

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2026 and 2025



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Financial Statements and Supplemental Information

Years Ended June 30, 2026 and 2025

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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 financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration, which comprise the statements of net position as of June 30, 2026 and 2025, 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 accompanying 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, 2026 and 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 for ~~one~~ year after the date that the financial statements are 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 GAAS 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 GAAS 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 4-9 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 generally accepted auditing standards, 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 audits 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 supplemental information included on pages 18-27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 generally accepted auditing standards. In our opinion, the supplemental 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 17, 2026, 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 17, 2026

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

This section of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (the Organization) annual financial report includes management's discussion and analysis (MD&A). As management of the Organization, we offer this narrative overview and analysis of the financial activities of the Organization for the year ended June 30, 2026 with comparative analysis for prior years. The MD&A should be read in conjunction with the audited financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the Organization's basic financial statements, which consist of the following: (1) The statements of net position, (2) the statements of revenues, expenses, and changes in net position, (3) the statements of cash flows, and (4) notes to the financial statements. This report also contains supplemental information in addition to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Organization.

Statements of Net Position: The statements of net position include all assets and liabilities. Assets and liabilities are reported on an accrual basis, as of the statement date. The statements also identify major categories of restrictions of net position of the Organization.

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

Statements of Cash Flows: The statements of cash flows present 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.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 13 of this report.

In addition to the basic financial statements and accompanying notes, this report presents supplemental information for inclusion in the California State University. This supplementary information can be found beginning on page 18 of this report.

Financial Summary

The following discussion highlights management's understanding of the key financial aspects of the Organization's financial activities for the years ended June 30, 2026 and 2025.

The Organization continued to effectively manage its grants and strengthen its financial position by growing the grant portfolio. During the reporting period, the Organization generated and submitted 79 proposals requesting approximately \$45 million, with about \$4.5 million in anticipated indirect costs – the major source of unrestricted revenue. It is important to note that although the federal negotiated F&A rate is 48% 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. Also, there are some categories of expenses that are excluded when calculating the actual cost recovery.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

Financial Summary, continued

Other financial highlights as of June 30, 2026 and 2025 include:

- Total assets exceeded total liabilities by \$2.1 million and \$2.6 million as of June 30, 2026 and 2025, respectively.
- During the year ended June 30, 2026, total net position decreased \$425 thousand. During the year ended June 30, 2025, total net position increased \$1.0 million.
- During the year ended June 30, 2026, capital assets decreased \$643 thousand. During the year ended June 30, 2025, capital assets increased \$390 thousand.
- Comparative to the prior year, operating revenue and other support decreased by \$2.3 million in 2026. Operating revenue and other support increased by \$1.4 million in 2025 as compared to 2024.
- Comparative to the prior year, operating expenses decreased by \$2.1 million in 2026. Operating expenses increased by \$516 thousand in 2025 as compared to 2024.

Statements of Net Position

	2026	2025	2024
Assets:			
Current assets	\$ 4,519,696	\$ 4,499,205	\$ 4,064,496
Capital assets, net	808,740	1,451,767	1,061,493
Total Assets	<u>\$ 5,328,436</u>	<u>\$ 5,950,972</u>	<u>\$ 5,125,989</u>
Liabilities and Net Position:			
Liabilities	\$ 3,183,621	\$ 3,381,603	\$ 3,586,193
Net Position	2,144,815	2,569,369	1,539,796
Total Liabilities and Net Position	<u>\$ 5,328,436</u>	<u>\$ 5,950,972</u>	<u>\$ 5,125,989</u>

The statements of net position provide the basis for assessing liquidity and the financial flexibility of the Organization.

Assets

Total assets decreased by \$623 thousand to \$5.3 million at June 30, 2026, from \$6.0 million at June 30, 2025. The change in assets is attributed to a \$643 thousand decrease in net capital assets due to several major federal grants ending and the related equipment being transferred to the University.

Comparatively, total assets increased by \$825 thousand to \$6.0 million at June 30, 2025, from \$5.1 million at June 30, 2024. The change in assets is attributed to an increase in cash and cash equivalents of \$404 thousand and an increase in net capital assets of \$390 thousand. The increase in cash and cash equivalents was driven by an increase in the change in net position of \$739 thousand, offset by changes in cash flows correlated to a year-to-year increase in receivables of \$112 thousand and a decrease in payables of \$207 thousand. The increase in net capital assets was due to major equipment grant purchases to support University programs.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

Liabilities and Net Position

The \$623 thousand decrease in total liabilities and net position at June 30, 2026 as compared to June 30, 2025 is due to a \$198 thousand decrease in total liabilities combined with a \$425 thousand decrease in net position. The decrease in total liabilities was primarily due to a decrease in amounts due to related parties of \$285 thousand, which will vary year to year depending on the timing of transactions with the University. See Note 5 on page 16 for further information regarding the nature of amounts due to related parties. See the following statements of revenues, expenses, and changes in net position for discussion related to the change in net position.

At June 30, 2025, total liabilities and net position increased by \$825 thousand compared with June 30, 2024. The increase primarily reflects a \$1.0 million increase in net position, offset by a \$205 thousand decrease in total liabilities. The decrease in total liabilities was primarily attributable to a \$231 thousand reduction in amounts due to related parties. See Note 5 on page 16 for additional information regarding amounts due to related parties. See the following statements of revenues, expenses, and changes in net position for discussion related to the change in net position.

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

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

Statements of Revenues, Expenses, and Changes in Net Position

	2026	2025	2024
Operating Revenue and Other Support:			
Grants	\$ 11,878,795	\$ 14,146,477	\$ 12,538,123
University contract services	2,199,489	2,250,518	2,420,132
Total Operating Revenue and Other Support	14,078,284	16,396,995	14,958,255
Operating Expenses:			
Instruction	847,597	1,486,776	1,982,805
Research	4,030,463	4,592,742	3,827,144
Public service	1,529,717	1,580,362	1,573,931
Academic support	811,632	579,045	686,489
Student services	2,872,659	3,799,702	3,387,550
Institutional support	2,770,234	2,886,428	3,132,521
Operation and maintenance of plant	7,001	94,820	-
Depreciation and amortization	161,117	152,111	65,071
Total Operating Expenses	13,030,420	15,171,986	14,655,511
Operating Income	1,047,864	1,225,009	302,744
Noncapital Subsidies	(1,090,309)	(196,636)	-
Operating Income (Loss) and Noncapital Subsidies	(42,445)	1,028,373	302,744
Other Non-Operating Revenues (Expenses)	(382,109)	1,200	2,656
Change in Net Position	(424,554)	1,029,573	305,400
Net Position, beginning as originally stated	2,569,369	1,539,796	1,248,885
Restatement	-	-	(14,489)
Net Position, beginning as restated	2,569,369	1,539,796	1,234,396
Net Position, ending	\$ 2,144,815	\$ 2,569,369	\$ 1,539,796

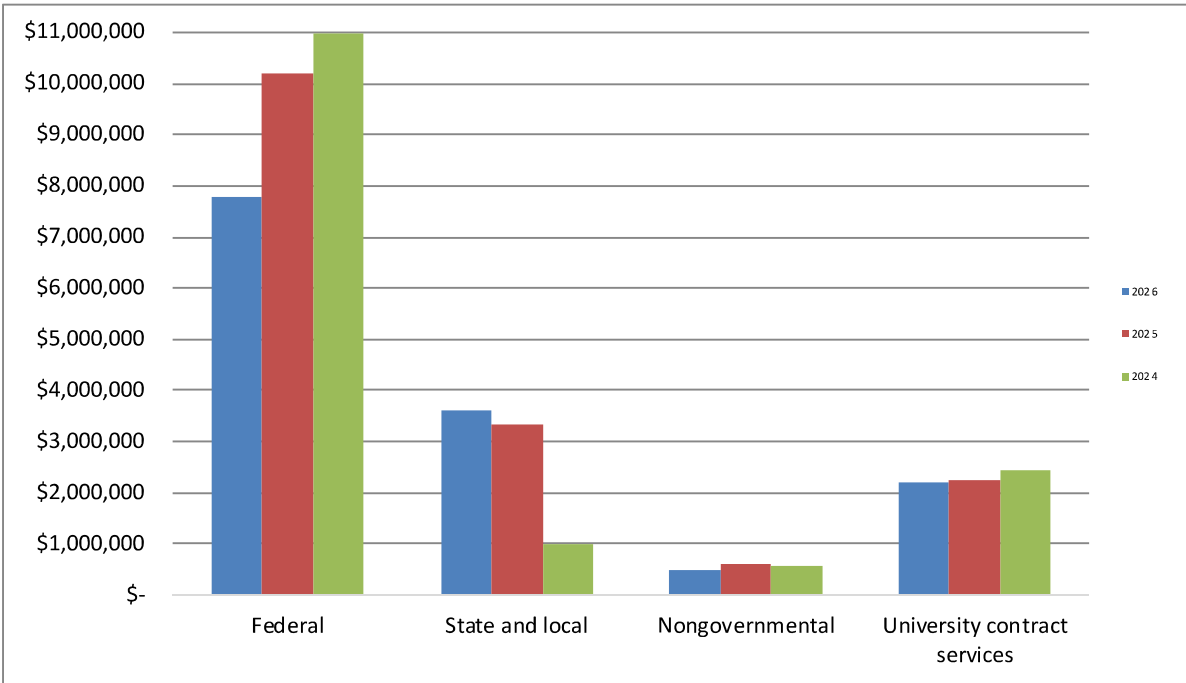
While the statements of net position show the change in financial position of the Organization, the statements of revenues, expenses, and changes in net position provide answers to the nature and sources of these changes.

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

Management’s Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

Revenues



During the year ended June 30, 2026, revenues decreased by \$2.3 million, or 14%, to \$14.1 million, compared with \$16.4 million during the year ended June 30, 2025. The decrease was primarily attributable to a \$2.4 million, or 24%, reduction in federal grant revenue. Federal grant revenue may fluctuate from year to year based on the timing and duration of individual awards, the availability of funding opportunities for which the Auxiliary is eligible, and the level of grant-funded activity during the year. During fiscal year 2026, these normal fluctuations were further affected by changes in federal funding priorities and reduced availability of certain federal grant opportunities.

During the year ended June 30, 2025, revenues increased by \$1.4 million, or 10%, to \$16.4 million, compared with \$15.0 million during the year ended June 30, 2024. The increase was primarily attributable to state grant revenue, which increased by \$2.4 million, or 284%, compared with fiscal year 2024. The increase in state grant revenue was driven by new awards that became active and operational during fiscal year 2025. The Organization also received several new nongovernmental grant awards during the year.

Expenses

During the year ended June 30, 2026, total operating expenses decreased by \$2.1 million, or 14%, to \$13.0 million, compared with \$15.2 million during the year ended June 30, 2025. The decrease was primarily attributable to reduced federal grant-funded activity discussed above and was driven by decreases in both payroll-related costs and nonpayroll costs, including supplies and services, contractual services, travel, and other operating expenditures. The most significant decreases occurred in student services, research, and instruction, which declined by \$927 thousand, \$562 thousand, and \$639 thousand, respectively.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2026 and 2025

Expenses, continued

During the year ended June 30, 2025, total operating expenses increased by \$516 thousand, or 4%, to \$15.2 million, compared with \$14.7 million during the year ended June 30, 2024. The increase was primarily driven by higher expenses in research and student services, which increased by \$766 thousand and \$412 thousand, respectively, and was partially offset by a \$496 thousand decrease in instruction expenses. The overall increase was primarily related to higher nonpayroll costs, including supplies and services, contractual services, travel, participant support, and other operating expenditures, particularly stipend disbursements of approximately \$3.0 million in fiscal year 2025 compared with approximately \$2.0 million in fiscal year 2024. Changes in payroll-related costs and the reclassification of certain expenses between operating and nonoperating categories upon implementation of GASB Statement No. 103 also contributed to the year-over-year change.

During the year ended June 30, 2026, noncapital subsidies increased by \$894 thousand, from \$197 thousand in fiscal year 2025 to \$1.1 million in fiscal year 2026. The increase primarily resulted from the transfer of grant-funded assets to the University upon closeout of the related federal awards. These nonexchange transfers were classified as subsidies under GASB Statement No. 103. The Organization implemented GASB Statement No. 103 during fiscal year 2026, which changed the presentation of capital-related and noncapital transfers. Prior-year amounts were reclassified to conform to the current-year presentation.

Currently Known Facts, Decisions or Conditions

Several federal awards administered by the Organization ended as scheduled during or shortly after fiscal year 2026, resulting in an anticipated reduction in the related grant revenue and program expenditures as reflected in the financial statements. To offset these losses, the Organization recently was awarded two significant grants, one federal and one state. These awards provide significant multi-year support and are expected to have a positive effect on future grant revenue and program activity for the fiscal year 2027, while partially offsetting revenue associated with awards that have ended.

The Organization currently has under review several significant federal competitive grant proposals that, if awarded, could further offset the loss of revenue felt in the fiscal year 2026. Management is cautiously optimistic regarding these opportunities; however, the proposals remain subject to federal agency review and funding availability. Given the continuing uncertainty surrounding federal appropriations, agency priorities, and award decisions, management cannot provide assurance that the pending proposals will be funded. Accordingly, anticipated awards have not been included as confirmed funding for financial planning purposes. In planning for fiscal year 2027, management considered only the new federal and state awards along with its continuing existing awards, in planning for expenditures, staffing, and program activities. Expenditures will continue to be aligned with confirmed funding. Overall, management expects the new awards to strengthen the Organization's grant portfolio and mitigate a portion of the anticipated decline, while recognizing that future grant revenue and operating results will depend in part on federal funding decisions that remain outside the Organization's control.

Request for Information and 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, Associate Vice President and Chief Accounting Officer, California State University, Bakersfield at 9001 Stockdale Highway, ADM 109, Bakersfield, California 93311.

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

Statements of Net Position

June 30, 2026 and 2025

	2026	2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,777,122	\$ 1,616,360
Accounts receivable	2,631,402	2,815,146
Due from related parties	54,542	2,140
Prepaid expenses	56,630	65,559
Total Current Assets	4,519,696	4,499,205
Non-Current Assets:		
Capital assets, net	808,740	1,451,767
Total Assets	\$ 5,328,436	\$ 5,950,972
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 45,886	\$ 64,180
Due to related parties	692,078	976,684
Accrued expenses	1,085,433	978,991
Unearned revenue	1,305,563	1,272,172
Compensated absences	54,661	89,576
Total Liabilities	3,183,621	3,381,603
Net Position:		
Net investment in capital assets	808,740	1,451,767
Unrestricted	1,336,075	1,117,602
Total Net Position	2,144,815	2,569,369
Total Liabilities and Net Position	\$ 5,328,436	\$ 5,950,972

**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, 2026 and 2025

	2026	2025
Operating Revenue and Other Support:		
Grants:		
Federal	\$ 7,798,394	\$ 10,211,197
State	3,575,657	3,260,809
Nongovernmental	469,524	614,471
Local	35,220	60,000
University contract services	2,199,489	2,250,518
Total Operating Revenue and Other Support	14,078,284	16,396,995
Operating Expenses:		
Instruction	847,597	1,486,776
Research	4,030,463	4,592,742
Public service	1,529,717	1,580,362
Academic support	811,632	579,045
Student services	2,872,659	3,799,702
Institutional support	2,770,234	2,886,428
Operation and maintenance of plant	7,001	94,820
Depreciation	161,117	152,111
Total Operating Expenses	13,030,420	15,171,986
Operating Income	1,047,864	1,225,009
Noncapital Subsidies:		
Transfers in	-	25,042
Transfers out	(1,090,309)	(221,678)
Total Noncapital Subsidies	(1,090,309)	(196,636)
Operating Income (Loss) and Noncapital Subsidies	(42,445)	1,028,373
Other Non-Operating Revenues (Expenses):		
Other	(7,109)	1,200
Indirect cost distribution	(375,000)	-
Total Other Non-Operating Revenues (Expenses)	(382,109)	1,200
Change in Net Position	(424,554)	1,029,573
Net Position, beginning	2,569,369	1,539,796
Net Position, ending	\$ 2,144,815	\$ 2,569,369

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 12,036,419	\$ 14,027,152
Payments to suppliers	(6,311,214)	(6,417,171)
Payments to employees	<u>(5,264,952)</u>	<u>(6,568,807)</u>
Net Cash Provided by Operating Activities	460,253	1,041,174
Cash Flows from Capital and Related Financing Activities:		
Acquisitions of capital assets	<u>(299,491)</u>	<u>(637,244)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(299,491)</u>	<u>(637,244)</u>
Net Increase in Cash and Cash Equivalents	160,762	403,930
Cash and Cash Equivalents, beginning of year	<u>1,616,360</u>	<u>1,212,430</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,777,122</u></u>	<u><u>\$ 1,616,360</u></u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:		
Change in net position	\$ (424,554)	\$ 1,029,573
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	161,117	152,111
Transfer of capital assets to a related party	781,401	94,859
Changes in operating assets and liabilities:		
Accounts receivable	183,744	(111,623)
Due from related parties	(52,402)	11,546
Prepaid expenses	8,929	69,298
Accounts payable	(18,294)	23,991
Due to related parties	(284,606)	(231,725)
Accrued expenses	106,442	18,230
Unearned revenue	33,391	(20,448)
Compensated absences	<u>(34,915)</u>	<u>5,362</u>
Net Cash Provided by Operating Activities	<u><u>\$ 460,253</u></u>	<u><u>\$ 1,041,174</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (the 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 U.S. GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of revenues, expenses, and changes in net position, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2026 and 2025, therefore no amounts have been accrued.

Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand, and demand deposits.

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.

Unearned Revenue

Unearned 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, 2026 and 2025

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

Compensated Absences

The Organization recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Organization's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Organization's policy permits employees to accumulate earned but unused sick leave. All unused sick leave lapses upon an employee's separation from service, and no monetary obligation is incurred. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in compensated absences liabilities.

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.

Subsequent Events

The Organization has evaluated subsequent events through September 17, 2026, which is the date the financial statements were available to be issued and has determined that there were no subsequent events to recognize in these financial statements.

Implementation of New Accounting Standard

Effective July 1, 2025, the Organization adopted GASB Statement No. 103, Financial Reporting Model Improvements. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Management has analyzed the provisions contained in the Statement and updated the financial statements accordingly. Certain items in the 2025 financial statements have been reclassified to conform to current year classifications. Specifically, certain items previously reported as operating expenses were reclassified to noncapital subsidies, in the amount of \$196,636. The adoption of this Statement had no effect on previously reported net position or changes in net position.

Effective July 1, 2025, the Organization adopted GASB Statement No. 104, Disclosures of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and requires additional disclosures for capital assets held for sale. Management has analyzed the provisions contained in the Statement and determined that there is no impact on the financial statements from the adoption of the new Statement.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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 as of June 30, 2026:

	Balance June 30, 2025	Additions	Transfers	Balance June 30, 2026
Equipment	\$ 1,720,352	\$ 299,491	\$ (1,037,716)	\$ 982,127
Less accumulated depreciation	(268,585)	(161,117)	256,315	(173,387)
	<u>\$ 1,451,767</u>	<u>\$ 138,374</u>	<u>\$ (781,401)</u>	<u>\$ 808,740</u>

Changes in capital assets consist of the following as of June 30, 2025:

	Balance June 30, 2024	Additions	Transfers	Balance June 30, 2025
Equipment	\$ 1,187,532	\$ 637,244	\$ (104,424)	\$ 1,720,352
Less accumulated depreciation	(126,039)	(152,111)	9,565	(268,585)
	<u>\$ 1,061,493</u>	<u>\$ 485,133</u>	<u>\$ (94,859)</u>	<u>\$ 1,451,767</u>

Note 4 - University Contract Services

The Organization utilizes University employees to provide direct programming and supporting services for the Organization including managing and overseeing grant activities. Additionally, University employees provide indirect services on behalf of the Organization including accounting, human resources, facility management, information technology, and other administrative services as appropriate. 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, 2026 and 2025 was \$2,042,889 and \$2,093,918, 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 has recognized revenue equal to the fair value of this rent for similar facilities. The total estimated fair value of this rent for the years ended June 30, 2026 and 2025 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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

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. The University incurs payroll and other administrative cost to support the Organization's program services which are reimbursed by the Organization and included as payments to the University.

California State University, Bakersfield Foundation (Foundation) functions to the benefit of the University by fundraising for University programs and activities. Payments received from Foundation are for the reimbursement of expenses incurred by the Organization on behalf of Foundation. Payments to Foundation include reimbursements 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.

Related party transactions as of and for the years ended June 30, 2026 and 2025 are as follows:

	<u>2026</u>	<u>2025</u>
Payments received from:		
University	\$ 101,936	\$ 12,850
Foundation	<u>1,099</u>	<u>755</u>
	<u>\$ 103,035</u>	<u>\$ 13,605</u>
Payments to:		
University	\$ 6,562,073	\$ 6,083,713
Foundation	13,957	8,024
Student-centered Enterprises	<u>5,435</u>	<u>13,783</u>
	<u>\$ 6,581,465</u>	<u>\$ 6,105,520</u>
Due from:		
University	<u>\$ 54,542</u>	<u>\$ 2,140</u>
Due to:		
University	\$ 689,122	\$ 971,888
Foundation	1,006	2,927
Student-centered Enterprises	<u>1,950</u>	<u>1,869</u>
	<u>\$ 692,078</u>	<u>\$ 976,684</u>

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

Notes to Financial Statements

Years Ended June 30, 2026 and 2025

Note 6 - Compensated Absences

A summary of the changes in compensated absences as of June 30, 2026 and 2025 are as follows:

	Balance June 30, 2025	Net Additions (Reductions)	Balance June 30, 2026	Current Portion
Compensated absences	\$ <u>89,576</u>	\$ <u>(34,915)</u>	\$ <u>54,661</u>	\$ <u>54,661</u>
	Balance June 30, 2024	Net Additions	Balance June 30, 2025	Current Portion
Compensated absences	\$ <u>84,214</u>	\$ <u>5,362</u>	\$ <u>89,576</u>	\$ <u>89,576</u>

SUPPLEMENTAL INFORMATION

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

Schedule of Net Position

June 30, 2026

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$	1,777,122
Short-term investments		—
Accounts receivable, net		2,685,944
Lease receivable, current portion		—
P3 receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net, current portion		—
Prepaid expenses and other current assets		56,630

Total current assets

4,519,696

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		808,740
Other assets		—

Total noncurrent assets

808,740

Total assets

5,328,436

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, 2026

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	\$	737,964
Accrued salaries and benefits payable		304,843
Accrued compensated absences - current portion		54,661
Unearned revenues		1,305,563
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 - current portion		—
Other liabilities, current		780,590
Total current liabilities	\$	3,183,621

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		3,183,621

Deferred inflows of resources:

Service concession arrangements		—
Net pension liability		—
Net OPEB liability		—
Unamortized gain on debt refunding(s)		—
Nonexchange transactions		—
Leases		—
P3		—
Others		—
Total deferred inflows of resources		—

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

Schedule of Net Position

June 30, 2026

(for inclusion in the California State University)

Net position:

Net investment in capital assets	808,740
Restricted for:	
Endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,336,075
Total net position	<u><u>2,144,815</u></u>

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2026

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student Tuition & Fees, gross	\$	—
Scholarship allowances, enter as negative		—

Student Financial Aid Grants:

Federal Financial Aid Grants	—
State Financial Aid Grants	—
Local Financial Aid Grants	—
Nongovernmental and Other Financial Aid Grants	—

Grants and contracts, noncapital:

Federal	7,798,394
State	3,575,657
Local	35,220
Nongovernmental	469,524
Sales and services of Educational Activities	—
Sales and services Auxiliary Enterprises, gross	—
Scholarship allowances for sales of auxiliary enterprises	—
Other operating revenues	2,199,489
Total operating revenues	14,078,284

Expenses:

Operating expenses:

Instruction	847,597
Research	4,030,463
Public service	1,529,717
Academic support	811,632
Student services	2,872,659
Institutional support	2,770,234
Operation and maintenance of plant	7,001
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	161,117
Total operating expenses	13,030,420

See independent auditor's report.

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2026

(for inclusion in the California State University)

NonCapital Subsidies:	
State appropriations	—
Gifts	—
Other Noncapital Subsidies received/(provided)	(306,884)
Federal Noncapital Subsidies received/(provided)	(783,425)
Total NonCapital Subsidies Provided:	<u>(1,090,309)</u>
Operating Income (Loss) and NonCapital Subsidies:	(42,445)
Nonoperating revenues (expenses):	
Federal Subsidies, capital received/(provided)	—
State appropriations, capital	—
Nonoperating Subsidies received/(provided)	(375,000)
Grants and gifts, capital	—
Investment income (loss), net	(7,109)
Endowment income (loss), net	—
Interest Revenue	—
Interest Expense	—
Gains or losses on capital assets	—
Additions/reductions to permanent endowments	—
Total nonoperating revenues (expenses)	<u>(382,109)</u>
Increase (decrease) in net position	(424,554)
Net position:	
Net position at beginning of year	<u>2,569,369</u>
Net position at end of year	<u><u>2,144,815</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2026

(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	1,777,122
Total	\$ 1,777,122

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

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2025	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2025 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2026
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	1,720,352	-	-	-	1,720,352	299,491	(1,037,716)	-	982,127
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	1,720,352	-	-	-	1,720,352	299,491	(1,037,716)	-	982,127
Total capital assets	\$ 1,720,352	\$ -	\$ -	\$ -	\$ 1,720,352	\$ 299,491	\$ (1,037,716)	\$ -	\$ 982,127

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2026

(for inclusion in the California State University)

Less accumulated depreciation/amortization: (enter as negative number, except for										
Buildings and building improvements	-	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-	-
Personal property:										
Equipment	(268,585)	-	-	-	(268,585)	(161,117)	256,315	-	-	(173,387)
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	(268,585)	-	-	-	(268,585)	(161,117)	256,315	-	-	(173,387)
Total capital assets, net excluding ROU assets	\$ 1,451,767	\$ -	\$ -	\$ -	\$ 1,451,767	\$ 138,374	\$ (781,401)	\$ -	\$ -	\$ 808,740
Capital Assets - Right of Use, net										
Composition of capital assets - Lease ROU, net:										
	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026	
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: (enter as negative number, except for										
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, 2026

(for inclusion in the California State University)

Composition of capital assets - SBITA ROU, net	Balance June 30, 2025	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
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	-	-	-	-	-	-	-	-	-
Composition of capital assets - P3 ROU, net:									
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									<u>\$ 808,740</u>
3.2 Detail of depreciation and amortization expense									
Depreciation and amortization expense related to capital assets	\$ 161,117								
Amortization expense - Leases ROU	-								
Amortization expense - SBITA ROU	-								
Amortization expense - P3 ROU	-								
Depreciation and Amortization expense - Others	-								
Total depreciation and amortization	<u>\$ 161,117</u>								

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2026

(for inclusion in the California State University)

4. Long-term liabilities

	Balance June 30, 2025	Prior Period Adjustments/ Reclassifications	Balance June 30, 2025 (Restated)	Additions	Reductions	Balance June 30, 2026	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 89,576	\$ -	\$ 89,576	\$ (34,915)	\$ -	\$ 54,661	\$ 54,661	\$ -
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:								
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities						\$ 54,661	\$ 54,661	\$ -

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

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2026

(for inclusion in the California State University)

7. Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	2,355,991
Payments to University for other than salaries of University personnel		4,206,082
Payments received from University for services, space, and programs		101,936
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		(689,122)
Other amounts (payable to) University		-
Accounts receivable from University		54,542
Other amounts receivable from University		-

8. Restatements: Not Applicable

9. Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ 272,684	\$ 32,545	\$ -	\$ -	\$ -	\$ 542,368	\$ -	\$ 847,597
Research	1,899,469	291,825	-	-	-	1,839,169	-	4,030,463
Public service	567,214	139,317	-	-	-	823,186	-	1,529,717
Academic support	456,830	162,841	-	-	-	191,961	-	811,632
Student services	1,150,873	285,739	-	-	-	1,436,047	-	2,872,659
Institutional support	1,244,263	798,626	-	-	-	727,345	-	2,770,234
Operation and maintenance of plant	-	-	-	-	-	7,001	-	7,001
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	161,117	161,117
Total operating expenses	\$ 5,591,333	\$ 1,710,893	\$ -	\$ -	\$ -	\$ 5,567,077	\$ 161,117	\$ 13,030,420

No pension plan reported

N/A

10. Deferred outflows/inflows of resources: Not Applicable

**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***

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, 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, 2026, 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 17, 2026.

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 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 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*.

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 17, 2026