



Chapter 8

AUXILIARY ORGANIZATIONS 2018-2019

- Audited Financial Statements – Associated Students Inc.
- Audited Financial Statements – Auxiliary for Sponsored Programs Administration
- Audited Financial Statements – Foundation
- Audited Financial Statements – Student Union

Associated Students, California State University, Bakersfield, Inc.

Financial Statements and Supplemental Information
Years Ended June 30, 2019 and 2018



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 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, 2019 and 2018, 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

Emphasis of Matter Regarding a Change in Accounting

As discussed in Note 1 to the financial statements, Associated Students, California State University, Bakersfield, Inc. adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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 16-24 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.

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2019

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

June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 1,274,613	\$ 1,368,942
Investments	254,823	141,444
Accounts receivable, net of allowance for doubtful accounts of \$1,469 (2019) and \$8,581 (2018)	45,089	29,687
Due from related parties	<u>168,632</u>	<u>23,280</u>
Total Current Assets	1,743,157	1,563,353
Property and Equipment, net of accumulated depreciation	<u>34,003</u>	<u>57,744</u>
Total Assets	<u>\$ 1,777,160</u>	<u>\$ 1,621,097</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 59,104	\$ 53,724
Due to related parties	38,416	173,871
Deferred revenue	<u>100,224</u>	<u>43,092</u>
Total Current Liabilities	197,744	270,687
Net Assets - Without Donor Restrictions	<u>1,579,416</u>	<u>1,350,410</u>
Total Liabilities and Net Assets	<u>\$ 1,777,160</u>	<u>\$ 1,621,097</u>

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and Support Without Donor Restrictions:		
Student fees	\$ 4,038,250	\$ 3,722,755
Miscellaneous	287,011	205,222
Interest	<u>29,276</u>	<u>14,773</u>
Total Revenue and Support Without Donor Restrictions	4,354,537	3,942,750
Expenses:		
Program services - student services	3,613,559	3,417,909
General and administrative	<u>511,972</u>	<u>486,645</u>
Total Expenses	<u>4,125,531</u>	<u>3,904,554</u>
Change in Net Assets	229,006	38,196
Net Assets - Without Donor Restrictions, beginning	<u>1,350,410</u>	<u>1,312,214</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 1,579,416</u>	<u>\$ 1,350,410</u>

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

Year Ended June 30, 2019

	<u>Student Services</u>	<u>General and Administrative</u>	<u>Total</u>
Scholarships	\$ 2,181,286	\$ -	\$ 2,181,286
Travel	659,268	46,404	705,672
Supplies	515,238	71,543	586,781
Salaries and wages	11,127	158,392	169,519
Transfer of student fees	150,226	-	150,226
Employee benefits	14	106,481	106,495
Miscellaneous	14,945	63,652	78,597
Occupancy	16,403	28,907	45,310
Conference, conventions, and meetings	36,417	5,871	42,288
Depreciation	18,168	5,573	23,741
Accounting	-	12,500	12,500
Office expenses	9,299	2,176	11,475
Insurance	-	7,016	7,016
Dues and subscriptions	-	2,456	2,456
Information technology	377	1,001	1,378
Advertising and promotion	791	-	791
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>3,613,559</u>	\$ <u>511,972</u>	\$ <u>4,125,531</u>

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

Year Ended June 30, 2018

	Student Services	General and Administrative	Total
Scholarships	\$ 2,310,013	\$ -	\$ 2,310,013
Supplies	437,676	79,648	517,324
Travel	413,525	33,475	447,000
Salaries and wages	8,613	162,388	171,001
Transfer of student fees	147,737	-	147,737
Employee benefits	-	102,993	102,993
Miscellaneous	27,752	37,057	64,809
Occupancy	12,902	28,000	40,902
Conference, conventions, and meetings	30,434	9,152	39,586
Depreciation	17,531	8,155	25,686
Accounting	-	12,000	12,000
Office expenses	7,454	2,926	10,380
Insurance	-	7,878	7,878
Minor equipment	3,261	387	3,648
Information technology	395	1,367	1,762
Dues and subscriptions	-	1,219	1,219
Advertising and promotion	616	-	616
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>3,417,909</u>	\$ <u>486,645</u>	\$ <u>3,904,554</u>

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 229,006	\$ 38,196
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,741	25,686
Changes in operating assets and liabilities:		
Accounts receivable, net	(15,402)	16,686
Due from related parties	(145,352)	(21,719)
Prepaid expenses and other current assets	-	535
Accounts payable and accrued expenses	5,380	15,253
Due to related parties	(135,455)	(635,501)
Deferred revenue	57,132	(33,906)
	<u>19,050</u>	<u>(594,770)</u>
Net Cash Provided (Used) by Operating Activities		
	19,050	(594,770)
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	(6,708)
Purchases of investments	(113,379)	(14,773)
Proceeds from sale of investments	-	101,221
	<u>(113,379)</u>	<u>79,740</u>
Net Cash Provided (Used) by Investing Activities		
	(113,379)	79,740
Net Decrease in Cash	(94,329)	(515,030)
Cash, beginning	<u>1,368,942</u>	<u>1,883,972</u>
Cash, ending	<u>\$ 1,274,613</u>	<u>\$ 1,368,942</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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.

New Accounting Pronouncement

During the year ended June 30, 2019, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions until the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

Financial Statement Presentation

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

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2019 and 2018.

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, 2019 and 2018 and therefore, no amounts have been accrued.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

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.

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

Each matriculated student of the University was required to pay \$199 and \$188 per semester for student fees for the years ended June 30, 2019 and 2018, respectively. 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 Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by fund alone or a combination of fund and department. Two funds are used to accumulate expenses considered to be general and administrative in nature. The remaining five funds accumulate expenses considered to be programmatic in nature. Certain costs initially captured within the program funds, such as audit costs, general insurance and bank fees, are presented as general and administrative instead of program costs.

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.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Fair Value Measurements, continued

The three levels are defined as follows:

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

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

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

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

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

The fair value of the investments held by the pooled SWIFT account explained in Note 4 reflect the Organization's pro rata share of the market value of the underlying assets in the account.

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

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2019 and 2018, due to the relative short maturities of these instruments.

Future Accounting Standards

The Financial Accounting Standards Board (FASB) has issued three substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Organization is in the process of assessing how this new ASU and subsequent updates will affect the Organization's reporting of revenues. This assessment includes determining the effect of the new standard on the Organization's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Organization does not currently expect adoption to have a material effect on its revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance will assist nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. This update is effective for transactions in which the entity serves as the resource recipient for fiscal years beginning after December 15, 2018. The Organization is evaluating the effect that the provisions of ASU 2018-08 will have on its financial statements and related disclosures.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Future Accounting Standards, continued

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. On July 17, 2019, the FASB voted to propose delaying the effective date by one year. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2019, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

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

	2019	2018
Cash	\$ 1,274,613	\$ 1,368,942
Investments	254,823	141,444
Accounts receivable, net	45,089	29,687
Due from related parties	168,632	23,280
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,743,157	\$ 1,563,353

The Organization is substantially supported by student fees collected by the University and these fees are subsequently transferred to the Organization. The fees carry no donor restrictions, and therefore, all financial assets are available for general expenditure within one year. Fees collected by the University that have not been transferred to the Organization by year end are invested in the campus SWIFT short-term investment account. The Organization has no other liquid assets available from which to draw.

Note 3 – Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. At June 30, 2019, the Organization had approximately \$1,031,000 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 4 – 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 \$254,823 and \$141,444 at June 30, 2019 and 2018, respectively. Investments held in the investment pool are reported as short-term investments included in current assets on the statements of financial position.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 – Investments and Fair Value Measurement, continued

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.

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, 2019					
	Level 1	Level 2	Level 3	NAV	Total
Asset backed securities	\$ -	\$ 10,638	\$ -	\$ -	\$ 10,638
Certificates of deposit	-	10,554	-	-	10,554
Corporate bonds	-	70,446	-	-	70,446
Money market funds	-	-	-	1,800	1,800
Mortgage backed securities	-	14	-	-	14
Municipal bonds	-	3,485	-	-	3,485
Repurchase agreements	-	723	-	-	723
U.S. agency securities	-	73,527	-	-	73,527
U.S. treasury securities	-	83,636	-	-	83,636
	<u>\$ -</u>	<u>\$ 253,023</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 254,823</u>

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>

Note 5 – Property and Equipment

Property and equipment consist of the following:

	2019	2018
Equipment	\$ 61,622	\$ 64,514
Leasehold improvements	254,852	254,852
	<u>316,474</u>	<u>319,366</u>
Less accumulated depreciation	(282,471)	(261,622)
	<u>\$ 34,003</u>	<u>\$ 57,744</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 6 – 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. (Student Union) under a non-cancelable agreement expiring June 2024. Monthly lease payments range from \$2,355 to \$2,647 throughout the contract.

In addition, the organization has entered into an agreement for a campus engagement platform expiring January 2022. Monthly lease payments are \$1,350 for this agreement.

Minimum future lease payments as of June 30, 2019 are due as follows:

Year Ending June 30,	
<u>2020</u>	\$ 44,455
2021	45,334
2022	39,462
2023	30,890
2024	31,769
Thereafter	<u>-</u>
	<u>\$ 191,910</u>

Rental expense was \$45,310 and \$40,902 for the years ended June 30, 2019 and 2018, respectively.

Note 7 – Related Party Transactions

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

The 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Expenses:		
Program fees:		
University	\$ 3,477,621	\$ 3,023,391
Foundation	4,348	4,241
Sponsored Programs Administration	150,226	147,734
Student Union	<u>41,927</u>	<u>39,510</u>
	<u>\$ 3,674,122</u>	<u>\$ 3,214,876</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Notes to Financial Statements**Years Ended June 30, 2019 and 2018

Note 7 – Related Party Transactions, continued

	<u>2019</u>	<u>2018</u>
Due from:		
University	\$ 13,623	\$ 7,887
Foundation	155,009	1,674
Sponsored Programs Administration	-	6,278
Student Union	-	7,441
	<u>\$ 168,632</u>	<u>\$ 23,280</u>
Due to:		
University	\$ 37,280	\$ 171,910
Foundation	-	1,350
Sponsored Programs Administration	-	611
Student Union	1,136	-
	<u>\$ 38,416</u>	<u>\$ 173,871</u>

Note 8 – Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications in the statements of functional expenses and schedules of activities by fund. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Activities by Fund

Year Ended June 30, 2019

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Chartered Clubs	Total
Revenue and Support Without Donor Restrictions:								
Student fees	\$ 503,610	\$ 477,259	\$ 159,227	\$ 2,699,192	\$ 119,493	\$ 79,469	\$ -	\$ 4,038,250
Miscellaneous	5,595	-	-	1,323	-	8,000	272,093	287,011
Interest	3,650	3,460	1,154	19,569	866	577	-	29,276
Total Revenue and Support Without Donor Restrictions	512,855	480,719	160,381	2,720,084	120,359	88,046	272,093	4,354,537
Expenses:								
Program services - student services	111,312	471,533	157,526	2,532,385	-	100,897	239,906	3,613,559
General and administrative	374,702	2,491	773	13,232	120,192	582	-	511,972
Total Expenses	486,014	474,024	158,299	2,545,617	120,192	101,479	239,906	4,125,531
Change in net assets	26,841	6,695	2,082	174,467	167	(13,433)	32,187	229,006
Net Assets - Without Donor Restrictions, beginning	763,828	18,718	(1,598)	221,851	139,805	41,315	166,491	1,350,410
Net Assets - Without Donor Restrictions, ending	\$ 790,669	\$ 25,413	\$ 484	\$ 396,318	\$ 139,972	\$ 27,882	\$ 198,678	\$ 1,579,416

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
Revenue and Support Without Donor Restrictions:								
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 Revenue and Support Without Donor Restrictions	457,674	433,830	144,592	2,516,880	109,659	85,197	194,918	3,942,750
Expenses:								
Program services - student services	109,477	424,075	148,456	2,411,945	-	114,747	209,209	3,417,909
General and administrative	352,358	3,314	764	14,326	114,500	1,383	-	486,645
Total Expenses	461,835	427,389	149,220	2,426,271	114,500	116,130	209,209	3,904,554
Change in net assets	(4,161)	6,441	(4,628)	90,609	(4,841)	(30,933)	(14,291)	38,196
Net Assets - Without Donor Restrictions, beginning	767,989	12,277	3,030	131,242	144,646	72,248	180,782	1,312,214
Net Assets - Without Donor Restrictions, ending	\$ 763,828	\$ 18,718	\$ (1,598)	\$ 221,851	\$ 139,805	\$ 41,315	\$ 166,491	\$ 1,350,410

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Net Position

June 30, 2019

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	1,274,613
Short-term investments		254,823
Accounts receivable, net		213,721
Capital lease receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		—
Prepaid expenses and other current assets		—
Total current assets		<u>1,743,157</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		34,003
Other assets		—
Total noncurrent assets		<u>34,003</u>
Total assets		<u>1,777,160</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		42,285
Accrued salaries and benefits		—
Accrued compensated absences, current portion		16,819
Unearned revenues		100,224
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		38,416
Total current liabilities		<u>197,744</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>197,744</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		34,003
Restricted for:		—
Nonexpendable – endowments		—
Expendable:		—
Scholarships and fellowships		—
Research		—
Loans		—
Capital projects		—
Debt service		—
Others		—
Unrestricted		<u>1,545,413</u>
Total net position	\$	<u>1,579,416</u>

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

Year Ended June 30, 2019

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	4,038,250
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		287,011
Total operating revenues		<u>4,325,261</u>
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		1,920,504
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		2,181,286
Auxiliary enterprise expenses		—
Depreciation and amortization		23,741
Total operating expenses		<u>4,125,531</u>
Operating income (loss)		<u>199,730</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		29,276
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		—
Net nonoperating revenues (expenses)		<u>29,276</u>
Income (loss) before other revenues (expenses)		229,006
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		229,006
Net position:		
Net position at beginning of year, as previously reported		1,350,410
Restatements		—
Net position at beginning of year, as restated		<u>1,350,410</u>
Net position at end of year	\$	<u><u>1,579,416</u></u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	<u>-</u>
Current cash and cash equivalents	1,274,613
Total	<u><u>\$ 1,274,613</u></u>

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	1,800	-	1,800
Repurchase agreements	723	-	723
Certificates of deposit	10,554	-	10,554
U.S. agency securities	73,527	-	73,527
U.S. treasury securities	83,636	-	83,636
Municipal bonds	3,485	-	3,485
Corporate bonds	70,446	-	70,446
Asset backed securities	10,638	-	10,638
Mortgage backed securities	14	-	14
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	<u>254,823</u>	<u>-</u>	<u>254,823</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u><u>\$ 254,823</u></u>	<u><u>-</u></u>	<u><u>254,823</u></u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 1,800	-	-	-	1,800
Repurchase agreements	723	-	723	-	-
Certificates of deposit	10,554	-	10,554	-	-
U.S. agency securities	73,527	-	73,527	-	-
U.S. treasury securities	83,636	-	83,636	-	-
Municipal bonds	3,485	-	3,485	-	-
Corporate bonds	70,446	-	70,446	-	-
Asset backed securities	10,638	-	10,638	-	-
Mortgage backed securities	14	-	14	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	\$ 254,823	-	253,023	-	1,800

2.3 Investments held by the University under contractual agreements:

Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv pool):

254,823	\$	254,823
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ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	254,852	-	-	-	254,852	-	-	-	254,852
Personal property:									
Equipment	64,514	-	-	-	64,514	-	(2,892)	-	61,622
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	319,366	-	-	-	319,366	-	(2,892)	-	316,474
Total capital assets	319,366	-	-	-	319,366	-	(2,892)	-	316,474
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(204,674)	-	-	-	(204,674)	(21,039)	-	-	(225,713)
Personal property:									
Equipment	(56,948)	-	-	-	(56,948)	(2,702)	2,892	-	(56,758)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(261,622)	-	-	-	(261,622)	(23,741)	2,892	-	(282,471)
Total capital assets, net	\$ 57,744	-	-	-	\$ 57,744	(23,741)	-	-	34,003

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 23,741
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 23,741

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclass ifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	12,706	-	12,706	9,117	(5,004)	16,819	16,819	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 12,706	-	12,706	9,117	(5,004)	16,819	16,819	-

5 Capital lease obligations schedule:

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
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	271,903
Payments to University for other than salaries of University personnel	3,205,718
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)	(37,280)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	13,623
Other amounts receivable from University (enter as positive number)	-

8 Restatements/Prior period adjustments:

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

Transaction #	Enter transaction description	Debit/(Credit)
Transaction #1	Enter transaction description	-
		-
		-
		-
		-
Transaction #2	Enter transaction description	-
		-
		-
		-
		-

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2019

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	169,519	106,495	-	-	-	1,644,490	-	1,920,504
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	2,181,286	-	-	2,181,286
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	23,741	23,741
Total operating expenses	\$ 169,519	106,495	-	-	2,181,286	1,644,490	23,741	4,125,531

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
	-
	-
	-
	-
	-
	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
	-
	-
	-
	-
	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 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, 2019 and 2018, 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

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, California State University, Bakersfield Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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 24 – 31 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 18, 2019

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

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,907,424	\$ 3,658,987
Current portion of promises to give, net of allowance for doubtful promises	782,364	689,683
Accounts receivable, net of allowance for doubtful accounts of \$15,775 (2019) and \$29,198 (2018)	7,016	18,130
Due from related parties	99,393	278,166
Other current assets	<u>-</u>	<u>733</u>
Total Current Assets	4,796,197	4,645,699
Non-Current Assets:		
Investments	33,489,942	34,567,815
Promises to give, net of discount and current portion	787,900	776,620
Property and equipment, net of accumulated depreciation	798,058	839,487
Collections	91,670	91,670
Life insurance policies	<u>427,327</u>	<u>528,222</u>
Total Non-Current Assets	<u>35,594,897</u>	<u>36,803,814</u>
Total Assets	<u>\$ 40,391,094</u>	<u>\$ 41,449,513</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 65,599	\$ 121,791
Accrued expenses	24,253	2,437
Due to related parties	240,811	369,552
Current portion of accrued post-employment benefits other than pensions	74,243	75,242
Receipts in excess of expenditures on sponsored programs	165,100	-
Deposits in excess of withdrawals for agency accounts	<u>45,500</u>	<u>170,651</u>
Total Current Liabilities	615,506	739,673
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>1,019,725</u>	<u>1,069,185</u>
Total Liabilities	1,635,231	1,808,858
Net Assets:		
Without Donor Restrictions:		
Operating	5,062,883	5,782,270
Board designated endowment	<u>3,586,892</u>	<u>3,666,603</u>
	8,649,775	9,448,873
With Donor Restrictions:		
Time restricted only	105,711	46,246
Purpose restricted	12,577,931	13,051,525
Perpetual in nature	<u>17,422,446</u>	<u>17,094,011</u>
	<u>30,106,088</u>	<u>30,191,782</u>
Total Net Assets	<u>38,755,863</u>	<u>39,640,655</u>
Total Liabilities and Net Assets	<u>\$ 40,391,094</u>	<u>\$ 41,449,513</u>

See accompanying notes to financial statements.

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and Other Support:		
Contributions	\$ 4,265,031	\$ 3,807,307
Investment Income	756,954	2,437,883
Other	<u>1,766,719</u>	<u>988,381</u>
Total Revenue and Other Support	6,788,704	7,233,571
Expenses:		
Program services:		
Alumni engagement	104,765	94,748
Athletics	2,628,609	2,499,091
Scholarships and academic support	2,519,278	2,624,337
Endowments	306,056	302,834
Reserves	1,094,131	608,736
Supporting services:		
General and administrative	440,426	256,049
Fundraising	<u>580,231</u>	<u>358,718</u>
Total Expenses	<u>7,673,496</u>	<u>6,744,513</u>
Change in Net Assets	(884,792)	489,058
Net Assets, beginning	<u>39,640,655</u>	<u>39,151,597</u>
Net Assets, ending	<u>\$ 38,755,863</u>	<u>\$ 39,640,655</u>

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

Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 146,942	\$ 4,118,089	\$ 4,265,031
Investment income	15,319	741,635	756,954
Other	1,142,091	624,628	1,766,719
Net assets released from restriction	<u>5,570,046</u>	<u>(5,570,046)</u>	<u>-</u>
Total Revenue and Other Support	6,874,398	(85,694)	6,788,704
Expenses:			
Program services:			
Alumni engagement	104,765	-	104,765
Athletics	2,628,609	-	2,628,609
Scholarships and academic support	2,519,278	-	2,519,278
Endowments	306,056	-	306,056
Reserves	1,094,131	-	1,094,131
Supporting services:			
General and administrative	440,426	-	440,426
Fundraising	<u>580,231</u>	<u>-</u>	<u>580,231</u>
Total Expenses	<u>7,673,496</u>	<u>-</u>	<u>7,673,496</u>
Change in Net Assets	(799,098)	(85,694)	(884,792)
Net Assets, beginning	<u>9,448,873</u>	<u>30,191,782</u>	<u>39,640,655</u>
Net Assets, ending	<u>\$ 8,649,775</u>	<u>\$ 30,106,088</u>	<u>\$ 38,755,863</u>

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

Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 490,940	\$ 3,316,367	\$ 3,807,307
Investment income	742,890	1,694,993	2,437,883
Other	596,364	392,017	988,381
Net assets released from restriction	<u>5,734,534</u>	<u>(5,734,534)</u>	<u>-</u>
 Total Revenue and Other Support	 7,564,728	 (331,157)	 7,233,571
 Expenses:			
Program services:			
Alumni engagement	94,748	-	94,748
Athletics	2,499,091	-	2,499,091
Scholarships and academic support	2,624,337	-	2,624,337
Endowments	302,834	-	302,834
Reserves	608,736	-	608,736
Supporting services:			
General and administrative	256,049	-	256,049
Fundraising	<u>358,718</u>	<u>-</u>	<u>358,718</u>
 Total Expenses	 <u>6,744,513</u>	 <u>-</u>	 <u>6,744,513</u>
 Change in Net Assets	 820,215	 (331,157)	 489,058
 Net Assets, beginning	 <u>8,628,658</u>	 <u>30,522,939</u>	 <u>39,151,597</u>
 Net Assets, ending	 <u>\$ 9,448,873</u>	 <u>\$ 30,191,782</u>	 <u>\$ 39,640,655</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services					Supporting Services				Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Endowments	Reserves	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Transfers to CSUB	\$ -	\$ 1,029,357	\$ 585,553	\$ -	\$ 915,227	\$ 2,530,137	\$ -	\$ -	\$ -	\$ 2,530,137
Scholarships	-	259,146	1,175,916	-	-	1,435,062	-	-	-	1,435,062
Office expenses	27,618	139,212	77,349	-	11,289	255,468	42,590	139,900	182,490	437,958
Salaries and wages	-	319,661	115,672	-	-	435,333	-	2,344	2,344	437,677
Foundation administration fees	-	-	-	306,056	86,789	392,845	-	-	-	392,845
Supplies	32,207	67,950	188,204	-	8,582	296,943	54,795	38,418	93,213	390,156
Travel	1,219	230,417	37,700	-	11,023	280,359	17	30,685	30,702	311,061
In-kind expenses	-	197,094	6,240	-	9,986	213,320	74,892	-	74,892	288,212
Events	-	-	76,886	-	-	76,886	21,686	159,667	181,353	258,239
Employee benefits	-	117,698	10,102	-	-	127,800	93,390	-	93,390	221,190
Miscellaneous	1,912	88,757	62,352	-	3,548	156,569	3,098	5,996	9,094	165,663
Other professional fees	28,918	66,804	42,290	-	-	138,012	15,365	9,509	24,874	162,886
Dues and subscriptions	2,100	3,218	107,424	-	2,000	114,742	7,321	19,199	26,520	141,262
Advertising and promotion	4,414	65,263	1,596	-	-	71,273	8,941	49,043	57,984	129,257
Information technology	-	1,259	1,798	-	-	3,057	2,601	83,364	85,965	89,022
Conference, conventions, and meetings	-	12,915	8,348	-	567	21,830	3,886	18,464	22,350	44,180
Bad debt	-	-	-	-	-	-	42,596	-	42,596	42,596
Depreciation	-	3,520	-	-	37,909	41,429	-	-	-	41,429
Accounting	-	-	-	-	-	-	34,450	-	34,450	34,450
Occupancy	4,605	300	12,305	-	-	17,210	5,122	1,507	6,629	23,839
Professional fundraising	-	-	-	-	-	-	-	20,966	20,966	20,966
Payroll taxes	-	18,102	1,255	-	-	19,357	490	-	490	19,847
Change in post-employment benefits other than pensions	-	-	-	-	-	-	18,759	-	18,759	18,759
Insurance	1,772	3,357	1,652	-	43	6,824	10,427	1,169	11,596	18,420
Minor equipment	-	4,579	6,636	-	7,168	18,383	-	-	-	18,383
Total expenses	\$ 104,765	\$ 2,628,609	\$ 2,519,278	\$ 306,056	\$ 1,094,131	\$ 6,652,839	\$ 440,426	\$ 580,231	\$ 1,020,657	\$ 7,673,496

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services					Supporting Services				Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Endowments	Reserves	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Transfers to CSUB	\$ -	\$ 994,919	\$ 1,030,484	\$ -	\$ 368,479	\$ 2,393,882	\$ -	\$ -	\$ -	\$ 2,393,882
Scholarships	-	254,068	944,280	-	-	1,198,348	-	-	-	1,198,348
Supplies	67,412	63,562	336,164	2,925	4,613	474,676	24,291	24,566	48,857	523,533
Salaries and wages	150	379,845	65,266	-	13,675	458,936	-	-	-	458,936
Foundation administration fees	-	-	-	299,909	117,371	417,280	-	-	-	417,280
Office expenses	12,545	129,844	102,130	-	19,283	263,802	36,277	98,802	135,079	398,881
In-kind expenses	-	216,963	1,195	-	-	218,158	-	56,516	56,516	274,674
Travel	931	115,549	31,176	-	15,037	162,693	1,304	9,946	11,250	173,943
Information technology	-	7,992	6,168	-	3,312	17,472	-	119,952	119,952	137,424
Bad debt	-	-	-	-	-	-	134,073	-	134,073	134,073
Employee benefits	-	118,456	11,555	-	8,772	138,783	63,683	-	63,683	202,466
Miscellaneous	803	62,544	21,840	-	2,111	87,298	-	3,644	3,644	90,942
Other professional fees	-	37,030	18,630	-	2,113	57,773	31,200	1,331	32,531	90,304
Dues and subscriptions	160	6,017	39,878	-	11,105	57,160	9,717	8,726	18,443	75,603
Advertising and promotion	6,650	46,287	1,669	-	86	54,692	300	17,164	17,464	72,156
Conference, conventions, and meetings	110	32,693	1,775	-	-	34,578	-	6,584	6,584	41,162
Depreciation	-	6,241	-	-	34,750	40,991	-	-	-	40,991
Accounting	-	-	-	-	-	-	27,627	-	27,627	27,627
Payroll taxes	14	25,259	879	-	-	26,152	-	-	-	26,152
Occupancy	3,332	-	6,912	-	-	10,244	11,441	2,593	14,034	24,278
Insurance	2,101	277	2,069	-	-	4,447	11,968	769	12,737	17,184
Events	540	1,545	789	-	-	2,874	10,043	509	10,552	13,426
Minor equipment	-	-	1,478	-	8,029	9,507	-	-	-	9,507
Professional fundraising	-	-	-	-	-	-	-	7,616	7,616	7,616
Change in post-employment benefits other than pensions	-	-	-	-	-	-	(105,875)	-	(105,875)	(105,875)
Total expenses	\$ 94,748	\$ 2,499,091	\$ 2,624,337	\$ 302,834	\$ 608,736	\$ 6,129,746	\$ 256,049	\$ 358,718	\$ 614,767	\$ 6,744,513

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (884,792)	\$ 489,058
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	41,429	40,990
Donation of investments	(10,620)	(52,475)
Gains on investments	(2,007,842)	(2,439,198)
Endowment contributions	269,380	607,424
Changes in operating assets and liabilities:		
Receivables	85,926	665,047
Life insurance policies	100,895	(478,222)
Other current assets	733	(733)
Accounts payable and accrued expenses	(34,376)	74,413
Other liabilities	<u>(139,251)</u>	<u>(633,259)</u>
Net Cash Used by Operating Activities	(2,578,518)	(1,726,955)
Cash Flows from Investing Activities:		
Purchases of investments	(6,486,818)	(2,404,942)
Proceeds from sale of investments	<u>9,583,153</u>	<u>3,050,288</u>
Net Cash Provided by Investing Activities	3,096,335	645,346
Cash Flows from Financing Activities:		
Endowment contributions	<u>(269,380)</u>	<u>(607,424)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	248,437	(1,689,033)
Cash and Cash Equivalents, beginning	<u>3,658,987</u>	<u>5,348,020</u>
Cash and Cash Equivalents, ending	<u>\$ 3,907,424</u>	<u>\$ 3,658,987</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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.

New Accounting Pronouncement

During the year ended June 30, 2019, the Foundation adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions until the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

Financial Statement Presentation

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

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

Use of Estimates

The preparation of financial statements in conformity with 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, 2019 and 2018 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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Promises to Give

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

Accounts Receivable

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 2019 or 2018. 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 net assets with donor restrictions and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Gifts In-kind

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

Advertising

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Functional Allocation of Expenses

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

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under 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, 2019 and 2018.

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.

Future Accounting Standards

The Financial Accounting Standards Board (FASB) has issued three substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Foundation is in the process of assessing how this new ASU and subsequent updates will affect the Foundation's reporting of revenues. This assessment includes determining the effect of the new standard on the Foundation's financial statements, accounting systems, business processes, and internal controls.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Future Accounting Standards, continued

Based on its assessment to date, the Foundation does not currently expect adoption to have a material effect on their revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance will assist nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. This update is effective for transactions in which the entity serves as the resource recipient for fiscal years beginning after December 15, 2018. The Foundation is evaluating the effect that the provisions of ASU 2018-08 will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. On July 17, 2019 the FASB voted to propose delaying the effective date by one year. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Foundation is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Foundation has evaluated subsequent events through September 18, 2019, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,907,424	\$ 3,658,987
Promises to give, net	1,570,264	1,466,303
Accounts receivable, net	7,016	18,130
Due from related parties	99,393	278,166
Other current assets	-	733
Investments	33,489,942	34,567,815
Anticipated distributions from endowments	<u>908,230</u>	<u>1,341,120</u>
Total financial assets	39,982,269	41,331,254
Less amounts not available to be used within one year:		
Restricted by donor with purpose or time restrictions	(30,068,805)	(30,167,381)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(3,586,892)</u>	<u>(3,666,603)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>6,326,572</u></u>	\$ <u><u>7,497,270</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 2 – Liquidity and Availability, continued

The Foundation is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in Certificates of Deposit. The Foundation has a quasi-endowment of \$3,586,892. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its quasi-endowment could be made available if necessary. There are reserve funds established by the governing board that may be drawn upon in the event of financial distress or a liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 3 – Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per depositor. As of June 30, 2019, the Foundation's uninsured cash balance was \$2,698,186. The Foundation manages this risk by using high-quality financial institutions.

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

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

Four donors comprised 79% and three donors comprised 70% of promises to give at June 30, 2019 and 2018, respectively. Two donors comprised 32% and 33% of contributions for the years ended June 30, 2019 and 2018, respectively.

Note 4 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2019:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 39,286	\$ -	\$ -	\$ -	\$ 39,286
Certificates of deposit	-	1,408,964	-	-	1,408,964
Mutual funds:					
Large cap	1,670,603	-	-	-	1,670,603
Domestic	5,969,551	-	-	-	5,969,551
International	2,848,890	-	-	-	2,848,890
Nontraditional	2,122,091	-	-	-	2,122,091
Emerging markets	610,417	-	-	-	610,417
Strategic investment group equity	-	-	-	7,945,283	7,945,283
Strategic investment group bonds	-	-	-	3,256,567	3,256,567
Alternative investments:					
Hedge funds	-	-	-	7,156,124	7,156,124
Real assets	-	-	-	462,166	462,166
	<u>\$ 13,260,837</u>	<u>\$ 1,408,964</u>	<u>\$ -</u>	<u>\$ 18,820,140</u>	<u>\$ 33,489,942</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 – Investments and Fair Value Measurement, continued

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>

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

	Fair value at June 30, 2019	Unfunded commitment	Redemption frequency	Redemption notice period
Ironwood Inst MS Hedge Fund [a]	\$ 1,386,221	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,126,630	none	quarterly	60 days
ACL ALT LTD USD A [c]	721,457	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,921,816	none	monthly	1 month
Real Assets [d]	462,166	none	monthly	1 month
Strategic Funds Equity [d]	7,945,283	none	monthly	1 month & 1 business day
Strategic Funds Bonds [d]	3,256,567	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, 2019 and 2018

Note 4 – Investments and Fair Value Measurement, continued

	Fair value at June 30, 2018	Unfunded commitment	Redemption frequency	Redemption notice period
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
Real Assets [d]	531,121	none	monthly	1 month
Strategic Funds Equity [d]	8,454,965	none	monthly	1 month & 1 business day
Strategic Funds Bonds [d]	2,866,554	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.

Note 5 – Promises to Give

Promises to give consist of the following:

	2019	2018
Due in less than one year	\$ 1,171,813	\$ 1,052,541
Due in one to five years	731,089	816,224
Due in more than five years	150,000	-
Gross promises to give	2,052,902	1,868,765
Less:		
Allowance for doubtful promises to give	(389,449)	(362,858)
Discount on promises to give (average imputed rate of 3%)	(93,189)	(39,604)
Promises to give, net	\$ 1,570,264	\$ 1,466,303

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

	2019	2018
Current	\$ 782,364	\$ 689,683
Non-current	787,900	776,620
	\$ 1,570,264	\$ 1,466,303

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 6 – Property and Equipment

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</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>(2,465,262)</u>	<u>(2,423,833)</u>
	794,919	836,348
Land	<u>3,139</u>	<u>3,139</u>
	<u>\$ 798,058</u>	<u>\$ 839,487</u>

Note 7 – Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the year ended June 30, 2018, the employees were transferred to CSU Bakersfield. As such, during the year ended June 30, 2019, the benefit obligation contribution was made by CSU Bakersfield.

Note 8 – 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, 2019:

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Service cost	\$ -	\$ -
Interest cost	44,272	47,954
Amortization net gain	<u>(129,421)</u>	<u>(120,693)</u>
Net periodic postretirement benefit cost	<u>\$ (85,149)</u>	<u>\$ (72,739)</u>

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

	<u>2019</u>	<u>2018</u>
Discount rate	4.00%	3.75%
Expected long-term rate of return	N/A	N/A
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%

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Accumulated postretirement and projected benefit obligation:

	<u>2019</u>	<u>2018</u>
Retirees	\$ <u>1,093,968</u>	\$ <u>1,144,427</u>

Funded status:

	<u>2019</u>	<u>2018</u>
Beginning accrued postretirement benefit obligation	\$ 1,144,427	\$ 1,320,221
Actuarial gain	106,574	(28,840)
Retiree contributions:		
Net periodic postretirement cost	(85,149)	(72,739)
Estimated benefit payments	<u>(71,884)</u>	<u>(74,215)</u>
Ending accrued postretirement benefit obligation	\$ <u>1,093,968</u>	\$ <u>1,144,427</u>

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

	<u>2019</u>	<u>2018</u>
Discount rate	4.00%	4.00%
Health care cost trend rate:		
Present rate before 65	5.25%	5.75%
Present rate 65 and older	5.25%	5.75%
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 2020:

Service cost	\$ -
Interest cost	42,274
Amortization of unrecognized net gain	<u>(132,141)</u>
Net periodic postretirement benefit costs	\$ <u>(89,867)</u>

The expected contribution for the next 10 years:

2020	74,243
2021	74,252
2022	74,162
2023	74,095
2024	74,163
2025-2029	343,574

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 19, 2019 as of and for the year then ended June 30, 2019.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 9 – Restricted Net Assets

Net assets with donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Purpose restrictions		
Scholarships	\$ 5,061,746	\$ 5,830,504
Academic programs	5,561,739	4,673,016
Athletic programs	<u>489,893</u>	<u>1,127,948</u>
	11,113,378	11,631,468
Time restricted		
Athletic programs	877,280	654,263
Scholarships	419,969	451,520
Academic programs	167,304	314,274
General use	<u>105,711</u>	<u>46,246</u>
	1,570,264	1,466,303
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships	<u>17,422,446</u>	<u>17,094,011</u>
	<u>\$ 30,106,088</u>	<u>\$ 30,191,782</u>

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

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Athletic programs	\$ 2,822,143	\$ 2,506,700
Scholarships	1,305,892	1,022,451
Academic programs	<u>1,417,309</u>	<u>2,205,383</u>
	5,545,344	5,734,534
Satisfaction of time restrictions:		
General use	<u>24,701</u>	<u>-</u>
	<u>\$ 5,570,045</u>	<u>\$ 5,734,534</u>

Note 10 – Endowments

The Foundation has adopted the guidance on net classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the 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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 10 – Endowments, continued

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 retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by 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 net assets without donor restrictions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 10 – Endowments, continued

As of June 30, 2019, the endowment net assets composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,586,892	\$ -	\$ 3,586,892
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	17,422,446	17,422,446
Accumulated investment gains	-	4,464,736	4,464,736
	<u>\$ 3,586,892</u>	<u>\$ 21,887,182</u>	<u>\$ 25,474,074</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,666,603	\$ -	\$ 3,666,603
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	17,094,011	17,094,011
Accumulated investment gains	-	4,969,138	4,969,138
	<u>\$ 3,666,603</u>	<u>\$ 22,063,149</u>	<u>\$ 25,729,752</u>

The changes in endowment net assets for the year ended June 30, 2019, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,666,603	\$ 22,063,149	\$ 25,729,752
Contributions	20,866	248,514	269,380
Transfer to endowment (Note 11)	-	79,921	79,921
Appropriated expenditures	(199,854)	(1,141,266)	(1,341,120)
Investment return, net	99,277	636,864	736,141
Endowment net assets, end of year	<u>\$ 3,586,892</u>	<u>\$ 21,887,182</u>	<u>\$ 25,474,074</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,541,345	\$ 20,398,195	\$ 23,939,540
Contributions	-	607,424	607,424
Transfer to endowment (Note 11)	-	453,193	453,193
Appropriated expenditures	(178,570)	(1,079,398)	(1,257,968)
Investment return, net	303,828	1,683,735	1,987,563
Endowment net assets, end of year	<u>\$ 3,666,603</u>	<u>\$ 22,063,149</u>	<u>\$ 25,729,752</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 10 – Endowments, continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act (SPMIFA) requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 4 donor-restricted endowment funds, which together have an original gift value of \$216,451, a current fair value of \$176,271, and a deficiency of \$40,180 as of June 30, 2019. Deficiencies of this nature exist in 8 donor-restricted endowment funds, which together have an original gift value of \$968,349, a current fair value of \$921,531, and a deficiency of \$46,817 as of June 30, 2018. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds.

The Foundation does not permit spending from underwater donor-restricted endowment funds unless otherwise permitted by donor intent. The governing board appropriated for expenditure \$1,000 from underwater endowment funds during the year, which represents 12.6% of the 3-year moving average, not the 4% it generally draws from its endowment.

Note 11 – Donor Transfers

During the years ended June 30, 2019 and 2018, donors changed their gifts from those that were temporary in nature to those that were perpetual in nature. As a result, \$79,921 and \$453,193 were transferred to the endowment during the years ended June 30, 2019 and 2018, respectively, where funds will be maintained in perpetuity.

Note 12 – Transactions with Related Parties

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

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by 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, 2019 and 2018 with related parties are reflected in the accompanying financial statements as follows:

	<u>2019</u>	<u>2018</u>
Revenue:		
University:		
Student services	\$ 580,752	\$ 326,756
Program fees	13,459	29,663
Sponsored Programs Administration	5,223	7,240
Associated Students	1,324	4,241
Student Union	4,874	16,060
	<u>\$ 605,632</u>	<u>\$ 383,960</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 12 – Transactions with Related Parties, continued

	<u>2019</u>	<u>2018</u>
Expenses:		
University:		
Administrative services	\$ 4,523,847	\$ 4,005,967
Interest	26,984	28,468
Sponsored Programs Administration	48	47,483
Associated Students	206,252	60,347
Student Union	51,284	6,818
	<u>\$ 4,808,415</u>	<u>\$ 4,149,083</u>
Due from:		
University	\$ 99,069	\$ 268,145
Sponsored Programs Administration	-	39
Associated Students	-	1,350
Student Union	324	8,632
	<u>\$ 99,393</u>	<u>\$ 278,166</u>
Due to:		
University	\$ 54,132	\$ 318,729
Sponsored Programs Administration	-	47,480
Associated Students	155,009	1,674
Student Union	31,670	1,669
	<u>\$ 240,811</u>	<u>\$ 369,552</u>

Note 13 – Risks and Uncertainties

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

Note 14 – Conditional Promise to Give

The Foundation received a \$1,000,000 gift during the year ended June 30, 2019 to make improvements at the Icardo Center. Of that amount, \$600,000 is unconditional and the remaining \$400,000 is conditional on the initial improvements being substantially completed. A conditional promise to give does not meet the standard for revenue recognition, as such, the \$400,000 conditional portion of the promise to give has not recognized in the statement of activities for the year ended June 30, 2019.

Note 15 – Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications in the statements of functional expenses and activities. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2019

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,907,424
Short-term investments	—
Accounts receivable, net	106,409
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	782,364
Prepaid expenses and other current assets	—
Total current assets	<u>4,796,197</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	787,900
Endowment investments	24,993,749
Other long-term investments	8,496,193
Capital assets, net	889,728
Other assets	427,327
Total noncurrent assets	<u>35,594,897</u>
Total assets	<u>40,391,094</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	65,599
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	165,100
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	384,807
Total current liabilities	<u>615,506</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	1,019,725
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>1,019,725</u>
Total liabilities	<u>1,635,231</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	889,728
Restricted for:	—
Nonexpendable – endowments	17,422,446
Expendable:	—
Scholarships and fellowships	5,481,715
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	7,201,927
Unrestricted	7,760,047
Total net position	<u>\$ 38,755,863</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2019

(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	1,766,719
Total operating revenues	<u>1,766,719</u>
Expenses:	
Operating expenses:	
Instruction	70,643
Research	—
Public service	—
Academic support	—
Student services	2,563,742
Institutional support	2,559,108
Operation and maintenance of plant	1,003,512
Student grants and scholarships	1,435,062
Auxiliary enterprise expenses	—
Depreciation and amortization	41,429
Total operating expenses	<u>7,673,496</u>
Operating income (loss)	<u>(5,906,777)</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	3,936,596
Investment income (loss), net	15,319
Endowment income (loss), net	741,635
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>4,693,550</u>
Income (loss) before other revenues (expenses)	(1,213,227)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	328,435
Increase (decrease) in net position	(884,792)
Net position:	
Net position at beginning of year, as previously reported	39,640,655
Restatements	—
Net position at beginning of year, as restated	<u>39,640,655</u>
Net position at end of year	<u>\$ 38,755,863</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments
 All other restricted cash and cash equivalents
Noncurrent restricted cash and cash equivalents
 Current cash and cash equivalents
Total

-
-
3,907,424
\$ 3,907,424

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	-	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	1,408,964	1,408,964
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	3,256,567	3,256,567
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	13,221,552	13,221,552
Exchange traded funds	-	-	-
Equity securities	-	7,984,569	7,984,569
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	7,156,124	7,156,124
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	462,166	462,166
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	-	33,489,942	33,489,942
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ -	33,489,942	33,489,942

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	1,408,964	-	1,408,964	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	3,256,567	-	-	-	3,256,567
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	13,221,552	13,221,552	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	7,984,569	39,286	-	-	7,945,283
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	7,156,124	-	-	-	7,156,124
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	462,166	-	-	-	462,166
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	\$ 33,489,942	13,260,838	1,408,964	-	18,820,140

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv pool):	-	-	\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable 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	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets:	15,500	-	-	-	15,500	-	-	-	15,500
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
Total non-depreciable/non-amortizable capital assets	223,902	-	-	-	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, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
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: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(585,957)	-	-	-	(585,957)	-34207	-	-	(620,164)
Improvements, other than buildings	(33,593)	-	-	-	(33,593)	-3649	-	-	(37,242)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:									
Equipment	(1,701,053)	-	-	-	(1,701,053)	-3573	-	-	(1,704,626)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(2,552,926)	-	-	-	(2,552,926)	(41,429)	-	-	(2,594,355)
Total capital assets, net	\$ 931,157	-	-	-	\$ 931,157	(41,429)	-	-	889,728

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 41,429
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 41,429

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclass ifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	-	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	-	-	-	-

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	330,224
Payments to University for other than salaries of University personnel	4,220,607
Payments received from University for services, space, and programs	594,211
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)	(54,132)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	99,069
Other amounts receivable from University (enter as positive number)	-

8 Restatements/Prior period adjustments:

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

Transaction #1	Enter transaction description	Debit/(Credit)
		-
		-
		-
		-
		-
		-
Transaction #2	Enter transaction description	-
		-
		-
		-
		-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2019

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	70,643	-	70,643
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	319,660	135,799	-	-	-	2,108,283	-	2,563,742
Institutional support	118,017	105,238	-	18,759	-	2,317,094	-	2,559,108
Operation and maintenance of plant	-	-	-	-	-	1,003,512	-	1,003,512
Student grants and scholarships	-	-	-	-	1,435,062	-	-	1,435,062
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	41,429	41,429
Total operating expenses	437,677	241,037	-	18,759	1,435,062	5,499,532	41,429	7,673,496

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
-	-
-	-
-	-
-	-
-	-
-	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
-	-
-	-
-	-
-	-
-	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018



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

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 3-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The supplementary information included on pages 16-24 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 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 13, 2019, 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 13, 2019

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

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, 2018 through June 30, 2019. 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, 2019, 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, 2018 through June 30, 2019. Included, is an analysis of the current year activities and balances.

During the reporting period, the Organization generated and submitted 55 proposals requesting for approximately \$30 million, with about \$4 million in anticipated Facilities and Administrative (F&A) cost recovery – the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many requests for proposals offer a lower rate and certain categories of expense may not be used when calculating the actual cost recovery.

Highlights of Proposed Projects

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

Academic and Administrative Departments

Administrative and academic departments submitted various proposals to support student needs, address college readiness, and form partnerships with local agencies. Enrollment management proposed a \$6.6 million project to the Department of Education under the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP). The program is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education, providing six-year grants to establish partnerships with higher education and high-poverty middle to high schools.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

The California State University, Bakersfield Auxiliary for Sponsored Programs Administration Children's Center (Children's Center) submitted a \$586,042 grant to the Department of Education to support low-income parents enrolled at CSU Bakersfield. Through the Children's Center's provision of campus-based childcare services, the Child Care Access Means Parents in School Program (CCAMPIS) will subsidize care costs for parents and guardians. The Division of Extended Education and Global Outreach (EEGO) proposed a \$174,832 project to America's Job Center of California through the County of Kern. The project will provide drug and alcohol counselor training program to a select student cohort in preparation for workforce entry.

Arts and Humanities (AH)

Faculty from the School of Arts and Humanities submitted several proposals to the California Humanities, an independent nonprofit organization and a partner of the National Endowment for the Humanities. Proposal titles and the originating departments included *Spanish Language & Linguistics Speakers Series* (Modern Languages and Literatures), *Kern County Poetry* (English), and *Philosophy for Children and Teens Summer Programming at Kern County Libraries* (Philosophy and Religious Studies) each requesting \$5,000 for programmatic support. The proposals centered on community conversations, regional programming, and engaging local school children with new curriculum practices. Each project reflects the diversity of culture within CSU Bakersfield and the community.

Business and Public Administration (BPA)

Grant proposals focused on economic development, entrepreneurship support, and providing research experiences to undergraduate students. A *Minority Sustainable Business Module Project* requested \$382,494 from the Department of Commerce. The project seeks to address the need for minority business education, technical assistance, and support. Similarly, *Development of an Innovation and Entrepreneurship Incubator in Kern County, California* focuses on creating local capacity with a requested \$509,796 in funding to the Economic Development Administration. Student and faculty engagement play a pivotal role in *BRIXCAL: Building Research and Internship Experiences for Hispanics in California's Central Valley*. The proposal requests \$250,000 from the Department of Agriculture to engage students through research intensive experiences with external community partnerships for internships. Each proposal addresses specific needs of the region, seeking to advance educational and economic outcomes.

Natural Sciences, Mathematics, and Engineering (NSME)

The National Science Foundation received several proposals from the School of Natural Sciences, Mathematics, and Engineering (NSME). Proposals included a \$790,477 collaborative proposal with California State University, Fresno, to the Improving Undergraduate STEM Education: Hispanic-Serving Institutions Program. The proposal entitled *Catalyzing New Practices for the San Joaquin Valley to Innovate Effective Teaching Pedagogies in Lower-Division Mathematics and Chemistry Courses* will fund new teaching practices to address key courses in the undergraduate curriculum. Other research proposals from various departments include *Correlating Optoelectronic Properties with Defects in One-Dimensional Perovskite Nanocrystals* in the amount of \$186,996 from Physics and Engineering, *Drought Resistance of Woody Plants from Mediterranean-type Climate Regions: Supporting Students through Access to Cutting-edge Technology and a Research-integrated International Experience* in the amount of \$99,994 from Mathematics and Biology, and *Investigating the Influences of Hydrothermal and Respired Carbon in Intermediate Waters of the Equatorial Pacific Ocean during the Last Deglaciation* in the amount of \$255,788 from Geological Sciences.

The Department of Nursing submitted *Transforming the Workforce: From Education to Service (TWES)* to the Department of Health and Human Services in the amount of \$2,797,693. The proposal will support students and establish a workforce pipeline within a partnership to address rural nurse shortages. The California Energy Research Center submitted a project to the California Governor's Office of Planning and Research for the California Educational Learning Lab. The Project would organize intersegmental faculty teams to incorporate learning science and adaptive learning technology into their curriculum with the intent of increasing learning outcomes and closing equity and achievement gaps in science, technology, engineering, and math (STEM). *California Challenges in STEM Energy Education* will bring California State University, Bakersfield, Bakersfield College, and the University California, Merced, together on an approximate \$1.5 million collaborative proposal.

See independent auditors' report.

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

Management's Discussion and Analysis

Year Ended June 30, 2019

Social Sciences and Education (SSE)

Community partnerships and student workforce linkages make up noted proposals. The Department of Social Work in collaboration with University of California, Berkeley, submitted a \$3,374,416 proposal to the Title IV-E Stipend Program with the California Social Worker Education Center. The program provides professional education and monetary support to undergraduate and graduate social work students who intend to pursue or continue a career in the field of public child welfare. The Department of Social Work and Department of Criminal Justice collaborated on the joint proposal entitled *A State-wide Evaluation on the Effectiveness of Youth Diversion Programs*, requesting \$228,748 from the California Board of State and Community Corrections. The proposal will provide a programmatic assessment of state initiatives that fund programs and services that will divert youth away from the juvenile justice system. Additionally, in collaboration with the Bakersfield City School District, the *National Youth Sports Program (NYSP)* proposal requests \$148,446 to engage K-12 students in math, science, and drug and alcohol prevention classes while providing access to recreational facilities.

Statements of Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current assets	\$ 3,508,901	\$ 2,911,140	\$ 3,170,393
Capital assets	193,433	200,179	181,365
Total Assets	<u>3,702,334</u>	<u>3,111,319</u>	<u>3,351,758</u>
Liabilities:			
Current liabilities	<u>2,314,157</u>	<u>2,017,020</u>	<u>2,214,032</u>
Net Position	<u>\$ 1,388,177</u>	<u>\$ 1,094,299</u>	<u>\$ 1,137,726</u>

Assets

Assets increased by \$591 thousand to \$3.7 million due to a decrease in cash of \$2 thousand, an increase in accounts receivable of \$571 thousand, an increase of \$29 thousand in amounts due from related parties, and a decrease of \$7 thousand in capital assets.

Liabilities

Total liabilities increased by \$297 thousand to \$2.3 million due to an increase in due to related parties of \$596 thousand and accrued expenses of \$234 thousand and a decrease in deferred revenue of \$502 thousand and accounts payable of \$31 thousand.

Net Position

Total net position increased by \$294 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 F&A cost recovery revenue to not only reimburse the University for fiscal administration services and academic release time salaries, but also, to transfer a surplus of funds which the University utilized to invest in consulting services to better serve and support some of the most complex grants.

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

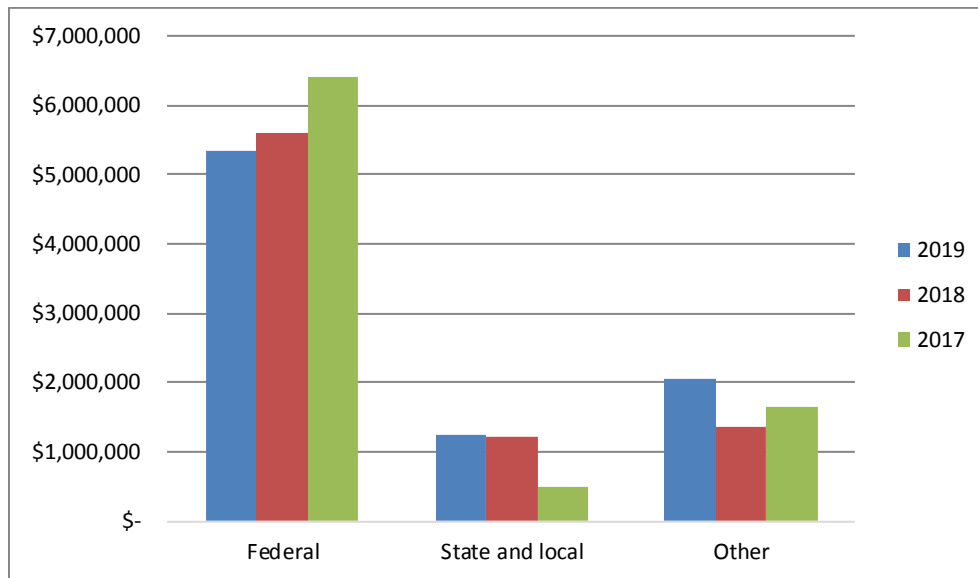
Management’s Discussion and Analysis

Year Ended June 30, 2019

Schedules of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017
Operating Revenue and Other Support:			
Grants	\$ 7,572,077	\$ 7,691,371	\$ 7,969,378
Other operating revenues	1,099,036	498,434	569,185
Total Operating Revenue and Other Support	8,671,113	8,189,805	8,538,563
Expenses:			
Program services	7,629,204	7,441,170	7,868,912
General and administrative	748,031	792,062	476,065
Total Expenses	8,377,235	8,233,232	8,344,977
Change in operations before transfer	293,878	(43,427)	193,586
Transfer of Net Deficit, Children’s Center (Note 5)	-	-	(163,581)
Change in Net Position	293,878	(43,427)	30,005
Net Position, beginning	1,094,299	1,137,726	1,107,721
Net Position, ending	\$ 1,388,177	\$ 1,094,299	\$ 1,137,726

Revenue



Overall revenues increased from \$8.2 to \$8.7 million. While the federal share of revenue decreased from 69 to 62 percent, state share of revenue remained constant at 10 percent and local share of revenue reflected no change at 5 percent. Other revenue increased from 6 to 13 percent. The decrease in the federal share is due to the Teacher Quality Program (TQP) grant activity reduction of \$250 thousand and the closure of the Crossing Borders grant equating to a decrease of \$13 thousand. The increase in other revenue from 6 to 13 percent is primarily due to a transfer from the University to the Organization of \$455 thousand.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

Expenses

Overall 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 \$4.3 million, whereas \$4.1 million relates to non-payroll grant expenses. General and administrative expenses consist of expenditures related to faculty-release time and reimbursements to the University for business and administrative services. General and administrative expenses decreased by \$44 thousand from \$792 thousand to \$748 thousand. This is mainly due to a decrease in services from other agencies and small equipment categories. The small equipment decrease is primarily driven by grant software expense in the prior year.

Factors Bearing on the Organization's Future

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

Contacting the Organization's Financial Management

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

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

Statements of Net Position

June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash	\$ 1,884,726	\$ 1,886,428
Accounts receivable	1,535,680	964,515
Due from related parties	88,461	58,633
Prepaid expenses	34	1,564
Capital assets, net of accumulated depreciation	<u>193,433</u>	<u>200,179</u>
 Total Assets	 3,702,334	 3,111,319
 LIABILITIES		
Accounts payable	205,969	237,278
Due to related parties	1,445,249	849,474
Accrued expenses	407,950	173,457
Deferred revenue	<u>254,989</u>	<u>756,811</u>
 Total Liabilities	 <u>2,314,157</u>	 <u>2,017,020</u>
 NET POSITION		
Net investment in capital assets	193,433	200,179
Unrestricted	<u>1,194,744</u>	<u>894,120</u>
 Total Net Position	 <u>\$ 1,388,177</u>	 <u>\$ 1,094,299</u>

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenue and Other Support:		
Grants:		
Federal	\$ 5,357,388	\$ 5,616,489
Non-governmental	959,105	865,989
State	842,431	800,543
Local	413,153	408,350
Other	<u>1,099,036</u>	<u>498,434</u>
Total Operating Revenue and Other Support	8,671,113	8,189,805
Operating Expenses:		
Program services	7,629,204	7,441,170
General and administrative	<u>748,031</u>	<u>792,062</u>
Total Operating Expenses	<u>8,377,235</u>	<u>8,233,232</u>
Change in Net Position	293,878	(43,427)
Net Position, beginning	<u>1,094,299</u>	<u>1,137,726</u>
Net Position, ending	<u>\$ 1,388,177</u>	<u>\$ 1,094,299</u>

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

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 7,568,298	\$ 8,596,950
Payments to suppliers	(3,417,672)	(3,859,096)
Payments to employees	<u>(4,093,908)</u>	<u>(4,233,401)</u>
Net Cash Provided by Operating Activities	56,718	504,453
Cash Flows Used by Capital and Related Financing Activities:		
Acquisitions of capital assets	<u>(58,420)</u>	<u>(65,281)</u>
Net Increase (Decrease) in Cash	(1,702)	439,172
Cash, beginning	<u>1,886,428</u>	<u>1,447,256</u>
Cash, ending	<u>\$ 1,884,726</u>	<u>\$ 1,886,428</u>
Cash Flows from Operating Activities:		
Change in net position	\$ 293,878	\$ (43,427)
Adjustments to reconcile change in net position:		
Depreciation	29,881	39,616
Transfer of capital assets	35,285	6,851
Changes in operating assets and liabilities:		
Accounts receivable	(571,165)	675,048
Due from related parties	(29,828)	22,459
Prepaid expenses	1,530	918
Accounts payable	(31,309)	66,941
Due to related parties	595,775	(111,000)
Accrued expenses	234,493	137,409
Deferred revenue	<u>(501,822)</u>	<u>(290,362)</u>
Net Cash Provided by Operating Activities	<u>\$ 56,718</u>	<u>\$ 504,453</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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, 2019 and 2018 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, 2019 and 2018

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

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2019, 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, 2019, 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, 2019:

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

Changes in capital assets consist of the following for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Transfers	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>(154,161)</u>
	<u>\$ 181,365</u>	<u>\$ 25,665</u>	<u>\$ 6,851</u>	<u>\$ 200,179</u>

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.

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

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 – Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Revenue:		
University	\$ 528,422	\$ 34,589
Foundation	48	47,483
Associated Students	150,226	147,734
Student Union	35,000	-
	<u>\$ 713,696</u>	<u>\$ 229,806</u>
Expenses:		
Services from other agencies:		
University	\$ 4,098,214	\$ 4,105,356
Foundation	5,223	7,240
Associated Students	-	6,278
Student Union	15,492	10,048
	<u>\$ 4,118,929</u>	<u>\$ 4,128,922</u>
Due from:		
University	\$ 53,461	\$ 10,539
Foundation	-	47,483
Associated Students	-	611
Student Union	35,000	-
	<u>\$ 88,461</u>	<u>\$ 58,633</u>
Due to:		
University	\$ 1,445,249	\$ 843,112
Foundation	-	39
Associated Students	-	6,278
Student Union	-	45
	<u>\$ 1,445,249</u>	<u>\$ 849,474</u>

Note 5 – Subsequent Event – Transfer of Children’s Center

In fiscal year 2019, the Board of Directors of the Organization and Student Union approved the transfer of the California State University, Bakersfield Auxiliary for Sponsored Programs Children’s Center contracts for both preschool and childcare and development to Student Union. The transfer was approved by the California Department of Education in fiscal year 2020 with an effective date of July 1, 2019.

SUPPLEMENTAL INFORMATION

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2019

	Program Services	General and Administrative	Total
Salaries	\$ 3,378,928	\$ -	\$ 3,378,928
Services from other agencies	728,884	607,753	1,336,637
Payroll taxes and benefits	949,473	-	949,473
Stipends	830,171	-	830,171
Supplies	798,067	6,271	804,338
Professional fees	201,464	43,167	244,631
Travel	238,128	5,776	243,904
Miscellaneous	143,462	276	143,738
Conference and meetings	100,160	2,734	102,894
Small equipment	25,299	54,454	79,753
Advertising	45,055	-	45,055
Scholarships	38,689	-	38,689
Printing and publications	34,864	870	35,734
Depreciation	29,881	-	29,881
Dues and subscriptions	12,817	14,154	26,971
Rent	24,054	315	24,369
Repairs and maintenance	21,010	22	21,032
Insurance	3,314	12,221	15,535
Telephone	8,111	-	8,111
Parking	6,314	10	6,324
Events	6,069	-	6,069
Postage	4,990	8	4,998
	<u>7,629,204</u>	<u>748,031</u>	<u>8,377,235</u>
Total Expenses	\$ <u>7,629,204</u>	\$ <u>748,031</u>	\$ <u>8,377,235</u>

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

Schedule of 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 Net Position

June 30, 2019

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,884,726
Short-term investments	—
Accounts receivable, net	1,624,141
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	34
Total current assets	3,508,901
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	193,433
Other assets	—
Total noncurrent assets	193,433
Total assets	3,702,334
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	1,651,218
Accrued salaries and benefits	340,880
Accrued compensated absences, current portion	48,506
Unearned revenues	254,989
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	18,564
Total current liabilities	2,314,157
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	2,314,157
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	193,433
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,194,744
Total net position	\$ 1,388,177

See independent auditors' report.

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2019

(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	5,357,388
State	842,431
Local	413,153
Nongovernmental	959,105
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances (enter as negative)	—
Other operating revenues	1,099,036
Total operating revenues	<u>8,671,113</u>
Expenses:	
Operating expenses:	
Instruction	281,510
Research	1,491,110
Public service	2,075,441
Academic support	497,332
Student services	1,459,005
Institutional support	785,814
Operation and maintenance of plant	—
Student grants and scholarships	1,757,142
Auxiliary enterprise expenses	—
Depreciation and amortization	29,881
Total operating expenses	<u>8,377,235</u>
Operating income (loss)	<u>293,878</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	—
Net nonoperating revenues (expenses)	<u>—</u>
Income (loss) before other revenues (expenses)	293,878
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	293,878
Net position:	
Net position at beginning of year, as previously reported	1,094,299
Restatements	—
Net position at beginning of year, as restated	<u>1,094,299</u>
Net position at end of year	<u>\$ 1,388,177</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	1,884,726
Total	\$ 1,884,726

2.1 Composition of investments:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

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

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	-	-	\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 29,881
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 29,881

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclass ifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 45,618	-	45,618	36,374	(33,486)	48,506	48,506	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 45,618	-	45,618	36,374	(33,486)	48,506	48,506	-

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB		All other capital lease obligations		Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal and Interest
Year ending June 30:							
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-
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, 2019

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and	Principal Only	Interest Only	Principal and	Principal Only	Interest Only	Principal and
			Interest			Interest			Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,380,445
Payments to University for other than salaries of University personnel	1,717,769
Payments received from University for services, space, and programs	528,422
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts payable to University (enter as negative number)	(1,445,249)
Other amounts payable to University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	53,461
Other amounts receivable from University (enter as positive number)	-

8 Restatements/Prior period adjustments:

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

Transaction #	Enter transaction description	Debit/(Credit)
Transaction #1	Enter transaction description	-
		-
		-
		-
		-
Transaction #2	Enter transaction description	-
		-
		-
		-
		-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	165,193	43,542	35,848	-	-	36,927	-	281,510
Research	720,579	79,455	50,643	-	-	640,433	-	1,491,110
Public service	938,264	202,519	75,182	-	-	859,476	-	2,075,441
Academic support	185,127	23,022	4,783	-	-	284,400	-	497,332
Student services	937,040	188,935	72,537	-	-	260,493	-	1,459,005
Institutional support	9,080	1,087	-	-	-	775,647	-	785,814
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,757,142	-	-	1,757,142
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	29,881	29,881
Total operating expenses	\$ 2,955,283	538,560	238,993	-	1,757,142	2,857,376	29,881	8,377,235

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
	-
	-
	-
	-
	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
	-
	-
	-
	-
	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

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

To the Board of Directors
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, 2019, 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 13, 2019.

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 13, 2019

**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, 2019. 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, 2019.

**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 13, 2019

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<u>Research and Development Cluster:</u>				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
USDA Novel Research	10.310	2016-67032-25008	\$ 95,496	\$ -
Integrated Project	10.326	2018-70001-27831	48,424	-
Pass-through Research Triangle Institute:				
Assessing Human Health Impacts	10.310	888-17-04-02	8,814	-
Pass-through California Department of Food & Agriculture:				
Mist Cooling to Delay Bloom	10.170	17-0275-038-SC	51,308	-
			204,042	-
<u>U.S. Department of Interior, Bureau of Reclamation</u>				
Pass-through The Metropolitan Water District of Southern California:				
Designing & Building Electroclada	15.530	179948	5,205	-
<u>U.S. Department of Defense</u>				
Direct Program:				
Quantative Forcasting	12.630	W911NF-15-1-0498	68,366	-
Pass-through Desert Research Institute:				
Impacts of Climate & Land Use on Valley Fever	12.999	663.7240.01	997	-
			69,363	-
<u>U.S. Department of Justice</u>				
Pass-through City of Bakersfield BPD:				
Shot Spotter	16.609	18-019 US17 01 6203	49,557	-
<u>National Science Foundation</u>				
Direct Programs:				
EARS:Collab Res: Overcoming Propagation Challenges	47.041	ECCS-1642567	26,805	-
Career 1 Grant	47.074	IOS-1252232	34,061	-
IUSE STEM Retention	47.076	DUE-1430398	162,553	-
CSUB NSF Crest Phase II	47.076	HRD-1547784	829,021	-
Collab Res: GP-EXTRA	47.050	Awd No. 1700942	69,695	-
Testing the fidelity of Nd Isotopes	47.050	1811798	61,579	-
Pass-through trustee of Columbia University:				
IOPD Expedition 359	47.050	27(GG009393)	15,383	-
Pass-through UC Berkeley:				
Transforming College Teaching	47.076	9393	28,307	-
Pass-through CSU Sacramento:				
CSU-LSAMP (2018-2023)	47.076	HRD-1826490	10,013	-
			1,237,417	-
<u>U.S. Department of Energy</u>				
Pass-through Electric Power Research Institute:				
California CO2 Storage	81.089	10007216	289	-
<u>U.S. Department of Education</u>				
Direct Programs:				
CSUB CCAMPIS Project	84.335	P335A180240	84,655	-
TQP III: Citizen Scientist Path	84.336	U336S180012	46,558	-
			131,213	-
Total Research and Development Cluster			\$ 1,697,086	\$ -
<u>TRIO Cluster:</u>				
<u>U.S. Department of Education</u>				
Direct Program:				
TRIO - Talent Search	84.044	P044A160244	\$ 520,966	\$ -
Total TRIO Cluster			\$ 520,966	\$ -

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<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-8050	\$ 54,430	\$ -
California State Preschool Program	93.575/93.596	CSPP-8121	29,138	-
			<u>83,568</u>	<u>-</u>
Total CCDF Cluster				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
RELO: Research, Experiential and Learning Opportunities	10.223	2016-38422-25544	\$ 57,011	\$ -
Investigate Use of Treated Unconventional Water	10.326	2017-70001-25983	60,723	-
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	35,999	-
			<u>153,733</u>	<u>-</u>
<u>U.S. Department of Justice/Office on Violence Against Women</u>				
Direct Program:				
Roadrunner Risk Reduction Prog	16.525	2018-WA-AX-0046	19,139	-
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Books 2017	17.264	493-2017	252	-
Migrant Books 2018	17.264	687-2018	23,492	-
Pass-through BCSD, Migrant Education Program, Region 21:				
BCSD Residential Academy	17.999	S011A190005	25,607	-
			<u>49,351</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Pass-through California Humanities:				
Spanish Language & Linguistics	45.129	HFAQ18-112	1,816	-
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center 2018	59.037	F300GVA06	185,431	-
Small Business Development Center 2019	59.037	SBAHQ-19-B-0067	9,683	-
			<u>195,114</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
HEP-High School Equivalency Program	84.141	S141A150005-16	539,743	-
CAMP Program	84.149	S149A150026-16	494,989	-
Practices to Optimize Special Education	84.325	H325K140418	182,482	-
MSEIP (Minority Science and Engineering Improvement Program)	84.120	P120A140051	115,023	-
TQP GRO STEM	84.336	U336S140047	1,195,962	100,000
Pass-through Regents of UCOP:				
NCLB 14	84.367	NCLB14-CMP-Bakersfield	1,469	-
			<u>2,529,668</u>	<u>100,000</u>
<u>U.S. Department of Health & Human Services</u>				
Pass-through NIH-NLM National Library of Medicine/UCLA:				
Supporting RN Explorers Progra	93.879	5UG4LM012341-03	6,947	-
			<u>6,947</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,257,388</u>	<u>\$ 100,000</u>

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

Notes to Schedule of Expenditure of Federal Awards

Year Ended June 30, 2019

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, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Type of auditors' report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various 84.141	Research and Development Cluster HEP-High School Equivalency Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee under the Uniform Guidance, 2 CFR section 200.520?	Yes
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**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
ADMINISTRATION**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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, 2019

Section IV – Schedule of Prior Year Findings

None reported.

California State University, Bakersfield Student Union

Financial Statements and Supplemental Information
Years Ended June 30, 2019 and 2018



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Financial Statements with Supplemental Information

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 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, 2019 and 2018, 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

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, California State University, Bakersfield Student Union adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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 14-24 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, 2019

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

June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 1,669,523	\$ 2,486,378
Accounts receivable, net of allowance for doubtful accounts of \$164 (2019) and \$1,605 (2018)	106,828	59,289
Due from related parties	<u>43,421</u>	<u>20,219</u>
Total Current Assets	1,819,772	2,565,886
Property and Equipment, net of accumulated depreciation	<u>1,533,942</u>	<u>823,580</u>
Total Assets	<u>\$ 3,353,714</u>	<u>\$ 3,389,466</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 247,826	\$ 185,019
Due to related parties	<u>242,226</u>	<u>408,425</u>
Total Current Liabilities	490,052	593,444
Net Assets - Without Donor Restrictions	<u>2,863,662</u>	<u>2,796,022</u>
Total Liabilities and Net Assets	<u>\$ 3,353,714</u>	<u>\$ 3,389,466</u>

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and Support Without Donor Restrictions:		
Student fees	\$ 2,789,334	\$ 3,214,541
In-kind contribution	1,395,270	1,395,270
Facility rental	269,328	199,341
Other	141,618	273,389
Membership fees	71,280	67,972
Contracted space rentals	-	27,230
	<u>4,666,830</u>	<u>5,177,743</u>
Total Revenue and Support Without Donor Restrictions	4,666,830	5,177,743
Expenses:		
Program services:		
Student Union	855,780	754,762
Student Recreation Center	3,076,381	3,016,122
General and administrative	667,029	695,954
	<u>4,599,190</u>	<u>4,466,838</u>
Total Expenses	4,599,190	4,466,838
Change in Net Assets	67,640	710,905
Net Assets - Without Donor Restrictions, beginning	<u>2,796,022</u>	<u>2,085,117</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 2,863,662</u>	<u>\$ 2,796,022</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Total
	Student Union	Student Recreation Center	Program Services Total	General and Administrative	
Occupancy	\$ 333,244	\$ 1,364,827	\$ 1,698,071	\$ 46,608	\$ 1,744,679
Salaries and wages	328,199	1,030,885	1,359,084	262,784	1,621,868
Employee benefits	110,528	153,223	263,751	153,687	417,438
Supplies	70,263	222,959	293,222	32,337	325,559
Depreciation	-	195,355	195,355	15,867	211,222
Miscellaneous	-	-	-	64,755	64,755
Minor equipment	670	36,830	37,500	-	37,500
Insurance	-	-	-	37,054	37,054
Travel	5,999	18,076	24,075	11,699	35,774
Information technology	1,751	30,720	32,471	1,088	33,559
Accounting	-	-	-	31,700	31,700
Advertising and promotion	1,200	12,978	14,178	-	14,178
Conference, conventions, and meetings	-	5,273	5,273	4,007	9,280
Dues and subscriptions	1,613	1,743	3,356	5,443	8,799
Office expense	2,313	3,512	5,825	-	5,825
Total expenses	\$ 855,780	\$ 3,076,381	\$ 3,932,161	\$ 667,029	\$ 4,599,190

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services				Total
	Student Union	Student Recreation Center	Program Services Total	General and Administrative	
Occupancy	\$ 310,637	\$ 1,416,406	\$ 1,727,043	\$ 49,910	\$ 1,776,953
Salaries and wages	258,616	1,020,648	1,279,264	231,385	1,510,649
Employee benefits	106,865	136,017	242,882	142,793	385,675
Supplies	63,399	171,257	234,656	39,779	274,435
Depreciation	-	148,191	148,191	21,421	169,612
Insurance	-	-	-	134,999	134,999
Information technology	2,934	41,208	44,142	1,172	45,314
Travel	6,009	18,571	24,580	14,719	39,299
Minor equipment	737	31,955	32,692	-	32,692
Miscellaneous	-	-	-	28,500	28,500
Accounting	-	-	-	21,247	21,247
Advertising and promotion	534	15,828	16,362	-	16,362
Conference, conventions, and meetings	-	7,996	7,996	4,704	12,700
Dues and subscriptions	950	4,489	5,439	5,325	10,764
Office expense	4,081	3,556	7,637	-	7,637
Total expenses	\$ 754,762	\$ 3,016,122	\$ 3,770,884	\$ 695,954	\$ 4,466,838

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 67,640	\$ 710,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	211,222	169,612
Changes in operating assets and liabilities:		
Accounts receivable, net	(47,539)	(26,970)
Due from related parties	(23,202)	72,729
Accounts payable and accrued expenses	62,807	114,795
Due to related parties	<u>(166,199)</u>	<u>259,629</u>
Net Cash Provided by Operating Activities	104,729	1,300,700
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(921,584)</u>	<u>(57,486)</u>
Net Increase (Decrease) in Cash	(816,855)	1,243,214
Cash, beginning	<u>2,486,378</u>	<u>1,243,164</u>
Cash, ending	<u>\$ 1,669,523</u>	<u>\$ 2,486,378</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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 also operates a student recreation center to allow students to achieve physical and mental well-being through a variety of programs and services. The Organization's primary source of revenue is student fees that have been remitted to CSU Bakersfield.

New Accounting Pronouncement

During the year ended June 30, 2019, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions until the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

Financial Statement Presentation

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

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2019 and 2018.

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, 2019 and 2018 and therefore no amounts have been accrued.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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.

Student Fees

Each matriculated student of the University was required to pay \$301 and \$234 per semester for student fees for the years ended June 30, 2019 and 2018, respectively. 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 Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by fund alone or a combination of fund and department. There are two funds in the Organization. Both funds have expenses that are programmatic and general and administrative in nature and certain costs initially captured within the funds, such as director and support staff salaries and benefits, audit costs, general insurance and bank fees, are presented as general and administrative instead of program costs.

Future Accounting Standards

The Financial Accounting Standards Board (FASB) has issued three substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Organization is in the process of assessing how this new ASU and subsequent updates will affect the Organization's reporting of revenues. This assessment includes determining the effect of the new standard on the Organization's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Organization does not currently expect adoption to have a material effect on its revenue. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In June 2018, ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance will assist nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. This update is effective for transactions in which the entity serves as the resource recipient for fiscal years beginning after December 15, 2018. The Organization is evaluating the effect that the provisions of ASU 2018-08 will have on its financial statements and related disclosures.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Future Accounting Standards, continued

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. On July 17, 2019, the FASB voted to propose delaying the effective date by one year. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2019, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,669,523	\$ 2,486,378
Accounts receivable, net	106,828	59,289
Due from related parties	<u>43,421</u>	<u>20,219</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,819,772</u>	<u>\$ 2,565,886</u>

The Organization is substantially supported by student fees collected by the University and are subsequently transferred to the Organization. These fees carry no donor restrictions, and therefore, all financial assets are available for general expenditure within one year. Fees collected by the University that have not been transferred to the Organization by year end are designated for non-operational purposes including, but not limited to, debt service, capital improvements, facilities expansion and new construction. These remainder funds are invested in the campus SWIFT short-term investment account. The Organization has no other liquid assets available from which to draw.

Note 3 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. As of June 30, 2019, the Organization had approximately \$1,419,379 that was exposed to uninsured deposit risk. The Organization manages this risk by using high-quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2019	2018
Leasehold improvements	\$ 1,010,825	\$ 1,010,825
Equipment	1,667,662	729,698
Construction in progress	-	16,380
	<u>2,678,487</u>	<u>1,756,903</u>
Less accumulated depreciation	<u>(1,144,545)</u>	<u>(933,323)</u>
	<u>\$ 1,533,942</u>	<u>\$ 823,580</u>

Note 5 – 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 \$2,789,334 and \$3,214,541 for the years ending June 30, 2019 and 2018, respectively.

Note 6 – Operating Leases

The Organization leases office spaces to various organizations under non-cancelable agreements expiring at various dates through June 2024. Those leases require monthly payments ranging from \$2,355 to \$2,647. 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, 2019 are due as follows:

Year Ending June 30,	
2020	\$ 42,093
2021	29,134
2022	30,012
2023	30,890
2024	31,769
Thereafter	<u>-</u>
	<u>\$ 163,898</u>

Note 7 – 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 expired on June 30, 2019. The Organization and the University are currently in the process of renegotiating this lease. In exchange for managing and operating the campus union and recreation center facilities, the Organization pays no rent. The estimated fair market value of this rent is \$1,395,270 for the years ended June 30, 2019 and 2018 and has been recognized as an in-kind contribution and an operating expense in the statements of activities.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 7 – Commitments/In-Kind Contributions, continued

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

Minimum future payments as of June 30, 2019 are due as follows:

Year Ending June 30,		
<u>2020</u>	\$	48,750
2021		8,208
Thereafter		<u>-</u>
	\$	<u>56,958</u>

Total rental expense was \$1,519,286 and \$1,481,458 for the years ended June 30, 2019 and 2018, respectively.

Note 8 – 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 non-cancelable agreements with the University for the University to provide custodial services to the Organization for \$17,125 per month and landscape maintenance services for \$13,200 annually which expired June 30, 2019. The Organization and the University are currently in the process of renegotiating these contracts.

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.

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.

Associated Students and the University lease office space from the Organization (See Note 6).

Transactions as of and for the years ended June 30, 2019 and 2018 with related parties are reflected in the accompanying financial statements.

	<u>2019</u>	<u>2018</u>
Revenue:		
Cost Recoveries:		
University	\$ 2,796,866	\$ 3,256,449
Sponsored Programs Administration	1,750	1,260
Foundation	32,191	715
Associated Students	<u>447</u>	<u>28,214</u>
Total Cost Recoveries	\$ <u>2,831,254</u>	\$ <u>3,286,638</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Notes to Financial Statements**

Years Ended June 30, 2019 and 2018

Note 8 – Related Party Transactions, continued

	<u>2019</u>	<u>2018</u>
Revenue:		
Facility Rental:		
University	\$ 88,699	\$ 75,333
Sponsored Programs Administration	19,726	8,788
Foundation	41,480	6,104
Associated Students	13,742	11,296
	<u>163,647</u>	<u>101,521</u>
Total Facility Rental	<u>\$ 2,994,901</u>	<u>\$ 3,388,159</u>
Expense:		
Services from other agencies:		
University	\$ 2,495,300	\$ 2,250,262
Sponsored Programs Administration	35,000	-
Foundation	5,506	16,060
Associated Students	14,642	15,146
	<u>\$ 2,550,448</u>	<u>\$ 2,281,468</u>
Due from related parties:		
University	\$ 10,615	\$ 18,505
Sponsored Programs Administration	-	45
Foundation	31,670	1,669
Associated Students	1,136	-
	<u>\$ 43,421</u>	<u>\$ 20,219</u>
Due to related parties:		
University	\$ 206,902	\$ 392,352
Sponsored Programs Administration	35,000	-
Foundation	324	8,632
Associated Students	-	7,441
	<u>\$ 242,226</u>	<u>\$ 408,425</u>

Note 9 – Subsequent Event – Transfer of Children’s Center

In fiscal year 2019, the Board of Directors of the Organization and Sponsored Programs Administration approved the transfer of the California State University, Bakersfield Auxiliary for Sponsored Programs Children’s Center contracts for both preschool and childcare and development to the Organization. The transfer was approved by the California Department of Education in fiscal year 2020 with an effective date of July 1, 2019.

Note 10 – Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications in the statement of functional expenses and schedule of activities by fund and the presentation of accounts receivable in the statements of financial position and cash flows. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

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

Year Ended June 30, 2019

	Student Union	Student Recreation Center	Total
	<u> </u>	<u> </u>	<u> </u>
Revenue and Support Without Donor Restrictions:			
Student fees	\$ 933,520	\$ 1,855,814	\$ 2,789,334
In-kind contribution	268,320	1,126,950	1,395,270
Facility rental	156,708	112,620	269,328
Other	43,028	98,590	141,618
Membership fees	-	71,280	71,280
	<u> </u>	<u> </u>	<u> </u>
Total Revenue and Other Support Without Donor Restrictions	1,401,576	3,265,254	4,666,830
Expenses:			
Program services	855,780	3,076,381	3,932,161
General and administrative	354,037	312,992	667,029
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	1,209,817	3,389,373	4,599,190
Change in Net Assets	191,759	(124,119)	67,640
Net Assets - Without Donor Restrictions, beginning	892,018	1,904,004	2,796,022
	<u> </u>	<u> </u>	<u> </u>
Net Assets - Without Donor Restrictions, ending	\$ 1,083,777	\$ 1,779,885	\$ 2,863,662
	<u> </u>	<u> </u>	<u> </u>

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

Year Ended June 30, 2018

	Student Union	Student Recreation Center	Total
Revenue and Support Without Donor Restrictions:			
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
Total Revenue and Other Support Without Donor Restrictions	1,263,142	3,914,601	5,177,743
Expenses:			
Program services	754,762	3,016,122	3,770,884
General and administrative	349,358	346,596	695,954
Total Expenses	1,104,120	3,362,718	4,466,838
Change in Net Assets	159,022	551,883	710,905
Net Assets - Without Donor Restrictions, beginning	732,996	1,352,121	2,085,117
Net Assets - Without Donor Restrictions, ending	\$ 892,018	\$ 1,904,004	\$ 2,796,022

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Schedule of Student Union Revenue Bonds, Series A

Year Ended June 30, 2019

(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, 2019 is \$14,170,450 which has been used to finance the Student Union 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, 2019 consist of the following:

Description	Interest Rate	Fiscal Year Maturity Date	Original Issue Amount	Amount Outstanding at June 30, 2019
Systemwide revenue bonds:				
Series 2012A (Student Union)	4.00-5.00%	2023	\$ 895,000	\$ 400,000
Series 2016A (Student Union)	2.00-5.00%	2039	17,040,000	16,545,000
			Total	16,945,000
			Unamortized bond discount	(2,774,550)
			Total SRB debt obligations	\$ 14,170,450

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

Year ending June 30:	Principal	Interest	Total
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	605,000	658,925	1,263,925
2025-2029	3,540,000	2,793,750	6,333,750
2030-2034	4,540,000	1,789,250	6,329,250
2035-2039	5,710,000	618,700	6,328,700
Total	\$ 16,945,000	\$ 8,815,300	\$ 25,760,300

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 expired on June 30, 2019, provides no annual rental fee. The Organization and the University are currently in the process of renegotiating this lease.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Schedule of Net Position

June 30, 2019

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,669,523
Short-term investments	—
Accounts receivable, net	150,249
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	—
Total current assets	<u>1,819,772</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	1,533,942
Other assets	—
Total noncurrent assets	<u>1,533,942</u>
Total assets	<u>3,353,714</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	169,274
Accrued salaries and benefits	—
Accrued compensated absences, current portion	78,552
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	242,226
Total current liabilities	<u>490,052</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>490,052</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	1,533,942
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	<u>1,329,720</u>
Total net position	<u>\$ 2,863,662</u>

See independent auditors' report.

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

Year Ended June 30, 2019

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	2,789,334
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		482,226
Scholarship allowances (enter as negative)		—
Other operating revenues		1,395,270
Total operating revenues		<u>4,666,830</u>
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		4,387,968
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		211,222
Total operating expenses		<u>4,599,190</u>
Operating income (loss)		<u>67,640</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		—
Net nonoperating revenues (expenses)		<u>—</u>
Income (loss) before other revenues (expenses)		67,640
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		67,640
Net position:		
Net position at beginning of year, as previously reported		2,796,022
Restatements		—
Net position at beginning of year, as restated		<u>2,796,022</u>
Net position at end of year	\$	<u>2,863,662</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	1,669,523
Total	\$ 1,669,523

2.1 Composition of investments:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

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

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	-	- \$	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	16,380	-	-	-	16,380	-	-	(16,380)	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	16,380	-	-	-	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	729,698	-	-	-	729,698	921,584	-	16,380	1,667,662
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	1,740,523	-	-	-	1,740,523	921,584	-	16,380	2,678,487
Total capital assets	1,756,903	-	-	-	1,756,903	921,584	-	-	2,678,487
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	(164,553)	-	-	-	(164,553)	(41,887)	-	-	(206,440)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(292,459)	-	-	-	(292,459)	(48,873)	-	-	(341,332)
Personal property:									
Equipment	(476,311)	-	-	-	(476,311)	(120,462)	-	-	(596,773)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(933,323)	-	-	-	(933,323)	(211,222)	-	-	(1,144,545)
Total capital assets, net	\$ 823,580	-	-	-	\$ 823,580	710,362	-	-	1,533,942

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 211,222
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 211,222

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclass ifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	68,288	-	68,288	48,446	(38,182)	78,552	-	78,552
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 68,288	-	68,288	48,446	(38,182)	78,552	-	78,552

5 Capital lease obligations schedule:

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
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,816,898
Payments to University for other than salaries of University personnel	678,402
Payments received from University for services, space, and programs	2,885,565
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)	(206,902)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	10,615
Other amounts receivable from University (enter as positive number)	-

8 Restatements/Prior period adjustments:

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

Transaction #	Enter transaction description	Debit/(Credit)
Transaction #1	Enter transaction description	-
		-
		-
		-
Transaction #2	Enter transaction description	-
		-
		-
		-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Other Information

June 30, 2019

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	1,621,868	417,438	-	-	-	2,348,662	-	4,387,968
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	211,222	211,222
Total operating expenses	1,621,868	417,438	-	-	-	2,348,662	211,222	4,599,190

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
-	-
-	-
-	-
-	-
-	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
-	-
-	-
-	-
-	-
-	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -