

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

Required Supplementary Information

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

Supplemental Information

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

This section of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) annual financial report includes management's discussion and analysis of the financial performance of the Organization for the period July 1, 2022 through June 30, 2023. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

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

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

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

Financial Overview

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

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

Statements of Net Position

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

Assets

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

Liabilities

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

Net Position

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

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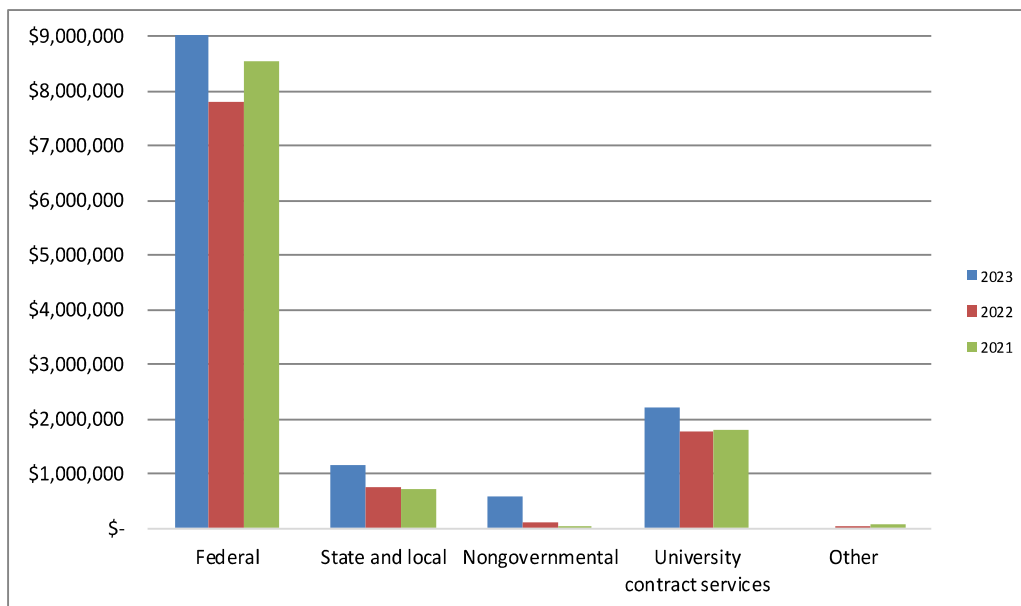
Management’s Discussion and Analysis

Year Ended June 30, 2023

Schedules of Revenues, Expenses, and Changes in Net Position

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

Revenues



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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2023

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

Expenses

Program expenses represent costs related to administering the grants awarded. These expenses can be classified into payroll and non-payroll related expenses (i.e., supplies and services, contractual services, travel, etc.). Payroll related expenses total \$5.3 million whereas \$6.1 million relates to non-payroll grant expenses. The increase in payroll related expenses is mainly due to filling vacancies within the programmatic functions that resulted in an increase of total salaries. Additionally, the increase in payroll related expenses had an increase in salaries for faculty and support staff due to the general salary increase of 7% implemented in fiscal year 2023. The increase in non-payroll related expenses is mainly due to an overall increase in spending across the grants portfolio of the Organization. One of the factors that contributed to the increase in non-related payroll expenses was the lift of Covid-19 restrictions that allowed Principal Investigators to increase their spending in travel, programmatic events, and participant support cost.

Contacting the Organization's Financial Management

The Organization's financial report is designed to provide the Organization's Board of Directors, management, legislative and oversight agencies, citizens, and customers with an overview of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's finances, and to demonstrate its accountability for funds received. For additional information about this report, please contact Heather Macaulay, Senior Director and Controller, California State University, Bakersfield at 9001 Stockdale Highway, 59 ADM, Bakersfield, California 93311.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Statements of Net Position

June 30, 2023 and 2022

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

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

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

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Statements of Cash Flows

Years Ended June 30, 2023 and 2022

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Basis of Presentation

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

Use of Estimates

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

Income Taxes

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

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

Accounts Receivable

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

Capital Assets

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

Deferred Revenue

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

Net Position

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

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

Advertising

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

Subsequent Events

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

Note 2 - Concentration of Credit Risk

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

Note 3 - Capital Assets

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

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Capital Assets, continued

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

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

Note 4 - University Contract Services

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

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

Note 5 - Related Party Transactions

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

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

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

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 5 - Related Party Transactions, continued

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

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

SUPPLEMENTAL INFORMATION

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Schedules of Expenses by Natural Classification

Year Ended June 30, 2023

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

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

Schedules of Expenses by Natural Classification

Year Ended June 30, 2022

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

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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

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

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	366,983
Other assets	-
Total noncurrent assets	366,983
Total assets	4,416,168

Deferred outflows of resources:

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

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

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Liabilities:

Current liabilities:

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

Noncurrent liabilities:

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

Total liabilities

3,167,283

Deferred inflows of resources:

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

Net position:

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

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:

Operating revenues:

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

Expenses:

Operating expenses:

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

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	-
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	-
Income (loss) before other revenues (expenses)	(66,566)

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

Net position:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	1,397,374
Total	\$ 1,397,374

2.1 Composition of investments:

Not Applicable

2.2 Fair value hierarchy in investments:

Not Applicable

2.3 Investments held by the University under contractual agreements:

Not Applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	-	-	-	\$ -	-	-	-	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	366,572	-	-	-	366,572	289,016	(210,579)	-	445,009
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	366,572	-	-	-	366,572	289,016	(210,579)	-	445,009
Total capital assets	\$ 366,572	-	-	-	\$ 366,572	289,016	(210,579)	-	\$ 445,009

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(118,696)	-	-	-	(118,696)	(43,751)	84,421	-	(78,026)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(118,696)	-	-	-	(118,696)	(43,751)	84,421	-	(78,026)
Total capital assets, net excluding ROU assets	\$ 247,876	-	-	-	\$ 247,876	245,265	(126,158)	-	366,983

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities:

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

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	\$ -	-	-	-	\$ -	-	-
Total long-term liabilities						\$ 47,667	47,667	-

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

Not Applicable

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

Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,695,609
Payments to University for other than salaries of University personnel	2,300,735
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts payable to University	(1,013,542)
Other amounts payable to University	-
Accounts receivable from University	3,403
Other amounts receivable from University	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2023

(for inclusion in the California State University)

8 Restatements

Not Applicable

9 Natural classifications of operating expenses:

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

Select type of pension plan >>

Defined Benefit Plan

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Not Applicable

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

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

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

SUPPLEMENTAL AWARDS INFORMATION

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, California State University, Bakersfield, Auxiliary for Sponsored Programs Administration complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance, continued

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of Significant Accounting Policies

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2 CFR section 200.414 indirect costs.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 Significant deficiency(ies) identified? None reported

 Material weakness(es) identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major program:

 Significant deficiency(ies) identified? None reported

 Material weakness(es) identified? No

Type of auditor's report issued on compliance for major programs Unmodified

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

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

21.027 - COVID-19
93.247
93.658

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

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

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

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Prior Year Findings

None reported.

See independent auditor's report.