



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

Financial Statements and Supplemental Information

Years Ended June 30, 2016 and 2015



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

Financial Statements and Supplemental Information

Years Ended June 30, 2016 and 2015

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplemental Information:	
Schedule of Expenses by Natural Classification	14
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	16
Schedule of Revenues, Expenses, and Changes in Net Position	17
Other Information	18
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 <i>Government Auditing Standards</i>	25
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	27
Schedule of Expenditures of Federal Awards	29
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32
Schedule of Prior Year Findings	34



AKT[®]

CPAS AND BUSINESS CONSULTANTS

Personal. Local. Global.

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, 2016 and 2015, 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 opinions 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, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108
PHONE: 619.810.4940 FAX: 619.810.4941

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK
AKT LLP

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* (CFR) 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 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 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, 2016, 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.

AKT LLP

San Diego, California
September 13, 2016

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2016

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, 2015 through June 30, 2016. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

The Organization 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 present the inflows and outflows of cash for the year ending June 30, 2016 and are summarized by operating, noncapital financing, capital and related financial 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, 2015 through June 30, 2016. Included is an analysis of the current year activities and balances.

The Organization continued the management and operation of several grants including CREST- Center for Research Excellence in Science and Technology, the Teacher Quality Partnerships, Teacher Quality Partnerships – Gro, Building Healthy Communities, CAMP - College Assistance Migrant Program, Educational Talent Search - HEP - High School Equivalency Program, and Small Business Development Center.

The total annual revenue for grants under Organization management during the year was approximately \$7.1 million. Several grants that were awarded to the Organization in past years experienced their final year of operation this year.

In its sixth year of operation, the Organization generated approximately \$722 thousand in Facilities and Administrative (F&A) indirect cost recovery - the major source of unrestricted revenue. Although the federal negotiated F&A rate is 47 percent of modified total direct costs, many awards receive a lower rate and certain categories of expense may not be used when calculating the actual cost recovery. The actual cost recovery rate for the year is 8.3 percent, above the planned rate of 7.4 percent. Projected F&A for fiscal year 2016-17 is 7.9 percent.

Grant Highlights

The Organization administered 59 new and continuing awards during this reporting period. These awards help fund educational, research, and service activities that benefit students, teachers, small businesses and members of the California State University, Bakersfield (CSUB or the University) community. The following comments are brief descriptions of a select number of awards representative of the ongoing activities and operations of the Organization. They are highlights of awards received by each school or division participating in the sponsored program activities of the University.

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2016

School of Arts and Humanities Grant

Through the School of Arts and Humanities (A&H), the National Endowment for the Humanities funded the *Crossing Borders* project, an interdisciplinary project that complements efforts at bringing together faculty across the campus to consider approaches to the study of ethnicity. The grant will support activities that effectively engage our community in conversations to promote the common good. Through this grant we will develop internships and applied learning opportunities beneficial to students and community stakeholders, and assess potential partnerships between the community and the University.

School of Business and Public Administration Grants

Grant funding in the School of Business and Public Administration comes primarily through the CSUB Small Business Development Center. This funding enables up to twenty talented professionals to offer confidential, in-depth, one-on-one business consulting on a wide spectrum of business issues, at no cost to the client. The Center presents webinars and hosts a number of seminars, conferences and classes throughout the year. These services are provided to small business owners in Kern, Mono, and Inyo Counties.

Enrollment Management Grants

Among other responsibilities, the Office of Enrollment Management engages in activities that maintain and enhance the pipeline of students transitioning from high schools and junior colleges to the University. The *College Access Migrant program (CAMP)*, funded by the U.S. Department of Education, and administered by the Organization, is a typical example. This program continues to provide CSUB students with a migrant background a spectrum of support services designed to enhance student success. Beginning with a Summer program, CAMP offers individual advising, career development, and community engagement activities throughout the academic year. An average of about 80 students per year participate in the CSUB CAMP program.

Another example, typical of the Organization's administration of sponsored projects for Enrollment Management, is the *High School Equivalency Program (HEP)*. This program continues to assist seasonal farmworkers and immediate family members in obtaining high school equivalency. This grant also helps participants in southern San Joaquin Valley find better jobs or begin college and vocational training. The CSUB HEP, one of eleven HEP programs in California, has met and exceeded expectations in various categories in recent years.

School of Natural Sciences, Mathematics and Engineering Grants

The National Science Foundation (NSF) has supported research and student success in NSM&E by funding a number of grants in the School. Two representative grant programs currently funded by the agency are: *The Center of Research Excellence in Science and Technology (CREST)* and the program on *Improving Undergraduate STEM Education (IUSE)*. These programs are administered by the Organization.

CREST continues to support students interested in research related to climate change while pursuing degrees in science and technology. The program has enhanced the career prospects of a significant number of students underrepresented in Science, Technology, Engineering and Mathematics (STEM) fields through its focus on place-based research and intensive mentoring. Student participants in CREST have gone on to successful graduate studies and careers in STEM fields. The recently established California Energy Research Center (CERC) owes its origins to the efforts of CSUB CREST scientists and engineers. The award of additional funding for a second five-year phase of this program (CREST Phase II) by the NSF, also attests to the success of this program, from the funder's perspective.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2016

CREST Phase II plans to expand the programming from CREST Phase I by conducting further research on physical, ecological and human responses to climate change. This research will be integrated into the overall educational experience of participating students, most of whom are underrepresented in STEM disciplines.

The IUSE project is designed to transform the mathematics curriculum in pre-calculus and calculus, and to produce a new model of integrated pedagogy that will enhance STEM education at CSUB. It will enhance CSUB's potential to serve as a center of excellence in retention and graduation rates for STEM majors. CSUB is uniquely suited to become a model of equitable STEM education, given the University's large female population, its designation as both an HIS and an MSI, and the responsiveness of this program to student needs. The program will broaden student exposure to opportunities in STEM fields and lay a foundation for academic success and career interest in STEM fields starting from the first year.

Besides support from the NSF, NSM&E receives research and other program funding from other federal agencies and from private organizations. For example, the U.S. Department of Agriculture provided funding to develop experiential learning, research and extension opportunities for underrepresented students earning engineering degrees from CSUB. This program titled USDA Novel Research involves outreach efforts with the potential to reach more than 35,000 high school students, and more than 2000 community college students. 60% of the student participants will come from outside CSUB.

School of Social Science and Education (SS&E) Grants

The lead federal funder of SS&E grants is the U.S. Department of Education. The agency has funded the *Teacher Quality Partnerships (TQP)* program for a number of years, benefitting area teachers by supporting professional development activities for teachers in K-12 schools. The first phase of this program served 3,087 educators over a five-year period which is 257% greater than grant expectations. The U.S. Department of Education has now funded a second phase of the program with emphasis on the growth of rural opportunities. This second phase, titled *Kern Rural Teacher Residency*, seeks to reduce the achievement gap of students in high-need rural schools through the creation of a rural teacher residency program that, among other things, addresses the high teacher turnover rates in rural schools with minority and English-learner populations.

The *Education Talent Search (ETS)* is also representative of the SS&E grants administered through the Organization. It serves five high schools in Kern County and three middle schools in the Bakersfield School District. The program provides services for disadvantaged homeless and foster youth, as well as low-income and potential first-generation college students. Key thrusts of the program include increasing the overall knowledge of financial aid programs, helping participants make appropriate connections to tutorial programs, conducting pre-college workshops for participants, and assisting students with enrollment processes into postsecondary education.

Other Grants

There is increasing grant activity within other units of the University. The Extended University, for example, has been funded by the Fresno Workforce Investment Board to provide training for its high speed rail project. The project provides employer services, community services and job training opportunities for economically disadvantaged, unemployed and under employed workers.

During the reporting period, the Office of Grants, Research, and Sponsored Programs served as the financial hub for continuation of the *Building Healthy Community (BHC)* grant funded by the California Endowment. This program is part of a long-term effort to address poverty and improve health and economic status of communities in South Kern County, through deep, sustained community-driven investments and partnerships.

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

Management's Discussion and Analysis

Year Ended June 30, 2016

Statements of Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Current assets	\$ 2,487,599	\$ 1,840,800	\$ 1,701,756
Capital assets	<u>113,861</u>	<u>103,128</u>	<u>106,544</u>
Total Assets	2,601,460	1,943,928	1,808,300
Liabilities:			
Current liabilities	<u>1,493,739</u>	<u>1,219,442</u>	<u>1,295,312</u>
Net Position: Unrestricted	<u>\$ 1,107,721</u>	<u>\$ 724,486</u>	<u>\$ 512,988</u>

Assets

Assets increased by \$657 thousand to \$2.6 million due to increases of \$457 thousand in cash, \$104 thousand in amounts due from related parties and an increase of \$93 thousand in accounts receivable. Total assets in both years consisted primarily of accounts receivable due from federal agencies.

Liabilities

Total liabilities increased by \$274 thousand to \$1.5 million due largely to an increase in expense accruals and deferred revenue. Total liabilities in both years consisted primarily of current accrued expenses which primarily consist of \$42 thousand operating, \$99 thousand in due to related parties, \$43 thousand TQP, and \$86 thousand for Building Healthy Communities.

Net Position

Total net position continued to increase from \$724,486 to \$1,107,721 as a result of more grants being under management for the whole year. Also, last year nearly all the cost recovery generated were used to reimburse expenses the University incurred in post award and fiscal administration services. This year, the Organization generated more in F&A cost recovery revenue providing funds to not only reimburse the University for fiscal administration services and academic release time salaries but also set aside unrestricted funds for the Organization's future operations.

Schedules of Revenues, Expenses, and Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unrestricted Operating Revenue and Other Support:			
Grants	\$ 6,828,684	\$ 6,593,981	\$ 7,180,321
Other operating revenues	<u>244,055</u>	<u>213,385</u>	<u>135,137</u>
Total Unrestricted Operating Revenue and Other Support	7,072,739	6,807,366	7,315,458
Expenses:			
Program services	6,356,710	6,223,296	6,786,688
General and administrative	<u>332,794</u>	<u>372,572</u>	<u>344,140</u>
Total Expenses	<u>6,689,504</u>	<u>6,595,868</u>	<u>7,130,828</u>
Change in Net Position	383,235	211,498	184,630
Net Position, beginning	<u>724,486</u>	<u>512,988</u>	<u>328,358</u>
Net Position, ending	<u>\$ 1,107,721</u>	<u>\$ 724,486</u>	<u>\$ 512,988</u>

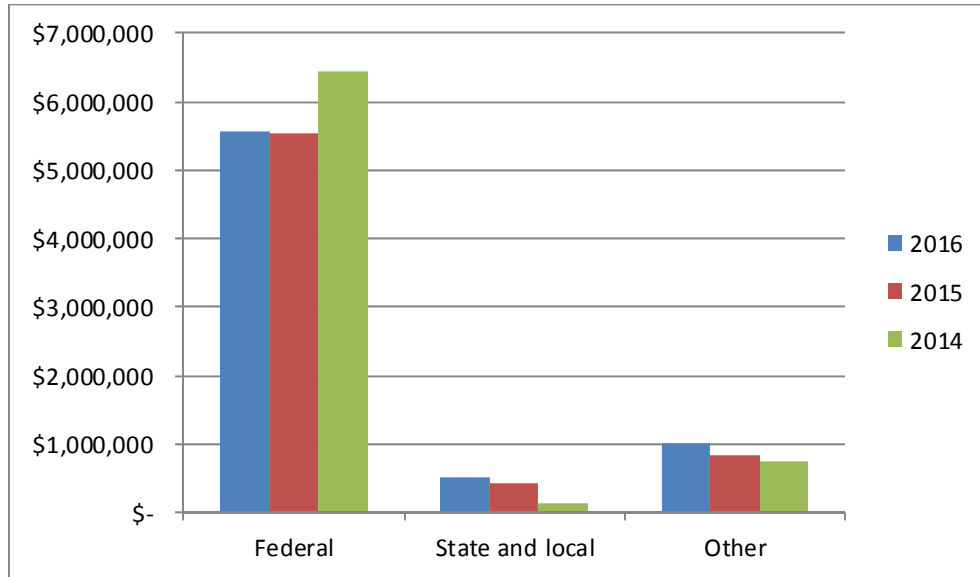
See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Management's Discussion and Analysis

Year Ended June 30, 2016

Revenue



Overall revenues increased from \$6.8 to \$7.1 million. While the federal share of revenue decreased from 81 to 79 percent, the state and local share increased from 6 to 7 percent. The decrease in the federal share is due to less revenue from and Title V A&B grants (\$424 thousand) which have concluded and an increase in CREST (\$294 thousand). Increases from state and local grants are due to BSCD (\$187 thousand), National Youth Sports Program (\$106 thousand), CalFlows Study (\$78 thousand) and Promoting Health and Education Equity (\$72 thousand).

Expenses

Program 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 \$3.5 million whereas \$3.2 million relates to non-payroll grant expenses, of which \$1.3 million are subcontractor expenses during the year ended June 30, 2016. General and administrative (G and A) expenses consist of expenses related to faculty release time and reimbursements to the University for business and administrative services. G and A expenses increased by \$13 thousand due to an increase in reimbursements for services provided by the University.

Factors Bearing on the Organization's Future

Additional grants have been awarded to the University during the past fiscal year and subsequent to year end. Management intends to manage these grants through the Organization within the next fiscal year.

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 Douglas Wade, Senior Director, Business Management Services, at 9001 Stockdale Highway, Bakersfield, California 93311.

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

Statements of Net Position

June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash	\$ 1,013,408	\$ 556,569
Accounts receivable	1,284,751	1,192,073
Due from related parties	187,643	83,241
Prepaid expenses	1,797	8,917
Capital assets, net of accumulated depreciation	<u>113,861</u>	<u>103,128</u>
 Total Assets	 2,601,460	 1,943,928
 LIABILITIES AND NET POSITION		
Accounts payable	279,382	347,344
Due to related parties	651,953	422,081
Accrued expenses	34,000	21,056
Deferred revenue	<u>528,404</u>	<u>428,961</u>
 Total Liabilities	 <u>1,493,739</u>	 <u>1,219,442</u>
 Net Position:		
Net investment in capital assets	113,861	103,128
Unrestricted	<u>993,860</u>	<u>621,358</u>
	 <u>\$ 1,107,721</u>	 <u>\$ 724,486</u>

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Revenue and Other Support:		
Grants:		
Federal	\$ 5,570,478	\$ 5,542,673
State	155,204	65,841
Local	346,314	368,912
Non-governmental	756,688	616,555
Other	<u>244,055</u>	<u>213,385</u>
Total Unrestricted Revenue and Other Support	7,072,739	6,807,366
Expenses:		
Program Services	6,356,710	6,223,296
General and Administrative	<u>332,794</u>	<u>372,572</u>
Total Expenses	<u>6,689,504</u>	<u>6,595,868</u>
Change in Net Position	383,235	211,498
Net Position, beginning	<u>724,486</u>	<u>512,988</u>
Net Position, ending	<u><u>\$ 1,107,721</u></u>	<u><u>\$ 724,486</u></u>

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

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Grant revenue receipts	\$ 6,975,102	\$ 7,010,467
Payments to suppliers	(3,042,266)	(3,307,211)
Payments to employees	(3,435,305)	(3,242,943)
	<u>497,531</u>	<u>460,313</u>
Net Cash Provided by Operating Activities		
Cash Flows Used by Investing Activities:		
Purchase of capital assets	(40,692)	(20,190)
	<u>456,839</u>	<u>440,123</u>
Net Increase in Cash		
Cash, beginning	<u>556,569</u>	<u>116,446</u>
Cash, ending	<u>\$ 1,013,408</u>	<u>\$ 556,569</u>
Reconciliation of change in net position to net cash provided by operating activities:		
Change in net position	\$ 383,235	\$ 211,498
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	29,959	23,606
Changes in operating assets and liabilities:		
Accounts receivable	(92,678)	387,581
Due from related parties	(104,402)	(77,585)
Prepaid expenses	7,120	(8,917)
Accounts payable	(67,962)	(96,023)
Due to related parties	229,872	157,977
Accrued expenses	12,944	(30,929)
Deferred revenue	99,443	(106,895)
	<u>497,531</u>	<u>460,313</u>
Net Cash Provided by Operating Activities	<u>\$ 497,531</u>	<u>\$ 460,313</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

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 (CSU Bakersfield or the University) as a non-profit auxiliary organization. The Organization is responsible for the accomplishment of certain University objectives that require financial support not provided by the State. These activities occur in all aspects of University life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects.

Basis of Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2016 and 2015 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 10 years.

Deferred Revenue

Deferred revenue represents grant revenue received in advance.

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

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

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

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2016, 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, 2016, the Organization's uninsured cash balance was \$627,351. 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, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Equipment	\$ 152,904	\$ 40,692	\$ -	\$ 193,596
Less accumulated depreciation	(49,776)	(29,959)	-	(79,735)
	<u>\$ 103,128</u>	<u>\$ 10,733</u>	<u>\$ -</u>	<u>\$ 113,861</u>

Changes in capital assets consist of the following for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Equipment	\$ 132,714	\$ 20,190	\$ -	\$ 152,904
Less accumulated depreciation	(26,170)	(23,606)	-	(49,776)
	<u>\$ 106,544</u>	<u>\$ (3,416)</u>	<u>\$ -</u>	<u>\$ 103,128</u>

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

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

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.

California State University, Bakersfield Associated Students, Inc. (Associated Students) provides various services to the Organization.

California State University, Bakersfield Student Union, Inc. (Student Union) provides various services to the Organization.

	<u>2016</u>	<u>2015</u>
Revenue:		
University	\$ 22,771	\$ 15,340
Foundation	598,803	528,899
Associated Students	81,909	-
	<u>\$ 703,483</u>	<u>\$ 544,239</u>
Expenses:		
Services from other agencies:		
University	\$ 2,934,416	\$ 2,480,829
Foundation	50,055	1,833
Associated Students	-	62
Student Union	19,596	8,076
	<u>\$ 3,004,067</u>	<u>\$ 2,490,800</u>
Due to:		
University	\$ 605,150	\$ 420,913
Foundation	46,653	1,168
Student Union	150	-
	<u>\$ 651,953</u>	<u>\$ 422,081</u>
Due from:		
University	\$ 947	\$ 3,243
Foundation	186,696	79,998
	<u>\$ 187,643</u>	<u>\$ 83,241</u>

Note 5 – Subsequent Event

In fiscal year 2016, the California Department of Education approved the transfer of the California State University, Bakersfield Foundation Children’s Center contracts for both preschool and child care and development to the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration. The effective date of this transfer is July 1, 2016.

SUPPLEMENTAL INFORMATION

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2016

	Program Services	General and Administrative	Total
Salaries	\$ 2,760,020	\$ -	\$ 2,760,020
Services from other agencies	1,056,660	261,018	1,317,678
Payroll taxes and benefits	688,229	-	688,229
Stipends	652,471	-	652,471
Supplies	509,339	10,446	519,785
Scholarships	200,915	-	200,915
Travel	186,475	-	186,475
Professional fees	51,167	42,000	93,167
Conference and meetings	77,714	-	77,714
Rent	50,247	-	50,247
Miscellaneous	28,503	3,712	32,215
Depreciation	29,959	-	29,959
Small equipment	29,494	-	29,494
Printing and publications	21,130	-	21,130
Dues and subscriptions	1,460	9,221	10,681
Telephone	9,588	-	9,588
Insurance	330	6,397	6,727
Postage	2,945	-	2,945
Advertising	64	-	64
	<u>6,356,710</u>	<u>332,794</u>	<u>6,689,504</u>
Total Expenses	\$ <u>6,356,710</u>	\$ <u>332,794</u>	\$ <u>6,689,504</u>

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

Schedule of Expenses by Natural Classification

Year Ended June 30, 2015

	Program Services	General and Administrative	Total
Salaries	\$ 2,458,840	\$ 152,945	\$ 2,611,785
Services from other agencies	1,773,519	167,601	1,941,120
Payroll taxes and benefits	600,229	-	600,229
Stipends	564,060	-	564,060
Supplies	312,271	1,655	313,926
Travel	165,007	-	165,007
Conference and meetings	81,105	-	81,105
Small equipment	71,034	-	71,034
Scholarships	68,255	-	68,255
Professional fees	13,550	40,500	54,050
Rent	34,853	-	34,853
Depreciation	23,606	-	23,606
Miscellaneous	17,217	1,934	19,151
Printing and publications	18,256	-	18,256
Telephone	15,484	-	15,484
Insurance	-	6,055	6,055
Dues and subscriptions	2,066	1,750	3,816
Postage	2,551	70	2,621
Events	1,078	-	1,078
Interest expense	315	-	315
Advertising	-	62	62
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 6,223,296</u>	<u>\$ 372,572</u>	<u>\$ 6,595,868</u>

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

Schedule of Net Position

June 30, 2016

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,013,408
Short-term investments	—
Accounts receivable, net	1,472,394
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	1,797
Total current assets	<u>2,487,599</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases 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	113,861
Other assets	—
Total noncurrent assets	<u>113,861</u>
Total assets	<u>2,601,460</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	931,335
Accrued salaries and benefits	—
Accrued compensated absences, current portion	29,222
Unearned revenue	528,404
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	4,778
Total current liabilities	<u>1,493,739</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized 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	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>1,493,739</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	113,861
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	993,860
Total net position	<u>\$ 1,107,721</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, 2016

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ —
Grants and contracts, noncapital:	
Federal	5,651,450
State	118,445
Local	345,758
Nongovernmental	721,550
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	—
Other operating revenues	235,536
Total operating revenues	<u>7,072,739</u>
Expenses:	
Operating expenses:	
Instruction	272,819
Research	426,340
Public service	1,938,748
Academic support	565,370
Student services	1,579,714
Institutional support	582,892
Operation and maintenance of plant	—
Student grants and scholarships	1,293,662
Auxiliary enterprise expenses	—
Depreciation and amortization	29,959
Total operating expenses	<u>6,689,504</u>
Operating income (loss)	<u>383,235</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)	—
Net nonoperating revenues (expenses)	<u>—</u>
Income (loss) before other revenues (expenses)	383,235
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>383,235</u>
Net position:	
Net position at beginning of year, as previously reported	724,486
Restatements	—
Net position at beginning of year, as restated	<u>724,486</u>
Net position at end of year	<u>\$ 1,107,721</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2016

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2016 related to:

	<u>Amount</u>
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2016	\$ —

2.4 Restricted noncurrent investments at June 30, 2016 related to:

	<u>Amount</u>
Endowment investment	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2016	\$ —

2.5 Fair value hierarchy in investments at June 30, 2016:

		<u>Fair Value Measurements Using</u>			
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
	<u>Total</u>				
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
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)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	\$ —	—	—	—	—

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2016

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

Depreciation and amortization expense related to capital assets	\$ 29,959
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 29,959

4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	\$ 16,867	—	—	16,867	62,066	(49,711)	29,222	29,222	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—						

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2016

(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2017	\$ —	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
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 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 113,861
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - net investment in capital asset	\$ 113,861

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2016

(for inclusion in the California State University)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,678,952
Payments to University for other than salaries of University personnel	1,255,464
Payments received from University for services, space, and programs	22,771
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)	605,150
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	947
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	<u>—</u>
Increase (decrease) in net OPEB obligation (NOO)	—
Other adjustments	—
NOO - beginning of year	<u>—</u>
NOO - end of year	<u><u>\$ —</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	<u>—</u>
Total pollution remediation liabilities	\$ —
Less: current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u><u>—</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION

Other Information

June 30, 2016

(for inclusion in the California State University)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	<u>Net Position</u> <u>Class</u>	<u>Amount</u> <u>Dr. (Cr.)</u>
Net position as of June 30, 2015, as previously reported		\$ 724,486
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2015, as restated		<u>\$ 724,486</u>

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 10 (breakdown of adjusting journal entry)	—	—



AKT[®]

CPAS AND BUSINESS CONSULTANTS

Personal. Local. Global.

**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, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2016.

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 the 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 the 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 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*.

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108

PHONE: 619.810.4940 FAX: 619.810.4941

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK
AKT LLP

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.

AKT LLP

San Diego, California
September 13, 2016



AKT[®]

CPAS AND BUSINESS CONSULTANTS

Personal. Local. Global.

**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, 2016. 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, 2016.

7676 HAZARD CENTER DRIVE, SUITE 1300, SAN DIEGO, CA 92108
PHONE: 619.810.4940 FAX: 619.810.4941

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK
AKT LLP

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.

AKT LLP

San Diego, California
September 13, 2016

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

Federal/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>Research and Development Cluster:</u>				
<u>National Endowment for the Humanities</u>				
Direct Program:				
Promotion of the Humanities - Professional Development - The Irish Sea Cultural Province	45.163	FS-50390-14	\$ 26,805	\$ -
<u>National Science Foundation</u>				
Direct Programs:				
Geosciences - Sierra Geomorphology Grant	47.050	EAR-1324939	6,594	-
Geosciences - Collaborative Research - DRI	47.050	EAR-1349405	2,774	-
Geosciences - Int'l Ocean Discovery Program	47.050	CA-OCE-0652315	10,157	-
Geosciences - IOPD Expedition	47.050	27(GG009393)	40,189	-
Biological Sciences - Career I Grant	47.074	IOS-1252232	119,766	-
Education and Human Resources - IUSE STEM Retention	47.076	DUE-1430398	222,761	-
Education and Human Resources - NSF CREST	47.076	HRD-1137774	1,162,715	21,177
Engineering Grants - RUI Net Work Structure	47.041	Awd No.1509966	32,934	-
			1,597,890	21,177
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Agriculture and Food Research Initiative - USDA Novel Research	45.163	FS-50390-14	6,655	-
<u>U.S. Department of Defense</u>				
Direct Programs:				
Basic, Applied, and Advanced Research in Science and Engineering - Quantative Forecasting	10.310	2016-67032-25008	39,610	-
Total Research and Development Cluster			\$ 1,670,960	\$ 21,177
<u>WIA/WIOA Cluster:</u>				
<u>U.S. Department of Labor</u>				
Pass-through County of Kern:				
WIA/WIOA Youth Activities - MBAP	17.259	639-2014	\$ 210	\$ -
WIA/WIOA Youth Activities - MBAP	17.259	575-2015	24,758	-
WIA/WIOA Youth Activities - CB-ISY	17.259	639-2014	338	-
WIA/WIOA Youth Activities - CB-ISY	17.259	575-2015	47,010	-
Pass-through Fresno Regional Workforce Investment Board:				
WIA/WIOA Dislocated Worker Formula Grants - High Speed Rail	17.278	Agreement:553	214,994	-
Total WIA/WIOA Cluster			\$ 287,310	\$ -
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Hispanic Serving Institutions Education Grants - Agri Engineering	10.223	2012-38422-19825	\$ 28,096	\$ -
<u>National Aeronautics and Space Administration</u>				
Pass-through AERO Institute:				
The NASA Cooperative	43.008	AERO PO#AERO0676	35,140	-
<u>National Endowment for the Humanities</u>				
Direct Program:				
Promotion of the Humanities - Teaching and Learning Resources and Curriculum Development - Crossing Borders, Making	45.162	AC-234498-16	12,965	-
<u>U.S. Department of Health & Human Services:</u>				
Direct Program:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance - CSUB SATP	93.243	1H79T1026006.01	80,451	-

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures	Expenditures to Subrecipients
<u>Small Business Administration</u>				
Pass-through University of California Merced:				
Small Business Development Center 2015	59.037	F300GSA076	133,834	-
Small Business Development Center 2016	59.037	F300GTA066	70,910	-
			<u>204,744</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
Higher Education - Institutional Aid - Title V-B	84.031	P031M090060	\$ 116,009	\$ -
TRIO - Talent Search	84.044	P044A110408	371,871	-
Migrant Education - High School Equivalency Program	84.141	S141A100008	71,407	-
Migrant Education - High School Equivalency Program	84.141	S141A150005	410,695	-
Migrant Education - College Assistance Migrant Program	84.149	S149A100035	152	-
Migrant Education - College Assistance Migrant Program	84.149	S149A150026	354,406	-
Teacher Quality Partnership Grants	84.336	U336S090162	401,496	391,176
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities - PURPOSE	84.325	H325K140418	198,242	-
Minority Science and Engineering Improvement	84.120	P120A140051	93,574	-
Teacher Quality Partnership Grants	84.336	U336S140047	1,117,128	38,250
Mathematics and Science Partnerships	84.366	GRA2434	73,906	-
Pass-through Regents of UCOP:				
Improving Teacher Quality State Grants - NCLB 11	84.367	NCLB11-CMP-Bakersfield	803	-
Improving Teacher Quality State Grants - NCLB 12	84.367	NCLB12-CMP-Bakersfield	21,932	-
Pass-through CSU Long Beach Research Foundation:				
Higher Education - Institutional Aid - HSI STEM	84.031	SG1391SUP-B	19,191	-
			<u>3,250,812</u>	<u>429,426</u>
			<u>\$ 5,570,478</u>	<u>\$ 450,603</u>

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

Notes to Schedule of Expenditure of Federal Awards

Year Ended June 30, 2016

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.200.414 Indirect costs.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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?	None
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?	None
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2.CFR.200.516(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.336	Teacher Quality Partnership Grants
Misc.	Cluster – WIA/WIOA
17.259	WIA/WIOA Youth Activities
17.278	WIA/WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee under the Uniform Grant Guidance, 2.CFR.200.520?	Yes

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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, 2016

Section IV – Schedule of Prior Year Findings

None reported.