

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

Financial Statements with Supplemental Information

Year Ended June 30, 2021



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.
Financial Statements with Supplemental Information
Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Student-centered Enterprises, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021, California State University, Bakersfield Student-centered Enterprises, Inc. adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, included on pages 13-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 24, 2021, on our consideration of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Student-centered Enterprises, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021

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

Statement of Financial Position

June 30, 2021

ASSETS

Current Assets:

Cash	\$	2,296,488
Due from related parties		716,527
Prepaid expenses		<u>5,726</u>

Total Current Assets 3,018,741

Property and Equipment, net of accumulated depreciation 1,124,028

Total Assets \$ 4,142,769

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$	363,656
Due to related parties		<u>678,348</u>

Total Current Liabilities 1,042,004

Net Assets - Without Donor Restrictions 3,100,765

Total Liabilities and Net Assets \$ 4,142,769

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statement of Activities**Year Ended June 30, 2021

Revenue and Support Without Donor Restrictions:

University contract services (Note 7)	\$ 3,828,225
Program activity fees	917,600
Housing administration and programming fee	282,700
Associated student body fees	161,536
Other operating revenues	<u>23,177</u>

Total Revenue and Support Without Donor Restrictions 5,213,238

Expenses:

Program services:

Student Union	878,222
Student Recreation Center	2,450,501
Student Housing and Residential Life	729,138
Children's Center	440,175
Supporting services - general and administrative	<u>466,178</u>

Total Expenses 4,964,214

Change in Operations Before Transfer 249,024

Transfer of Employee Vacation Liability (Note 9) 185,552

Change in Net Assets 434,576

Net Assets - Without Donor Restrictions, beginning 2,666,189

Net Assets - Without Donor Restrictions, ending \$ 3,100,765

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

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services					General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total		
University contract expenses (Note 7)	\$ 796,872	\$ 1,835,684	\$ 496,073	\$ 438,160	\$ 3,566,789	\$ 261,436	\$ 3,828,225
Utilities	47,657	195,667	108,908	-	352,232	36,301	388,533
Supplies	33,354	128,379	96,250	-	257,983	8,261	266,244
Depreciation	-	247,520	-	2,015	249,535	2,714	252,249
Insurance	-	-	-	-	-	84,276	84,276
Information technology	-	23,952	4,264	-	28,216	13,932	42,148
Miscellaneous	-	64	-	-	64	27,766	27,830
Repairs and maintenance	276	3,261	20,817	-	24,354	-	24,354
Accounting	-	-	-	-	-	16,190	16,190
Professional fees	-	-	-	-	-	7,200	7,200
Bank fees	-	-	-	-	-	6,719	6,719
Minor equipment	-	5,602	-	-	5,602	-	5,602
Dues and subscriptions	-	4,433	-	-	4,433	906	5,339
Advertising and promotion	-	4,349	-	-	4,349	-	4,349
Office expense	63	13	2,826	-	2,902	7	2,909
Conference, conventions, and meetings	-	1,150	-	-	1,150	470	1,620
Travel	-	427	-	-	427	-	427
Total expenses	\$ 878,222	\$ 2,450,501	\$ 729,138	\$ 440,175	\$ 4,498,036	\$ 466,178	\$ 4,964,214

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statement of Cash Flows**Year Ended June 30, 2021

Cash Flows from Operating Activities:

Change in net assets	\$ 434,576
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	252,249
Transfer of employee vacation liability (Note 9)	(185,552)
Changes in operating assets and liabilities:	
Accounts receivable, net	47,441
Due from related parties	420,794
Prepaid expenses	(5,726)
Accounts payable and accrued expenses	102,091
Due to related parties	<u>(1,602,975)</u>
Net Cash Used by Operating Activities	(537,102)

Cash Flows Used by Investing Activities:

Purchases of property and equipment	<u>(6,774)</u>
Net Decrease in Cash	(543,876)

Cash, beginning	<u>2,840,364</u>
Cash, ending	<u>\$ 2,296,488</u>

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield Student-centered Enterprises, Inc. (Organization) was incorporated in the State of California on March 9, 1994, and opened its facility in May 1994. In May 2009, the Organization opened its Student Recreation Center. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University). The Organization operates a student union facility to enhance the quality of the student experience through the development of and exposure to, campus programs, activities, and organizations in a student-centered environment; a student recreation center to allow students to achieve physical and mental well-being through a variety of programs and services; a children's center to provide on-campus daycare services to students attending California State University, Bakersfield as well as the community and staff and faculty of the University; and student housing and residential life designed to create a holistic, student centered housing experience, in which students have access to faculty, engaging and social activities, and are able to access support easily and often.

In February 2020, the entity changed its name from California State University, Bakersfield Student Union to California State University, Bakersfield Student-centered Enterprises, Inc.

Change in Operations

During the year ended June 30, 2021, the University and Organization entered into an operating agreement to better define the purpose and primary functions of the Organization. Under the former agreement, the Organization's primary sources of revenue were mandatory and non-mandatory student fees collected by the Organization. Under the new agreement, the University collects the student fees and provides the Organization a portion of the fees to provide programming services that enhance the quality of the student experience. The fees provided to the Organization for programming services are based on an annual approved budget and may vary each year depending on student enrollment, nature of programming events, and estimated expenses.

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) effective July 1, 2020.

The new guidance was applied retrospectively to all contracts that were not completed as of the adoption date. Management has analyzed the provisions of the FASB's ASC Topic 606 and has concluded that no changes are necessary to conform with the new standard and the new standard has not had a significant impact on the financial statements.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which require the Organization to report information regarding their financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the year ended June 30, 2021.

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

Notes to Financial Statements

Year Ended June 30, 2021

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

Use of Estimates

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

Income Taxes

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

The Organization follows US GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2021 and therefore, no amounts have been accrued.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish a price concession for uncollectible amounts. For the year ended June 30, 2021, no price concession for uncollectible amounts was considered necessary.

Property and Equipment

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

Revenue Recognition

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

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

Housing Administration and Programming Fee – The Organization received a housing administration and programming fee for programs and services provided to housing residents. Contracted amounts are determined and recognized in a similar manner as programming activity fees.

Advertising

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

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

Notes to Financial Statements

Year Ended June 30, 2021

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

Functional Expense Allocations

The Organization's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by fund alone or a combination of fund and department. Each fund has expenses that are programmatic and general and administrative in nature and certain costs initially captured within the funds, such as accounting costs, general insurance and bank fees, are presented as general and administrative instead of program costs.

Future Accounting Standards

FASB has issued a substantial ASU, which will become effective in a future year.

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

Subsequent Events

The Organization has evaluated subsequent events through September 24, 2021, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

Cash	\$ 2,296,488
Due from related parties	<u>716,527</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,013,015</u>

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

Note 3 - Concentration of Credit Risk

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

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 4 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,760,519
Leasehold improvements	1,022,240
	<u>2,782,759</u>
Less accumulated depreciation	(1,658,731)
	<u>\$ 1,124,028</u>

Note 5 - Revenue Recognition

Contract Balances

Accounts receivable from contracts with customers were \$47,441 at the beginning of the year and \$0 at the end of the year.

Significant Judgments

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

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

Note 6 - Commitments

The Organization has entered into various agreements for the maintenance of facilities and equipment, information technology services, and equipment rentals under non-cancelable agreements expiring at various dates through October 2021, including one with the University.

Minimum future payments as of June 30, 2021 are due as follows:

Year Ending June 30,	
<u>2022</u>	\$ 22,321
Thereafter	<u>-</u>
	<u>\$ 22,321</u>

Expenses related to these commitments, including month-to-month leases, was \$136,628.

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 7 - University Contract Services

The Organization entered into an operating agreement with the University to use University employees to provide the direct programming services and indirect other services on behalf of the Organization including human resource services, facilities management services, information technology services and other administrative services as appropriate. Services provided to the Organization by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. During the year ended June 30, 2021, the total estimated employee cost is \$2,415,025 and has been recognized as University contract services revenue and as an operating expense in the statement of activities.

The Organization entered into an operating agreement with the University to use University facilities to provide space for the University employees to provide direct programming services on behalf of the Organization. The Organization paid no rent to the University and has recognized revenue equal to the fair market value of this rent for similar facilities. During the year ended June 30, 2021, the total estimated fair market value of this rent is \$1,413,200 and has been recognized as University contract services revenue and as an operating expense in the statement of activities.

Note 8 - Related Party Transactions

The Organization has an agreement with the University to use campus facilities to conduct operations. Utility costs related to the Organization's use of those facilities are paid by the University and reimbursed by the Organization. Custodial and landscape maintenance charges were billed to the Organization by the University on a monthly basis as expenses were incurred. The Organization and the University are currently in the process of renegotiating multi-year contracts for these services.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by operating various philanthropic programs.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student led programs.

Related party transactions are reflected in the accompanying financial statements as follows:

Revenue:

Cost Recoveries:

University	\$	1,227,184
Foundation		4,516
Associated Students		<u>161,536</u>
Total Cost Recoveries	\$	<u><u>1,393,236</u></u>

Expense:

Services from Other Agencies:

University	\$	576,011
Foundation		276
Associated Students		<u>8,000</u>
	\$	<u><u>584,287</u></u>

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

Notes to Financial Statements

Year Ended June 30, 2021

Note 8 - Related Party Transactions, continued

Due from Related Parties:

University	\$	691,476
Foundation		300
Associated Students		24,751
		<u>24,751</u>
	\$	<u>716,527</u>

Due to Related Parties:

University	\$	<u>678,348</u>
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Note 9 - Transfer of Employee Vacation Liability

In fiscal year 2021, based on clarified guidance provided by the operating agreement between the University and the Organization, it was determined that, since the Organization utilizes University employees to provide the direct programming services and indirect other services on behalf of the Organization, the related employee vacation liability was not the responsibility of the Organization and should be transferred to the University. Therefore, the employee vacation liability balance of \$185,552 was transferred to the University during the year ended June 30, 2021.

Note 10 - Contingencies

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

Coronavirus

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the organization is located.

Management has initiated several changes to the operations of the programs, events and administrative functions in order to protect the health of staff and students and to mitigate the financial effects of the virus and its resultant economic slowdown. The Organization will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of staff and students. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined.

SUPPLEMENTAL INFORMATION

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

Schedule of Activities by Enterprise

Year Ended June 30, 2021

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Revenue and Support Without Donor Restrictions:					
University contract services (Note 7)	\$ 922,308	\$ 1,880,684	\$ 570,773	\$ 454,460	\$ 3,828,225
Program activity fees	186,600	731,000	-	-	917,600
Housing administration and programming fee	-	-	282,700	-	282,700
Associated student body fees	-	-	-	161,536	161,536
Other operating revenues	383	408	22,083	303	23,177
	<u>1,109,291</u>	<u>2,612,092</u>	<u>875,556</u>	<u>616,299</u>	<u>5,213,238</u>
Expenses:					
Program services	878,222	2,450,501	729,138	440,175	4,498,036
Supporting services - general and administrative	171,075	91,102	169,606	34,395	466,178
	<u>1,049,297</u>	<u>2,541,603</u>	<u>898,744</u>	<u>474,570</u>	<u>4,964,214</u>
Change in Operations Before Transfer	59,994	70,489	(23,188)	141,729	249,024
Transfer of Employee Vacation Liability	73,142	40,998	61,774	9,638	185,552
Change in Net Assets	133,136	111,487	38,586	151,367	434,576
Net Assets (Deficit) - Without Donor Restrictions, beginning	<u>1,263,541</u>	<u>2,298,642</u>	<u>(821,369)</u>	<u>(74,625)</u>	<u>2,666,189</u>
Net Assets (Deficit) - Without Donor Restrictions, ending	<u>\$ 1,396,677</u>	<u>\$ 2,410,129</u>	<u>\$ (782,783)</u>	<u>\$ 76,742</u>	<u>\$ 3,100,765</u>

See independent auditors' report.

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

June 30, 2021

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	2,296,488
Short-term investments	-
Accounts receivable, net	716,527
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	5,726
Total current assets	3,018,741

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	1,124,028
Other assets	-
Total noncurrent assets	1,124,028
Total assets	4,142,769

Deferred outflows of resources:

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

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

June 30, 2021

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	363,656
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	678,348

Total current liabilities1,042,004**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities-**Total liabilities**1,042,004**Deferred inflows of resources:**

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

Total deferred inflows of resources-**Net position:**

Net investment in capital assets	1,124,028
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-

Unrestricted 1,976,737

Total net position3,100,765

See independent auditors' report.

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

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2021

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	5,213,238
Total operating revenues	5,213,238

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,711,965
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	252,249
Total operating expenses	4,964,214
Operating income (loss)	249,024

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	-
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	185,552
Net nonoperating revenues (expenses)	185,552
Income (loss) before other revenues (expenses)	434,576

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	434,576

Net position:

Net position at beginning of year, as previously reported	2,666,189
Restatements	-
Net position at beginning of year, as restated	2,666,189
Net position at end of year	3,100,765

See independent auditors' report.

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

Other Information

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

Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	(248,327)	-	-	-	(248,327)	(41,887)	-	-	(290,214)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(383,023)	-	-	-	(383,023)	(36,557)	-	-	(419,580)
Personal property:									
Equipment	(775,132)	-	-	-	(775,132)	(173,805)	-	-	(948,937)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,406,482)	-	-	-	(1,406,482)	(252,249)	-	-	(1,658,731)
Total capital assets, net	\$ 1,369,503	-	-	-	\$ 1,369,503	(245,475)	-	-	1,124,028

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	252,249
Amortization expense related to other assets		-
Total depreciation and amortization	\$	252,249

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

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4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassif ications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 185,552	-	185,552	-	(185,552)	\$ -	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 185,552	-	185,552	-	(185,552)	\$ -	-	\$ -

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum lease payments									
Unamortized net premium/(discount)									
Total capital lease obligations									
Less: current portion									
Capital lease obligations, net of current portion									

See independent auditors' report.

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

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6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	576,011
Payments received from University for services, space, and programs	1,227,184
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)	(678,348)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	691,476
Other amounts receivable from University (enter as positive number)	-

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

Other Information

June 30, 2021

(for inclusion in the California State University)

8 Restatements

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

		Debit/(Credit)
Restatement #1	N/A	
Restatement #2	N/A	-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	4,711,965	-	4,711,965
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	252,249	252,249
Total operating expenses	\$ -	-	-	-	-	4,711,965	252,249	4,964,214

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

Other Information

June 30, 2021

(for inclusion in the California State University)

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
	-
	-
	-
Total deferred outflows - others	<u>-</u>
Total deferred outflows of resources	<u>\$ -</u>

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
	-
	-
	-
Total deferred inflows - others	<u>-</u>
Total deferred inflows of resources	<u>\$ -</u>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	185,552
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	<u>\$ 185,552</u>

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 24, 2021