

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

Financial Statements with Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Student-centered Enterprises, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield Student-centered Enterprises, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 16-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, 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 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Financial Position**

June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 3,451,871	\$ 2,931,758
Accounts receivable	3,118	732
Due from related parties	<u>34,179</u>	<u>685,503</u>
Total Current Assets	3,489,168	3,617,993
Property and Equipment, net of accumulated depreciation	645,669	780,842
Right-of-Use Assets, net of accumulated amortization	<u>21,621</u>	<u>-</u>
Total Assets	<u>\$ 4,156,458</u>	<u>\$ 4,398,835</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 305,029	\$ 314,822
Due to related parties	133,966	241,988
Current portion of operating lease liabilities	<u>10,176</u>	<u>-</u>
Total Current Liabilities	449,171	556,810
Operating Lease Liabilities, net of current portion	<u>11,445</u>	<u>-</u>
Net Assets - Without Donor Restrictions	<u>3,695,842</u>	<u>3,842,025</u>
Total Liabilities and Net Assets	<u>\$ 4,156,458</u>	<u>\$ 4,398,835</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Activities**

Years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>
Revenue and Support Without Donor Restrictions:			
University contract services (Note 6)	\$ 4,366,517	\$	3,930,944
Program activity fees	1,112,000		1,200,300
Facility rental	159,518		41,727
Membership fees	78,172		19,173
Other operating revenues	70,451		39,933
Associated student body fees	-		151,421
	<u>5,786,658</u>		<u>5,383,498</u>
Total Revenue and Support Without Donor Restrictions	5,786,658		5,383,498
Expenses:			
Program services:			
Student Union	938,708		760,923
Student Recreation Center	3,528,751		3,035,399
Student Housing and Residential Life	810,257		780,297
Children's Center	-		28,704
Supporting services - general and administrative	436,033		504,506
	<u>5,713,749</u>		<u>5,109,829</u>
Total Expenses	5,713,749		5,109,829
Operating Income	72,909		273,669
Other Non-Operating Expense	(219,092)		-
Change in Net Assets	(146,183)		273,669
Net Assets - Without Donor Restrictions, beginning	<u>3,842,025</u>		<u>3,568,356</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 3,695,842</u>	\$	<u>3,842,025</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services			Total	General and Administrative	Total
	Student Union	Student Recreation Center	Student Housing and Residential Life			
University contract expenses (Note 6)	\$ 820,992	\$ 2,702,871	\$ 551,389	\$ 4,075,252	\$ 291,265	\$ 4,366,517
Utilities	45,449	433,562	211,673	690,684	70,558	761,242
Supplies and contract services	63,594	130,792	26,514	220,900	5,617	226,517
Depreciation	-	154,508	-	154,508	-	154,508
Information technology	-	25,779	5,030	30,809	13,129	43,938
Minor equipment	2,655	35,217	-	37,872	-	37,872
Accounting	-	-	-	-	27,000	27,000
Travel	3,601	16,758	1,741	22,100	-	22,100
Advertising and promotion	-	16,247	-	16,247	-	16,247
Insurance	-	-	-	-	15,357	15,357
Amortization, ROU Asset - lease expense	-	-	9,816	9,816	-	9,816
Office expense	2,417	2,454	3,771	8,642	-	8,642
Conference, conventions, and meetings	-	5,130	-	5,130	2,530	7,660
Bank fees	-	-	-	-	6,776	6,776
Dues and subscriptions	-	3,014	-	3,014	3,378	6,392
Miscellaneous	-	1,878	300	2,178	423	2,601
Repairs and maintenance	-	541	23	564	-	564
Total expenses	\$ 938,708	\$ 3,528,751	\$ 810,257	\$ 5,277,716	\$ 436,033	\$ 5,713,749

See accompanying notes to financial statements.

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

Statements of Functional Expenses

Year Ended June 30, 2022

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

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Statements of Cash Flows**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (146,183)	\$ 273,669
Adjustments to reconcile change in net assets to net increase in cash:		
Depreciation	154,508	154,582
Loss on disposal of equipment	5,456	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,386)	(732)
Due from related parties	651,324	31,024
Prepaid expenses	-	5,726
Accounts payable and accrued expenses	(9,793)	(48,834)
Due to related parties	(108,022)	219,835
Net Cash Used by Operating Activities	<u>544,904</u>	<u>635,270</u>
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(24,791)</u>	<u>-</u>
Net Increase in Cash	520,113	635,270
Cash, beginning	<u>2,931,758</u>	<u>2,296,488</u>
Cash, ending	\$ <u>3,451,871</u>	\$ <u>2,931,758</u>
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ <u>31,437</u>	\$ <u>-</u>

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield Student-centered Enterprises, Inc. (Organization) was incorporated in the State of California on March 9, 1994, and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University). The Organization operates a student union facility to enhance the quality of the student experience through the development of and exposure to, campus programs, activities, and organizations in a student-centered environment; a student recreation center to allow students to achieve physical and mental well-being through a variety of programs and services; 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.

The Organization previously managed a Children's center on campus to provide daycare services to students attending California State University, Bakersfield. As of June 30, 2023, programming activities previously covered under the Organization have been discontinued.

Financial Statement Presentation

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

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the years ended June 30, 2023 and 2022.

Use of Estimates

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

Income Taxes

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

The Organization follows U.S. GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at years ended June 30, 2023 and 2022 and therefore, no amounts have been accrued.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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 a price concession for uncollectible amounts. For the years ended June 30, 2023 and 2022, no price concession for uncollectible amounts was considered necessary.

Property and Equipment

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

Leases

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* as of July 1, 2022. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes previous U.S. GAAP guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease liabilities, as well as additional disclosures (See Note 8). The Organization adopted this standard using the modified retrospective approach. Upon adoption, the Organization recognized right-of-use assets and lease liabilities of \$31,436.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Revenue Recognition

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

Associated Student Body Fees – During the year end June 30, 2022, each matriculated student of the University was required to pay associated student body fees. A designated ratio of the associated student body fees equal to \$8 per semester is to support the Children's Center, which is managed by the Organization. Associated student body fees are due and collectible following Fall, Spring and Summer census dates when enrollment is finalized. Payments are recognized by the Organization on a ratable basis over the academic semester, which is when the program services are delivered.

Due to changes in the Organization's children's center operations, there was no revenue from associated student body fees during the year end June 30, 2023.

Advertising

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

Functional Expense Allocations

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

Subsequent Events

The Organization has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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.

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,451,871	\$ 2,931,758
Accounts receivable	3,118	732
Due from related parties	<u>34,179</u>	<u>685,503</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,489,168</u>	<u>\$ 3,617,993</u>

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

Note 3 - Concentration of Credit Risk

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

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 1,200,779	\$ 1,175,988
Improvements, other than buildings	<u>424,297</u>	<u>435,714</u>
	1,625,076	1,611,702
Less accumulated depreciation	<u>(979,407)</u>	<u>(830,860)</u>
	<u>\$ 645,669</u>	<u>\$ 780,842</u>

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 5 - Revenue Recognition

Significant Judgments

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

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

Note 6 - University Contract Services

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets in the form of university contract services recognized within the statement of activities include:

	<u>2023</u>	<u>2022</u>
University employee services:		
Programming services	\$ 2,628,086	\$ 2,228,411
General and administrative services	291,265	289,333
University supplies	33,966	-
Rent of University facilities	<u>1,413,200</u>	<u>1,413,200</u>
Total University contract services	<u>\$ 4,366,517</u>	<u>\$ 3,930,944</u>

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

Contributed services include University employees who provide direct programming services to the Organization including planning, managing and overseeing programming events and activities. Supplies utilized by these employees for programming events and activities have also been recorded as a contributed nonfinancial asset. Additionally, University employees provide indirect services on behalf of the Organization including; accounting services, human resource services, facility management services, information technology services and other administrative services as appropriate. Contributed services are valued at the estimated fair value in the financial statements based on the estimated employee cost to provide programming, general and administrative services. The Organization valued supplies based on comparable sales prices.

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

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions

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

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

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

Associated Students, California State University, Bakersfield, Inc (Associated Students), functions to benefit the student body of the University by operating various student-led programs. Payments to Associated Students are to support student body programs and services.

During the year end June 30, 2022, payments received from Associated Students were to support the Children's Center, use of the Organization's programming facilities and equipment as well as to support other programs and services. During the year end June 30, 2023, payments received from Associated Students are for receipts for the use of the Organization's programming facilities and equipment.

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 Organization. Payments received from Sponsored Programs Administration include receipts for the use of the Organization's programming facilities and equipment.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT-CENTERED ENTERPRISES, INC.**Notes to Financial Statements**

Years Ended June 30, 2023 and 2022

Note 7 - Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payments received from:		
University	\$ 1,198,988	\$ 1,202,370
Sponsored Programs Administration	43,755	-
Foundation	5,676	5,631
Associated Students	<u>12,991</u>	<u>157,885</u>
	<u>\$ 1,261,410</u>	<u>\$ 1,365,886</u>
Payments to:		
University	\$ 862,538	\$ 747,868
Foundation	3,680	576
Associated Students	<u>10,000</u>	<u>10,000</u>
	<u>\$ 876,218</u>	<u>\$ 758,444</u>
Due from related parties:		
University	\$ 27,253	\$ 677,428
Foundation	1,230	1,960
Associated Students	<u>5,696</u>	<u>6,115</u>
	<u>\$ 34,179</u>	<u>\$ 685,503</u>
Due to related parties:		
University	\$ 133,966	\$ 241,412
Foundation	<u>-</u>	<u>576</u>
	<u>\$ 133,966</u>	<u>\$ 241,988</u>

In addition to the related party transactions noted above, the Organization also recorded University contract services revenue and expense in the amount of \$4,366,517 and \$3,930,944 at June 30, 2023 and 2022, respectively. See Note 6.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Leasing Arrangements

The Organization leases equipment from an unrelated party under a long-term non-cancelable operating lease agreement. The Company is reasonably certain to renew the lease through July 2025. Base monthly rental payments were \$899 as of June 30, 2023.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. These are estimated using actual borrowing costs and making necessary adjustments.

The following summarizes the operating and finance right-of-use assets as of June 30, 2023:

<u>Operating Leases</u>	
Operating lease right-of-use assets	\$ <u>21,621</u>
Current portion of operating lease liabilities	\$ 10,176
Operating lease liabilities, net of current portion	<u>11,445</u>
Total operating lease liabilities	\$ <u>21,621</u>

The amounts contractually due on lease liabilities were as follows as of June 30, 2023:

<u>Year Ending</u> <u>June 30,</u>	<u>Operating</u>
2024	\$ 10,788
2025	10,788
2026	<u>899</u>
Total lease payments	22,475
Less amount representing imputed interest	<u>(854)</u>
Present value of lease liabilities	\$ <u>21,621</u>

Lease expense for the year ended June 30, 2023, was \$9,816.

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

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Leasing Arrangements, continued

Supplemental cash flow information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$	9,816
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Lease assets obtained in exchange for lease liabilities:

Operating leases	\$	31,437
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Supplemental statement of financial position information related to leases as of June 30, 2023 was as follows:

Weighted average remaining lease term - Operating leases	2.1
--	-----

Weighted average discount rate - Operating leases	3.61%
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Rent expense under all operating lease agreements was \$10,788 for the year ended June 30, 2022.

Under previous leasing standards, future minimum lease payments for the non-cancellable operating leases at June 30, 2022 were as follows:

Year Ending June 30,		
2023	\$	10,788
2024		<u>1,798</u>
	\$	<u><u>12,586</u></u>

Note 9 - Contingency

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

Note 10 - Other Non-Operating Expense

The Organization previously managed a Children's Center on campus to provide daycare services to students attending California State University, Bakersfield. During the year ended June 30, 2023, programming activities for the Children's Center were discontinued. As a result of the change in the Organization's operations, unspent funds of \$219,092 were transferred back to Associated Students, California State University, Bakersfield, Inc. (Associated Students). This was recorded as other non-operating expense for the year end June 30, 2023, on the statement of activities.

SUPPLEMENTAL INFORMATION

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

Schedules of Activities by Enterprise

Year Ended June 30, 2023

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Unrestricted Revenue and Other Support:					
University contract services (Note 6)	\$ 956,225	\$ 2,780,704	\$ 629,588	\$ -	\$ 4,366,517
Program activity fees	148,900	574,100	389,000	-	1,112,000
Facility rental	39,186	120,332	-	-	159,518
Membership fees	-	78,172	-	-	78,172
Other operating revenues	-	32,600	37,851	-	70,451
	<u>1,144,311</u>	<u>3,585,908</u>	<u>1,056,439</u>	<u>-</u>	<u>5,786,658</u>
Total Revenue and Support Without Donor Restrictions					
	1,144,311	3,585,908	1,056,439	-	5,786,658
Expenses:					
Program services	938,708	3,528,751	810,257	-	5,277,716
Supporting services - general and administrative	158,868	114,214	162,829	122	436,033
	<u>1,097,576</u>	<u>3,642,965</u>	<u>973,086</u>	<u>122</u>	<u>5,713,749</u>
Total operating expenses					
	1,097,576	3,642,965	973,086	122	5,713,749
Other Non-Operating Expense					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219,092)</u>	<u>(219,092)</u>
Change in Net Assets					
	46,735	(57,057)	83,353	(219,214)	(146,183)
Net Assets (Deficit) - Without Donor Restrictions, beginning					
	<u>1,469,430</u>	<u>2,286,200</u>	<u>(133,276)</u>	<u>219,671</u>	<u>3,842,025</u>
Net Assets (Deficit) - Without Donor Restrictions, ending					
	<u>\$ 1,516,165</u>	<u>\$ 2,229,143</u>	<u>\$ (49,923)</u>	<u>\$ 457</u>	<u>\$ 3,695,842</u>

See independent auditor's report.

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

Schedules of Activities by Enterprise

Year Ended June 30, 2022

	Student Union	Student Recreation Center	Student Housing and Residential Life	Children's Center	Total
Unrestricted Revenue and Other Support:					
University contract services (Note 6)	\$ 803,431	\$ 2,422,885	\$ 677,939	\$ 26,689	\$ 3,930,944
Program activity fees	186,600	731,000	282,700	-	1,200,300
Associated student body fees	-	-	-	151,421	151,421
Facility rental	4,755	36,972	-	-	41,727
Other operating revenues	317	19,935	19,681	-	39,933
Membership fees	-	19,173	-	-	19,173
Total Revenue and Support Without Donor Restrictions	995,103	3,229,965	980,320	178,110	5,383,498
Expenses:					
Program services	760,923	3,035,399	780,297	28,704	4,605,323
Supporting services - general and administrative	161,427	129,891	206,711	6,477	504,506
Total Expenses	922,350	3,165,290	987,008	35,181	5,109,829
Change in Net Assets	72,753	64,675	(6,688)	142,929	273,669
Net Assets (Deficit) - Without Donor Restrictions, beginning	1,396,677	2,221,525	(126,588)	76,742	3,568,356
Net Assets (Deficit) - Without Donor Restrictions, ending	\$ 1,469,430	\$ 2,286,200	\$ (133,276)	\$ 219,671	\$ 3,842,025

See independent auditor's report.

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

June 30, 2023

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	3,451,871
Short-term investments	-
Accounts receivable, net	37,297
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-

Total current assets**3,489,168****Noncurrent assets:**

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 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	667,290
Other assets	-

Total noncurrent assets**667,290****Total assets****4,156,458****Deferred outflows of resources:**

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-

Total deferred outflows of resources**-**

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

June 30, 2023

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	305,029
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	10,176
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	133,966

Total current liabilities449,171**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	11,445
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities11,445**Total liabilities**460,616**Deferred inflows of resources:**

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-

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

Net investment in capital assets	645,669
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,050,173

Total net position3,695,842

See independent auditor's report.

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

Year Ended June 30, 2023

(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	5,786,658
Total operating revenues	5,786,658

Expenses:**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	4,586,033
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	963,392
Depreciation and amortization	164,324
Total operating expenses	5,713,749
Operating income (loss)	72,909

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)	(219,092)
Net nonoperating revenues (expenses)	(219,092)
Income (loss) before other revenues (expenses)	(146,183)

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(146,183)
Net position:	
Net position at beginning of year, as previously reported	3,842,025
Restatements	-
Net position at beginning of year, as restated	3,842,025
Net position at end of year	3,695,842

See independent auditor's report.

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

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

-
-
3,451,871
<u>\$ 3,451,871</u>

2.1 Composition of investments:

Not Applicable

2.2 Fair value hierarchy in investments:

Not Applicable

2.3 Investments held by the University under contractual agreements:

Not Applicable

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

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	-	-	-	\$ -	-	-	-	-

Total capital assets, net including ROU assets

667,290

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$	154,508
Amortization expense - Leases ROU		9,816
Amortization expense - SBITA ROU		-
Amortization expense - P3 ROU		-
Depreciation and Amortization expense - Others		-
Total depreciation and amortization	\$	164,324

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

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	-	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
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 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	-	-	-	- \$	-	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	21,621	-	-	21,621	10,176	11,445
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	-	21,621	-	- \$	21,621	10,176	11,445
Total long-term liabilities						21,621	10,176	11,445

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

Other Information

June 30, 2023

(for inclusion in the California State University)

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2024	10,176	612	10,788	-	-	-	-	-	-	10,176	612	10,788
2025	10,549	239	10,788	-	-	-	-	-	-	10,549	239	10,788
2026	896	3	899	-	-	-	-	-	-	896	3	899
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	21,621	854	22,475	-	-	-	-	-	-	21,621	854	22,475
Less: amounts representing interest												(854)
Present value of future minimum payments												21,621
Total Leases, SBITA, P3 liabilities												21,621
Less: current portion												(10,176)
Leases, SBITA, P3 liabilities, net of current portion												\$ 11,445

6 Future minimum payments schedule - Long-term debt obligations:

Not Applicable

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	862,538
Payments received from University for services, space, and programs	1,198,988
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	(133,966)
Other amounts payable to University	-
Accounts receivable from University	27,253
Other amounts receivable from University	-

8 Restatements

Not Applicable

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	-	-	-	-	-	4,586,033	-	4,586,033
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	963,392	-	963,392
Depreciation and amortization	-	-	-	-	-	-	164,324	164,324
Total operating expenses	\$ -	-	-	-	-	5,549,425	164,324	5,713,749

No pension plan reported

N/A

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ -
Other nonoperating (expenses)	(219,092)
Total other nonoperating revenues (expenses)	\$ (219,092)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Student-centered Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023