

**HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION**

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND
SINGLE AUDIT REPORTS**

**Including Schedules Prepared for
Inclusion in the Financial Statements of the
California State University**

Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Humboldt State University Sponsored Programs Foundation, as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Humboldt State University Sponsored Programs Foundation as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Humboldt State University Sponsored Programs Foundation's basic financial statements. The schedule of net position, schedule of revenues, expenses and changes in net position, and other information (supplementary information) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 15, 2017, on our consideration of Humboldt State University Sponsored Programs Foundation'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 result of that testing, and not to provide an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation'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 Humboldt State University Sponsored Programs Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

This section of Humboldt State University Sponsored Programs Foundation (the Foundation) annual financial report presents the Foundation's discussion and analysis of the financial performance of the Foundation for the fiscal years ended June 30, 2017 and 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This report consists of a series of financial statements prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This standard is applicable to the Foundation as it is a component unit of Humboldt State University (the University). Consistent with the University, the Foundation has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statements of Net Position – The statements of net position include all assets and liabilities. Assets and liabilities are generally reported on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of the Foundation.

Statements of Revenues, Expenses, and Changes in Net Position – The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the years on an accrual basis.

Statements of Cash Flows – The statements of cash flows present the inflows and outflows of cash for the years and are summarized by operating, noncapital financing, capital and related financing, and investing activities. The statements are prepared using the direct method of cash flows and, therefore, present gross rather than net amounts for the year's activities.

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included are comparative analyses of current year and prior years' activities and balances and a discussion of restrictions of the Foundation's net position.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

The Foundation's condensed summary of net position as of June 30 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current assets	\$ 10,579,440	\$ 10,909,248	\$ 8,839,226
Capital assets, net	1,996,151	1,877,008	1,197,455
Other noncurrent assets	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>
Total assets	<u>12,595,091</u>	<u>12,805,756</u>	<u>10,056,181</u>
Liabilities:			
Current liabilities	3,991,846	4,118,101	2,662,006
Other noncurrent liabilities	<u>133,936</u>	<u>243,214</u>	<u>120,729</u>
Total liabilities	<u>4,125,782</u>	<u>4,361,315</u>	<u>2,782,735</u>
Net position:			
Investment in capital assets	1,996,151	1,877,008	1,197,455
Restricted for:			
Expendable	34,256	—	—
Unrestricted	<u>6,438,902</u>	<u>6,567,433</u>	<u>6,075,991</u>
Total net position	<u>\$ 8,469,309</u>	<u>\$ 8,444,441</u>	<u>\$ 7,273,446</u>

Assets

Total assets decreased \$0.2 million from FY 2016 to FY 2017 due to a \$0.3 million decrease in current assets and a \$0.1 million increase in capital assets, net of accumulated depreciation due to purchasing capital assets in the current year. Total assets increased \$2.7 million from FY 2015 to FY 2016 due to a \$2.1 million increase in current assets and a \$0.7 million increase in capital assets, net of accumulated depreciation due to purchasing capital assets in the current year.

Current assets decreased \$0.3 million from FY 2016 to FY 2017 due to a decrease in cash and cash equivalents of \$0.1 million and a decrease in receivables of \$0.2 million. Current assets increased \$2.1 million from FY 2015 to FY 2016 primarily due to an increase in cash and cash equivalents of \$0.6 million and an increase in receivables of \$1.7 million, offset by a decrease in short-term investments of \$0.3 million.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

Capital Assets

Capital assets, net of accumulated depreciation, are shown below:

	June 30		
	2017	2016	2015
Land and land improvements	\$ 724,756	\$ 724,756	\$ 512,816
Works of art and historical treasures	25,000	25,000	25,000
Construction work in progress	162,547	—	—
Buildings	465,171	495,486	428,995
Equipment - net	618,677	631,766	230,644
Total capital assets, net of accumulated depreciation	<u>\$ 1,996,151</u>	<u>\$ 1,877,008</u>	<u>\$ 1,197,455</u>

Capital assets increased by \$0.1 million from FY 2016 to FY 2017 primarily due to a \$0.2 million construction work in progress and equipment additions, offset by \$0.1 million in depreciation expense. Capital assets increased by \$0.7 million from FY 2015 to FY 2016 primarily due to a \$0.3 million land and building addition and \$0.5 million of equipment additions, offset by \$0.1 million in depreciation expense..

Liabilities

Total liabilities decreased \$0.2 million from FY 2016 to FY 2017 due to a \$0.7 million decrease in accounts payable and accrued salaries and benefits payable and an increase in unearned revenue of \$0.4 million. Total liabilities increased \$1.6 million from FY 2015 to FY 2016 due to a \$1.1 million increase in accounts payable and an increase in unearned revenue of \$0.5 million.

The Foundation opened a line of credit with a bank on October 13, 2016. The loan is secured by all accounts receivable. The loan agreement is available for short-term cash needs, with a maximum amount available of \$2.0 million. The agreement requires monthly interest-only payments at a variable interest rate of 0.75% above the bank's reference rate. The loan agreement expires on October 15, 2019. There were no amounts outstanding on the loan as of June 30, 2017.

Net Position

Total net position increased \$0.02 million from FY 2016 to FY 2017 and increased \$1.2 million from FY 2015 to FY 2016 due to the net income generated for the year ended June 30, 2017 and 2016, respectively. Restricted expendable net position represents assets, net of related liabilities that are subject to externally imposed conditions that can be fulfilled by the actions of the Foundation's Board of Directors. Unrestricted net position represents all other net resources available to the Foundation for general institutional and research-related obligations.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

Operating Results

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30 is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues:			
Grants and contracts, noncapital	\$ 23,286,007	\$ 23,007,039	\$ 17,725,738
Indirect cost revenue	2,245,492	2,144,383	1,915,582
Other operating revenues	<u>225,177</u>	<u>277,465</u>	<u>319,732</u>
Total operating revenues	25,756,676	25,428,887	19,961,052
Operating expenses	<u>(25,187,359)</u>	<u>(24,572,542)</u>	<u>(19,765,865)</u>
Operating income (loss)	<u>569,317</u>	<u>856,345</u>	<u>195,187</u>
Nonoperating revenues (expenses):			
Gifts, noncapital	71,138	368,687	670,804
Investment income, net	22,675	16,811	13,805
Other nonoperating revenues (expenses), net	<u>-</u>	<u>(33,382)</u>	<u>(9,993)</u>
Net nonoperating revenues (expenses)	<u>93,813</u>	<u>352,116</u>	<u>674,616</u>
Income before other additions	663,130	1,208,461	869,803
Transfers to other campus entities	<u>(638,262)</u>	<u>(37,466)</u>	<u>(400,427)</u>
Increase in net position	24,868	1,170,995	469,376
Net position at beginning of year	<u>8,444,441</u>	<u>7,273,446</u>	<u>6,804,070</u>
Net position at end of year	<u>\$ 8,469,309</u>	<u>\$ 8,444,441</u>	<u>\$ 7,273,446</u>

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Foundation's primary business function. This includes revenues from categories such as certain grants and contracts that will be used for noncapital purposes and sales and services of auxiliary enterprises. Expenses include categories such as salaries, benefits, supplies and other services, scholarships and fellowships, and depreciation. In this discussion and analysis, expenses are reported by functional programs such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, auxiliary enterprise, and depreciation.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management’s Discussion and Analysis

June 30, 2017, 2016 and 2015

Operating Revenues

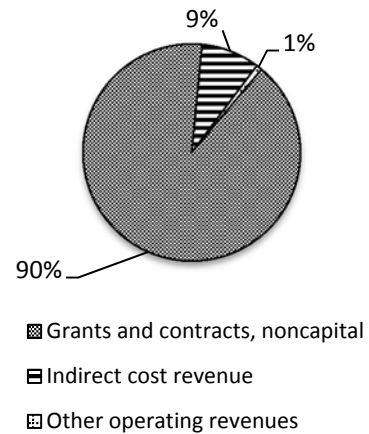
Total operating revenues increased \$0.3 million, or 1%, from FY 2016 to FY 2017 due to a \$0.3 million increase in grants and contracts, noncapital and a \$0.1 million increase in indirect cost revenue. The increase in grants and contracts, noncapital is due to an increase in project activity related to federal and state grants. The increase in indirect cost revenue is the result of an increase in grants and contracts activity and Assembly Bill 20 which mandates that negotiation is no longer required and the lowest effective indirect cost rate on State grants is now 25% unless approved at a lower rate by the Chancellors Office.

Total operating revenues increased \$5.5 million, or 27%, from FY 2015 to FY 2016 due to a \$5.3 million increase in grants and contracts, noncapital and a \$0.2 million increase in indirect cost revenue. The increase in grants and contracts, noncapital is due to being awarded larger grants and an increase in the number of State grants in the FY 2016. The increase in indirect cost revenue is the result of an increase in grants and contracts activity and in the FY 2016.

The following charts present the proportional share that each category of operating revenues contributed to the total for fiscal years 2017, 2016 and 2015:

Operating Revenues
Year ended June 30, 2017

Grants and contracts, noncapital:		
Federal	\$ 10,490,511	40.7 %
State	8,458,525	32.9
Local	677,394	2.6
Nongovernmental	3,659,577	14.2
Indirect cost revenue	2,245,492	8.7
Other operating revenues	<u>225,177</u>	<u>0.9</u>
 Total operating revenues	 <u>\$ 25,756,676</u>	 <u>100.0 %</u>



HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

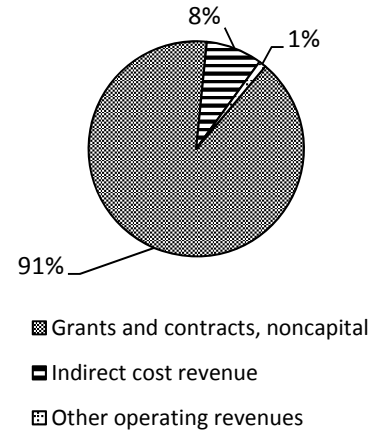
Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

Operating Revenues

Year Ended June 30, 2016

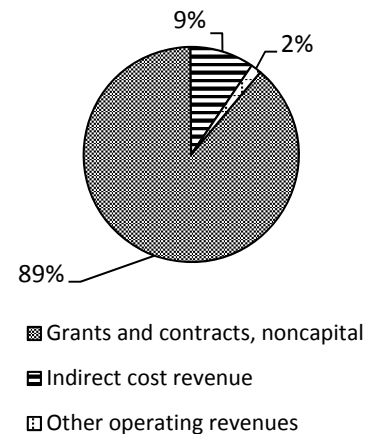
Grants and contracts, noncapital:		
Federal	\$ 9,940,316	39.1 %
State	8,132,663	32.0
Local	530,096	2.1
Nongovernmental	4,403,964	17.3
Indirect cost revenue	2,144,383	8.4
Other operating revenues	<u>277,465</u>	<u>1.1</u>
Total operating revenues	<u>\$ 25,428,887</u>	<u>100.0 %</u>



Operating Revenues

Year Ended June 30, 2015

Grants and contracts, noncapital:		
Federal	\$ 7,736,835	38.8 %
State	5,570,944	27.9
Local	320,083	1.6
Nongovernmental	4,097,876	20.5
Indirect cost revenue	1,915,582	9.6
Other operating revenues	<u>319,732</u>	<u>1.6</u>
Total operating revenues	<u>\$ 19,961,052</u>	<u>100.0 %</u>



Operating Expenses

Total operating expenses increased by \$0.6 million, or 3%, from FY 2016 to FY 2017 primarily due to a \$0.9 million aggregated increase in public service, academic support, scholarships and fellowships, institutional support, operation and maintenance of plant, auxiliary enterprises and depreciation, offset by a \$0.3 million aggregated decrease in instruction, research and student services. The \$0.6 million increase is primarily related to increase spending in the FY 2017 on grants and contracts.

Total operating expenses increased by \$4.8 million, or 24%, from FY 2015 to FY 2016 primarily due to a \$5.0 million aggregated increase in instruction, research, public service, student services, institutional support, scholarships and fellowships and auxiliary enterprises, offset by a \$0.2 million aggregated decrease in academic support and depreciation. The \$4.8 million increase is primarily related to increase spending in the FY 2016 on grants and contracts.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

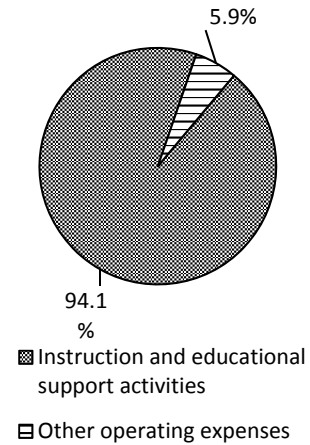
June 30, 2017, 2016 and 2015

The following charts present the distribution of resources in support of the Foundation's mission for fiscal years 2017, 2016 and 2015:

Operating Expenses

Year ended June 30, 2017

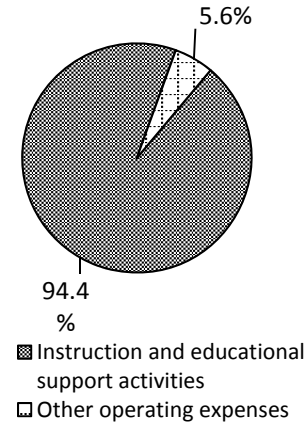
Instruction	\$ 1,053	0.1 %
Research	12,575,929	49.9
Public service	9,281,262	36.8
Academic support	722,137	2.8
Student services	867,846	3.5
Scholarships and fellowships	<u>265,899</u>	<u>1.0</u>
Total instruction and educational support activities	<u>23,714,126</u>	<u>94.1</u>
Institutional support	60,982	0.2
Operation and maintenance of plant	14,017	0.1
Auxiliary enterprises	1,271,643	5.0
Depreciation	<u>126,591</u>	<u>0.6</u>
Total other operating expenses	<u>1,473,233</u>	<u>5.9</u>
Total operating expenses	<u>\$ 25,187,359</u>	<u>100.0 %</u>



Operating Expenses

Year ended June 30, 2016

Instruction	\$ 13,140	0.1 %
Research	12,682,007	51.6
Public service	8,879,645	36.1
Academic support	322,194	1.3
Student services	1,076,443	4.4
Scholarships and fellowships	<u>225,232</u>	<u>0.9</u>
Total instruction and educational support activities	<u>23,198,661</u>	<u>94.4</u>
Institutional support	35,486	0.1
Auxiliary enterprises	1,232,434	5.0
Depreciation	<u>105,961</u>	<u>0.5</u>
Total other operating expenses	<u>1,373,881</u>	<u>5.6</u>
Total operating expenses	<u>\$ 24,572,542</u>	<u>100.0 %</u>

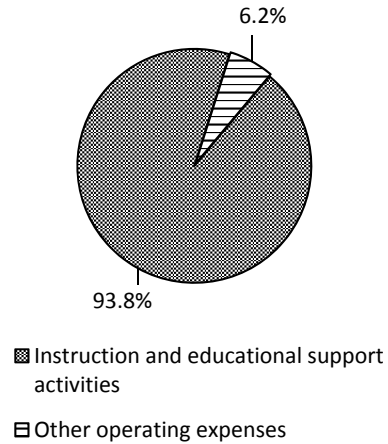


HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

Operating Expenses		
Year ended June 30, 2015		
Instruction	\$ 9,151	0.0 %
Research	8,930,832	45.2
Public service	7,921,097	40.1
Academic support	476,156	2.4
Student services	1,026,149	5.2
Scholarships and fellowships	<u>168,531</u>	<u>0.9</u>
Total instruction and educational support activities	<u>18,531,916</u>	<u>93.8</u>
Institutional support	2,532	0.0
Auxiliary enterprises	1,124,815	5.7
Depreciation	<u>106,602</u>	<u>0.5</u>
Total other operating expenses	<u>1,233,949</u>	<u>6.2</u>
Total operating expenses	<u>\$ 19,765,865</u>	<u>100.0 %</u>



Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of the Foundation's primary business functions. Included in this classification are categories such as gifts, noncapital, investment income, net, and other nonoperating revenue (expenses), net.

Total nonoperating revenues (expenses) decreased \$0.3 million from the FY 2016 to FY 2017 primarily due to a decrease in gifts, noncapital.

Total nonoperating revenues (expenses) decreased \$0.3 million from the FY 2015 to FY 2016 primarily due to a decrease in gifts, noncapital.

Transfers to other campus entities

Transfers to other campus entities increased \$0.6 million from FY 2016 to FY 2017 primarily related to the Foundation's transfer of custodial trust accounts of \$0.3 million to Humboldt State University to pay down the principal of the CSURMA loan for the Samoa Property and \$0.3 million to Humboldt State University Real Estate Holdings to purchase property on Granite Avenue. Both of these transfers were one time transfers of funds.

Transfers to other campus entities decreased \$0.4 million from FY 2015 to FY 2016 primarily related to the Foundation's decrease in equipment transferred to Humboldt State University.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2017, 2016 and 2015

Factors That Will Affect the Future

Indirect Cost Revenue

Indirect cost revenue is a factor that greatly affects the Foundation's ability to build and maintain a reserve adequate enough for supporting the grant and contract activity of the Foundation. Indirect cost revenue is earned as a percentage of spending on awarded grant and contracts. Indirect cost rates are generally dictated by the grant funder and are contractually agreed upon on all grants and contracts. Indirect cost revenue increased \$0.1 million, or 5%, from FY 2016 to FY 2017 and \$0.2 million, or 12%, from FY 2015 to FY 2016 due to an increase in grants and contracts activity.

Continued University Support

The pre-award and compliance functionality of the Foundation is financially supported by the University as a state function. Volatility in state-supported funding could potentially affect the level of support provided by the state in future periods, which in turn could affect the pre-award and compliance functions of the Foundation. Management does not believe that level of support to the Foundation will decrease in the next fiscal period.

Contact Information

This financial report is designed to provide a general overview of the auxiliary's finances. If you have questions about this report or need additional financial information, contact the Sponsored Programs Foundation of Humboldt State University, 1 Harpst Street, Arcata, CA 95521.

BASIC FINANCIAL STATEMENTS

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Statements of Net Position

June 30, 2017 and 2016

Assets	2017	2016
Current assets		
Cash and cash equivalents	\$ 2,310,927	\$ 2,442,894
Short-term investments	1,278,332	1,270,150
Accounts receivable, net	6,935,595	7,139,961
Prepaid expenses and other assets	54,586	56,243
Total current assets	<u>10,579,440</u>	<u>10,909,248</u>
Noncurrent assets		
Long-term investments	19,500	19,500
Capital assets, net	1,996,151	1,877,008
Total noncurrent assets	<u>2,015,651</u>	<u>1,896,508</u>
Total assets	<u>12,595,091</u>	<u>12,805,756</u>
Liabilities		
Current liabilities		
Accounts payable	1,313,338	2,046,207
Accrued salaries and benefits payable	526,115	462,123
Accrued compensated absences – current portion	132,975	138,148
Unearned revenue – current portion	1,991,618	1,450,989
Other liabilities	27,800	20,634
Total current liabilities	<u>3,991,846</u>	<u>4,118,101</u>
Noncurrent liabilities		
Accrued compensated absences, net of current portion	80,483	78,089
Unearned revenue, net of current portion	53,453	165,125
Total noncurrent liabilities	<u>133,936</u>	<u>243,214</u>
Total liabilities	<u>4,125,782</u>	<u>4,361,315</u>
Net position		
Investment in capital assets	1,996,151	1,877,008
Restricted for:		
Expendable:		
Research	34,256	-
Unrestricted	6,438,902	6,567,433
Total net position	<u>\$ 8,469,309</u>	<u>\$ 8,444,441</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016**

Revenues:	<u>2017</u>	<u>2016</u>
Operating revenues:		
Grants and contracts, noncapital:		
Federal	\$ 10,490,511	\$ 9,940,316
State	8,458,525	8,132,663
Local	677,394	530,096
Nongovernmental	3,659,577	4,403,964
Indirect cost revenue	2,245,492	2,144,383
Other operating revenues	<u>225,177</u>	<u>277,465</u>
Total operating revenues	<u>25,756,676</u>	<u>25,428,887</u>
Expenses:		
Operating expenses:		
Instruction	1,053	13,140
Research	12,575,929	12,682,007
Public service	9,281,262	8,879,645
Academic support	722,137	322,194
Student services	867,846	1,076,443
Institutional support	60,982	35,486
Operation and maintenance of plant	14,017	-
Scholarships and fellowships	265,899	225,232
Auxiliary enterprises	1,271,643	1,232,434
Depreciation	<u>126,591</u>	<u>105,961</u>
Total operating expenses	<u>25,187,359</u>	<u>24,572,542</u>
Operating income (loss)	<u>569,317</u>	<u>856,345</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	71,138	368,687
Investment income, net	22,675	16,811
Other nonoperating revenues (expenses), net	<u>-</u>	<u>(33,382)</u>
Net nonoperating revenues (expenses)	<u>93,813</u>	<u>352,116</u>
Income before other additions	663,130	1,208,461
Transfers to other campus entities	<u>(638,262)</u>	<u>(37,466)</u>
Increase in net position	24,868	1,170,995
Net position:		
Net position at beginning of year	8,444,441	7,273,446
Net position at end of year	<u>\$ 8,469,309</u>	<u>\$ 8,444,441</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Received from customers	\$ 26,388,147	\$ 24,226,418
Payments to employees and fringe benefits	(11,304,662)	(11,008,182)
Payments to vendors and suppliers	(14,070,450)	(12,104,584)
Payments for scholarships and fellowships	(348,489)	(328,820)
Transfers to other entities	(637,337)	(20,153)
Net cash used in operating activities	<u>27,209</u>	<u>764,679</u>
Cash flows from noncapital financing activities:		
Noncapital gifts received	71,138	368,687
Net cash provided by noncapital financing activities	<u>71,138</u>	<u>368,687</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(246,660)	(836,209)
Net cash used in capital and related financing activities	<u>(246,660)</u>	<u>(836,209)</u>
Cash flows from investing activities:		
Investment income	24,528	13,167
Transfers (to)/from cash, net of interest earned	(8,182)	294,772
Net cash provided by investing activities	<u>16,346</u>	<u>307,939</u>
Net increase (decrease) in cash and cash equivalents	(131,967)	605,096
Cash and cash equivalents at beginning of year	2,442,894	1,837,798
Cash and cash equivalents at end of year	<u>\$ 2,310,927</u>	<u>\$ 2,442,894</u>
Reconciliation to cash per Statements of Net Position		
Cash and cash equivalents	\$ 2,310,927	\$ 2,442,894
Total cash and cash equivalents at end of year	<u><u>\$ 2,310,927</u></u>	<u><u>\$ 2,442,894</u></u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 569,317	\$ 856,345
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	126,591	105,961
Transfers to other entities	(637,337)	(20,153)
Changes in assets and liabilities:		
Receivables, net	202,514	(1,726,644)
Prepaid items	1,657	(29,410)
Accounts payable and accrued liabilities	(666,884)	1,051,195
Unearned revenue, current	540,629	404,900
Compensated absences and unearned revenue, noncurrent	(109,278)	122,485
Total adjustments	<u>(542,108)</u>	<u>(91,666)</u>
Net cash used in operating activities	<u>\$ 27,209</u>	<u>\$ 764,679</u>
Noncash investing, capital, and financing activities:		
Capital asset write-offs, net of depreciation	\$ 925	\$ 50,695
Increase in receivables related to nonoperating income	\$ -	\$ 3,644

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(1) Organization

Humboldt State University Sponsored Programs Foundation (the Foundation) is a nonprofit, tax-exempt corporation, incorporated in 1952 under the provisions of section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to administer grants from governmental and private agencies for research and other activities related to the programs of Humboldt State University (the University). The Foundation is an auxiliary organization of the University and the California State University System (the System). As an affiliated organization component unit of the University, the Foundation's financial data will be included in the consolidated financial statements of the University and the System.

Summary of Significant Accounting Policies

(a) Basis of Presentation

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

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The basic financial statements include the accounts of the Foundation, including its research activities performed on behalf of the University. The Foundation is a component unit of the University, a public university under the California State University system. The Foundation has elected to use the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the University prepares its statement of cash flows using the direct method.

(b) Classification of Current and Noncurrent Assets (Other Than Investments) and Liabilities

The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to Note 2.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(c) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Foundation considers amounts included in the Local Agency Investment Fund (LAIF) to be investments.

(d) Investments

All investments are reported at fair value in accordance with GASB 72. Investments are reflected at fair value using quoted market prices, where available, otherwise they are recorded at estimated fair value. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as investment income, net or as Investment loss, net.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement. There were no Level 3 investments to report.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations and restricted as to the liquidity of the investments are classified as long-term investments.

(e) Accounts Receivable

Accounts receivable, net primarily consists of billed and unbilled amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

The Foundation provides a reserve for uncollectible accounts based upon a review of outstanding receivables. Accounts receivable, net considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible. The reserve for uncollectible accounts was \$0 and \$0 for the fiscal years ending June 30, 2017 and 2016, respectively.

(f) Capital Assets

Capital assets, net are stated at cost or estimated historical cost if purchased, or if donated, at estimated fair value at date of donation. Capital assets, net with a value of \$5,000 or more and with a useful life of one year or more are capitalized. Capital assets, net with the exception of land and land improvements, works of art and historical treasures, and construction work in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 30 years. Works of art and historical treasures are valued at cost if purchased or the fair market value at the date of donation if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation expense is shown separately in the statements of revenues, expenses, and changes in net position rather than being allocated among other categories of operating expenses.

(g) Unearned Revenue

Unearned revenue consists primarily of grant and contract funds received in advance which have not been earned under the terms of the grant and contract agreement.

(h) Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services rendered. Employees may accumulate up to 240 hours of vacation depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with the employee. Therefore, a liability for sick leave benefits is not accrued.

(i) Net Position

The Foundation's net position is classified into the following net position categories:

Investment in capital assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – expendable – Assets, net of related liabilities that are subject to externally imposed conditions that can be fulfilled by the actions of the Foundation's Board of Directors.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Foundation. These designations limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

(j) Classification of Revenues and Expenses

The Foundation considers operating revenues and operating expenses in the statements of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Included in operating revenues and operating expenses are those activities related to the grant and contract transactions of the Foundation. Program grants and contracts represent funds obtained from external agencies for the support of the mission of the Foundation and of the University. Revenue from grants and contracts is recognized when expensed for the purpose specified is incurred. Amounts received in excess of expenses incurred as of the financial statements date are classified as unearned revenue.

Certain other transactions are reported as nonoperating revenues (expenses) in accordance with GASB Statement No. 35. These nonoperating activities include the Foundation's investment income, net; gifts, noncapital; and grants and gifts, capital.

(k) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents and Investments

The Foundation's cash and cash equivalents and investments as of June 30, 2017 and 2016 are classified in the accompanying statements of net position as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 2,310,927	\$ 2,442,894
Total cash and cash equivalents	<u>2,310,927</u>	<u>2,442,894</u>
Short-term investments - Net asset value	1,278,332	1,270,150
Other long-term investments - Level 2	<u>19,500</u>	<u>19,500</u>
Total investments	<u>1,297,832</u>	<u>1,289,650</u>
Total cash, cash equivalents and investments	<u>\$ 3,608,759</u>	<u>\$ 3,732,544</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(a) Cash and Cash Equivalents

Cash and cash equivalents consisted of demand deposits held at commercial banks and petty cash. Total cash and cash equivalents of \$2,310,927 and \$2,442,894 had a corresponding carrying balance with the commercial banks of \$2,290,735 and \$2,687,865 at June 30, 2017 and 2016, respectively. The differences related primarily to deposits in transit and outstanding checks.

Custodial Credit Risk for Deposits

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2017 and 2016, the Foundation's uninsured, uncollateralized cash balances were \$2,040,644 and \$2,437,865, respectively.

Management periodically assesses the financial condition of the institutions and believes that the Foundation is not exposed to any significant credit risk related to cash.

(b) Short-term Investments

At June 30, 2017 and 2016, the Foundation's short-term investments portfolio consists entirely of investments in the Local Agency Investment Fund (LAIF), a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. LAIF is valued at net asset value calculated by fair market value of the pool divided by the amortized cost of the investments in the pool. Withdrawals can be made within 24 hours. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.

The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2017 and 2016, cash in LAIF was \$1,278,332 and \$1,270,150, respectively.

(c) Long-term Investments

Long-term investments consist of land located in Shelter Cove, California, held as an investment and three shares of Baywood Golf and Country Club capital stock. All investments are stated at their fair market value. The fair value of the Shelter Cove land is based on an estimate of current value. The fair value of the Baywood stock is based on estimated current selling price per share.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

Long-term investment activity for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>Balance at June 30, 2016</u>	<u>Purchases/ Additions</u>	<u>(Settlements)/ Deletions</u>	<u>Balance at June 30, 2017</u>
Stock	\$ 300	\$ —	\$ —	\$ 300
Land and other real estate	<u>19,200</u>	<u>—</u>	<u>—</u>	<u>19,200</u>
Total	<u>\$ 19,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,500</u>
	<u>Balance at June 30, 2015</u>	<u>Purchases/ Additions</u>	<u>(Settlements)/ Deletions</u>	<u>Balance at June 30, 2016</u>
Stock	\$ 300	\$ —	\$ —	\$ 300
Land and other real estate	<u>19,200</u>	<u>—</u>	<u>—</u>	<u>19,200</u>
Total	<u>\$ 19,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,500</u>

Investment income, net for the year ended June 30, 2017 and 2016, is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest income	\$ <u>22,675</u>	\$ <u>16,811</u>
Total	\$ <u>22,675</u>	\$ <u>16,811</u>

(3) Accounts Receivable

Billed and unbilled accounts receivables, net as of June 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Federal grants and contracts	\$ 2,520,118	\$ 2,259,437
State and local grants and contracts	3,339,710	3,980,118
Non-governmental grants and contracts	1,023,901	783,607
Other receivables	<u>51,866</u>	<u>116,799</u>
Total	\$ <u>6,935,595</u>	\$ <u>7,139,961</u>

The allowance for uncollectible accounts is \$0 and \$0 for the years ended June 30, 2017 and 2016, respectively. Unbilled grant and contract receivables are \$5,202,790 and \$4,013,114 as of June 30, 2017 and 2016, respectively. The accounts receivable are pledged as collateral for the \$2.0 million line of credit at a bank.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(4) Capital Assets

Capital assets activity for the years ended June 30, 2017, consisted of the following:

	<u>Balance, June 30, 2016</u>		<u>Additions</u>		<u>Retirements</u>		<u>Balance, June 30, 2017</u>
Nondepreciable/nonamortizable capital assets:							
Land and land improvements	724,756	\$	—	\$	—	\$	724,756
Works of art and historical treasures	25,000		—		—		25,000
Construction work in progress	—		162,547		—		162,547
			<u>162,547</u>		<u>—</u>		<u>162,547</u>
Total nondepreciable capital assets	<u>749,756</u>		<u>162,547</u>		<u>—</u>		<u>912,303</u>
Depreciable/amortizable capital assets:							
Buildings	909,450		—		—		909,450
Personal property:							
Equipment	980,686		84,112		(98,913)		965,885
			<u>84,112</u>		<u>(98,913)</u>		
Total depreciable capital assets	<u>1,890,136</u>		<u>84,112</u>		<u>(98,913)</u>		<u>1,875,335</u>
Total cost	<u>2,639,892</u>		<u>246,659</u>		<u>(98,913)</u>		<u>2,787,638</u>
Less accumulated depreciation/amortization:							
Buildings	(413,964)		(30,315)		—		(444,279)
Personal property:							
Equipment	(348,920)		(96,276)		97,988		(347,208)
			<u>(348,920)</u>		<u>(96,276)</u>		<u>97,988</u>
Total accumulated depreciation	<u>(762,884)</u>		<u>(126,591)</u>		<u>97,988</u>		<u>(791,487)</u>
Net capital assets	\$ <u>1,877,008</u>	\$	\$ <u>120,068</u>	\$	\$ <u>(925)</u>	\$	\$ <u>1,996,151</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

Capital assets activity for the years ended June 30, 2016, consisted of the following:

	<u>Balance, June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>
Nondepreciable/nonamortizable capital assets:				
Land and land improvements	\$ 512,816	\$ 211,940	\$ —	\$ 724,756
Works of art and historical treasures	25,000	—	—	25,000
Construction work in progress	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total nondepreciable capital assets	<u>537,816</u>	<u>211,940</u>	<u>—</u>	<u>749,756</u>
Depreciable/amortizable capital assets:				
Buildings	814,231	95,219	—	909,450
Personal property:				
Equipment	<u>634,948</u>	<u>529,050</u>	<u>(183,312)</u>	<u>980,686</u>
Total depreciable capital assets	<u>1,449,179</u>	<u>624,269</u>	<u>(183,312)</u>	<u>1,890,136</u>
Total cost	<u>1,986,995</u>	<u>836,209</u>	<u>(183,312)</u>	<u>2,639,892</u>
Less accumulated depreciation/amortization:				
Buildings	(385,236)	(28,728)	—	(413,964)
Personal property:				
Equipment	<u>(404,304)</u>	<u>(77,233)</u>	<u>132,617</u>	<u>(348,920)</u>
Total accumulated depreciation	<u>(789,540)</u>	<u>(105,961)</u>	<u>132,617</u>	<u>(762,884)</u>
Net capital assets	<u>\$ 1,197,455</u>	<u>\$ 730,248</u>	<u>\$ (50,695)</u>	<u>\$ 1,877,008</u>

Equipment purchased with grant and contract monies are held in trust by the Foundation. Title is held by the Foundation and, upon completion of the grant or contract, the equipment is transferred to the University or the funding agency, depending on the individual terms of the agreement.

For the years ended June 30, 2017 and 2016, capital assets with a net book value of \$925 and \$17,313 were transferred from the Foundation to the University, respectively. For the years ended June 30, 2017 and 2016, capital assets with a net book value of \$0 and \$33,382 were returned to the funder, respectively.

Total depreciation expense for the Foundation for the years ended June 30, 2017 and 2016 was \$126,591 and \$105,961, respectively.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(5) Long-term liabilities

Long-term liabilities activities for the years ended June 30, 2017 and 2016 is summarized as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued compensated absences	\$ 216,237	\$ 230,070	\$ (\$232,849)	\$ 213,458	\$ 132,975	\$ 80,483
Unearned revenue	<u>1,616,114</u>	<u>3,172,056</u>	<u>(\$2,743,099)</u>	<u>2,045,071</u>	<u>1,991,618</u>	<u>53,453</u>
Total	\$ <u>1,832,351</u>	\$ <u>3,402,126</u>	\$ <u>(\$2,975,948)</u>	\$ <u>2,258,529</u>	\$ <u>2,124,593</u>	\$ <u>133,936</u>
	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2016</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued compensated absences	\$ 194,276	\$ 249,011	\$ (\$227,050)	\$ 216,237	\$ 138,148	\$ 78,089
Unearned revenue	<u>1,091,939</u>	<u>3,626,610</u>	<u>(\$3,102,435)</u>	<u>1,616,114</u>	<u>1,450,989</u>	<u>165,125</u>
Total	\$ <u>1,286,215</u>	\$ <u>3,875,621</u>	\$ <u>(\$3,329,485)</u>	\$ <u>1,832,351</u>	\$ <u>1,589,137</u>	\$ <u>243,214</u>

The Foundation entered into a line of credit with a bank on October 13, 2016. The loan is secured by all accounts receivable. The loan agreement is available for short-term cash needs, with a maximum amount available of \$2.0 million. The agreement requires monthly interest-only payments at a variable interest rate of 0.75% above the bank's reference rate. The loan agreement expires on October 15, 2019. There were no amounts outstanding on the loan as of June 30, 2017.

Total interest incurred on all borrowings was approximately \$34 and \$0 for the years ended June 30, 2017 and 2016, respectively.

(6) Net Position

(a) Unrestricted net position

As of June 30, 2017 and 2016, the unrestricted portion of the Foundation's net position was designated for the following purposes:

	<u>2017</u>	<u>2016</u>
Funds held in trust:		
Sponsored programs related trusts	\$ 1,544,899	\$ 951,987
Campus program trusts	<u>10,232</u>	<u>710,934</u>
Total funds held in trust	1,555,131	1,662,921
Current operations and working capital	<u>4,883,771</u>	<u>4,904,512</u>
Total	\$ <u>6,438,902</u>	\$ <u>6,567,433</u>

The Board of Directors passed a resolution to establish a \$4,000,000 reserve for current operations and working capital, capital replacements, contingent liabilities, and planned future operations. The reserve was accumulated over a 36 month period beginning July 1, 2011. As of June 30, 2015, the Foundation achieved its reserve target and continues to maintain this reserve target as of June 30, 2017.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, restricted resources are applied first. In the event that restricted resources are fully expended, unrestricted resources are expended to support the activities of restricted, expendable resources. As of June 30, 2017 and 2016, \$0 and \$120,172 in unrestricted resources were expended to support these activities.

(7) Operating Leases

The Foundation entered into an operating lease with an unrelated third party for office space located in Eureka, California. The total rent expense paid on this lease for the years ended June 30, 2017 and 2016 was \$11,289 and \$2,379, respectively. Rental terms are for twelve months and can be extended for additional one year periods on July 1st. The rent is subject to annual adjustments based on the CPI indices of up to 4%. Additional office space located in Crescent City, California is also being rented from an unrelated third party. The total rent expense paid on this lease for the years ended June 30, 2017 and 2016 was \$700 and \$350, respectively. Rental payments are due through June 30, 2021 and are subject to annual rent adjustments of 2%. In Berkeley, California the Foundation is renting two offices in a month to month operating lease for \$2,600 per month. The total rent expense paid on this lease for the years ended June 30, 2017 and 2016 was \$36,653 and \$30,198, respectively.

At June 30, 2017, future minimum rental payments for these leases were as follows:

For the Year Ending June 30,

2018	\$	18,203
2019		2,178
2020		2,221
2021		<u>2,266</u>
Total	\$	<u><u>24,868</u></u>

(8) Commitments and Contingencies

Revenue for the Foundation is derived primarily from governmental and private agencies for performance on grants and contracts. Expenditures under these programs are subject to final audits that could result in disallowances under the terms of the grant. Management believes that disallowances, if any, resulting from such audits will not have a material effect on the financial statements.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(9) Classification of Operating Expenses

The Foundation has elected to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net position, and to provide the natural classification of those expenses as an additional disclosure. For the years ended June 30, 2017 and 2016, operating expenses by natural classification consisted of the following:

2017						
	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation</u>	<u>Total</u>
Functional classification:						
Instruction	\$ 784	\$ 74	\$ -	\$ 195	\$ -	\$ 1,053
Research	4,506,532	1,065,067	51,741	6,952,589	-	12,575,929
Public service	3,293,723	1,162,859	275,111	4,549,569	-	9,281,262
Academic support	240,586	43,329	-	438,222	-	722,137
Student services	421,400	144,331	450	301,665	-	867,846
Institutional support	-	-	-	60,982	-	60,982
Plant	-	-	-	14,017	-	14,017
Scholarships and Fellowships	24,365	11,169	21,187	209,178	-	265,899
Auxiliary enterprise	278,961	172,695	-	819,987	-	1,271,643
Depreciation	-	-	-	-	126,591	126,591
Total	\$ 8,766,351	\$ 2,599,524	\$ 348,489	\$ 13,346,404	\$ 126,591	\$ 25,187,359
2016						
	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation</u>	<u>Total</u>
Functional classification:						
Instruction	\$ 8,275	\$ 828	\$ -	\$ 4,037	\$ -	\$ 13,140
Research	4,489,266	1,088,284	68,035	7,036,422	-	12,682,007
Public service	2,979,957	987,753	237,896	4,674,039	-	8,879,645
Academic support	144,392	35,072	-	142,730	-	322,194
Student services	552,688	243,943	-	279,812	-	1,076,443
Institutional support	-	-	-	35,486	-	35,486
Plant	-	-	-	-	-	-
Scholarships and Fellowships	16,278	5,562	22,890	180,502	-	225,232
Auxiliary enterprise	285,143	163,420	-	783,871	-	1,232,434
Depreciation	-	-	-	-	105,961	105,961
Total	\$ 8,475,999	\$ 2,524,862	\$ 328,821	\$ 13,136,899	\$ 105,961	\$ 24,572,542

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(10) Defined Contribution Plan

The Foundation maintains the Humboldt State University Foundation 403(b) DC plan with the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). The plan is qualified under IRS Section 403(b) and covers eligible employees, as defined by the plan.

(a) Plan Description

TIAA-CREF is an agent which provides variable individual and group annuities for retirement and tax-deferred savings plans at nonprofit or publicly supported colleges, universities, and other educational and research organizations. The TIAA-CREF plan is a defined contribution plan. The contributions are invested and then disbursed at the time of the employees' retirement in the form of lifetime income or other payment options.

(b) Funding Policy

Participants do not contribute any of their annual covered salary. Contributions to the plan are made at the discretion of the Board of Directors. The Foundation contributes 10% of the employees' annual covered payroll.

(c) Annual Contribution Costs and Pension Expense

The Foundation contributed \$376,640 and \$373,552 on behalf of covered employees for the years ended June 30, 2017 and 2016, respectively. These amounts are also the pension expense for these periods.

(11) Transfers to Other Campus Entities

Occasionally, the Foundation finds it appropriate to transfer certain fiscal responsibilities to the University or to other campus entities. During the years ended June 30, 2017 and 2016, the Foundation transferred the following to the University, Humboldt State University Advancement Foundation (HSUADV) and Humboldt State University Real Estate Holdings (HSUREH):

	<u>2017</u>	<u>2016</u>
Transfer of funds to the University	\$ 287,337	\$ —
Transfer of funds to HSUADV	—	20,154
Transfer of funds to HSUREH	<u>350,000</u>	<u>—</u>
Transfer of funds	637,337	20,154
Transfer of fixed assets to the University	<u>925</u>	<u>17,312</u>
Total	\$ <u>638,262</u>	\$ <u>37,466</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2017 and 2016

(12) Transactions with Related Entities

(a) Business Services Agreement

The Foundation receives accounting and business services and human resource services from the University through a Business Services Agreement. For the fiscal years ended June 30, 2017 and 2016, the Foundation paid to the University \$577,000 and \$540,000, respectively, of which \$0 and \$0 was owed at June 30, 2017 and 2016, respectively. (Included in Payments to University for other than salaries of University personnel below.)

(b) General Operations Payroll

The Foundation reimburses the University for salaries and benefits paid by the University of certain post-award employees of the Foundation's general operations. The amount reimbursed to the University for the years ended June 30, 2017 and 2016 were \$338,610 and \$325,511, respectively, of which \$509 and \$0 was owed at June 30, 2017 and June 30, 2016, respectively. (Included in Payments to University for salaries of University personnel working on contracts, grants, and other programs and Accounts (payable to) University below.)

The University also supports the pre-award and compliance functionality, and the research administration functionality of the Foundation as a state function. The University provided support for the pre-award and compliance functionality and the research administration functionality at an unreimbursed value of \$240,239 and \$293,116, respectively, for the year ended June 30, 2017 and \$242,377 and \$495,140, respectively, for the year ended June 30, 2016.

(c) Summary of Transactions with related entities

The accompanying financial statements also include the following transactions with the University and related auxiliary organizations for the years ended June 30, 2017 and 2016:

	2017	2016
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,536,579	\$ 876,929
Payments to University for other than salaries of University personnel	3,113,782	2,391,559
Payments received from University for services, space, and programs	434,684	759,790
Gifts (cash or assets) to the University from discretely presented component units	925	17,313
Accounts (payable to) University	(32,186)	(38,538)
Accounts receivable from University	11,541	14,687
Payments to Humboldt State University Real Estate Holdings	350,000	—
Payments to University Center	33,433	111,927
Payments to HSU Advancement Foundation	3,487	62,347
Payments to Associated Students	—	3,870
Payments received from HSU Advancement Foundation	1,292,538	747,087

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Net Position

June 30, 2017

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,310,927
Short-term investments	1,278,332
Accounts receivable, net	6,935,595
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	54,586
Total current assets	<u>10,579,440</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	19,500
Capital assets, net	1,996,151
Other assets	—
Total noncurrent assets	<u>2,015,651</u>
Total assets	<u>12,595,091</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,313,338
Accrued salaries and benefits	526,115
Accrued compensated absences, current portion	132,975
Unearned revenue	1,991,618
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	27,800
Total current liabilities	<u>3,991,846</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	80,483
Unearned revenue	53,453
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>133,936</u>
Total liabilities	<u>4,125,782</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	1,996,151
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	34,256
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	6,438,902
Total net position	<u>\$ 8,469,309</u>

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ —
Grants and contracts, noncapital:	
Federal	10,490,511
State	8,458,525
Local	677,394
Nongovernmental	3,659,577
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	—
Other operating revenues	2,470,669
Total operating revenues	<u>25,756,676</u>
Expenses:	
Operating expenses:	
Instruction	1,053
Research	12,575,929
Public service	9,281,262
Academic support	722,137
Student services	867,846
Institutional support	60,982
Operation and maintenance of plant	14,017
Student grants and scholarships	265,899
Auxiliary enterprise expenses	1,271,643
Depreciation and amortization	126,591
Total operating expenses	<u>25,187,359</u>
Operating income (loss)	<u>569,317</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	71,138
Investment income (loss), net	22,675
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	<u>(638,262)</u>
Net nonoperating revenues (expenses)	<u>(544,449)</u>
Income (loss) before other revenues (expenses)	24,868
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>24,868</u>
Net position:	
Net position at beginning of year, as previously reported	8,444,441
Restatements	—
Net position at beginning of year, as restated	<u>8,444,441</u>
Net position at end of year	<u>\$ 8,469,309</u>

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

1	Restricted cash and cash equivalents at June 30, 2017:						
	Portion of restricted cash and cash equivalents related to endowments	\$	—				
	All other restricted cash and cash equivalents		—				
	Total restricted cash and cash equivalents	\$	—				
2.1	Composition of investments at June 30, 2017:						
			Current		Noncurrent	Noncurrent	
			Unrestricted	Restricted	Unrestricted	Restricted	Total
	State of California Surplus Money Investment Fund (SMIF)	\$	—	—	—	—	—
	State of California Local Agency Investment Fund (LAIF)		1,278,332	—	—	—	1,278,332
	Corporate bonds		—	—	—	—	—
	Certificates of deposit		—	—	—	—	—
	Mutual funds		—	—	—	—	—
	Money Market funds		—	—	—	—	—
	Repurchase agreements		—	—	—	—	—
	Commercial paper		—	—	—	—	—
	Asset backed securities		—	—	—	—	—
	Mortgage backed securities		—	—	—	—	—
	Municipal bonds		—	—	—	—	—
	U.S. agency securities		—	—	—	—	—
	U.S. treasury securities		—	—	—	—	—
	Equity securities		—	—	—	—	—
	Exchange traded funds (ETFs)		—	—	300	—	300
	Alternative investments:		—	—	—	—	—
	Private equity (including limited partnerships)		—	—	—	—	—
	Hedge funds		—	—	—	—	—
	Managed futures		—	—	—	—	—
	Real estate investments (including REITs)		—	—	—	—	—
	Commodities		—	—	—	—	—
	Derivatives		—	—	—	—	—
	Other alternative investment types		—	—	—	—	—
	Other external investment pools (excluding SWIFT)		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Other major investments:		—	—	—	—	—
	Land		—	—	19,200	—	19,200
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Add description		—	—	—	—	—
	Total investments		1,278,332	—	19,500	—	1,297,832
	Less endowment investments (enter as negative number)		—	—	—	—	—
	Total investments		1,278,332	—	19,500	—	1,297,832
2.2	Investments held by the University under contractual agreements at June 30, 2017:						
	Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 :		—	—	—	—	—
2.3	Restricted current investments at June 30, 2017 related to:		Amount				
	Add description	\$	—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Total restricted current investments at June 30, 2017	\$	—				
2.4	Restricted noncurrent investments at June 30, 2017 related to:		Amount				
	Endowment investment	\$	—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Add description		—				
	Total restricted noncurrent investments at June 30, 2017	\$	—				

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

2.5 Fair value hierarchy in investments at June 30, 2017:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	1,278,332	—	—	—	1,278,332
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	300	—	—	—	300
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Land	19,200	—	—	—	19,200
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	1,297,832	—	—	—	1,297,832

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
Other Information
June 30, 2017
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 724,756	—	—	724,756	—	—	—	724,756
Works of art and historical treasures	25,000	—	—	25,000	—	—	—	25,000
Construction work in progress (CWIP)	—	—	—	—	162,547	—	—	162,547
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	749,756	—	—	749,756	162,547	—	—	912,303
Depreciable/amortizable capital assets:								
Buildings and building improvements	909,450	—	—	909,450	—	—	—	909,450
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	980,686	—	—	980,686	84,112	(98,913)	—	965,885
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	1,890,136	—	—	1,890,136	84,112	(98,913)	—	1,875,335
Total capital assets	2,639,892	—	—	2,639,892	246,659	(98,913)	—	2,787,638
Less accumulated depreciation/amortization:								
Buildings and building improvements	(413,964)	—	—	(413,964)	(30,315)	—	—	(444,279)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(348,920)	—	—	(348,920)	(96,276)	97,988	—	(347,208)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(762,884)	—	—	(762,884)	(126,591)	97,988	—	(791,487)
Total capital assets, net	\$ 1,877,008	—	—	1,877,008	120,068	(925)	—	1,996,151

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information
June 30, 2017

(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 126,591
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 126,591

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 216,237	—	—	216,237	230,070	(232,849)	213,458	132,975	80,483
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 216,237	—	—	216,237	230,070	(232,849)	213,458	132,975	80,483

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
Capitalized lease obligation, net of current portion									\$ —

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 Other Information
 June 30, 2017
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 1,996,151
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - net investment in capital asset	<u>\$ 1,996,151</u>

7.2 Calculation of net position - restricted for nonexpendable - endowments

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

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,536,579
Payments to University for other than salaries of University personnel	3,113,782
Payments received from University for services, space, and programs	434,684
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	925
Accounts (payable to) University (enter as negative number)	(32,186)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	11,541
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

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

	Net Position	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 8,444,441
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated		<u>\$ 8,444,441</u>

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

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

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Note to Supplementary Information

Year Ended June 30, 2017

(1) Organization

As an auxiliary organization of the California State University (CSU), Humboldt State University Sponsored Programs Foundation (the Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by the CSU. As a result, there are differences in the presentation of certain financial statement line items between the Foundation's financial statements and the supplementary schedules for the CSU.

(a) Statement of Revenues, Expenses, and Changes in Net Position

For purposes of the supplementary schedule, certain revenues are consolidated into a single financial statement line.

A reconciliation of other operating revenue as of June 30, 2017, is as follows:

Statement of Revenues, Expenses, and Changes in Net Position	2017
Indirect cost revenue	\$ 2,245,492
Other operating revenues	225,177
Total other operating revenues	\$ <u>2,470,669</u>
Supplementary Schedule	
Statement of Revenues, Expenses, and Changes in Net Position	
Other operating revenues	\$ <u>2,470,669</u>

SINGLE AUDIT REPORTS



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

Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

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 the business-type activities of Humboldt State University Sponsored Programs Foundation, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Humboldt State University Sponsored Programs Foundation's basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humboldt State University Sponsored Programs Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation'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 Humboldt State University Sponsored Programs Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 15, 2017



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

Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

Report on Compliance for Each Major Federal Program

We have audited Humboldt State University Sponsored Programs Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Humboldt State University Sponsored Programs Foundation's major federal programs for the year ended June 30, 2017. Humboldt State University Sponsored Programs Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Humboldt State University Sponsored Programs Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.


Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 15, 2017

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER:				
Department of Agriculture - Forest Service				
Partnership Agreements Department of Agriculture Forest Service	10.699			5,897
Forest restoration scenarios at the watershed-scale Klamath Mtn	10.U01			740
Real-Time Streamflow Website Server	10.U02			2,343
Regeneration Response to Wildfire Reburn	10.U03			2,361
Aspen Community Restoration Pile Burn Monitoring	10.U04			2,750
Competition and Vigor of Sugar Pine	10.U05			12,777
Forest Restoration at the Lanscape Scale	10.U06			16,843
SIMS Fire Monitoring Additional Funds	10.U07			78,029
Total of Department of Agriculture - Forest Service				<u>121,740</u>
Department of Agriculture - National Institute of Food & Agriculture				
Cooperative Forestry Research	10.202			486
Cooperative Forestry Research	10.202			2,024
Cooperative Forestry Research	10.202			2,662
Cooperative Forestry Research	10.202			2,783
Cooperative Forestry Research	10.202			3,335
Cooperative Forestry Research	10.202			8,295
Cooperative Forestry Research	10.202			10,419
Cooperative Forestry Research	10.202			17,107
Cooperative Forestry Research	10.202			18,270
Cooperative Forestry Research	10.202			21,025
Cooperative Forestry Research	10.202			31,981
Total Department of Agriculture - National Institute of Food & Agriculture				<u>118,387</u>
Department of Agriculture - Natural Resources Conservation Services				
Soil and Water Conservation	10.902			105,242
Total Department of Agriculture - Natural Resources Conservation Services				<u>105,242</u>
Department of Commerce - National Oceanic Atmospheric Administration				
Pass-Through From Monterey Bay Aquarium Research Institute				
Integrated Ocean Observing System (IOOS)	11.012	1411313		18,586
Integrated Ocean Observing System (IOOS)	11.012	1611120		53,787
Pass-Through From Confluence Environmental Company				
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	NA16NMF4270254		14,179

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427		35,838	76,463
Pass-Through From University of California, San Diego				
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBT02		(953)
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	INDEX: CIMODWT		34,566
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBT04		36,542
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMDW14		84,744
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBT03		102,231
Cooperative Fishery Statistics	11.434			6,127
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.439			4,962
Marine Mammal Data Program	11.439			10,536
Marine Mammal Data Program	11.439			31,663
Marine Mammal Data Program	11.439			46,462
National Ocean and Atmospheric Administration	11.482		24,684	35,084
Trinidad Head Atmospheric Baseline Observatory	11.U01			186,790
Total Department of Commerce - National Oceanic Atmospheric Administration			60,522	741,769
Department Of Defense				
Pass-Through From Michigan State University, Department of Kinesiology				
Military Medical Research and Development	12.34	3003497433		4,292
Military Medical Research and Development	12.34	3003787386		117,005
Total Department of Defense				121,297
Department of Education				
Pass-Through From Del Norte County Unified School District				
Title I Grants to Local Educational Agencies	84.01	C2276		129
Pass-Through From City of Eureka				
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	84.184	NA		3,010
Total Department of Education				3,139
Department of Energy				
Renewable Energy Research and Development	81.087			21,315
Renewable Energy Research and Development	81.087		176,043	444,304
Renewable Energy Research and Development	81.087		565,483	569,623
Renewable Energy Research and Development	81.087		434,346	755,228
Pass-Through From Alliance for Sustainable Energy, LLC				
Development of the Quality Assurance Framework for Mini-Grids	81.U01	XGG-4-42173-01		1,511
Pass-Through From Alliance for Sustainable Energy, LLC				

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Support for Development of the Quality Assurance Framework for Mini-Grids Pass-Through From Regents of the University of California	81.U02	XHQ-7-70156-01		2,138
Synthetic Reserves from Aggregated Distributed Flexible Resources Pass-Through From Battelle Energy Alliance, LLC	81.U03	7326461		32,754
Dynamic Modeling and Validation of Electrolyzers in Real Time Grid Simulation Pass-Through From Regents of the University of California	81.U04	161662		45,550
Develop Quality Standards and Test Methods for Off-Grid Lighting Systems Total Department of Energy	81.U05	7014205	1,175,872	131,647 2,004,070
Department of Health and Human Services				
Allergy, Immunology and Transplantation Research Total Department of Health and Human Services	93.855			48,058 48,058
Department of the Interior - Bureau of Land Management				
Recreation Resource Management	15.225		7,951	9,939
Fish, Wildlife and Plant Conservation Resource Management	15.231			19,354
Fish, Wildlife and Plant Conservation Resource Management	15.231			19,499
Fish, Wildlife and Plant Conservation Resource Management	15.231			35,049
Fish, Wildlife and Plant Conservation Resource Management	15.231			43,872
Pass-Through From Department of Agriculture - Forest Service Wildland Fire Research and Studies Program	15.232	16-JV-11272139-066		20,463
Forests and Woodlands Resource Management	15.233			(20)
Forests and Woodlands Resource Management	15.233		400	470
Forests and Woodlands Resource Management	15.233			2,820
Forests and Woodlands Resource Management	15.233			3,313
Forests and Woodlands Resource Management Total Department of the Interior - Bureau of Land Management	15.233		8,351	32,527 187,286
Department of the Interior - Fish and Wildlife Services				
Fish and Wildlife Management Assistance	15.608			1,570
Fish and Wildlife Management Assistance	15.608			2,615
Fish and Wildlife Management Assistance	15.608			12,448
Fish and Wildlife Management Assistance	15.608			14,671
Fish and Wildlife Management Assistance	15.608			18,880
Fish and Wildlife Management Assistance	15.608			80,664
Pass-Through From Texas A&M AgriLife Research Wildlife Restoration	15.611	06S160632		9,378
Pass-Through From Fish and Wildlife, Department of (DFW)				

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
State Wildlife Grants	15.634	P1480015	10,800	39,952
Endangered Species Conservation - Recovery Implementation Funds	15.657			39
Endangered Species Conservation - Recovery Implementation Funds	15.657			673
Endangered Species Conservation - Recovery Implementation Funds	15.657			786
Endangered Species Conservation - Recovery Implementation Funds	15.657			2,109
Endangered Species Conservation - Recovery Implementation Funds	15.657			5,683
Endangered Species Conservation - Recovery Implementation Funds	15.657			17,883
Natural Resource Damage Assessment, Restoration and Implementation	15.658			(7,350)
Natural Resource Damage Assessment, Restoration and Implementation	15.658			242,216
Cooperative Ecosystem Studies Units	15.678			4,573
Cooperative Ecosystem Studies Units	15.678			11,190
Cooperative Ecosystem Studies Units	15.678			20,856
Cooperative Research Units Program	15.812			59,707
Pass-Through From Fish and Wildlife, Department of (DFW)				
Range-Wide Giant Kangaroo Rat Surveys & Monitoring	15.U01	P1540034		42,667
Total Department of the Interior - Fish and Wildlife Services			<u>10,800</u>	<u>581,210</u>
Department of the Interior - National Park Service				
Cooperative Research and Training Programs & Resources of the National Park System	15.945			6,489
Cooperative Research and Training Programs & Resources of the National Park System	15.945			7,453
Cooperative Research and Training Programs & Resources of the National Park System	15.945			18,289
Pass-Through From California Cooperative Ecosystem Studies Unit				
Cooperative Research and Training Programs & Resources of the National Park System	15.945	P16AC01849		28,162
National Park Service Conservation, Protection, Outreach. and Education	15.954			420
National Park Service Conservation, Protection, Outreach. and Education	15.954			3,455
National Park Service Conservation, Protection, Outreach. and Education	15.954			5,416
National Park Service Conservation, Protection, Outreach. and Education	15.954			10,411
National Park Service Conservation, Protection, Outreach. and Education	15.954			12,711
Total Department of the Interior - National Park Service				<u>92,806</u>
Department of the Interior - U.S. Geological Survey				
Cooperative Research Units Program	15.812			6,387
Cooperative Research Units Program	15.812			9,814
Cooperative Research Units Program	15.812			22,735
Total Department of the Interior - U.S. Geological Survey				<u>38,936</u>
Environmental Protection Agency				
Pass-Through From University of Maryland Center for Environmental Science				

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Chesapeake Bay Program	66.466	SA07431570 PO34625		5,968
Total Environmental Protection Agency				<u>5,968</u>
National Science Foundation				
Mathematical and Physical Sciences	47.049			1,629
Mathematical and Physical Sciences	47.049			20,589
Mathematical and Physical Sciences	47.049			30,103
Pass-Through From Other				
Biological Sciences	47.074	7361		(136)
Biological Sciences	47.074			67,816
Biological Sciences	47.074			104,061
Biological Sciences	47.074			160,431
Education and Human Resources	47.076			21,572
Total National Science Foundation				<u>406,065</u>
Strategic Environmental Research and Development Program				
Pass-Through From University of Southern California				
A Fully Integrated MBR System for Wastewater Treatment	81.U06	60051189		12,516
Total Strategic Environmental Research and Development Program				<u>12,516</u>
Total Research and Development Cluster			<u>1,255,545</u>	<u>4,588,489</u>
SMALL BUSINESS DEVELOPMENT CENTERS:				
Small Business Administration				
Small Business Development Centers	59.037		5,635	5,635
Small Business Development Centers	59.037		9,657	9,657
Small Business Development Centers	59.037			10,530
Small Business Development Centers	59.037		20,672	20,672
Small Business Development Centers	59.037		22,604	22,604
Small Business Development Centers	59.037		24,454	24,454
Small Business Development Centers	59.037		31,717	31,717
Small Business Development Centers	59.037		44,114	44,114
Small Business Development Centers	59.037		53,128	53,128
Small Business Development Centers	59.037		56,576	56,576
Small Business Development Centers	59.037			56,625
Small Business Development Centers	59.037		3,006	61,127
Small Business Development Centers	59.037		62,974	62,974
Small Business Development Centers	59.037		67,715	67,715

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Small Business Development Centers	59.037		84,006	84,006
Small Business Development Centers	59.037		7,911	100,281
Small Business Development Centers	59.037		111,867	111,867
Small Business Development Centers	59.037			126,699
Small Business Development Centers	59.037		148,171	148,171
Small Business Development Centers	59.037		153,896	153,896
Small Business Development Centers	59.037		179,082	179,082
Small Business Development Centers	59.037			186,919
Small Business Development Centers	59.037		199,174	199,174
Small Business Development Centers	59.037		219,000	224,000
Small Business Development Centers	59.037			230,147
Small Business Development Centers	59.037			346,192
Small Business Development Centers	59.037			393,587
Total Small Business Administration			<u>1,505,359</u>	<u>3,011,549</u>
Total Small Business Development Centers			1,505,359	3,011,549
TRIO CLUSTER:				
Department of Education				
TRIO - Student Support Services	84.042			401,608
TRIO - Talent Search	84.044			62,328
TRIO - Talent Search	84.044			344,453
TRIO - Upward Bound	84.047			272,228
Total Department of Education				<u>1,080,617</u>
Total Trio Cluster				1,080,617
OTHER:				
Center for Disease Control and Prevention				
Pass-Through From United Indian Health Service				
Building Capacity of the Public Health System to Improve Population Health through National	93.524	07282015HSU-1		16,181
Total Center for Disease Control and Prevention				<u>16,181</u>
Department of Agriculture				
Farmers' Market Promotion Program	10.168		19,162	30,034
Pass-Through From Chico State Research Foundation				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.651	SUB16-045		11,441
Total Department of Agriculture			<u>19,162</u>	<u>41,475</u>

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture - Forest Service				
Partnership Agreements Department of Agriculture Forest Service	10.699			173
Six Rivers - Ruth Lake	10.U08			24,116
Total Department of Agriculture - Forest Service				24,289
Department of Agriculture - National Institute of Food & Agriculture				
Hispanic Serving Institutions Education Grants	10.223			188,512
Total Department of Agriculture - National Institute of Food & Agriculture				188,512
Department of Commerce - National Oceanic Atmospheric Administration				
Pass-Through From University of California, San Diego Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBTS1B		195
Pass-Through From Fish and Wildlife, Department of (DFW) Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438	P1696001 00	8,908	625,820
Cultural Resources Investigation for Trinidad Head Observatory	11.U02		380	9,289
Total Department of Commerce - National Oceanic Atmospheric Administration			9,288	635,304
Department Of Defense				
Procurement Technical Assistance For Business Firms	12.002			39,813
Procurement Technical Assistance For Business Firms	12.002			230,362
Total Department Of Defense				270,175
Department of Education				
Higher Education_Institutional Aid	84.031			282,480
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			245,115
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		10,100	434,624
Child Care Access Means Parents in School	84.335			93,403
Pass-Through From City of Eureka Arts in Education	84.351	C2276		98,404
Pass-Through From Del Norte County Unified School District Mathematics and Science Partnerships	84.366	N/A		1,532
Pass-Through From Fortuna Elementary School District Mathematics and Science Partnerships	84.366	S366B110005		35,969
Pass-Through From Regents of the University of California Improving Teacher Quality State Grants	84.367	NCLB12-CWP-HUMBOLDT		29
Pass-Through From National Writing Project				

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Improving Teacher Quality State Grants	84.367	92-CA01-SEED2017-CRW		2,499
Improving Teacher Quality State Grants	84.367	92-CA01-SEED2012 4A		3,181
Pass-Through From Regents of the University of California				
Improving Teacher Quality State Grants	84.367	NCLB13-CWP-HUMBOLDT		19,794
Pass-Through From Education, Department of (CDE)				
Improving Teacher Quality State Grants	84.367	16-15196-0360-00	9,980	95,951
Improving Teacher Quality State Grants	84.367	15-15196-3060-00	25,783	160,268
Total Department of Education			<u>45,863</u>	<u>1,473,249</u>
Department of Health and Human Services				
Pass-Through From Regents of the University of California				
Foster Care_Title IV-E	93.658	8885		61
Foster Care_Title IV-E	93.658	8885	2,500	2,520
Foster Care_Title IV-E	93.658	9250		57,684
Foster Care_Title IV-E	93.658	9250		244,290
Foster Care_Title IV-E	93.658	9250		471,198
Foster Care_Title IV-E	93.658	9250		1,020,611
Total Department of Health and Human Services			<u>2,500</u>	<u>1,796,364</u>
Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		27,040	87,147
Total Department of Justice			<u>27,040</u>	<u>87,147</u>
Department of Labor				
Pass-Through From Humboldt County				
Workforce Innovation and Opportunity Rapid Response	17.U01	K7102030	1,393	44,061
Total Department of Labor			<u>1,393</u>	<u>44,061</u>
Department of the Interior - Fish and Wildlife Services				
Youth Engagement, Education, and Employment Programs	15.676			19,172
McAdams Ranch Seasonal Wetland Enhancement Project	10.U09			152
Total Department of the Interior - Fish and Wildlife Services				<u>19,324</u>
Department of the Interior - National Park Service				
Cooperative Research and Training Programs � Resources of the National Park System	15.945		3,500	17,755
National Park Service Conservation, Protection, Outreach. and Education	15.954			11,794
National Park Service Conservation, Protection, Outreach. and Education	15.954			22,498

See the accompanying auditors' report and Notes to Schedule of Federal Expenditures

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
National Park Service Conservation, Protection, Outreach. and Education	15.954			25,456
Total Department of the Interior - National Park Service			3,500	77,503
National Science Foundation				
Biological Sciences	47.074			85,768
Pass-Through From University Enterprises, Inc.				
Education and Human Resources	47.076	523811		13,750
Education and Human Resources	47.076			27,330
Education and Human Resources	47.076			44,857
Total National Science Foundation				171,705
Total Other			108,746	4,845,289
Total Expenditures of Federal Awards			\$ 2,869,650	\$ 13,525,944

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Humboldt State University Sponsored Programs Foundation (the Foundation) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

(2) Summary of Significant Accounting Policies

(a) Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(b) Pass-through Entities

Pass-through entity identifying numbers are presented where available.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for for major programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule? _____ yes X no

Identification of major programs:

CFDA Number(s)

59.037

93.658

Name of Federal Program or Cluster

Small Business Development Centers

Foster Care Title IV-E

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? X yes _____ no

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2016

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported