

Associated Students, California State University, Bakersfield, Inc.

Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Financial Statements and Supplemental Information
Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Associated Students, California State University, Bakersfield, Inc.

We have audited the accompanying financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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. 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 Associated Students, California State University, Bakersfield, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 11-23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Aldrich CPAs + Advisors LLP

San Diego, California

September 15, 2017

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Financial Position**

June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 1,883,972	\$ 1,443,526
Investments	227,892	273,344
Accounts receivable, less of allowance for doubtful accounts of \$3,065 (\$0 in 2016)	46,373	57,165
Due from related parties	1,561	18,976
Prepaid expenses and other current assets	<u>535</u>	<u>65</u>
Total Current Assets	2,160,333	1,793,076
Property and Equipment, net of accumulated depreciation	<u>76,722</u>	<u>102,436</u>
Total Assets	<u>\$ 2,237,055</u>	<u>\$ 1,895,512</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 38,471	\$ 58,744
Deferred revenue	76,998	103,054
Due to related parties	809,372	182,091
Deposits in excess of withdrawals for agency accounts	<u>180,782</u>	<u>188,682</u>
Total Current Liabilities	1,105,623	532,571
Net Assets - Unrestricted	<u>1,131,432</u>	<u>1,362,941</u>
Total Liabilities and Net Assets	<u>\$ 2,237,055</u>	<u>\$ 1,895,512</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Activities**

Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Revenue and Other Support:		
Student fees	\$ 3,581,658	\$ 3,354,400
Miscellaneous	10,237	8,399
Interest	7,137	7,750
Total Unrestricted Revenue and Other Support	3,599,032	3,370,549
Expenses:		
Program services	3,393,902	2,632,292
General and administrative	436,639	293,168
Total Expenses	3,830,541	2,925,460
Change in Net Assets	(231,509)	445,089
Net Assets - Unrestricted, beginning	1,362,941	917,852
Net Assets - Unrestricted, ending	\$ 1,131,432	\$ 1,362,941

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Statements of Cash Flows**

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (231,509)	\$ 445,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	25,714	26,073
Changes in operating assets and liabilities:		
Accounts receivable, net	10,792	(2,536)
Due from related parties	17,415	(10,747)
Prepaid expenses and other current assets	(470)	146
Accounts payable and accrued expenses	(20,273)	12,138
Deferred revenue	(26,056)	(9,085)
Due to related parties	627,281	(75,287)
Deposits in excess of withdrawals for agency accounts	<u>(7,900)</u>	<u>27,699</u>
Net Cash Provided by Operating Activities	394,994	413,490
Cash Flows from Investing Activities:		
Purchases of investments	(7,137)	(7,750)
Proceeds from sale of investments	<u>52,589</u>	<u>331,248</u>
Net Increase in Cash	440,446	736,988
Cash, beginning	<u>1,443,526</u>	<u>706,538</u>
Cash, ending	<u>\$ 1,883,972</u>	<u>\$ 1,443,526</u>

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ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

The Associated Students, California State University, Bakersfield, Inc. (Organization) was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University) located in Bakersfield, California. The Organization exists as an advocate for students and provides programs which encourage leadership development, educational interests, and cultural awareness both at the university and statewide. The Organization has been in operation since 1976 and became a viable fiscal entity with the introduction of mandatory student fees by an election in 1977. The Organization's primary source of revenue is student fees.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no temporarily restricted or permanently restricted net assets during the years ended June 30, 2017 and 2016.

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 statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2017 and 2016 and therefore, no amounts have been accrued.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Unrealized gains and losses are included in the change in net assets in the statements of activities.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 10 years.

Deferred Revenue

Deferred revenue represents the portion of student activity fees collected for the summer session applicable to the next fiscal year.

Deposits in Excess of Withdrawals for Agency Accounts

The Organization holds funds for on-campus clubs to fund club activities. These monies can be drawn upon at any time.

Student Fees

During the year ended June 30, 2017, the Organization converted from a quarterly-based academic year to a semester-based academic year. Each matriculated student of the University was required to pay \$188 per semester for student fees for the year ended June 30, 2017 and \$123 per quarter for the year ended June 30, 2016. These payments support the Organization's operations and are recognized as revenue ratably over the course of the term.

Advertising

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

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

Fair Value Measurements, continued

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of the investments held by the pooled SWIFT account explained in Note 3 reflect the Organization's pro rata share of the market value of the underlying assets in the account.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2017 and 2016, due to the relative short maturities of these instruments.

Subsequent Events

The Organization has evaluated subsequent events through September 15, 2017, which is the date the financial statements were available to be issued.

Note 2 – Concentrations 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, 2017, the Organization had approximately \$1,667,000 that was exposed to uninsured deposit risk. In addition, the Organization has deposited cash pooled with the California State University, US Bank SWIFT account. The Organization manages this risk by using high-quality financial institutions.

Note 3 – Investments and Fair Value Measurement

The Organization's investments are pooled and invested with the California State University, Bakersfield's US Bank SWIFT account to take advantage of an effective investment program. Securities within the investment pool are not insured. In addition, the securities are not held in the Organization's name, but in the name of the University. The Organization's share of the pool is determined based on its proportionate interest in the University's investment pool account. The Organization's share of pooled investments was \$227,892 and \$273,344 at June 30, 2017 and 2016, respectively. Investments held in the investment pool are reported as short-term investments included in current assets on the statements of financial position.

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See Note 1 for information regarding investment valuation.

All investments held by the Organization are considered to be Level 2 investments.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Notes to Financial Statements**Years Ended June 30, 2017 and 2016

Note 4 – Property and Equipment

Property and equipment consist of the following:

	2017	2016
Equipment	\$ 57,806	\$ 57,806
Leasehold improvements	254,852	254,852
	<u>312,658</u>	<u>312,658</u>
Less accumulated depreciation	<u>(235,936)</u>	<u>(210,222)</u>
	<u>\$ 76,722</u>	<u>\$ 102,436</u>

Note 5 – Operating Leases

The Organization leases 1,220 square feet of office space at California State University, Bakersfield from California State University, Bakersfield Student Union, Inc. under non-cancellable agreements expiring through June 2019. Monthly lease payments range from \$2,013 to \$2,355 throughout the contract.

Minimum future lease payments as of June 30, 2017 are due as follows:

Year Ending June 30,	
<u>2018</u>	\$ 27,230
2019	28,255
Thereafter	<u>-</u>
	<u>\$ 55,485</u>

Rental expense was \$27,321 and \$26,697 for the years ended June 30, 2017 and 2016, respectively.

Note 6 – Related Party Transactions

The Organization's salaries are paid by the University and billed to the Organization. The University provides accounting services and leases office space to the Organization.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by operating various campus programs. The Organization pays the University and/or the Foundation for these services as provided by the student body.

California State University, Bakersfield Student Union, Inc. (Student Union) functions to benefit the student body of the University by operating various campus programs. The Student Union provides facilities for the Organization to conduct its operations. The Organization pays the Student Union for the use of these facilities as provided by the student body.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by administering grants on behalf of the campus. The Organization also provides program services for student services for the Children's Center. The Organization pays the Sponsored Programs Administration for these services as provided by the student body.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Notes to Financial Statements**Years Ended June 30, 2017 and 2016

Note 6 – Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Expenses:		
Program fees:		
University	\$ 3,132,439	\$ 2,830,868
Foundation	10,909	22,125
Sponsored Programs Administration	125,898	81,909
Student Union	<u>38,435</u>	<u>33,774</u>
	<u>\$ 3,307,681</u>	<u>\$ 2,968,676</u>
Due from:		
University	\$ 15	\$ 16,180
Foundation	1,546	2,532
Student Union	<u>-</u>	<u>264</u>
	<u>\$ 1,561</u>	<u>\$ 18,976</u>
Due to:		
University	\$ 752,799	\$ 174,177
Foundation	675	75
Sponsored Programs Administration	55,898	-
Student Union	<u>-</u>	<u>7,839</u>
	<u>\$ 809,372</u>	<u>\$ 182,091</u>

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Expenses by Natural Classification
Year Ended June 30, 2017

	Program Services	General and Administrative	Total
Scholarships	\$ 2,012,659	\$ 36,701	\$ 2,049,360
Supplies	446,030	115,626	561,656
Travel	514,472	24,109	538,581
Salaries	63,788	105,383	169,171
Recruitment	157,000	2,042	159,042
Services from other agencies	121,200	27,900	149,100
Benefits	35,468	62,457	97,925
Rent	-	27,321	27,321
Depreciation	17,455	8,259	25,714
Conference and meetings	511	18,349	18,860
Professional fees	10,008	1,492	11,500
Insurance	7,590	596	8,186
Expendable equipment	6,481	-	6,481
Printing and publications	829	2,014	2,843
Telephone	411	2,035	2,446
Dues and subscriptions	-	1,269	1,269
Advertising	-	710	710
Repairs and maintenance	-	376	376
Total Expenses	\$ <u>3,393,902</u>	\$ <u>436,639</u>	\$ <u>3,830,541</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Expenses by Natural Classification
Year Ended June 30, 2016

	Program Services	General and Administrative	Total
Scholarships	\$ 1,920,970	\$ 38,100	\$ 1,959,070
Supplies	430,399	98,705	529,104
Travel	156,344	17,749	174,093
Salaries	35,167	30,176	65,343
Services from other agencies	20,800	27,367	48,167
Benefits	15,003	12,374	27,377
Rent	-	26,697	26,697
Depreciation	17,814	8,259	26,073
Expendable equipment	20,751	-	20,751
Conference and meetings	4,448	12,834	17,282
Professional fees	10,116	1,384	11,500
Insurance	-	8,624	8,624
Advertising	-	4,699	4,699
Recruitment	-	3,048	3,048
Telephone	401	1,925	2,326
Printing and publications	79	1,168	1,247
Repairs and maintenance	-	59	59
Total Expenses	\$ 2,632,292	\$ 293,168	\$ 2,925,460

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Activities by Fund
Year Ended June 30, 2017

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Total
Unrestricted Revenue and Other Support:							
Student fees	\$ 486,931	\$ 415,488	\$ 132,795	\$ 2,362,775	\$ 108,486	\$ 75,183	\$ 3,581,658
Miscellaneous	2,167	-	-	70	-	8,000	10,237
Interest	969	828	265	4,709	216	150	7,137
Total Unrestricted Revenue and Other Support	490,067	416,316	133,060	2,367,554	108,702	83,333	3,599,032
Expenses:							
Program services	-	413,939	133,528	2,601,548	135,534	109,353	3,393,902
General and administrative	436,639	-	-	-	-	-	436,639
Total Expenses	436,639	413,939	133,528	2,601,548	135,534	109,353	3,830,541
Change in net assets	53,428	2,377	(468)	(233,994)	(26,832)	(26,020)	(231,509)
Net Assets - Unrestricted, beginning	714,561	9,900	3,498	365,236	171,478	98,268	1,362,941
Net Assets - Unrestricted, ending	<u>\$ 767,989</u>	<u>\$ 12,277</u>	<u>\$ 3,030</u>	<u>\$ 131,242</u>	<u>\$ 144,646</u>	<u>\$ 72,248</u>	<u>\$ 1,131,432</u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Activities by Fund
Year Ended June 30, 2016

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Total
Unrestricted Revenue and Other Support:							
Student fees	\$ 436,361	\$ 381,860	\$ 136,238	\$ 2,236,193	\$ 109,061	\$ 54,687	\$ 3,354,400
Miscellaneous	399	-	-	-	-	8,000	8,399
Interest	4,451	529	165	2,124	345	136	7,750
Total Unrestricted Revenue and Other Support	441,211	382,389	136,403	2,238,317	109,406	62,823	3,370,549
Expenses:							
Program services	-	379,125	128,151	1,939,888	91,016	94,112	2,632,292
General and administrative	293,168	-	-	-	-	-	293,168
Total Expenses	293,168	379,125	128,151	1,939,888	91,016	94,112	2,925,460
Change in net assets	148,043	3,264	8,252	298,429	18,390	(31,289)	445,089
Net Assets - Unrestricted (Deficit), beginning	566,518	6,636	(4,754)	66,807	153,088	129,557	917,852
Net Assets - Unrestricted, ending	\$ 714,561	\$ 9,900	\$ 3,498	\$ 365,236	\$ 171,478	\$ 98,268	\$ 1,362,941

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Schedule of Net Position**

June 30, 2017

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,883,972
Short-term investments	227,892
Accounts receivable, net	47,934
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	535
Total current assets	<u>2,160,333</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	76,722
Other assets	—
Total noncurrent assets	<u>76,722</u>
Total assets	<u>2,237,055</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	837,416
Accrued salaries and benefits	—
Accrued compensated absences, current portion	7,407
Unearned revenue	76,998
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	183,802
Total current liabilities	<u>1,105,623</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>1,105,623</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	76,722
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,054,710
Total net position	<u>\$ 1,131,432</u>

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$0)	\$	3,581,658
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		-
Other operating revenues		10,237
Total operating revenues		<u>3,591,895</u>

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,755,467
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	2,049,360
Auxiliary enterprise expenses	-
Depreciation and amortization	25,714
Total operating expenses	<u>3,830,541</u>
Operating income (loss)	<u>(238,646)</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	7,137
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	<u>7,137</u>
Income (loss) before other revenues (expenses)	<u>(231,509)</u>

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

Increase (decrease) in net position	<u>(231,509)</u>
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Net position:

Net position at beginning of year, as previously reported	1,362,941
Restatements	-
Net position at beginning of year, as restated	<u>1,362,941</u>
Net position at end of year	<u>\$ 1,131,432</u>

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

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(for inclusion in the California State University)

1 Noncurrent restricted cash and cash equivalents at June 30, 2017:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
Total restricted cash and cash equivalents	\$	—

2.1 Composition of investments at June 30, 2017:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)		—	—	—	—	—	—
Corporate bonds	62,821	—	62,821	—	—	—	62,821
Certificates of deposit	9,667	—	9,667	—	—	—	9,667
Mutual funds	—	—	—	—	—	—	—
Money Market funds	979	—	979	—	—	—	979
Repurchase agreements	642	—	642	—	—	—	642
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	19,496	—	19,496	—	—	—	19,496
Mortgage backed securities	23	—	23	—	—	—	23
Municipal bonds	1,033	—	1,033	—	—	—	1,033
U.S. agency securities	82,275	—	82,275	—	—	—	82,275
U.S. treasury securities	50,956	—	50,956	—	—	—	50,956
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	227,892	—	227,892	—	—	—	227,892
Less endowment investments (enter as negative number)				—	—	—	—
Total investments	227,892	—	227,892	—	—	—	227,892

2.2 Investments held by the University under contractual agreements at June 30, 2017:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 :	227,892	—	227,892	—	—	—	227,892
---	---------	---	---------	---	---	---	---------

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

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2.3 Restricted current investments at June 30, 2017 related to:		Amount			
Add description	\$	—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Total restricted current investments at June 30, 2017	\$	—			
2.4 Restricted noncurrent investments at June 30, 2017 related to:		Amount			
Endowment investment	\$	—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Add description		—			
Total restricted noncurrent investments at June 30, 2017	\$	—			
2.5 Fair value hierarchy in investments at June 30, 2017:					
	Total	Fair Value Measurements Using			
		Quoted Prices in	Significant Other	Significant	Net Asset Value
State of California Surplus Money Investment Fund (SMIF)	\$	—	—	—	—
State of California Local Agency Investment Fund (LAIF)		—	—	—	—
Corporate bonds	62,821	—	62,821	—	—
Certificates of deposit	9,667	—	9,667	—	—
Mutual funds	—	—	—	—	—
Money Market funds	979	—	979	—	—
Repurchase agreements	642	—	642	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	19,496	—	19,496	—	—
Mortgage backed securities	23	—	23	—	—
Municipal bonds	1,033	—	1,033	—	—
U.S. agency securities	82,275	—	82,275	—	—
U.S. treasury securities	50,956	—	50,956	—	—
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	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	227,892	—	227,892	—	—

See independent auditors' report.

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3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	254,852	—	—	254,852	—	—	—	254,852
Personal property:								
Equipment	57,806	—	—	57,806	—	—	—	57,806
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	312,658	—	—	312,658	—	—	—	312,658
Total capital assets	312,658	—	—	312,658	—	—	—	312,658
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(157,621)	—	—	(157,621)	(23,626)	—	—	(181,247)
Personal property:								
Equipment	(52,601)	—	—	(52,601)	(2,088)	—	—	(54,689)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(210,222)	—	—	(210,222)	(25,714)	—	—	(235,936)
Total capital assets, net	\$ 102,436	—	—	102,436	(25,714)	—	—	76,722

See independent auditors' report.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$ 25,714
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 25,714</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	11,608	(4,201)	7,407	7,407	—
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	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,608</u>	<u>(4,201)</u>	<u>7,407</u>	<u>7,407</u>	<u>—</u>

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized 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:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest	—	—	—	—	—	—	—	—	—
Present value of future minimum lease payments	—	—	—	—	—	—	—	—	—
Unamortized net premium (discount)	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Less: current portion	—	—	—	—	—	—	—	—	—
Capitalized lease obligation, net of current portion	—	—	—	—	—	—	—	—	<u>\$ —</u>

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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:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
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	\$ 76,722
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	\$ 76,722

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	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —

See independent auditors' report.

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8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 240,179
Payments to University for other than salaries of University personnel	2,892,260
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(752,799)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	15
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

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

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	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 1,362,941
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, 2016, as restated		\$ 1,362,941

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

	Debit	Credit
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)	—	—

See independent auditors' report.