

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

Financial Statements with Supplemental Information

Year Ended June 30, 2022



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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Correction of Errors

As discussed in Note 10 to the financial statements, errors related to housing operations transferred in a prior period resulting in an understatement of net assets without donor restrictions as of June 30, 2021 were discovered during the current year. Also, errors related to property and equipment resulting in an overstatement of net assets without donor restrictions as of June 30, 2021 were discovered during the current year. Accordingly, the amount reported for net assets without donor restrictions has been restated as of June 30, 2021 to correct the errors. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 14-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 22, 2022

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

Statement of Financial Position

June 30, 2022

ASSETS

Current Assets:

Cash	\$	2,931,758
Accounts receivable, net		732
Due from related parties		<u>685,503</u>

Total Current Assets 3,617,993

Property and Equipment, net of accumulated depreciation 780,842

Total Assets \$ 4,398,835

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$	314,822
Due to related parties		<u>241,988</u>

Total Current Liabilities 556,810

Net Assets - Without Donor Restrictions 3,842,025

Total Liabilities and Net Assets \$ 4,398,835

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statement of Activities**Year Ended June 30, 2022

Revenue and Support Without Donor Restrictions:

University contract services (Note 7)	\$ 3,930,944
Program activity fees	1,200,300
Associated student body fees	151,421
Facility rental	41,727
Other operating revenues	39,933
Membership fees	<u>19,173</u>

Total Revenue and Support Without Donor Restrictions 5,383,498

Expenses:

Program services:

Student Union	760,923
Student Recreation Center	3,035,399
Student Housing and Residential Life	780,297
Children's Center	28,704
Supporting services - general and administrative	<u>504,506</u>

Total Expenses 5,109,829

Change in Net Assets 273,669

Net Assets - Without Donor Restrictions, beginning as previously stated 3,100,765

Restatements (Note 10) 467,591

Net Assets - Without Donor Restrictions, beginning as restated 3,568,356

Net Assets - Without Donor Restrictions, ending \$ 3,842,025

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

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services						General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total			
University contract expenses (Note 7)	\$ 693,937	\$ 2,341,506	\$ 579,479	\$ 26,689	\$ 3,641,611	\$ 289,333	\$ 3,930,944	
Utilities	25,476	276,439	134,385	-	436,300	44,795	481,095	
Supplies and contract services	32,960	209,791	59,607	-	302,358	34,976	337,334	
Depreciation	-	152,228	-	2,015	154,243	339	154,582	
Insurance	-	-	-	-	-	83,333	83,333	
Information technology	3,829	25,145	4,559	-	33,533	14,369	47,902	
Accounting	-	-	-	-	-	26,600	26,600	
Travel	2,557	10,138	-	-	12,695	-	12,695	
Advertising and promotion	-	10,480	-	-	10,480	-	10,480	
Miscellaneous	-	754	-	-	754	5,448	6,202	
Dues and subscriptions	-	2,973	-	-	2,973	2,180	5,153	
Office expense	560	1,363	2,267	-	4,190	-	4,190	
Conference, conventions, and meetings	-	3,310	-	-	3,310	324	3,634	
Repairs and maintenance	1,604	1,272	-	-	2,876	-	2,876	
Bank fees	-	-	-	-	-	2,809	2,809	
Total expenses	\$ 760,923	\$ 3,035,399	\$ 780,297	\$ 28,704	\$ 4,605,323	\$ 504,506	\$ 5,109,829	

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

Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities:

Change in net assets	\$	273,669
Adjustments to reconcile change in net assets to net increase in cash:		
Depreciation		154,582
Changes in operating assets and liabilities:		
Accounts receivable, net		(732)
Due from related parties		31,024
Prepaid expenses		5,726
Accounts payable and accrued expenses		(48,834)
Due to related parties		<u>219,835</u>
Net Increase in Cash		635,270
Cash, beginning		<u>2,296,488</u>
Cash, ending	\$	<u><u>2,931,758</u></u>

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

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

New Accounting Pronouncement

In September 2020, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization. During the year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*.

Management has analyzed the provisions of the FASB's ASU Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* and has included the necessary disclosure in Note 7.

Financial Statement Presentation

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

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

Use of Estimates

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

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

Notes to Financial Statements

Year Ended June 30, 2022

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

Income Taxes

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

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable

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

Property and Equipment

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

Revenue Recognition

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

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

Advertising

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

Functional Expense Allocations

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

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

Notes to Financial Statements

Year Ended June 30, 2022

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

Future Accounting Standards

FASB has issued a substantial ASU, which will become effective during the year ended June 30, 2023.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events through September 22, 2022, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

Cash	\$ 2,931,758
Accounts receivable, net	732
Due from related parties	<u>685,503</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,617,993</u>

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

Note 3 - Concentration of Credit Risk

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

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

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,175,988
Improvements, other than buildings	435,714
	<u>1,611,702</u>
Less accumulated depreciation	<u>(830,860)</u>
	<u>\$ 780,842</u>

Note 5 - Revenue Recognition

Significant Judgments

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

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

Note 6 - Commitments

The Organization has entered into various agreements for the maintenance of programming facilities and equipment, information technology services, and programming equipment rentals under non-cancelable agreements expiring at various dates through June 2025, including one with the University.

Minimum future payments as of June 30, 2022 are due as follows:

Year Ending June 30,	
<u>2023</u>	\$ 20,783
2024	8,298
2025	2,000
Thereafter	<u>-</u>
	<u>\$ 31,081</u>

Expenses related to these commitments, including month-to-month leases, was \$105,140.

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

Notes to Financial Statements

Year Ended June 30, 2022

Note 7 - University Contract Services

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

University employee services:

Programming services	\$ 2,228,411
General and administrative services	289,333
Rent of University facilities	<u>1,413,200</u>
Total University contract services	<u>\$ 3,930,944</u>

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

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

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

Note 8 - Related Party Transactions

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

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

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

Associated Students, California State University, Bakersfield, Inc (Associated Students), functions to benefit the student body of the University by operating various student-led programs. Payments received from Associated Students are to support the Children's Center as well as other programming activities. Payments to Associated Students are to support student body programs and services.

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

Notes to Financial Statements

Year Ended June 30, 2022

Note 8 - Related Party Transactions, continued

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

Payments received from:

University	\$	1,202,370
Foundation		5,631
Associated Students		<u>157,885</u>
	\$	<u><u>1,365,886</u></u>

Payments to:

University	\$	747,868
Foundation		576
Associated Students		<u>10,000</u>
	\$	<u><u>758,444</u></u>

Due from related parties:

University	\$	677,428
Foundation		1,960
Associated Students		<u>6,115</u>
	\$	<u><u>685,503</u></u>

Due to related parties:

University	\$	241,412
Foundation		<u>576</u>
	\$	<u><u>241,988</u></u>

In addition to the related party transactions noted above, the Organization also recorded University contract services revenue and expense in the amount of \$3,930,944. See Note 7.

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

Notes to Financial Statements

Year Ended June 30, 2022

Note 9 - Contingency

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

Note 10 - Prior Period Adjustments

Housing Net Deficit Transfer

Effective July 1, 2020, the University and the Organization entered an operating agreement, whereby the operations of the Organization were defined as providing programming services that enhance the quality of the student experience. As a result of the new agreement, only programming revenues and expenses were recognized by the Organization and operations correlated to housing occupancy and maintenance of the facility were recognized by the University. Due to the change in operations, the net housing deficit correlated to activity under the former operating agreement was transferred to the University. The restatement resulted in an increase in the due from related parties balance and an increase in the beginning net assets without donor restrictions balance of \$656,195.

Property and Equipment Transfer

The Student Union and Student Recreation Center buildings are owned by the University. In previous years, property and equipment including facility fixtures and leasehold improvements were accounted for by the Organization. As a result of the new operating agreement, property and equipment related to the University-owned facilities and unrelated to programming services were transferred to the affiliated University enterprise funds. The net book value of the property and equipment of \$188,604 as of July 1, 2021, is presented as a decrease to the beginning net assets without donor restrictions balance.

The net effect of these adjustments was to increase net assets without donor restriction by \$467,591.

SUPPLEMENTAL INFORMATION

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

Schedule of Activities by Enterprise

Year Ended June 30, 2022

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Unrestricted Revenue and Other Support:					
University contract services (Note 7)	\$ 803,431	\$ 2,422,885	\$ 677,939	\$ 26,689	\$ 3,930,944
Program activity fees	186,600	731,000	282,700	-	1,200,300
Associated student body fees	-	-	-	151,421	151,421
Facility rental	4,755	36,972	-	-	41,727
Other operating revenues	317	19,935	19,681	-	39,933
Membership fees	-	19,173	-	-	19,173
	<u>995,103</u>	<u>3,229,965</u>	<u>980,320</u>	<u>178,110</u>	<u>5,383,498</u>
Total Revenue and Support Without Donor Restrictions					
	995,103	3,229,965	980,320	178,110	5,383,498
Expenses:					
Program services	760,923	3,035,399	780,297	28,704	4,605,323
Supporting services - general and administrative	161,427	129,891	206,711	6,477	504,506
	<u>922,350</u>	<u>3,165,290</u>	<u>987,008</u>	<u>35,181</u>	<u>5,109,829</u>
Total Expenses					
	922,350	3,165,290	987,008	35,181	5,109,829
Change in Net Assets					
	72,753	64,675	(6,688)	142,929	273,669
Net Assets (Deficit) - Without Donor Restrictions, beginning					
	1,396,677	2,410,129	(782,783)	76,742	3,100,765
Restatements (Note 10)					
	<u>-</u>	<u>(188,604)</u>	<u>656,195</u>	<u>-</u>	<u>467,591</u>
Net Assets (Deficit) - Without Donor Restrictions, ending					
	<u>\$ 1,469,430</u>	<u>\$ 2,286,200</u>	<u>\$ (133,276)</u>	<u>\$ 219,671</u>	<u>\$ 3,842,025</u>

See independent auditor's report.

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

June 30, 2022

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	2,931,758
Short-term investments	-
Accounts receivable, net	686,235
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	3,617,993

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, 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	780,842
Other assets	-
Total noncurrent assets	780,842
Total assets	4,398,835

Deferred outflows of resources:

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

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

Schedule of Net Position, continued

June 30, 2022

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	314,822
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	241,988

Total current liabilities

556,810

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease 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

556,810

Deferred inflows of resources:

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

Total deferred inflows of resources

-

Net position:

Net investment in capital assets	780,842
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,061,183

Total net position

3,842,025

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

Year Ended June 30, 2022

(for inclusion in the California State University)

Revenues:**Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	5,383,498
Total operating revenues	5,383,498

Expenses:**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	3,935,073
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,020,174
Depreciation and amortization	154,582
Total operating expenses	5,109,829
Operating income (loss)	273,669

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)	273,669

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	273,669

Net position:

Net position at beginning of year, as previously reported	3,100,765
Restatements	467,591
Net position at beginning of year, as restated	3,568,356
Net position at end of year	3,842,025

See independent auditor's report.

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

Other Information

June 30, 2022

(for inclusion in the California State University)

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	(290,214)	-	-	19,920.00	(270,294)	(37,936)	-	(308,230)
Infrastructure	-	-	-	-	-	-	-	-
Leaschold improvements	(419,580)	-	-	395,558.00	(24,022)	(5,580)	-	(29,602)
Personal property:								
Equipment	(948,937)	-	-	566,975.00	(381,962)	(111,066)	-	(493,028)
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	(1,658,731)	-	-	982,453	(676,278)	(154,582)	-	(830,860)
Total capital assets, net excluding lease assets	\$ 1,124,028	-	-	(188,604)	\$ 935,424	(154,582)	-	780,842

Lease assets, net

Total capital assets, net

-
780,842

Composition of lease assets:

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
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 reductions enter as positive number)					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-
Total lease assets, net	\$ -	-	-	-	\$ -

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 154,582
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 154,582

See independent auditor's report.

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

Other Information

June 30, 2022

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments/Reclassifications	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	\$ -	-	-	\$ -	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	-	-	-	-	\$ -	-	-
5. Lease Liabilities								
Total long-term liabilities								
Lease liabilities	Balance	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion	
Total	\$ -	-	-	-	-	\$ -	-	-

5 Lease Liabilities schedule:

Year ending June 30:	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum lease payments									
Total lease liabilities									
Less: current portion									
Lease liabilities, net of current portion									\$ -

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

Other Information

June 30, 2022

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	747,868
Payments received from University for services, space, and programs	1,202,370
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(241,412)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	677,428
Other amounts receivable from University (enter as positive number)	-

8 Restatements

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

		Debit/(Credit)
Restatement #1	Transfer non-auxiliary Housing operations from Auxiliary to Stateside	
	Accounts receivable, net	656,195
	Unrestricted	(656,195)
		-
Restatement #2	Transfer Stateside PP&E from Auxiliary to Stateside Funds	
	Net investment in capital assets	188,604
	Capital assets, net	(188,604)
		-

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 22, 2022