depreciation	17,531	8,155	25,686
Repairs and maintenance	13,893	399	14,292
Professional fees	10,468	1,532	12,000
Printing and publications	7,681	2,699	10,380
Insurance	7,558	320	7,878
Expendable equipment	3,262	387	3,649
Telephone	396	1,367	1,763
Dues and subscriptions	-	1,219	1,219
Advertising	616	-	616
	<u>616</u>	<u>-</u>	<u>616</u>
Total Expenses	<u>\$ 3,437,373</u>	<u>\$ 467,181</u>	<u>\$ 3,904,554</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Expenses by Natural Classification
Year Ended June 30, 2017, As Restated

	Program Services	General and Administrative	Total
Scholarships	\$ 2,012,659	\$ 36,701	\$ 2,049,360
Supplies	534,521	115,626	650,147
Travel	524,234	24,109	548,343
Salaries	63,788	105,383	169,171
Recruitment	157,000	2,042	159,042
Services from other agencies	121,200	27,900	149,100
Benefits	35,468	62,457	97,925
Conference and meetings	28,009	18,349	46,358
Rent	14,475	27,321	41,796
Printing and publications	27,640	2,014	29,654
Depreciation	17,455	8,259	25,714
Professional fees	10,008	1,492	11,500
Insurance	7,590	596	8,186
Expendable equipment	6,481	-	6,481
Telephone	411	2,035	2,446
Dues and subscriptions	385	1,269	1,654
Advertising	-	710	710
Repairs and maintenance	284	376	660
Total Expenses	\$ 3,561,608	\$ 436,639	\$ 3,998,247

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Activities by Fund
Year Ended June 30, 2018

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Unrestricted Revenue and Support:								
Student fees	\$ 453,570	\$ 432,115	\$ 144,020	\$ 2,506,932	\$ 109,226	\$ 76,892	\$ -	\$ 3,722,755
Miscellaneous	2,304	-	-	-	-	8,000	194,918	205,222
Interest	1,800	1,715	572	9,948	433	305	-	14,773
Total Unrestricted Revenue and Support	457,674	433,830	144,592	2,516,880	109,659	85,197	194,918	3,942,750
Expenses:								
Program services	-	428,719	149,219	2,426,270	114,500	109,456	209,209	3,437,373
General and administrative	467,181	-	-	-	-	-	-	467,181
Total Expenses	467,181	428,719	149,219	2,426,270	114,500	109,456	209,209	3,904,554
Change in net assets	(9,507)	5,111	(4,627)	90,610	(4,841)	(24,259)	(14,291)	38,196
Net Assets - Unrestricted, beginning	767,989	12,277	3,030	131,242	144,646	72,248	180,782	1,312,214
Net Assets - Unrestricted, ending	\$ 758,482	\$ 17,388	\$ (1,597)	\$ 221,852	\$ 139,805	\$ 47,989	\$ 166,491	\$ 1,350,410

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Activities by Fund
Year Ended June 30, 2017, As Restated

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Unrestricted Revenue and Support:								
Student fees	\$ 486,931	\$ 415,488	\$ 132,795	\$ 2,362,775	\$ 108,486	\$ 75,183	\$ -	\$ 3,581,658
Miscellaneous	2,167	-	-	70	-	8,000	159,806	170,043
Interest	969	828	265	4,709	216	150	-	7,137
Total Unrestricted Revenue and Support	490,067	416,316	133,060	2,367,554	108,702	83,333	159,806	3,758,838
Expenses:								
Program services	-	413,939	133,528	2,601,548	135,534	109,353	167,706	3,561,608
General and administrative	436,639	-	-	-	-	-	-	436,639
Total Expenses	436,639	413,939	133,528	2,601,548	135,534	109,353	167,706	3,998,247
Change in net assets	53,428	2,377	(468)	(233,994)	(26,832)	(26,020)	(7,900)	(239,409)
Net Assets - Unrestricted, beginning (as originally stated)	714,561	9,900	3,498	365,236	171,478	98,268	-	1,362,941
Restatement, Note 7	-	-	-	-	-	-	188,682	188,682
Net Assets - Unrestricted, beginning (as restated)	714,561	9,900	3,498	365,236	171,478	98,268	188,682	1,551,623
Net Assets - Unrestricted, ending	\$ 767,989	\$ 12,277	\$ 3,030	\$ 131,242	\$ 144,646	\$ 72,248	\$ 180,782	\$ 1,312,214

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Net Position

Year Ended June 30, 2018

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,368,942
Short-term investments	141,444
Accounts receivable, net	52,967
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	—
Total current assets	<u>1,563,353</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	57,744
Other assets	—
Total noncurrent assets	<u>57,744</u>
Total assets	<u>1,621,097</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	197,546
Accrued salaries and benefits	—
Accrued compensated absences, current portion	12,706
Unearned revenues	43,092
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	17,343
Total current liabilities	<u>270,687</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>270,687</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	57,744
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,292,666
Total net position	<u>\$ 1,350,410</u>

See independent auditors' report.

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

Year Ended June 30, 2018

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	3,722,755
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		205,222
Total operating revenues		<u>3,927,977</u>
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		1,568,855
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		2,310,013
Auxiliary enterprise expenses		—
Depreciation and amortization		25,686
Total operating expenses		<u>3,904,554</u>
Operating income (loss)		<u>23,423</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		14,773
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		—
Net nonoperating revenues (expenses)		<u>14,773</u>
Income (loss) before other revenues (expenses)		<u>38,196</u>
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		38,196
Net position:		
Net position at beginning of year, as previously reported		1,131,432
Restatements		180,782
Net position at beginning of year, as restated		<u>1,312,214</u>
Net position at end of year	\$	<u><u>1,350,410</u></u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
Total restricted cash and cash equivalents	\$	<u>—</u>

2.1 Composition of investments at June 30, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	40,263	—	40,263	—	—	—	40,263
Certificates of deposit	7,112	—	7,112	—	—	—	7,112
Mutual funds	4,499	—	4,499	—	—	—	4,499
Money Market funds	344	—	344	—	—	—	344
Repurchase agreements	360	—	360	—	—	—	360
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	10,299	—	10,299	—	—	—	10,299
Mortgage backed securities	9	—	9	—	—	—	9
Municipal bonds	1,824	—	1,824	—	—	—	1,824
U.S. agency securities	41,571	—	41,571	—	—	—	41,571
U.S. treasury securities	35,163	—	35,163	—	—	—	35,163
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	<u>141,444</u>	<u>—</u>	<u>141,444</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>141,444</u>
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	<u>141,444</u>	<u>—</u>	<u>141,444</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>141,444</u>

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :	141,444	—	141,444	—	—	—	141,444
---	---------	---	---------	---	---	---	---------

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2018	\$ —

2.4 Restricted noncurrent investments at June 30, 2018 related to:	Amount
Endowment investment	\$ —
Scholarships	—
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2018	\$ —

2.5 Fair value hierarchy in investments at June 30, 2018:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	40,263	—	40,263	—	—
Certificates of deposit	7,112	—	7,112	—	—
Mutual funds	4,499	—	4,499	—	—
Money Market funds	344	—	—	—	344
Repurchase agreements	360	—	360	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	10,299	—	10,299	—	—
Mortgage backed securities	9	—	9	—	—
Municipal bonds	1,824	—	1,824	—	—
U.S. agency securities	41,571	—	41,571	—	—
U.S. treasury securities	35,163	—	35,163	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	141,444	—	141,100	—	344

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	254,852	—	—	254,852	—	—	—	254,852
Personal property:								
Equipment	57,806	—	—	57,806	6,708	—	—	64,514
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	312,658	—	—	312,658	6,708	—	—	319,366
Total capital assets	312,658	—	—	312,658	6,708	—	—	319,366
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(181,247)	—	—	(181,247)	(23,427)	—	—	(204,674)
Personal property:								
Equipment	(54,689)	—	—	(54,689)	(2,259)	—	—	(56,948)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(235,936)	—	—	(235,936)	(25,686)	—	—	(261,622)
Total capital assets, net	\$ 76,722	—	—	76,722	(18,978)	—	—	57,744

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 25,686
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 25,686</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 7,407	—	—	7,407	7,064	(1,765)	12,706	12,706	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ 7,407</u>	<u>—</u>	<u>—</u>	<u>7,407</u>	<u>7,064</u>	<u>(1,765)</u>	<u>12,706</u>	<u>12,706</u>	<u>—</u>

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
Capital lease obligation, net of current portion									<u>\$ —</u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

6 Long-term debt obligations schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
	Year ending June 30:								
2019	\$ —	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	57,744
Capital lease obligations, current portion		—
Capital lease obligations, net of current portion		—
Long-term debt obligations, current portion		—
Long-term debt obligations, net of current portion		—
Portion of outstanding debt that is unspent at year-end (enter as positive number)		—
Other adjustments: (please list)		
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Net position - Net investment in capital assets	\$	57,744

7.2 Calculation of net position - Restricted for nonexpendable - endowments

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

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 269,086
Payments to University for other than salaries of University personnel	2,754,305
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 (enter as negative number)	(171,910)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	7,887
Other amounts receivable from University	—

9 Other postemployment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2017, as previously reported	\$	1,131,432
Prior period adjustments:		
1 To recognize student club revenues and expenses (Note 7)		180,782
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated	\$	<u>1,312,214</u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2018

(for inclusion in the California State University)

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

	Debit	Credit
Net position class: <u>Unrestricted</u>		
1 To recognize student club revenues and expenses (Note 7)		
Deposits in excess of withdrawals for agency accounts.	\$ 180,782	
Net Assets - Unrestricted		180,782
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	—	—	—	—	—	—
Student services	171,001	102,994	2,310,013	1,294,860	—	3,878,868
Institutional support	—	—	—	—	—	—
Operation and maintenance of plant	—	—	—	—	—	—
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	25,686	25,686
Total	171,001	102,994	2,310,013	1,294,860	25,686	3,904,554

See independent auditors' report.

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017



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

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12
Supplemental Information:	
Schedules of Expenses by Natural Classification	15
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	17
Schedule of Revenues, Expenses, and Changes in Net Position	18
Other Information	19
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	28
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33
Schedule of Prior Year Findings	35

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The supplementary information included on pages 15-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018, on our consideration of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 18, 2018

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2018

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, 2017 through June 30, 2018. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

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

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

Statement of Cash Flows: The statement of cash flows presents the inflows and outflows of cash for the year ended June 30, 2018, 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, 2017 through June 30, 2018. Included, is an analysis of the current year activities and balances.

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

During the year, the total annual revenue for grants, under Organization management, was approximately \$7.7 million. Several grants that were awarded to the Organization in previous years experienced their final year of operation in fiscal year 2017-18.

In its eighth year of operation, the Organization generated approximately \$813 thousand in Facilities and Administrative (F&A) indirect cost recovery – the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many awards receive a lower rate, and certain categories of expense may not be used when calculating the actual cost recovery. The actual cost recovery rate for the year is 8.9 percent, above the planned rate of 7.7 percent. Projected F&A for fiscal year 2018-19 is 7.9 percent.

Grant Highlights

The Organization administered 58 new and continuing awards during this reporting period. These awards help fund educational, research, and service activities that benefit students, teachers, small businesses, and members of the California State University, Bakersfield (CSU Bakersfield or the University) community. The following comments are brief descriptions of a select number of awards, representative of the ongoing activities and operations of the Organization. They are highlights of awards received by each school, or division, participating in the sponsored program activities of the University.

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2018

School of Business and Public Administration Grants

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

Enrollment Management Grants

CAMP at CSU Bakersfield is one of the federally-funded student equity programs designed to meet the needs of students with migrant or seasonal farm working backgrounds. CAMP, at CSU Bakersfield, is one of 9 CAMP Programs in the state of California, serving 75 students annually. CAMP offers eligible students pre-college transition and first-year support services to help develop the skills necessary to succeed in college. CAMP collaborates with University faculty, student services, and community-based agencies to enhance educational and career opportunities for all CAMP eligible students. CAMP and its staff are committed to helping its students succeed at CSU Bakersfield. CAMP students are immersed with valuable information to assist them in their first year of higher education, and provided follow-up services to guide them in the completion of their baccalaureate degree. 2017/2018 Project Highlights: CAMP had approximately 5 students who graduated with their master's degree and approximately 39 students who graduated with their bachelor's degree.

HEP is a federal grant program, funded by the U.S. Department of Education, Office of Migrant Education. HEP offers a year-round academic program to 100 migrant and seasonal farmworker participants so they can successfully complete their high school equivalency certificate. It also seeks to prepare them to access and obtain improved employment, begin postsecondary studies, or enroll in a vocational training program. HEP, at CSU Bakersfield, is one of 14 High School Equivalency programs in the state of California and the only project providing these specialized services in the southern San Joaquin Valley. Our satellite school centers are located in Wasco, Lamont, Miramonte High School, Golden Valley High School, and CSU Bakersfield during the summer. HEP is on its third consecutive funding cycle, through 2020. HEP alone will serve a minimum of 500 migrant and seasonal farmworkers and their families in a five-year cycle (2015-2020). 2017-18 Project Highlights: One student was a National HEP/CAMP Scholarship recipient. To date, \$9,500 in scholarship funds, from the National HEP/CAMP Association, have been awarded to CSU Bakersfield HEP graduates as financial assistance for their college expenses. HEP successfully assisted 47 participants attain their official GED certificate. To date, HEP has assisted 23 graduates attain placement in higher education, vocational training, or better employment. Currently, five graduates have been enrolled at Bakersfield College for the Fall Semester. One HEP graduate has been admitted to CSU Bakersfield as a transfer student from Taft College.

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2018

School of Natural Sciences, Mathematics and Engineering (NSM&E) Grants

The National Science Foundation (NSF) has supported research and student success in NSM&E by funding several grants within the school. Two representative grant programs currently funded by the agency are CREST and the program on Improving Undergraduate STEM Education (IUSE). These programs are administered by the Organization.

CREST Phase II integrated the educational experience of participating students, in Year 1, by holding bi-weekly all-hands-on meetings that were required for all CREST participants to attend. These meetings helped to monitor progress on research activity, address advising/student success related matters, as well as provide an opportunity for students' research progress presentations, faculty research talks, and guest research speakers. Courses, taught by CREST faculty, were adapted to design a more transdisciplinary curriculum for all CREST participants. Students and faculty participated in outreach activities. Twenty-one students (7 undergraduate, 14 graduate) were granted CREST support for academic year 17/18. Eighteen papers were submitted, are in review, or published in top international journals by CREST participants. Five former and current CREST students finished these this past year. Forty-nine presentations were given at local, national, and regional meetings by CREST participants.

STEM Retention and Graduation; An Integrated Approach: This project consists of a co-teaching and curriculum enhancement scheme in pre-calculus and calculus courses, in-class student tutors, a student ambassador program, and a summer enrichment program for "at-risk" lower division students.

Besides support from the NSF, NSM&E receives research, and other program funding, from other federal agencies, and from private organizations. For example, the U.S. Department of Agriculture (USDA) provided funding to develop experiential learning, and research and extension opportunities, for underrepresented students earning engineering degrees from CSU Bakersfield. This program, titled USDA Novel Research, involves outreach efforts with the potential to reach more than 35,000 high school students and more than 2,000 community college students. 60% of the student participants will come from outside CSU Bakersfield.

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

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

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

The Teacher Quality Partnership (TQP) grant funding has been integral in establishing the Kern Rural Teacher Residency. The goal of this residency program is to prepare elementary school teachers with specialized emphases in science, technology, engineering, and mathematics (STEM) to teach in rural, high-need school districts. For the partnership, CSU Bakersfield works closely with three rural districts: Buttonwillow Elementary, Lamont Elementary, and Semitropic Elementary. Kern Rural Teacher Residents receive full tuition support for the completion of their teaching credentials and master's degree.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2018

As an important part of this project, hundreds of students, from the three rural districts, participate in Camp Blast, which is a summer STEM academy at the districts and on the CSU Bakersfield campus. Data on the residents' progress through the program is consistently collected and analyzed for program improvement.

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

Other Grants

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

Statements of Net Position

	2018	2017	2016
Assets:			
Current assets	\$ 2,911,140	\$ 3,170,393	\$ 2,487,599
Capital assets	200,179	181,365	113,861
Total Assets	3,111,319	3,351,758	2,601,460
Liabilities:			
Current liabilities	2,017,020	2,214,032	1,493,739
Net Position	\$ 1,094,299	\$ 1,137,726	\$ 1,107,721

Assets

Assets decreased by \$240 thousand to \$3.1 million due to an increase in cash of \$439 thousand, a decrease in accounts receivable of \$675 thousand, a decrease of \$22 thousand in amounts due from related parties, and an increase of \$19 thousand in capital assets.

Liabilities

Total liabilities decreased by \$197 thousand to \$2 million due, largely to, a decrease in deferred revenue of \$290 thousand, and a decrease of \$111 thousand in amounts due to related parties, accounts payable increase of \$67 thousand, and an increase of accrued expenses of \$137 thousand.

Net Position

Total net position decreased by \$43 thousand. Most of the cost recovery generated was used to reimburse expenses the University incurred in post-award and fiscal administration services. This year, the Organization generated enough facilities and administrative cost recovery revenue, not only to reimburse the University for fiscal administration services and academic release time salaries, but also, the University was able to invest in a software that will be used by the compliance team to improve tracking of the grants.

See independent auditors' report.

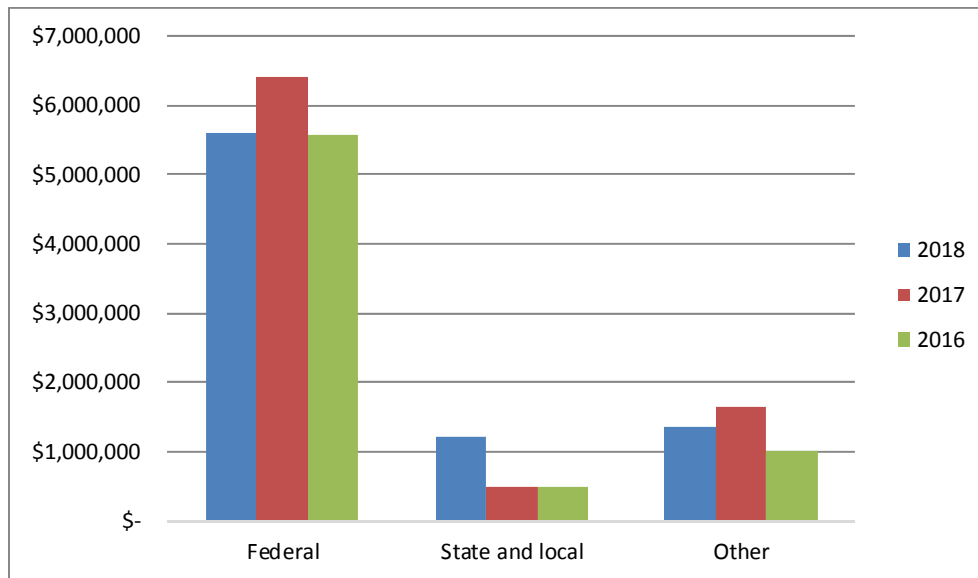
**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Management's Discussion and Analysis
Year Ended June 30, 2018

Schedules of Revenues, Expenses, and Changes in Net Position

	2018	2017	2016
Operating Revenue and Other Support:			
Grants	\$ 7,691,371	\$ 7,969,378	\$ 6,828,684
Other operating revenues	498,434	569,185	244,055
Total Operating Revenue and Other Support	8,189,805	8,538,563	7,072,739
Expenses:			
Program services	7,441,170	7,868,912	6,356,710
General and administrative	792,062	476,065	332,794
Total Expenses	8,233,232	8,344,977	6,689,504
Change in operations before transfer	(43,427)	193,586	383,235
Transfer of Net Deficit, Children's Center (Note 5)	-	(163,581)	-
Change in Net Position	(43,427)	30,005	383,235
Net Position, beginning	1,137,726	1,107,721	724,486
Net Position, ending	\$ 1,094,299	\$ 1,137,726	\$ 1,107,721

Revenue



Overall revenues decreased from \$8.5 to \$8.2 million. While the federal share of revenue decreased from 75 to 69 percent, state share increased from 3 to 10 percent, local share increased from 3 to 5 percent, and other revenue decreased from 19 to 16 percent. The decrease in the federal share is due to a TQP grant activity reduction of \$355 thousand, Substance Abuse Training Program grant of \$195 thousand, and the closure of SBDC 2016 of \$119 thousand. Increases from state share of revenue is due to the Children's Center of \$169 thousand, Integrated Teacher Preparation of \$116 thousand, new OSHPD grants of \$178 thousand, SBDC 2017 Go-Biz of \$48 thousand, and Corps, Clergy & Community of \$27 thousand.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2018

Expenses

Program expenses represent costs related to administering the grants awarded. These expenses can be classified into payroll and non-payroll related expenses. Payroll related expenses total \$4.2 million, whereas \$4 million relates to non-payroll grant expenses. General and administrative expenses consist of expenses related to faculty-released time and reimbursements to the University for business and administrative services. General and administrative expenses increased by \$316 thousand due to an increase of \$124 thousand in information technology software for intellectual property and \$201 thousand of F&A returned to the University.

Factors Bearing on the Organization's Future

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

Contacting the Organization's Financial Management

The Organization's financial report is designed to provide the Organization's Board of Directors, management, legislative and oversight agencies, citizens, and customers with an overview of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's finances, and to demonstrate its accountability for funds received. For additional information about this report, please contact Dr. Imeh Ebong, Associate Vice President – Grants, Research & Sponsored Programs (GRaSP) at 9001 Stockdale Highway, Bakersfield, California 93311.

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

Statements of Net Position

June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Cash	\$ 1,886,428	\$ 1,447,256
Accounts receivable	964,515	1,639,563
Due from related parties	58,633	81,092
Prepaid expenses	1,564	2,482
Capital assets, net of accumulated depreciation	<u>200,179</u>	<u>181,365</u>
 Total Assets	 3,111,319	 3,351,758
 LIABILITIES		
Accounts payable	237,278	170,337
Due to related parties	849,474	960,474
Accrued expenses	173,457	36,048
Deferred revenue	<u>756,811</u>	<u>1,047,173</u>
 Total Liabilities	 <u>2,017,020</u>	 <u>2,214,032</u>
 NET POSITION		
Net investment in capital assets	200,179	181,365
Unrestricted	<u>894,120</u>	<u>956,361</u>
 Total Net Position	 <u>\$ 1,094,299</u>	 <u>\$ 1,137,726</u>

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenue and Other Support:		
Grants:		
Federal	\$ 5,616,489	\$ 6,404,058
State	800,543	252,024
Local	408,350	237,146
Non-governmental	865,989	1,076,150
Other	498,434	569,185
Total Operating Revenue and Other Support	8,189,805	8,538,563
Operating Expenses:		
Program services	7,441,170	7,868,912
General and administrative	792,062	476,065
Total Operating Expenses	8,233,232	8,344,977
Operating Income (Expense) Before Transfer	(43,427)	193,586
Transfer of Net Deficit, Children's Center (Note 5)	-	(163,581)
Change in Net Position	(43,427)	30,005
Net Position, beginning	1,137,726	1,107,721
Net Position, ending	\$ 1,094,299	\$ 1,137,726

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

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 8,596,950	\$ 8,821,130
Payments to suppliers	(3,859,096)	(4,285,622)
Payments to employees	(4,233,401)	(4,015,087)
	<u>504,453</u>	<u>520,421</u>
Net Cash Provided by Operating Activities	504,453	520,421
Cash Flows Used by Capital and Related Financing Activities:		
Acquisitions of capital assets	(65,281)	(86,573)
	<u>439,172</u>	<u>433,848</u>
Net Increase in Cash	439,172	433,848
Cash, beginning	<u>1,447,256</u>	<u>1,013,408</u>
Cash, ending	<u>\$ 1,886,428</u>	<u>\$ 1,447,256</u>
Cash Flows from Operating Activities:		
Operating income (expense)	\$ (43,427)	\$ 30,005
Transfer of Children's Center	-	163,581
Adjustments to reconcile operating income (expense) to net cash provided by operating activities:		
Depreciation	39,616	36,486
Reductions of capital assets	6,851	-
Changes in operating assets and liabilities:		
Outstanding checks in excess of bank balance	-	(140,748)
Accounts receivable	675,048	(342,753)
Due from related parties	22,459	106,551
Prepaid expenses	918	(685)
Accounts payable	66,941	(153,029)
Due to related parties	(111,000)	308,521
Accrued expenses	137,409	(6,277)
Deferred revenue	(290,362)	518,769
	<u>504,453</u>	<u>520,421</u>
Net Cash Provided by Operating Activities	\$ 504,453	\$ 520,421
Transfer of Children's Center program on July 1, 2016 (Note 5):		
Accounts receivable	\$ -	\$ 12,059
Capital assets, net of accumulated depreciation	-	17,417
Outstanding checks in excess of bank balance	-	(140,748)
Accounts payable	-	(43,984)
Accrued expenses	-	(8,325)
	<u>-</u>	<u>(163,581)</u>
Net transfer	\$ -	\$ (163,581)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Basis of Presentation

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

Use of Estimates

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

Income Taxes

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

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2018 and 2017 and therefore no amounts have been accrued.

Accounts Receivable

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

Capital Assets

The Organization capitalizes all expenditures for capital assets in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 30 years.

Deferred Revenue

Deferred revenue represents grant revenue received in advance.

Advertising

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

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

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Subsequent Events

The Organization has evaluated subsequent events through September 18, 2018, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. At June 30, 2018, the Organization's uninsured cash balance was \$1,643,180. 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, 2018:

	Balance June 30, 2017	Additions	Reductions	Transfer from Children's Center (Note 5)	Balance June 30, 2018
Equipment	\$ 280,169	\$ 55,635	\$ 11,110	\$ -	\$ 324,694
Leasehold improvements	20,000	-	-	-	20,000
Buildings and improvements	-	9,646	-	-	9,646
Less accumulated depreciation	<u>(118,804)</u>	<u>(39,616)</u>	<u>(4,259)</u>	<u>-</u>	<u>(154,161)</u>
	<u>\$ 181,365</u>	<u>\$ 25,665</u>	<u>\$ 6,851</u>	<u>\$ -</u>	<u>\$ 200,179</u>

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

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

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

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 4 – Related Party Transactions

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

California State University, Bakersfield Foundation (Foundation) collected funds on behalf of the Organization for a matching contribution related to a grant awarded to the Organization. Additionally, the Foundation provides various services to the Organization.

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

Related party transactions as of and for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Revenue:		
University	\$ 34,589	\$ 37,304
Foundation	47,483	195,716
Associated Students	<u>147,734</u>	<u>125,898</u>
	<u>\$ 229,806</u>	<u>\$ 358,918</u>
Expenses:		
Services from other agencies:		
University	\$ 4,105,356	\$ 3,932,884
Foundation	7,240	203,010
Associated Students	6,278	-
Student Union	<u>10,048</u>	<u>15,563</u>
	<u>\$ 4,128,922</u>	<u>\$ 4,151,457</u>
Due from:		
University	\$ 10,539	\$ 941
Foundation	47,483	24,253
Associated Students	<u>611</u>	<u>55,898</u>
	<u>\$ 58,633</u>	<u>\$ 81,092</u>
Due to:		
University	\$ 843,112	\$ 959,134
Foundation	39	800
Associated Students	6,278	-
Student Union	<u>45</u>	<u>540</u>
	<u>\$ 849,474</u>	<u>\$ 960,474</u>

Note 5 – Transfer of Children’s Center

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

SUPPLEMENTAL INFORMATION

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2018

	Program Services	General and Administrative	Total
Salaries	\$ 3,493,660	\$ -	\$ 3,493,660
Stipends	1,216,955	-	1,216,955
Services from other agencies	400,003	580,573	980,576
Payroll taxes and benefits	877,150	-	877,150
Supplies	747,993	3,566	751,559
Travel	211,086	7,801	218,887
Small equipment	90,109	124,210	214,319
Conference and meetings	113,314	2,995	116,309
Miscellaneous	89,307	2,843	92,150
Professional fees	35,519	44,314	79,833
Printing and publications	40,203	-	40,203
Depreciation	39,616	-	39,616
Events	25,509	-	25,509
Dues and subscriptions	7,611	14,934	22,545
Rent	15,279	-	15,279
Insurance	4,256	10,707	14,963
Telephone	12,801	-	12,801
Parking	8,985	69	9,054
Advertising	8,004	-	8,004
Repairs and maintenance	2,472	50	2,522
Scholarships	700	-	700
Postage	638	-	638
	<u>7,441,170</u>	<u>792,062</u>	<u>8,233,232</u>
Total Expenses	\$ <u>7,441,170</u>	\$ <u>792,062</u>	\$ <u>8,233,232</u>

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2017

	Program Services	General and Administrative	Total
Salaries	\$ 3,362,158	\$ -	\$ 3,362,158
Stipends	1,589,858	-	1,589,858
Supplies	898,398	10,439	908,837
Payroll taxes and benefits	889,447	-	889,447
Services from other agencies	439,495	384,674	824,169
Travel	211,197	14,700	225,897
Miscellaneous	83,508	3,270	86,778
Conference and meetings	86,048	2,980	89,028
Professional fees	44,846	42,700	87,546
Small equipment	81,444	1,695	83,139
Rent	44,866	1,728	46,594
Depreciation	36,486	-	36,486
Printing and publications	33,852	1,253	35,105
Repairs and maintenance	20,223	94	20,317
Dues and subscriptions	10,590	3,500	14,090
Insurance	4,578	8,901	13,479
Telephone	11,668	-	11,668
Scholarships	11,061	-	11,061
Parking	6,399	131	6,530
Advertising	2,196	-	2,196
Postage	594	-	594
	<u>7,868,912</u>	<u>476,065</u>	<u>8,344,977</u>
Total Expenses	\$ <u>7,868,912</u>	\$ <u>476,065</u>	\$ <u>8,344,977</u>

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

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	1,886,428
Short-term investments		—
Accounts receivable, net		1,023,148
Capital lease receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		—
Prepaid expenses and other current assets		1,564
Total current assets		2,911,140

Noncurrent assets:

Restricted cash and cash equivalents		—
Accounts receivable, net		—
Capital lease receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		—
Endowment investments		—
Other long-term investments		—
Capital assets, net		200,179
Other assets		—
Total noncurrent assets		200,179

Total assets 3,111,319

Deferred outflows of resources:

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

Liabilities:

Current liabilities:

Accounts payable		1,086,752
Accrued salaries and benefits		116,237
Accrued compensated absences, current portion		45,618
Unearned revenues		756,811
Capital lease obligations, current portion		—
Long-term debt obligations, current portion		—
Claims liability for losses and loss adjustment expenses, current portion		—
Depository accounts		—
Other liabilities		11,602
Total current liabilities		2,017,020

Noncurrent liabilities:

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

Total liabilities 2,017,020

Deferred inflows of resources:

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

Net Position:

Net investment in capital assets		200,179
Restricted for:		—
Nonexpendable – endowments		—
Expendable:		—
Scholarships and fellowships		—
Research		—
Loans		—
Capital projects		—
Debt service		—
Others		—
Unrestricted		894,120
Total net position	\$	1,094,299

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2018

(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	5,616,489
State	800,543
Local	408,350
Nongovernmental	865,989
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances (enter as negative)	—
Other operating revenues	498,434
	<u>8,189,805</u>
Total operating revenues	
	<u>8,189,805</u>
Expenses:	
Operating expenses:	
Instruction	504,790
Research	1,362,054
Public service	1,678,083
Academic support	400,351
Student services	1,366,796
Institutional support	849,764
Operation and maintenance of plant	—
Student grants and scholarships	2,031,778
Auxiliary enterprise expenses	—
Depreciation and amortization	39,616
	<u>8,233,232</u>
Total operating expenses	
	<u>8,233,232</u>
Operating income (loss)	
	<u>(43,427)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	—
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
	<u>—</u>
Net nonoperating revenues (expenses)	
	<u>—</u>
Income (loss) before other revenues (expenses)	
	(43,427)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	
	(43,427)
Net position:	
Net position at beginning of year, as previously reported	1,137,726
Restatements	—
Net position at beginning of year, as restated	<u>1,137,726</u>
Net position at end of year	<u>\$ 1,094,299</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
Total restricted cash and cash equivalents	\$	—

2.1 Composition of investments at June 30, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2018	\$ —

2.4 Restricted noncurrent investments at June 30, 2018 related to:	Amount
Endowment investment	\$ —
Scholarships	—
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2018	\$ —

2.5 Fair value hierarchy in investments at June 30, 2018:

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	9,646	—	—	9,646
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	20,000	—	—	20,000	—	—	—	20,000
Personal property:								
Equipment	280,169	—	—	280,169	55,635	(11,110)	—	324,694
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	300,169	—	—	300,169	65,281	(11,110)	—	354,340
Total capital assets	300,169	—	—	300,169	65,281	(11,110)	—	354,340
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	(147)	—	—	(147)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(4,583)	—	—	(4,583)	(2,000)	—	—	(6,583)
Personal property:								
Equipment	(114,221)	—	—	(114,221)	(37,469)	4,259	—	(147,431)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(118,804)	—	—	(118,804)	(39,616)	4,259	—	(154,161)
Total capital assets, net	\$ 181,365	—	—	181,365	25,665	(6,851)	—	200,179

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 39,616
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 39,616

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 30,923	—	—	30,923	38,336	(23,641)	45,618	45,618	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 30,923	—	—	30,923	38,336	(23,641)	45,618	45,618	—

5 Future minimum lease payments - Capital lease obligations:

Year ending June 30:	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
Capital lease obligations, net of current portion									\$ —

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	\$ —	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position:

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 200,179
Capital lease obligations, current portion	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end (enter as positive if negative)	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Net investment in capital assets	\$ 200,179

7.2 Calculation of net position - Restricted for nonexpendable - endowments

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities:

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,064,092
Payments to University for other than salaries of University personnel	2,041,264
Payments received from University for services, space, and programs	34,589
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(843,112)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	10,539
Other amounts receivable from University	—

9 Other poste employment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2017, as previously reported		\$ 1,137,726
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated		\$ 1,137,726

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2018

(for inclusion in the California State University)

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

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

12 Natural Classifications of Operating Expenses:

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	298,766	86,493	—	119,531	—	504,790
Research	651,223	121,025	—	589,806	—	1,362,054
Public service	783,964	223,462	—	670,657	—	1,678,083
Academic support	240,074	31,867	—	128,410	—	400,351
Student services	856,715	235,890	—	274,191	—	1,366,796
Institutional support	22,555	3,169	—	824,040	—	849,764
Operation and maintenance of plant	—	—	—	—	—	—
Student grants and scholarships	—	—	2,031,778	—	—	2,031,778
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	39,616	39,616
Total	2,853,297	701,906	2,031,778	2,606,635	39,616	8,233,232

See independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statement of net position as of June 30, 2018, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 18, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs for the year ended June 30, 2018. California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, California State University, Bakersfield, Auxiliary for Sponsored Programs Administration complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Report on Internal Control over Compliance

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

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

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 18, 2018

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>Research and Development Cluster:</u>				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
USDA Novel Research	10.310	2016-67032-25008	\$ 78,395	\$ -
Pass-through Research Triangle Institute:				
Assessing Human Health Impacts	10.310	888-17-04-02	3,622	-
			82,017	-
<u>U.S. Department of Defense</u>				
Direct Program:				
Quantitative Forecasting	12.630	W911NF-15-1-0498	154,539	-
Pass-through Desert Research Institute:				
Impacts of Climate & Land Use on Valley Fever	12.999	663.7240.01	55,214	-
			209,753	-
<u>National Aeronautics and Space Administration</u>				
Pass-through AERO Institute in Palmdale, CA:				
Precipitation and Valley Fever	43.008	NND13AB04A	30,775	-
<u>National Science Foundation</u>				
Direct Programs:				
EARS: Collab Res: Overcoming Propagation Challenges	47.041	ECCS-1642567	44,115	-
Collab Res: GP-EXTRA	47.050	Awd No. 1700942	15,771	-
Testing the Fidelity of Nd Isotopes	47.050	1811798	13,513	-
Career 1 Grant	47.074	IOS-1252232	110,990	-
CSUB NSF Crest	47.076	HRD-1137774	649	-
IUSE STEM Retention	47.076	DUE-1430398	211,623	-
CSUB NSF Crest Phase II	47.076	HRD-1547784	898,183	-
Pass-through trustee of Columbia University:				
IOPD Expedition 359	47.050	27(GG009393)	13,231	-
Pass-through UC Berkeley:				
Transforming College Teaching	47.076	9393	29,698	-
			1,337,773	-
<u>U.S. Department of Energy</u>				
Pass-through Electric Power Research Institute:				
California CO2 Storage	81.089	10007216	19,396	-
<u>U.S. Department of Education</u>				
Pass-through CSU Long Beach Research Foundation:				
HSI STEM	84.031	SG1391SUP_B	2,070	-
Total Research and Development Cluster			\$ 1,681,784	\$ -
<u>CCDF Cluster:</u>				
<u>U.S. Department of Health & Human Services</u>				
Pass-through California Department of Education:				
General Child Care and Development Program	93.575/93.596	CCTR-7051	\$ 45,828	\$ -
California State Preschool Program	93.575/93.596	CSPP-7120	26,289	-
Total CCDF Cluster			\$ 72,117	\$ -

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>TRIO Cluster:</u>				
<u>U.S. Department of Education</u>				
Direct Program:				
TRIO - Talent Search	84.044	P044A160244	\$ 470,182	\$ -
Total TRIO Cluster			\$ 470,182	\$ -
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
RELO: Research, Experiential and Learning Opportunities	10.223	2016-38422-25544	\$ 47,223	\$ -
Investigate Use of Treated Unconventional Water	10.326	2017-70001-25983	67,117	-
Pass-through California Department of Education:				
Child Nutrition and Food Distribution Division; Child and Adult Care Food Program - Center	10.558	06226-CACFP-15-NP-IC	27,456	-
			141,796	-
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Book Assistance Program	17.264	1041-2016 GRA0484	167	-
Migrant Books 2017	17.264	493-2017	24,371	-
			24,538	-
<u>National Endowment for the Humanities</u>				
Direct Program:				
Crossing Borders, Making Connections	45.162	AC-234498-16	12,810	-
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center 2017	59.037	F300GUA073	128,828	-
Small Business Development Center 2018	59.037	F300GVA06	123,338	-
			252,166	-
<u>U.S. Department of Education</u>				
Direct Programs:				
MSEIP (Minority Science and Engineering Improvement Program)	84.120	P120A140051	169,563	-
HEP-High School Equivalency Program	84.141	S141A150005-16	480,475	-
CAMP Program	84.149	S149A150026-16	473,100	-
Practices to Optimize Special Education	84.325	H325K140418	214,412	-
TQP GRO STEM	84.336	U336S140047	1,497,072	50,000
Pass-through Lamont School District:				
So. Kern Math Partnership	84.366	GRA2434	344	-
Pass-through Regents of UCOP:				
NCLB 13	84.367	NCLB13-CMP-Bakersfield	60	-
NCLB 14	84.367	NCLB14-CMP-Bakersfield	18,909	-
			2,853,935	50,000
<u>U.S. Department of Health & Human Services</u>				
Direct Program:				
CSUB SATP	93.243	1H79TI026006-01	18,570	-
Pass-through Assoc. for Prevention Teaching & Research/CDC:				
Immunization Resources	93.283	17-20-TH30	38,591	-
			57,161	-
Total Expenditures of Federal Awards			\$ 5,566,489	\$ 50,000

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

Notes to Schedule of Expenditure of Federal Awards

Year Ended June 30, 2018

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, 2018

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No

Type of auditors' report issued on compliance for major programs	Unmodified
---	------------

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.325	Practices to Optimize Special Education
84.336	TQP GRO STEM

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
---	-----

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

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

Schedule of Prior Year Findings

Year Ended June 30, 2018

Section IV – Schedule of Prior Year Findings

Finding 2017-001

1. *Condition:* For the CCTR program, 4 out of 16 reporting periods were misreported. For the CSPP program, 6 of the 16 reporting periods were misreported. See the chart below for reference.
2. *Status:* There were no similar findings noted for the year ended June 30, 2018. The Organization has implemented controls to ensure proper reporting.

Finding 2017-002

1. *Condition:* The schedule of expenditures of federal awards originally excluded a federal grant, clusters were not correctly identified and grouped, and amounts for certain federal expenditures required adjustment.
2. *Status:* There were no similar findings noted for the year ended June 30, 2018. The Organization has implemented controls to ensure proper preparation of the schedule.

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information:	
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	21
Schedule of Revenues, Expenses, and Changes in Net Position	22
Other Information	23

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University, Bakersfield Foundation

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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2018 and 2017, 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 21 – 29 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.

Aldrich CPAs + Advisors LLP

San Diego, California
September 19, 2018

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

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,658,987	\$ 5,348,020
Current portion of promises to give, net of allowance for doubtful promises	689,683	1,641,601
Accounts receivable, net of allowance for doubtful accounts of \$29,198 (2018) and \$17,742 (2017)	18,130	57,034
Due from related parties	278,166	63,157
Other current assets	<u>733</u>	<u>-</u>
Total Current Assets	4,645,699	7,109,812
Non-Current Assets:		
Investments	34,567,815	32,721,488
Promises to give, net of discount and current portion	776,620	665,854
Property and equipment, net of accumulated depreciation	839,487	880,477
Collections	91,670	91,670
Life insurance policies	<u>528,222</u>	<u>50,000</u>
Total Non-Current Assets	<u>36,803,814</u>	<u>34,409,489</u>
Total Assets	<u>\$ 41,449,513</u>	<u>\$ 41,519,301</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 121,791	\$ 49,815
Accrued expenses	2,437	-
Due to related parties	369,552	652,762
Current portion of accrued post-employment benefits other than pensions	75,242	82,882
Receipts in excess of expenditures on sponsored programs	-	168,918
Deposits in excess of withdrawals for agency accounts	<u>170,651</u>	<u>175,988</u>
Total Current Liabilities	739,673	1,130,365
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>1,069,185</u>	<u>1,237,339</u>
Total Liabilities	1,808,858	2,367,704
Net Assets:		
Unrestricted:		
Operating	5,782,270	5,087,313
Board designated endowment	<u>3,666,603</u>	<u>3,541,345</u>
	9,448,873	8,628,658
Temporarily restricted	13,097,771	14,489,545
Permanently restricted	<u>17,094,011</u>	<u>16,033,394</u>
Total Net Assets	<u>39,640,655</u>	<u>39,151,597</u>
Total Liabilities and Net Assets	<u>\$ 41,449,513</u>	<u>\$ 41,519,301</u>

See accompanying notes to financial statements.

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

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Support:		
Contributions	\$ 3,807,307	\$ 4,125,673
Net realized and unrealized gains (losses) on investments	2,650,377	3,528,886
Other	<u>988,381</u>	<u>1,117,197</u>
Total Revenue and Other Support	7,446,065	8,771,756
Expenses:		
Program services	3,900,542	3,750,909
Donations to CSU Bakersfield	2,393,882	2,337,036
Supporting services:		
Fundraising	351,103	317,810
General and administrative	219,599	193,431
General and administrative - other (Note 15)	<u>91,881</u>	<u>(694,171)</u>
Total Expenses	<u>6,957,007</u>	<u>5,905,015</u>
Change in operations before transfer	489,058	2,866,741
Transfer of Net Deficit, Children's Center (Note 14)	<u>-</u>	<u>163,581</u>
Change in Net Assets	489,058	3,030,322
Net Assets, beginning	<u>39,151,597</u>	<u>36,121,275</u>
Net Assets, ending	<u>\$ 39,640,655</u>	<u>\$ 39,151,597</u>

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

Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>
Revenue and Other Support:				
Contributions	\$ 490,940	\$ 2,708,943	\$ 607,424	\$ 3,807,307
Net realized and unrealized gains	955,384	1,694,993	-	2,650,377
Other	596,364	392,017	-	988,381
Donor transfers (Note 10)	-	(453,193)	453,193	-
Net assets released from restriction satisfaction of program restrictions	<u>5,734,534</u>	<u>(5,734,534)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	7,777,222	(1,391,774)	1,060,617	7,446,065
Expenses:				
Program services	3,900,542	-	-	3,900,542
Donations to CSU Bakersfield	2,393,882	-	-	2,393,882
Supporting services:				
Fundraising	351,103	-	-	351,103
General and administrative	219,599	-	-	219,599
General and administrative - other (Note 15)	<u>91,881</u>	<u>-</u>	<u>-</u>	<u>91,881</u>
Total Expenses	<u>6,957,007</u>	<u>-</u>	<u>-</u>	<u>6,957,007</u>
Change in Net Assets	820,215	(1,391,774)	1,060,617	489,058
Net Assets, beginning	<u>8,628,658</u>	<u>14,489,545</u>	<u>16,033,394</u>	<u>39,151,597</u>
Net Assets, ending	<u>\$ 9,448,873</u>	<u>\$ 13,097,771</u>	<u>\$ 17,094,011</u>	<u>\$ 39,640,655</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions	\$ 60,016	\$ 3,487,127	\$ 578,530	\$ 4,125,673
Net realized and unrealized gains	796,415	2,732,471	-	3,528,886
Other	670,893	446,304	-	1,117,197
Net assets released from restriction satisfaction of program restrictions	<u>5,365,252</u>	<u>(5,365,252)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	6,892,576	1,300,650	578,530	8,771,756
Expenses:				
Program services	3,750,909	-	-	3,750,909
Donations to CSU Bakersfield	2,337,036	-	-	2,337,036
Supporting services:				
Fundraising	317,810	-	-	317,810
General and administrative	193,431	-	-	193,431
General and administrative - other (Note 15)	<u>(694,171)</u>	<u>-</u>	<u>-</u>	<u>(694,171)</u>
Total Expenses	<u>5,905,015</u>	<u>-</u>	<u>-</u>	<u>5,905,015</u>
Change in Operations Before Transfer	987,561	1,300,650	578,530	2,866,741
Transfer of Net Deficit, Children's Center (Note 14)	<u>163,581</u>	<u>-</u>	<u>-</u>	<u>163,581</u>
Change in Net Assets	1,151,142	1,300,650	578,530	3,030,322
Net Assets, beginning	<u>7,477,516</u>	<u>13,188,895</u>	<u>15,454,864</u>	<u>36,121,275</u>
Net Assets, ending	<u>\$ 8,628,658</u>	<u>\$ 14,489,545</u>	<u>\$ 16,033,394</u>	<u>\$ 39,151,597</u>

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

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 489,058	\$ 3,030,322
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	40,990	47,932
Transfer of deficit, Children's Center	-	(163,581)
Transfer of property and equipment to the University, net	-	533,601
Donation of investments	(52,475)	-
Gains on investments, including interest income	(2,439,198)	(3,528,886)
Permanently restricted contributions	607,424	578,530
Changes in operating assets and liabilities:		
Receivables	665,047	1,294,453
Life insurance policies	(478,222)	-
Other current assets	(733)	-
Accounts payable and accrued expenses	74,413	64,576
Other liabilities	(633,259)	(521,045)
Net Cash Provided (Used) by Operating Activities	(1,726,955)	1,335,902
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	(30,502)
Proceeds from sale of investments	3,050,288	6,973,058
Purchases of investments	(2,404,942)	(7,821,385)
Net Cash Provided (Used) by Investing Activities	645,346	(878,829)
Cash Flows from Financing Activities:		
Permanently restricted contributions	(607,424)	(578,530)
Net Decrease in Cash and Cash Equivalents	(1,689,033)	(121,457)
Cash and Cash Equivalents, beginning	<u>5,348,020</u>	<u>5,469,477</u>
Cash and Cash Equivalents, ending	\$ <u><u>3,658,987</u></u>	\$ <u><u>5,348,020</u></u>
Transfer of Children's Center program on July 1, 2016 (Note 14):		
Accounts receivable	\$ -	\$ (12,059)
Property and equipment, net of accumulated depreciation	-	(17,417)
Outstanding checks in excess of bank balance	-	140,748
Accounts payable	-	43,984
Accrued expenses	-	8,325
Net transfer	\$ <u><u>-</u></u>	\$ <u><u>163,581</u></u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

The California State University, Bakersfield Foundation (Foundation), was incorporated in the State of California on February 5, 1969. The Foundation was formed and operates as a non-profit 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 for the University to government and to the community, fundraising for University programs and activities, managing the finances of the Foundation and the University endowment, and advising the administrations of California State University and the University.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Use of Estimates

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

Income Taxes

The 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 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, 2018 and 2017 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, 2018 and 2017

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

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

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. 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 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 in 2018 or 2017. Capitalized collections are not depreciated.

Life Insurance Policies

The Foundation receives life insurance policies as gifts. These policies are irrevocable and the Foundation is the sole beneficiary. These policies are valued at their fair market value as of year-end.

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Gifts In-kind

Contributions of tangible assets are recognized at fair market value when received. In-kind contributions are recognized as unrestricted net assets, unless donor stipulation requires them to be recognized as temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

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

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 generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

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

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

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

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

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The 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, 2018 and 2017.

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

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

Subsequent Events

The Foundation has evaluated subsequent events through September 19, 2018, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per depositor. As of June 30, 2018, the Foundation's uninsured cash balance was \$2,664,233. The Foundation manages this risk by using high-quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 3 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2018:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 66,988	\$ -	\$ -	\$ -	\$ 66,988
Certificates of deposit	-	393,982	-	-	393,982
Mutual funds:					
Large cap	4,105,381	-	-	-	4,105,381
Domestic	1,064,136	-	-	-	1,064,136
International	5,020,853	-	-	-	5,020,853
Mid cap	1,205,198	-	-	-	1,205,198
Nontraditional	1,772,550	-	-	-	1,772,550
Emerging markets	1,185,616	-	-	-	1,185,616
Strategic investment group equity	-	-	-	8,454,965	8,454,965
Strategic investment group bonds	-	-	-	2,866,554	2,866,554
Alternative investments:					
Hedge funds	-	-	-	7,900,471	7,900,471
Real assets	-	-	-	531,121	531,121
	<u>\$ 14,420,722</u>	<u>\$ 393,982</u>	<u>\$ -</u>	<u>\$ 19,753,111</u>	<u>\$ 34,567,815</u>

Investments consist of the following as of June 30, 2017:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 49,353	\$ -	\$ -	\$ -	\$ 49,353
Certificates of deposit	-	1,192,712	-	-	1,192,712
Mutual funds:					
Large cap	3,713,234	-	-	-	3,713,234
Domestic	934,256	-	-	-	934,256
International	4,377,044	-	-	-	4,377,044
Mid cap	1,552,552	-	-	-	1,552,552
Nontraditional	1,563,720	-	-	-	1,563,720
Emerging markets	1,072,281	-	-	-	1,072,281
Strategic investment group equity	-	-	-	7,907,179	7,907,179
Strategic investment group bonds	-	-	-	3,474,787	3,474,787
Alternative investments:					
Hedge funds	-	-	-	6,402,935	6,402,935
Real assets	-	-	-	481,435	481,435
	<u>\$ 13,262,440</u>	<u>\$ 1,192,712</u>	<u>\$ -</u>	<u>\$ 18,266,336</u>	<u>\$ 32,721,488</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 3 – Investments and Fair Value Measurement, continued

Commitments and redemptions schedule for those investments valued based on net asset values are as follows:

	<u>Fair value at June 30, 2018</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,352,347	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,096,778	none	quarterly	60 days
ACL ALT LTD USD A [c]	385,841	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	5,065,505	none	monthly	1 month
Strategic Investment Group Real Assets [d]	531,121	none	monthly	1 month
Strategic Investment Group Equity [d]	8,454,965	none	monthly	1 month & 1 business day
Strategic Investment Group Bonds [d]	2,866,554	none	monthly	1 month & 1 business day
	<u>Fair value at June 30, 2017</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,268,938	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,004,808	none	quarterly	60 days
ACL ALT LTD USD A [c]	253,166	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,876,023	none	monthly	1 month
Real Assets [d]	481,435	none	monthly	1 month
Strategic Funds Equity [d]	7,907,179	none	monthly	1 month & 1 business day
Strategic Funds Bonds [d]	3,474,787	none	monthly	1 month & 1 business day

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

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

[c] ACL ALT LTD USD A Funds are fund of hedge funds focused on managed futures and foreign exchange transactions.

[d] Strategic Funds Portfolio are fund of funds which are relative value and event driven, focused on equities, hedge funds, fixed income, and real assets.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 4 – Promises to Give

Promises to give consist of the following:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 1,052,541	\$ 1,881,841
Due in one to five years	<u>816,224</u>	<u>700,057</u>
Gross promises to give	1,868,765	2,581,898
Less:		
Allowance for doubtful promises to give	(362,858)	(240,240)
Discount on promises to give (average imputed rate of 3%)	<u>(39,604)</u>	<u>(34,203)</u>
Promises to give, net	<u>\$ 1,466,303</u>	<u>\$ 2,307,455</u>

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

	<u>2018</u>	<u>2017</u>
Current	\$ 689,683	\$ 1,641,601
Non-current	<u>776,620</u>	<u>665,854</u>
	<u>\$ 1,466,303</u>	<u>\$ 2,307,455</u>

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 1,598,724	\$ 1,598,724
Buildings and improvements	1,588,494	1,588,494
Leasehold improvements	<u>72,963</u>	<u>72,963</u>
	3,260,181	3,260,181
Less accumulated depreciation	<u>(2,423,833)</u>	<u>(2,382,843)</u>
	836,348	877,338
Land	<u>3,139</u>	<u>3,139</u>
	<u>\$ 839,487</u>	<u>\$ 880,477</u>

Note 6 – Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the year ended June 30, 2017, the employees were transferred to CSU Bakersfield. As such, during the year ended June 30, 2018, the benefit obligation contribution was made by CSU Bakersfield.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – Post-Employment Benefits Other Than Pensions

The Foundation provides postretirement health care benefits through CalPERS to full-time employees who have retired from the Foundation on or after attaining age 50 with at least 5 years of service. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on an actuarial study performed as of June 30, 2018:

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Service cost	\$ -	\$ 3,010
Interest cost	47,954	73,521
Amortization net gain	<u>(120,693)</u>	<u>(103,151)</u>
Net periodic postretirement benefit cost	<u>\$ (72,739)</u>	<u>\$ (26,620)</u>

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

	<u>2018</u>	<u>2017</u>
Discount rate	3.75%	3.75%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	6.25%	6.75%
Present rate 65 and older	6.25%	6.75%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

Accumulated postretirement and projected benefit obligation:

	<u>2018</u>	<u>2017</u>
Retirees	<u>\$ 1,144,427</u>	<u>\$ 1,320,221</u>

Funded status:

	<u>2018</u>	<u>2017</u>
Beginning accrued postretirement benefit obligation	\$ 1,320,221	\$ 2,004,766
Actuarial gain	(28,840)	(571,256)
Retiree contributions:		
Net periodic postretirement cost	(72,739)	(26,620)
Estimated benefit payments	<u>(74,215)</u>	<u>(86,669)</u>
Ending accrued postretirement benefit obligation	<u>\$ 1,144,427</u>	<u>\$ 1,320,221</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – Post-Employment Benefits Other Than Pensions, continued

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

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.75%
Health care cost trend rate:		
Present rate before 65	5.75%	6.25%
Present rate 65 and older	5.75%	6.25%
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 post-retirement benefit cost for fiscal year 2018:

Service cost	\$	-
Interest cost		44,272
Amortization of unrecognized net gain		<u>(129,421)</u>
Net periodic postretirement benefit costs	\$	<u><u>(85,149)</u></u>

The expected contribution for the next 10 years:

2019	75,242
2020	75,551
2021	75,728
2022	75,876
2023	76,114
2024-2028	361,610

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 21, 2018 as of and for the year then ended June 30, 2018.

Note 8 – Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
Time restriction	\$ 1,179,439	\$ 1,281,930
Scholarships	6,332,518	6,486,460
Academic programs	4,519,676	5,228,820
Athletic programs	<u>1,066,138</u>	<u>1,492,335</u>
	\$ <u><u>13,097,771</u></u>	\$ <u><u>14,489,545</u></u>

The investment activity generated by the permanently restricted net assets is designated for scholarships.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 9 – 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 State Prudent Management of Institutional Funds Act (SPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and institution-designated endowment funds.

The Foundation's endowments consist of funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted SPMIFA 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, 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 fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies 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 spending rate target of 4% of the Endowment's Fair Market Value (FMV), computed based on the December 31 FMV and available for the next academic year 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 minimum total-return objective for the full portfolio shall be inflation plus 5%.

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 results from unfavorable market fluctuations. In accordance with generally accepting accounting principles deficits of this nature are reported as unrestricted net assets.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 9 – Endowments, continued

As of June 30, 2018, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,969,138	\$ 17,094,011	\$ 22,063,149
Board designated endowment funds	3,666,603	-	-	3,666,603
	<u>\$ 3,666,603</u>	<u>\$ 4,969,138</u>	<u>\$ 17,094,011</u>	<u>\$ 25,729,752</u>

As of June 30, 2017, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,364,801	\$ 16,033,394	\$ 20,398,195
Board designated endowment funds	3,541,345	-	-	3,541,345
	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

The changes in endowment net assets for the year ended June 30, 2018, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,541,345	\$ 4,364,801	\$ 16,033,394	\$ 23,939,540
Contributions	-	-	607,424	607,424
Donor transfers (Note 10)	-	-	453,193	453,193
Appropriations of endowment assets for expenditures	(178,570)	(1,079,398)	-	(1,257,968)
Investment return	303,828	1,683,735	-	1,987,563
Endowment net assets, end of year	<u>\$ 3,666,603</u>	<u>\$ 4,969,138</u>	<u>\$ 17,094,011</u>	<u>\$ 25,729,752</u>

The changes in endowment net assets for the year ended June 30, 2017, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,274,395	\$ 2,899,850	\$ 15,454,864	\$ 21,629,109
Contributions	-	-	578,530	578,530
Appropriations of endowment assets for expenditures	(151,742)	(855,932)	-	(1,007,674)
Investment return	418,692	2,320,883	-	2,739,575
Endowment net assets, end of year	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 10 – Donor Transfers

During the year ended June 30, 2018, donors changed their gifts from temporarily restricted to a permanently restricted endowment. As a result, \$453,193 was transferred to permanently restricted net assets during the year ended June 30, 2018.

Note 11 – Transactions with Related Parties

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

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by administering grants on behalf of the campus. The Sponsored Programs Administration also provides program services for student services for the Children's Center. The Foundation pays the Sponsored Programs Administration for these services as provided by the student body.

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

California State University, Bakersfield Student Union, Inc. (Student Union) functions to benefit the student body of the University by operating various campus programs. The Foundation pays the Student Union for the use of these facilities as provided by the student body.

Transactions for the years ended June 30, 2018 and 2017 with related parties are reflected in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Revenue:		
University:		
Student services	\$ 326,756	\$ 529,333
Program fees	29,663	84,310
Sponsored Programs Administration	7,240	203,011
Associated Students	4,241	10,909
Student Union	16,060	12,713
	<u>\$ 383,960</u>	<u>\$ 840,276</u>
Expenses:		
University:		
Administrative services	\$ 4,005,967	\$ 3,091,290
Interest	28,468	-
Sponsored Programs Administration	47,483	195,716
Associated Students	60,347	15,037
Student Union	6,818	100,611
	<u>\$ 4,149,083</u>	<u>\$ 3,402,654</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 11 – Transactions with Related Parties, continued

	2018	2017
Due from:		
University	\$ 268,145	\$ 61,082
Sponsored Programs Administration	39	800
Associated Students	1,350	675
Student Union	8,632	600
	<u>\$ 278,166</u>	<u>\$ 63,157</u>
Due to:		
University	\$ 318,729	\$ 536,856
Sponsored Programs Administration	47,480	24,253
Associated Students	1,674	1,543
Student Union	1,669	90,110
	<u>\$ 369,552</u>	<u>\$ 652,762</u>

Note 12 – Reclassifications

Certain items in the 2017 financial statements have been reclassified to conform to current year classifications including the change in the current portion of promises to give, the breakout of the life insurance policies from promises to give, a change in the presentation of level 1 investments, adding the NAV category to the investment classification, and adjusting the program and general and administrative expense categories. Such reclassifications had no effect on previously reported changes in net assets.

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 net activities.

Note 14 – Transfer of Children's Center

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

Note 15 – General and Administrative – Other

In the current year, the Foundation reclassified general and administrative expenses into two categories: General and Administrative and General and Administrative - Other. Activities reflected in the General and Administrative - Other category include bad debt expense and the (gain) loss on post-employment benefits other than pensions. Due to the timing of possible bad debt recoveries and gain on post-employment benefits other than pensions, the balances related to these activities may result in an overall credit balance for the category.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 15 – General and Administrative – Other, continued

For the years ended June 30, 2018 and 2017, the General and Administrative - Other category was composed of the following:

	<u>2018</u>	<u>2017</u>
Bad debt expense (recoveries)	\$ 134,074	\$ (109,259)
Gain on post-employment benefits other than pensions	(42,408)	(577,970)
Miscellaneous	<u>215</u>	<u>(6,942)</u>
Total	<u>\$ 91,881</u>	<u>\$ (694,171)</u>

All other general and administrative expenses are reflected in the General and Administrative category.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,658,987
Short-term investments	—
Accounts receivable, net	296,296
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	689,683
Prepaid expenses and other current assets	733
Total current assets	4,645,699
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	776,620
Endowment investments	22,063,149
Other long-term investments	12,504,666
Capital assets, net	931,157
Other assets	528,222
Total noncurrent assets	36,803,814
Total assets	41,449,513
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	121,791
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	—
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	617,882
Total current liabilities	739,673
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	1,069,185
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	1,069,185
Total liabilities	1,808,858
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	931,157
Restricted for:	—
Nonexpendable – endowments	17,094,011
Expendable:	—
Scholarships and fellowships	6,332,518
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	6,765,253
Unrestricted	8,517,716
Total net position	\$ 39,640,655

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2018

(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	1,248,914
Total operating revenues	<u>1,248,914</u>
Expenses:	
Operating expenses:	
Instruction	54,058
Research	—
Public service	—
Academic support	—
Student services	2,857,485
Institutional support	3,147,464
Operation and maintenance of plant	206,532
Student grants and scholarships	650,478
Auxiliary enterprise expenses	—
Depreciation and amortization	40,990
Total operating expenses	<u>6,957,007</u>
Operating income (loss)	<u>(5,708,093)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	2,939,350
Investment income (loss), net	966,642
Endowment income (loss), net	1,683,735
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>5,589,727</u>
Income (loss) before other revenues (expenses)	(118,366)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	607,424
Increase (decrease) in net position	489,058
Net position:	
Net position at beginning of year, as previously reported	39,151,597
Restatements	—
Net position at beginning of year, as restated	<u>39,151,597</u>
Net position at end of year	<u>\$ 39,640,655</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endow \$	—
All other restricted cash and cash equivalents	—
Total restricted cash and cash equivalents	\$ —

2.1 Composition of investments at June 30, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	2,866,554	2,866,554	2,866,554
Certificates of deposit	—	—	—	393,982	—	393,982	393,982
Mutual funds	—	—	—	3,612,104	10,741,630	14,353,734	14,353,734
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	66,988	8,454,965	8,521,953	8,521,953
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	7,900,471	—	7,900,471	7,900,471
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	531,121	—	531,121	531,121
Other external investment pools (excluding SWIFT)	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	—	—	—	12,504,666	22,063,149	34,567,815	34,567,815
Less endowment investments (enter as negative number)	—	—	—	—	(22,063,149)	(22,063,149)	(22,063,149)
Total investments	—	—	—	12,504,666	—	12,504,666	12,504,666

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018:

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2018	\$ —
2.4 Restricted noncurrent investments at June 30, 2018 related to:	Amount
Scholarships	22,063,149
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2018	\$ 22,063,149

2.5 Fair value hierarchy in investments at June 30, 2018:

	Total	Fair Value Measurements Using			
		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)
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	2,866,554	—	—	—	2,866,554
Certificates of deposit	393,982	—	393,982	—	—
Money Market funds	14,353,734	14,353,734	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	8,521,953	66,988	—	—	8,454,965
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	7,900,471	—	—	—	7,900,471
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	531,121	—	—	—	531,121
Other external investment pools (excluding SWIFT)	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	34,567,815	14,420,722	393,982	—	19,753,111

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Re-classifications	Balance June 30, 2017 (re-stated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,139	—	—	3,139	—	—	—	3,139
Works of art and historical treasures	205,263	—	—	205,263	—	—	—	205,263
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	15,500	—	—	15,500	—	—	—	15,500
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	15,500	—	—	15,500	—	—	—	15,500
Total nondepreciable/nonamortizable capital assets	223,902	—	—	223,902	—	—	—	223,902
Depreciable/amortizable capital assets:								
Buildings and building improvements	1,356,171	—	—	1,356,171	—	—	—	1,356,171
Improvements, other than buildings	72,963	—	—	72,963	—	—	—	72,963
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	232,323	—	—	232,323	—	—	—	232,323
Personal property:								
Equipment	1,598,724	—	—	1,598,724	—	—	—	1,598,724
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	3,260,181	—	—	3,260,181	—	—	—	3,260,181
Total capital assets	3,484,083	—	—	3,484,083	—	—	—	3,484,083
Less accumulated depreciation/amortization:								
Buildings and building improvements	(554,600)	—	—	(554,600)	(31,357)	—	—	(585,957)
Improvements, other than buildings	(30,249)	—	—	(30,249)	(3,344)	—	—	(33,593)
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(232,323)	—	—	(232,323)	—	—	—	(232,323)
Personal property:								
Equipment	(1,694,764)	—	—	(1,694,764)	(6,289)	—	—	(1,701,053)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(2,511,936)	—	—	(2,511,936)	(40,990)	—	—	(2,552,926)
Total capital assets, net	972,147	—	—	972,147	(40,990)	—	—	931,157

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 40,990
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 40,990

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (re-stated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	—	—	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	—	—	—	—	—

5 Future minimum lease payments - Capital lease obligations:

Year ending June 30:	Capital lease obligations related to SRB		All other capital lease obligations		Total capital lease obligations	
	Principal Only	Interest Only	Principal Only	Interest	Principal Only	Interest Only
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022	—	—	—	—	—	—
2023	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—
Less amounts representing interest						
Present value of future minimum lease payments						
Unamortized net premium (discount)						
Total capital lease obligations						
Less: current portion						
Capital lease obligation, net of current portion						\$ —

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018
(for inclusion in the California State University)

6 Long-term debt obligations schedule

Year ending June 30:	Auxiliary revenue bonds		All other long-term debt obligations		Total long-term debt obligations	
	Principal Only	Interest Only	Principal Only	Interest Only	Principal Only	Interest Only
2019	\$ —	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022	—	—	—	—	—	—
2023	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—
	Total minimum payments					
	Less amounts representing interest					
	Present value of future minimum payments					
	Unamortized net premium (discount)					
	Total long-term debt obligations					
	Less: current portion					
	Long-term debt obligations, net of current portion					

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets	\$ 931,157
Capital assets, net of accumulated depreciation	—
Capital lease obligations, current portion	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end (enter as positive)	—
Other adjustments: (please list)	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Net investment in capital assets	\$ 931,157

7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowment	\$ 22,063,149
Endowment investments	—
Other adjustments: (please list)	(4,969,138)
Unrealized gain on investments	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Restricted for nonexpendable - endowments	\$ 17,094,011

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	323,499
Payments to University for other than salaries of University personnel	3,710,936
Payments received from University for services, space, and programs	356,419
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(318,729)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	268,145
Other amounts receivable from University	—

9 Other poste-employment benefits (OPEB) liability
Intentionally left blank - not required/applicable eff.FY17/18

10 Pollution remediation liabilities under GASB Statement No.	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position	Net Position	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2017, as previously reported		\$ 39,151,597
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated		\$ 39,151,597

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

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

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

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	13,550	370	—	40,138	—	54,058
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	379,845	143,715	254,068	2,079,857	—	2,857,485
Student services	65,540	(21,343)	813,460	2,289,807	—	3,147,464
Institutional support	—	—	—	206,532	—	206,532
Operation and maintenance of plant	—	—	130,820	519,658	—	650,478
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	40,990	40,990
Total	458,935	122,742	1,198,348	5,135,992	40,990	6,957,007

See independent auditors' report.

California State University, Bakersfield Student Union

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION
Financial Statements and Supplemental Information
Years Ended June 30, 2018 and 2017

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information:	
Schedules of Expenses by Natural Classification	11
Schedules of Activities by Fund	13
Schedule of Student Union Revenue Bonds, Series A (Unaudited)	15
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	16
Schedule of Revenues, Expenses, and Changes in Net Position	17
Other Information	18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University, Bakersfield Student Union

We have audited the accompanying financial statements of California State University, Bakersfield Student Union (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Student Union as of June 30, 2018 and 2017, 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, which is the responsibility of management, included on pages 11 – 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked “unaudited,” was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2018

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Financial Position**

June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash	\$ 2,486,378	\$ 1,243,164
Due from related parties	20,219	92,948
Other current assets	<u>59,289</u>	<u>32,319</u>
Total Current Assets	2,565,886	1,368,431
Property and equipment, net of accumulated depreciation	<u>823,580</u>	<u>935,706</u>
Total Assets	\$ <u><u>3,389,466</u></u>	\$ <u><u>2,304,137</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 185,019	\$ 70,224
Due to related parties	<u>408,425</u>	<u>148,796</u>
Total Current Liabilities	593,444	219,020
Net Assets - Unrestricted	<u>2,796,022</u>	<u>2,085,117</u>
Total Liabilities and Net Assets	\$ <u><u>3,389,466</u></u>	\$ <u><u>2,304,137</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Activities**

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unrestricted Revenue and Other Support:		
Student fees	\$ 3,214,541	\$ 3,026,971
In-kind contribution	1,395,270	1,395,270
Other	273,389	130,161
Facility rental	199,341	203,583
Membership fees	67,972	70,927
Contracted space rentals	<u>27,230</u>	<u>26,206</u>
Total Unrestricted Revenue and Other Support	5,177,743	4,853,118
Expenses:		
Program services	3,243,972	3,151,230
General and administrative	<u>1,222,866</u>	<u>1,091,155</u>
Total Expenses	<u>4,466,838</u>	<u>4,242,385</u>
Change in Net Assets	710,905	610,733
Net Assets - Unrestricted, beginning	<u>2,085,117</u>	<u>1,474,384</u>
Net Assets - Unrestricted, ending	<u>\$ 2,796,022</u>	<u>\$ 2,085,117</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Cash Flows**

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 710,905	\$ 610,733
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	169,612	147,893
Changes in operating assets and liabilities:		
Due from related parties	72,729	(78,502)
Other current assets	(26,970)	(30,309)
Accounts payable	114,795	(21,590)
Due to related parties	259,629	(66,464)
	<u>1,300,700</u>	<u>561,761</u>
Net Cash Provided by Operating Activities	1,300,700	561,761
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(57,486)</u>	<u>(346,887)</u>
	1,243,214	214,874
Net Increase in Cash	1,243,214	214,874
Cash, beginning	<u>1,243,164</u>	<u>1,028,290</u>
Cash, ending	<u>\$ 2,486,378</u>	<u>\$ 1,243,164</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield Student Union (Organization) was incorporated in the State of California on March 9, 1994, and opened its facility in May 1994. In May 2009, the Organization opened its Student Recreation Center. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University). The Organization operates a student union facility to enhance the quality of the student experience through the development of and exposure to, campus programs, activities, and organizations in a student-centered environment. The Organization's primary source of revenue is student fees that have been remitted to CSU Bakersfield.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no temporarily or permanently restricted net assets during the years ended June 30, 2018 and 2017.

Use of Estimates

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

Income Taxes

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

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2018 and 2017 and therefore no amounts have been accrued.

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 3 to 10 years.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

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

Advertising

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2018, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. As of June 30, 2018, the Organization had approximately \$2,208,803 that was exposed to uninsured deposit risk. The Organization manages this risk by using high-quality financial institutions.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 1,010,825	\$ 1,010,825
Equipment	729,698	688,592
Construction in progress	16,380	-
	<u>1,756,903</u>	<u>1,699,417</u>
Less accumulated depreciation	<u>(933,323)</u>	<u>(763,711)</u>
	<u>\$ 823,580</u>	<u>\$ 935,706</u>

Note 4 – Student Union Fees

In November 1992, CSU, Bakersfield issued bonds to finance the construction, repair and maintenance of the Student Union building. As specified in the bond resolution, the bonds are secured by the future revenue streams generated by the Student Union, therefore student fees are remitted to service the bonds. Section 5.02(d) of the Bond Resolution provides authorization for surplus fees (as defined) to be remitted to the Student Union for purpose of operating the Student Union. In accordance with the Bond Resolution, the Student Union received student fees in the amounts of \$3,214,541 and \$3,026,971 for the years ending June 30, 2018 and 2017, respectively.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 5 – Operating Leases

The Organization leases office spaces to various organizations under non-cancellable agreements through June 2019. Those leases require monthly payments ranging from \$525 to \$2,184. The Organization also leases office spaces to various organizations on a year-to-year basis.

Minimum future lease payments to be received as of June 30, 2018 were due as follows:

Year Ending June 30,	
<u>2019</u>	\$ 43,135
Thereafter	<u>-</u>
	<u>\$ 43,135</u>

Note 6 – Commitments/In-Kind Contributions

The Organization leases the campus union facility and the recreation center facility under a non-cancelable operating agreement and lease from the Trustees of the California State University. The lease expires on June 30, 2019. In exchange for managing and operating the campus union and recreation center facilities, the Student Union pays no rent. The estimated fair market value of this rent is \$1,395,270 for the years ended June 30, 2018 and 2017 and has been recognized as an in-kind contribution and an operating expense in the statements of activities.

In addition, the Student Union has entered into various agreements for the maintenance of facilities and equipment under non-cancelable agreements through May 2021, including one with the University.

Minimum future payments as of June 30, 2018 were due as follows:

Year Ending June 30,	
<u>2019</u>	\$ 56,900
2020	48,750
2021	4,500
Thereafter	<u>-</u>
	<u>\$ 110,150</u>

Total rental expense was \$1,481,458 and \$1,453,050 for the years ended June 30, 2018 and 2017, respectively.

Note 7 – Related Party Transactions

The Organization's salaries are paid by the University and billed to the Organization. Accounting and other services are provided to the Organization by the University. The Organization has a non-cancelable agreement with the University for the University to provide custodial services to the Organization for \$15,879 per month which expired June 30, 2018. The Organization and the University are currently in the process of renegotiating this contract. Additionally, the Organization has a non-cancelable agreement with the University for the University to provide landscape maintenance services to the Organization for \$11,160 annually through June 30, 2018.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – Related Party Transactions, continued

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

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

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 campus. The Organization provides program services for student services for the Children's Center. The Organization pays the Sponsored Programs Administration for these services as provided by the student body.

Associated Students and the University lease office space from the Organization (See Note 5).

Transactions as of and for the years ended June 30, 2018 and 2017 with related parties are reflected in the accompanying financial statements.

	<u>2018</u>	<u>2017</u>
Revenue:		
Cost Recoveries:		
University	\$ 3,256,449	\$ 3,089,133
Sponsored Programs Administration	1,260	15,563
Foundation	715	100,611
Associated Students	<u>28,214</u>	<u>26,206</u>
Total Cost Recoveries	3,286,638	3,231,513
Facility Rental:		
University	75,333	63,121
Sponsored Programs Administration	8,788	-
Foundation	6,104	-
Associated Students	<u>11,296</u>	<u>12,229</u>
Total Facility Rental	<u>101,521</u>	<u>75,350</u>
	<u>\$ 3,388,159</u>	<u>\$ 3,306,863</u>
Expense:		
Services from other agencies:		
University	\$ 2,250,262	\$ 2,267,088
Foundation	16,060	12,713
Associated Students	<u>15,146</u>	<u>1,000</u>
	<u>\$ 2,281,468</u>	<u>\$ 2,280,801</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – Related Party Transactions, continued

	<u>2018</u>	<u>2017</u>
Due from related parties:		
University	\$ 18,505	\$ 2,298
Sponsored Programs Administration	45	540
Foundation	<u>1,669</u>	<u>90,110</u>
	<u>\$ 20,219</u>	<u>\$ 92,948</u>
Due to related parties:		
University	\$ 392,352	\$ 148,196
Foundation	8,632	600
Associated Students	<u>7,441</u>	<u>-</u>
	<u>\$ 408,425</u>	<u>\$ 148,796</u>

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION
Schedule of Expenses by Natural Classification
Year Ended June 30, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and taxes	\$ 960,792	\$ 549,856	\$ 1,510,648
Rent	1,395,270	1,349	1,396,619
Benefits	136,016	249,658	385,674
Utilities	302,128	21,610	323,738
Supplies	234,656	39,780	274,436
Depreciation	-	169,612	169,612
Insurance	-	134,999	134,999
Expendable equipment	70,192	-	70,192
Repairs and maintenance	56,596	-	56,596
Travel	39,299	-	39,299
Services from other agencies	-	28,500	28,500
Professional fees	-	21,247	21,247
Advertising	16,362	-	16,362
Conference and meetings	12,700	-	12,700
Dues and subscriptions	10,764	-	10,764
Telephone	5,641	2,172	7,813
Printing and publications	3,556	4,083	7,639
	<u>3,243,972</u>	<u>1,222,866</u>	<u>4,466,838</u>
Total Expenses	\$ <u>3,243,972</u>	\$ <u>1,222,866</u>	\$ <u>4,466,838</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Expenses by Natural Classification**

Year Ended June 30, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and taxes	\$ 937,093	\$ 472,854	\$ 1,409,947
Rent	1,395,270	1,422	1,396,692
Benefits	135,790	226,443	362,233
Utilities	292,875	25,837	318,712
Supplies	199,070	40,404	239,474
Depreciation	-	147,893	147,893
Professional fees	-	109,447	109,447
Repairs and maintenance	83,502	-	83,502
Expendable equipment	36,308	-	36,308
Insurance	-	34,647	34,647
Travel	31,780	-	31,780
Services from other agencies	-	28,000	28,000
Advertising	14,445	-	14,445
Telephone	5,830	3,210	9,040
Conference and meetings	8,195	-	8,195
Dues and subscriptions	7,095	-	7,095
Printing and publications	3,977	998	4,975
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>3,151,230</u>	\$ <u>1,091,155</u>	\$ <u>4,242,385</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Activities by Fund**

Year Ended June 30, 2018

	Student Union	Student Recreation Center	Total
Unrestricted Revenue and Other Support:			
Student fees	\$ 829,398	\$ 2,385,143	\$ 3,214,541
In-kind contribution	268,320	1,126,950	1,395,270
Other	29,665	243,724	273,389
Facility rental	108,529	90,812	199,341
Membership fees	-	67,972	67,972
Contracted space rentals	27,230	-	27,230
	<u>1,263,142</u>	<u>3,914,601</u>	<u>5,177,743</u>
Total Unrestricted Revenue and Other Support			
Expenses:			
Program services	372,216	2,871,756	3,243,972
General and administrative	731,904	490,962	1,222,866
	<u>1,104,120</u>	<u>3,362,718</u>	<u>4,466,838</u>
Total Expenses			
Change in Net Assets	159,022	551,883	710,905
Net Assets - Unrestricted, beginning	<u>732,996</u>	<u>1,352,121</u>	<u>2,085,117</u>
Net Assets - Unrestricted, ending	<u>\$ 892,018</u>	<u>\$ 1,904,004</u>	<u>\$ 2,796,022</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Activities by Fund**

Year Ended June 30, 2017

	Student Union	Student Recreation Center	Total
Unrestricted Revenue and Other Support:			
Student fees	\$ 792,128	\$ 2,234,843	\$ 3,026,971
In-kind contribution	268,320	1,126,950	1,395,270
Other	2,624	127,537	130,161
Facility rental	105,236	98,347	203,583
Membership fees	-	70,927	70,927
Contracted space rentals	26,206	-	26,206
	<u>1,194,514</u>	<u>3,658,604</u>	<u>4,853,118</u>
Total Unrestricted Revenue and Other Support	1,194,514	3,658,604	4,853,118
Expenses:			
Program services	449,599	2,701,631	3,151,230
General and administrative	658,479	432,676	1,091,155
	<u>1,108,078</u>	<u>3,134,307</u>	<u>4,242,385</u>
Total Expenses	1,108,078	3,134,307	4,242,385
Change in Net Assets	86,436	524,297	610,733
Net Assets - Unrestricted, beginning	<u>646,560</u>	<u>827,824</u>	<u>1,474,384</u>
Net Assets - Unrestricted, ending	<u>\$ 732,996</u>	<u>\$ 1,352,121</u>	<u>\$ 2,085,117</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Schedule of Student Union Revenue Bonds, Series A

Year Ended June 30, 2017

(Unaudited)

The Systemwide Revenue Bond (SRB) program was approved by the California State University Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities for designated campuses with the System as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects of the System. Rather than relying on specific pledged revenues to support specific debt obligations, this program pools several sources of revenue as the pledge for the revenue producing projects.

The University participates in the SRB program and its allocated share of outstanding SRB debt as of June 30, 2018 is \$20,443,669 which has been used to finance the Organization and Student Recreation Center. These assets are reported and depreciated on the University's financial statements.

SRB debt obligations of the University as of June 30, 2018 consist of the following:

Description	Interest Rate	Fiscal Year Maturity Date	Original Issue Amount	Amount Outstanding at June 30, 2018
Systemwide revenue bonds:				
Series 2012A (Student Union)	4.00-5.00%	2022/2023	\$ 895,000	\$ 495,000
Series 2016A (Student Union)	2.00-5.00%	2038/2039	17,040,000	17,020,000
Total				17,515,000
Unamortized bond premium				2,928,669
Total SRB debt obligations				\$ 20,443,669

SRB debt principal obligations and related interest mature in the following fiscal years:

Year ending June 30:	Principal	Interest	Total
2019	\$ 570,000	\$ 810,000	\$ 1,380,000
2020	590,000	784,325	1,374,325
2021	620,000	755,025	1,375,025
2022	655,000	724,150	1,379,150
2023	685,000	691,175	1,376,175
2024-2028	3,365,000	2,966,375	6,331,375
2029-2033	4,320,000	2,010,750	6,330,750
2034-2038	5,470,000	858,700	6,328,700
2039	1,240,000	24,800	1,264,800
Total	\$ 17,515,000	\$ 9,625,300	\$ 27,140,300

The original capitalized cost of buildings, improvements, and equipment at completion of construction was recorded by the California State University. These assets are leased to the Organization. The lease, which expires June 30, 2019, provides no annual rental fee.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,486,378
Short-term investments	—
Accounts receivable, net	20,219
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	59,289
Total current assets	<u>2,565,886</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	823,580
Other assets	—
Total noncurrent assets	<u>823,580</u>
Total assets	<u>3,389,466</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	116,731
Accrued salaries and benefits	—
Accrued compensated absences, current portion	68,288
Unearned revenues	—
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	408,425
Total current liabilities	<u>593,444</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>593,444</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	823,580
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,972,442
Total net position	<u>\$ 2,796,022</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2018

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	3,214,541
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		567,932
Scholarship allowances (enter as negative)		—
Other operating revenues		<u>1,395,270</u>
Total operating revenues		<u>5,177,743</u>
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		4,297,226
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		<u>169,612</u>
Total operating expenses		<u>4,466,838</u>
Operating income (loss)		<u>710,905</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		—
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		<u>—</u>
Net nonoperating revenues (expenses)		<u>—</u>
Income (loss) before other revenues (expenses)		710,905
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		710,905
Net position:		
Net position at beginning of year, as previously reported		2,085,117
Restatements		—
Net position at beginning of year, as restated		<u>2,085,117</u>
Net position at end of year	\$	<u><u>2,796,022</u></u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
Total restricted cash and cash equivalents	\$	<u>—</u>

2.1 Composition of investments at June 30, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Less endowment investments (enter as negative number)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2018	\$ —

2.4 Restricted noncurrent investments at June 30, 2018 related to:	Amount
Endowment investment	\$ —
Scholarships	—
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2018	\$ —

2.5 Fair value hierarchy in investments at June 30, 2018:

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	16,380	—	—	16,380
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	16,380	—	—	16,380
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	418,870	—	—	418,870	—	—	—	418,870
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	591,955	—	—	591,955	—	—	—	591,955
Personal property:								
Equipment	688,592	—	—	688,592	41,106	—	—	729,698
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	1,699,417	—	—	1,699,417	41,106	—	—	1,740,523
Total capital assets	1,699,417	—	—	1,699,417	57,486	—	—	1,756,903
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	(122,666)	—	—	(122,666)	(41,887)	—	—	(164,553)
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(238,032)	—	—	(238,032)	(54,427)	—	—	(292,459)
Personal property:								
Equipment	(403,013)	—	—	(403,013)	(73,298)	—	—	(476,311)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(763,711)	—	—	(763,711)	(169,612)	—	—	(933,323)
Total capital assets, net	\$ 935,706	—	—	935,706	(112,126)	—	—	823,580

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 169,612
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 169,612</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 52,953	—	—	52,953	41,060	(25,725)	68,288	68,288	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ 52,953</u>	<u>—</u>	<u>—</u>	<u>52,953</u>	<u>41,060</u>	<u>(25,725)</u>	<u>68,288</u>	<u>68,288</u>	<u>—</u>

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
Capital lease obligation, net of current portion									<u>\$ —</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

6 Long-term debt obligations schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	\$ —	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	823,580
Capital lease obligations, current portion		—
Capital lease obligations, net of current portion		—
Long-term debt obligations, current portion		—
Long-term debt obligations, net of current portion		—
Portion of outstanding debt that is unspent at year-end (enter as positive n		—
Other adjustments: (please list)		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Net position - Net investment in capital assets	\$	823,580

7.2 Calculation of net position - Restricted for nonexpendable - endowments

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,659,536
Payments to University for other than salaries of University personnel	590,726
Payments received from University for services, space, and programs	3,331,782
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(392,352)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	18,505
Other amounts receivable from University	—

9 Other postemployment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2017, as previously reported	\$	2,085,117
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated	\$	<u>2,085,117</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2018

(for inclusion in the California State University)

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

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

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	—	—	—	—	—	—
Student services	1,510,648	385,674	—	2,400,904	—	4,297,226
Institutional support	—	—	—	—	—	—
Operation and maintenance of plant	—	—	—	—	—	—
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	169,612	169,612
Total	1,510,648	385,674	—	2,400,904	169,612	4,466,838

See independent auditors' report.