

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018



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

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The supplementary information included on pages 16-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019, on our consideration of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2019

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

This section of the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Organization) annual financial report includes management's discussion and analysis of the financial performance of the Organization for the period July 1, 2018 through June 30, 2019. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

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

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

Statement of Cash Flows: The statement of cash flows presents the inflows and outflows of cash for the year ended June 30, 2019, and is summarized by operating, noncapital financing, capital and related financing, and investing activities. These statements are prepared using the direct method of cash flows and therefore present gross, rather than net, amounts for the year's activities.

Financial Overview

The following discussion highlights management's understanding of the key financial aspects of the Organization's financial activities, as of the period July 1, 2018 through June 30, 2019. Included, is an analysis of the current year activities and balances.

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

Highlights of Proposed Projects

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

Academic and Administrative Departments

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

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

Arts and Humanities (AH)

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

Business and Public Administration (BPA)

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

Natural Sciences, Mathematics, and Engineering (NSME)

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

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

Social Sciences and Education (SSE)

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

Statements of Net Position

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

Assets

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

Liabilities

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

Net Position

Total net position increased by \$294 thousand. Most of the cost recovery generated was used to reimburse expenses the University incurred in post-award and fiscal administration services. This year, the Organization generated enough F&A cost recovery revenue to not only reimburse the University for fiscal administration services and academic release time salaries, but also, to transfer a surplus of funds which the University utilized to invest in consulting services to better serve and support some of the most complex grants.

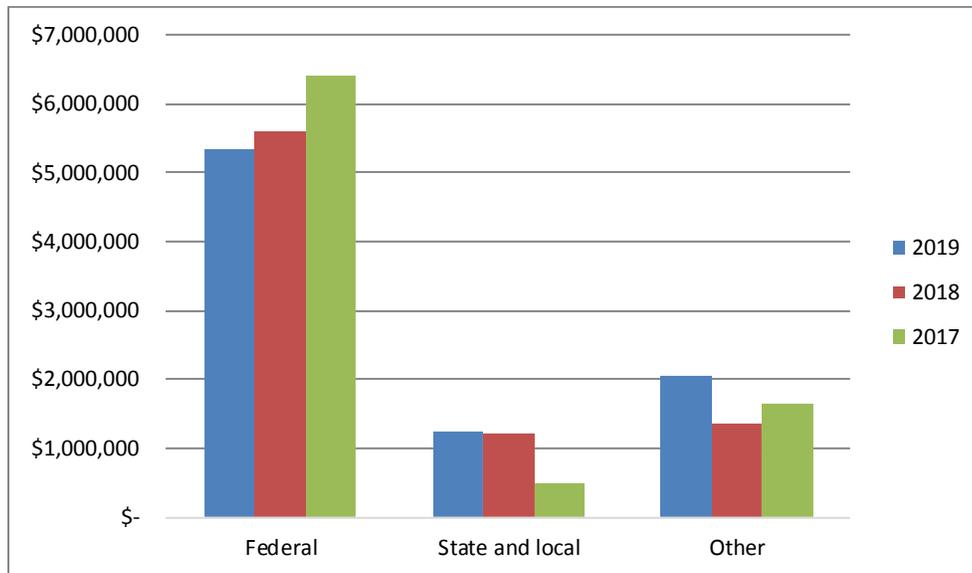
**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS
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Management's Discussion and Analysis
Year Ended June 30, 2019

Schedules of Revenues, Expenses, and Changes in Net Position

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

Revenue



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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2019

Expenses

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

Factors Bearing on the Organization's Future

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

Contacting the Organization's Financial Management

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

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

June 30, 2019 and 2018

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

**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, 2019 and 2018

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

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

Years Ended June 30, 2019 and 2018

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Basis of Presentation

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

Use of Estimates

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

Income Taxes

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

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2019 and 2018 and therefore no amounts have been accrued.

Accounts Receivable

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

Capital Assets

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

Deferred Revenue

Deferred revenue represents grant revenue received in advance.

Advertising

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

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

Years Ended June 30, 2019 and 2018

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

Subsequent Events

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

Note 2 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. At June 30, 2019, the Organization's uninsured cash balance was \$1,643,180. The Organization manages this risk by using high quality financial institutions.

Note 3 – Capital Assets

Changes in capital assets consist of the following for the year ended June 30, 2019:

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

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

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

Note 4 – Related Party Transactions

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

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

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

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

Years Ended June 30, 2019 and 2018

Note 4 – Related Party Transactions, continued

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

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

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

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

SUPPLEMENTAL INFORMATION

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

Year Ended June 30, 2019

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

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2018

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

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

Schedule of Net Position

June 30, 2019

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,884,726
Short-term investments	—
Accounts receivable, net	1,624,141
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	34
Total current assets	<u>3,508,901</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	193,433
Other assets	—
Total noncurrent assets	<u>193,433</u>
Total assets	<u>3,702,334</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,651,218
Accrued salaries and benefits	340,880
Accrued compensated absences, current portion	48,506
Unearned revenues	254,989
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	18,564
Total current liabilities	<u>2,314,157</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>2,314,157</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	193,433
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,194,744
Total net position	<u>\$ 1,388,177</u>

See independent auditors' report.

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2019

(for inclusion in the California State University)

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

1 Cash and cash equivalents:

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

2.1 Composition of investments:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

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

2.3 Investments held by the University under contractual agreements:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

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

4 Long-term liabilities:

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

5 Capital lease obligations schedule:

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

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

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

7 Transactions with related entities:

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

8 Restatements/Prior period adjustments:

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

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2019

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

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

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

2. Deferred Inflows of Resources

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (a nonprofit organization), which comprise the statement of net position as of June 30, 2019, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs for the year ended June 30, 2019. California State University, Bakersfield, Auxiliary for Sponsored Programs Administration's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, California State University, Bakersfield, Auxiliary for Sponsored Programs Administration complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

Report on Internal Control over Compliance

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

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

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2019

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

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

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

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

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

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
<u>CCDF Cluster:</u>				
<u>U.S. Department of Health & Human Services</u>				
Pass-through California Department of Education:				
General Child Care and Development Program	93.575/93.596	CCTR-8050	\$ 54,430	\$ -
California State Preschool Program	93.575/93.596	CSPP-8121	29,138	-
			<u>83,568</u>	<u>-</u>
Total CCDF Cluster				
<u>U.S. Department of Agriculture</u>				
Direct Program:				
RELO: Research, Experiential and Learning Opportunities	10.223	2016-38422-25544	\$ 57,011	\$ -
Investigate Use of Treated Unconventional Water	10.326	2017-70001-25983	60,723	-
Pass-through California Department of Education:				
Child Nutrition and Food Distribution Division; Child and Adult Care Food Program - Center	10.558	06226-CACFP-15-NP-IC	35,999	-
			<u>153,733</u>	<u>-</u>
<u>U.S. Department of Justice/Office on Violence Against Women</u>				
Direct Program:				
Roadrunner Risk Reduction Prog	16.525	2018-WA-AX-0046	19,139	-
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
Migrant Books 2017	17.264	493-2017	252	-
Migrant Books 2018	17.264	687-2018	23,492	-
Pass-through BCSD, Migrant Education Program, Region 21:				
BCSD Residential Academy	17.999	S011A190005	25,607	-
			<u>49,351</u>	<u>-</u>
<u>National Endowment for the Humanities</u>				
Pass-through California Humanities:				
Spanish Language & Linguistics	45.129	HFAQ18-112	1,816	-
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center 2018	59.037	F300GVA06	185,431	-
Small Business Development Center 2019	59.037	SBAHQ-19-B-0067	9,683	-
			<u>195,114</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
HEP-High School Equivalency Program	84.141	S141A150005-16	539,743	-
CAMP Program	84.149	S149A150026-16	494,989	-
Practices to Optimize Special Education	84.325	H325K140418	182,482	-
MSEIP (Minority Science and Engineering Improvement Program)	84.120	P120A140051	115,023	-
TQP GRO STEM	84.336	U336S140047	1,195,962	100,000
Pass-through Regents of UCOP:				
NCLB 14	84.367	NCLB14-CMP-Bakersfield	1,469	-
			<u>2,529,668</u>	<u>100,000</u>
<u>U.S. Department of Health & Human Services</u>				
Pass-through NIH-NLM National Library of Medicine/UCLA:				
Supporting RN Explorers Progra	93.879	5UG4LM012341-03	6,947	-
			<u>6,947</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,257,388</u>	<u>\$ 100,000</u>

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

Notes to Schedule of Expenditure of Federal Awards

Year Ended June 30, 2019

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

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

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

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

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

Schedule of Prior Year Findings

Year Ended June 30, 2019

Section IV – Schedule of Prior Year Findings

None reported.