

**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, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Board of Directors
Humboldt State University Sponsored Programs Foundation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2018, 2017 and 2016

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, 2018 and 2017. 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, 2018, 2017 and 2016

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

	2018	2017	2016
Assets:			
Current assets	\$ 12,007,735	\$ 10,579,440	\$ 10,909,248
Capital assets, net	2,113,878	1,996,151	1,877,008
Other noncurrent assets	300	19,500	19,500
Total assets	14,121,913	12,595,091	12,805,756
Liabilities:			
Current liabilities	4,122,951	3,991,846	4,118,101
Other noncurrent liabilities	278,878	133,936	243,214
Total liabilities	4,401,829	4,125,782	4,361,315
Net position:			
Investment in capital assets	2,113,878	1,996,151	1,877,008
Restricted for:			
Expendable	—	34,256	
Unrestricted	7,606,206	6,438,902	6,567,433
Total net position	\$ 9,720,084	\$ 8,469,309	\$ 8,444,441

Assets

Total assets increased \$1.5 million from FY 2017 to FY 2018 due to a \$1.4 million increase 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 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.

Current assets increased \$1.4 million from FY 2017 to FY 2018 due to a increase in cash and cash equivalents of \$1.4 million. 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.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2018, 2017 and 2016

Capital Assets

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

	June 30		
	2018	2017	2016
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	—	162,547	—
Buildings	789,688	465,171	495,486
Equipment - net	567,864	618,677	631,766
Computer Software	6,570	—	—
Total capital assets, net of accumulated depreciation	<u>\$ 2,113,878</u>	<u>\$ 1,996,151</u>	<u>\$ 1,877,008</u>

Capital assets increased by \$0.1 million from FY 2017 to FY 2018 primarily due to an additional \$0.2 million construction work in progress being completed and transferring \$0.4 million to buildings, equipment of \$0.2 million was transferred to Humboldt State University and equipment additions of \$0.2 million, offset by \$0.1 million in depreciation expense. 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..

Liabilities

Total liabilities increased \$0.3 million from FY 2017 to FY 2018 due to a \$0.3 million increase in accounts payable, accrued salaries and benefits payable, accrued compensated absences and unearned revenue. 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.

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, 2018 and 2017, respectively.

Net Position

Total net position increased \$1.3 million from FY 2017 to FY 2018 and increased \$0.2 million from FY 2016 to FY 2017 due to the net income generated for the year ended June 30, 2018 and 2017, 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, 2018, 2017 and 2016

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

	2018	2017	2016
Operating revenues:			
Grants and contracts, noncapital	\$ 25,121,645	\$ 23,286,007	\$ 23,007,039
Indirect cost revenue	2,582,202	2,245,492	2,144,383
Other operating revenues	321,413	225,177	277,465
Total operating revenues	28,025,260	25,756,676	25,428,887
Operating expenses	(26,641,798)	(25,187,359)	(24,572,542)
Operating income (loss)	1,383,462	569,317	856,345
Nonoperating revenues (expenses):			
Gifts, noncapital	3,776	71,138	368,687
Investment income, net	14,661	22,675	16,811
Other nonoperating revenues (expenses), net	-	-	(33,382)
Net nonoperating revenues (expenses)	18,437	93,813	352,116
Income before other additions	1,401,899	663,130	1,208,461
Transfers to other campus entities	(151,124)	(638,262)	(37,466)
Increase in net position	1,250,775	24,868	1,170,995
Net position at beginning of year	8,469,309	8,444,441	7,273,446
Net position at end of year	\$ 9,720,084	\$ 8,469,309	\$ 8,444,441

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, 2018, 2017 and 2016

Operating Revenues

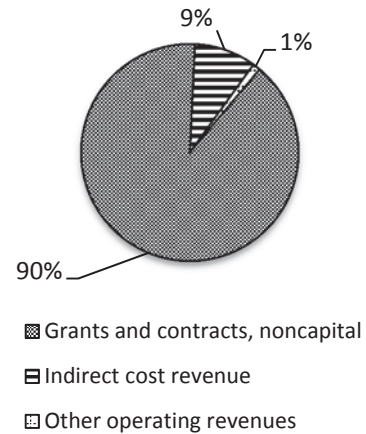
Total operating revenues increased \$2.3 million, or 9%, from FY 2017 to FY 2018 due to a \$2.0 million increase in grants and contracts, noncapital and a \$0.3 million increase in indirect cost revenue. The increase in grants and contracts, noncapital is due to an increase in project activity related to federal, state and nongovernmental grants. The increase in indirect cost revenue is the result of an increase in grants and contracts activity.

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.

The following charts present the proportional share that each category of operating revenues contributed to the total for fiscal years 2018, 2017 and 2016:

Operating Revenues
Year ended June 30, 2018

Grants and contracts, noncapital:		
Federal	\$ 11,155,965	39.9 %
State	8,802,612	31.4
Local	701,821	2.5
Nongovernmental	4,461,247	15.9
Indirect cost revenue	2,582,202	9.2
Other operating revenues	<u>321,413</u>	<u>1.1</u>
 Total operating revenues	 <u>\$ 28,025,260</u>	 <u>100.0 %</u>



HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

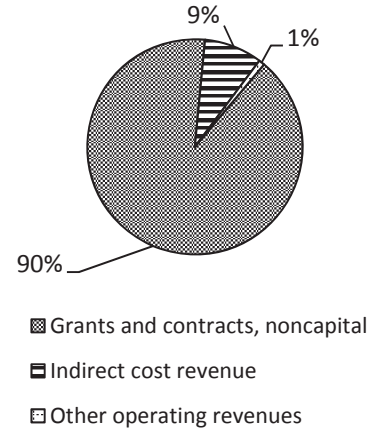
Management's Discussion and Analysis

June 30, 2018, 2017 and 2016

Operating Revenues

Year Ended June 30, 2017

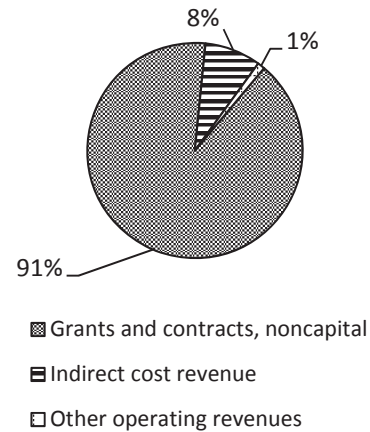
Grants and contracts, noncapital:		
Federal	\$ 10,490,511	40.7 %
State	8,458,525	32.9
Local	677,394	2.6
Nongovernmental	3,659,577	14.2
Indirect cost revenue	2,245,492	8.7
Other operating revenues	<u>225,177</u>	<u>0.9</u>
Total operating revenues	\$ <u>25,756,676</u>	<u>100.0 %</u>



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 Expenses

Total operating expenses increased by \$1.5 million, or 6%, from FY 2017 to FY 2018 primarily due to a \$2.2 million aggregated increase in public service, academic support, scholarships and fellowships, auxiliary enterprises and depreciation, offset by a \$0.7 million aggregated decrease in instruction, research, student services, institutional support and operation and maintenance of plant. The \$1.5 million increase is primarily related to increase spending in the FY 2018 on grants and contracts.

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.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

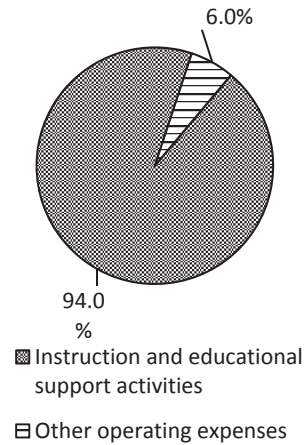
Management's Discussion and Analysis

June 30, 2018, 2017 and 2016

The following charts present the distribution of resources in support of the Foundation's mission for fiscal years 2018, 2017 and 2016:

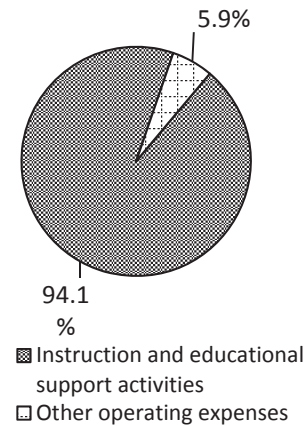
Operating Expenses
Year ended June 30, 2018

Instruction	\$ —	0.0 %
Research	11,962,473	44.9
Public service	10,542,094	39.5
Academic support	1,435,846	5.3
Student services	801,065	3.1
Scholarships and fellowships	<u>289,870</u>	<u>1.0</u>
Total instruction and educational support activities	<u>25,031,348</u>	<u>93.8</u>
Institutional support	18,959	0.1
Operation and maintenance of plant	—	0.0
Auxiliary enterprises	1,460,200	5.5
Depreciation	<u>131,291</u>	<u>0.6</u>
Total other operating expenses	<u>1,610,450</u>	<u>6.2</u>
Total operating expenses	<u>\$ 26,641,798</u>	<u>100.0 %</u>



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>



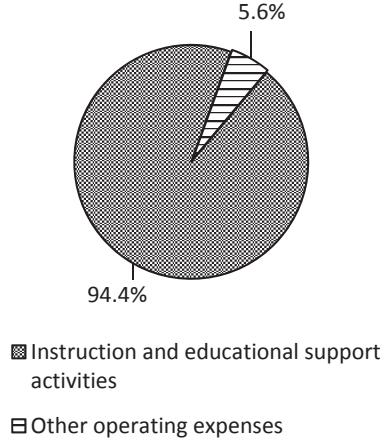
HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management’s Discussion and Analysis

June 30, 2018, 2017 and 2016

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>



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 \$0.8 million from the FY 2017 to FY 2018 primarily due to a decrease in gifts, noncapital.

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

Transfers to other campus entities

Transfers to other campus entities decreased \$0.5 million from FY 2017 to FY 2018 primarily related to a decrease of the Foundation’s transfer of custodial trust accounts of \$0.6 million to Humboldt State University and Humboldt State University Real Estate Holdings, offset by an increase in equipment of \$0.1 transferred to Humboldt State University.

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.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Management's Discussion and Analysis

June 30, 2018, 2017 and 2016

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 \$0.3 million, or 15%, from FY 2017 to FY 2018 and \$0.1 million, or 5%, from FY 2016 to FY 2017 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, 2018 and 2017

Assets	2018	2017
Current assets		
Cash and cash equivalents	\$ 3,702,912	\$ 2,310,927
Short-term investments	1,293,439	1,278,332
Accounts receivable, net	6,894,564	6,935,595
Prepaid expenses and other assets	116,820	54,586
Total current assets	<u>12,007,735</u>	<u>10,579,440</u>
Noncurrent assets		
Long-term investments	300	19,500
Capital assets, net	2,113,878	1,996,151
Total noncurrent assets	<u>2,114,178</u>	<u>2,015,651</u>
Total assets	<u>14,121,913</u>	<u>12,595,091</u>
Liabilities		
Current liabilities		
Accounts payable	1,397,880	1,313,338
Accrued salaries and benefits payable	569,520	526,115
Accrued compensated absences – current portion	166,926	132,975
Unearned revenue – current portion	1,966,946	1,991,618
Other liabilities	21,679	27,800
Total current liabilities	<u>4,122,951</u>	<u>3,991,846</u>
Noncurrent liabilities		
Accrued compensated absences, net of current portion	76,737	80,483
Unearned revenue, net of current portion	202,141	53,453
Total noncurrent liabilities	<u>278,878</u>	<u>133,936</u>
Total liabilities	<u>4,401,829</u>	<u>4,125,782</u>
Net position		
Investment in capital assets	2,113,878	1,996,151
Restricted for:		
Expendable:		
Research	-	34,256
Unrestricted	7,606,206	6,438,902
Total net position	<u>\$ 9,720,084</u>	<u>\$ 8,469,309</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2018 and 2017**

Revenues:	<u>2018</u>	<u>2017</u>
Operating revenues:		
Grants and contracts, noncapital:		
Federal	\$ 11,155,965	\$ 10,490,511
State	8,802,612	8,458,525
Local	701,821	677,394
Nongovernmental	4,461,247	3,659,577
Indirect cost revenue	2,582,202	2,245,492
Other operating revenues	<u>321,413</u>	<u>225,177</u>
Total operating revenues	<u>28,025,260</u>	<u>25,756,676</u>
Expenses:		
Operating expenses:		
Instruction	-	1,053
Research	11,962,473	12,575,929
Public service	10,542,094	9,281,262
Academic support	1,435,846	722,137
Student services	801,065	867,846
Institutional support	18,959	60,982
Operation and maintenance of plant	-	14,017
Scholarships and fellowships	289,870	265,899
Auxiliary enterprises	1,460,200	1,271,643
Depreciation	<u>131,291</u>	<u>126,591</u>
Total operating expenses	<u>26,641,798</u>	<u>25,187,359</u>
Operating income (loss)	<u>1,383,462</u>	<u>569,317</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	3,776	71,138
Investment income, net	14,661	22,675
Other nonoperating revenues (expenses), net	<u>-</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>18,437</u>	<u>93,813</u>
Income before other additions	1,401,899	663,130
Transfers to other campus entities	<u>(151,124)</u>	<u>(638,262)</u>
Increase in net position	1,250,775	24,868
Net position:		
Net position at beginning of year	<u>8,469,309</u>	<u>8,444,441</u>
Net position at end of year	<u>\$ 9,720,084</u>	<u>\$ 8,469,309</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Received from customers	\$ 28,193,501	\$ 26,388,147
Payments to employees and fringe benefits	(12,492,739)	(11,304,662)
Payments to vendors and suppliers	(13,458,910)	(14,070,450)
Payments for scholarships and fellowships	(469,061)	(348,489)
Transfers to other entities	-	(637,337)
Net cash used in operating activities	<u>1,772,791</u>	<u>27,209</u>
Cash flows from noncapital financing activities:		
Noncapital gifts received	3,776	71,138
Net cash provided by noncapital financing activities	<u>3,776</u>	<u>71,138</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(400,142)	(246,660)
Net cash used in capital and related financing activities	<u>(400,142)</u>	<u>(246,660)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	2,800	-
Investment income	27,867	24,528
Transfers (to)/from cash, net of interest earned	(15,107)	(8,182)
Net cash provided by investing activities	<u>15,560</u>	<u>16,346</u>
Net increase (decrease) in cash and cash equivalents	1,391,985	(131,967)
Cash and cash equivalents at beginning of year	2,310,927	2,442,894
Cash and cash equivalents at end of year	<u>\$ 3,702,912</u>	<u>\$ 2,310,927</u>
Reconciliation to cash per Statements of Net Position		
Cash and cash equivalents	\$ 3,702,912	\$ 2,310,927
Total cash and cash equivalents at end of year	<u><u>\$ 3,702,912</u></u>	<u><u>\$ 2,310,927</u></u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 1,383,462	\$ 569,317
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	131,291	126,591
Transfers to other entities	-	(637,337)
Changes in assets and liabilities:		
Receivables, net	44,225	202,514
Prepaid items	(62,234)	1,657
Accounts payable and accrued liabilities	155,777	(666,884)
Unearned revenue, current	(24,672)	540,629
Compensated absences and unearned revenue, noncurrent	144,942	(109,278)
Total adjustments	<u>389,329</u>	<u>(542,108)</u>
Net cash used in operating activities	<u>\$ 1,772,791</u>	<u>\$ 27,209</u>
Noncash investing, capital, and financing activities:		
Capital asset write-offs, net of depreciation	\$ 151,124	\$ 925
Increase in receivables related to nonoperating income	\$ 3,194	\$ -

See accompanying notes.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

(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, 2018 and 2017

(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, 2018 and 2017

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, 2018 and 2017, respectively.

(f) Capital Assets

Capital assets, net are stated at cost or estimated historical cost if purchased, or if donated, at acquisition 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, computer software 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, 2018 and 2017

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, 2018 and 2017 are classified in the accompanying statements of net position as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 3,702,912	\$ 2,310,927
Total cash and cash equivalents	<u>3,702,912</u>	<u>2,310,927</u>
Short-term investments - Net asset value	1,293,439	1,278,332
Other long-term investments - Level 2	300	19,500
Total investments	<u>1,293,739</u>	<u>1,297,832</u>
Total cash, cash equivalents and investments	\$ <u>4,996,651</u>	\$ <u>3,608,759</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

(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 \$3,702,912 and \$2,310,927 had a corresponding carrying balance with the commercial banks of \$4,004,397 and \$2,290,735 at June 30, 2018 and 2017, 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, 2018 and 2017, the Foundation's uninsured, uncollateralized cash balances were \$3,754,306 and \$2,040,644, 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, 2018 and 2017, 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, 2018 and 2017, cash in LAIF was \$1,293,439 and \$1,278,332, respectively.

(c) Long-term Investments

For the year ended June 30, 2018, long-term investments consist of three shares of Baywood Golf and Country Club capital stock. For the year ended June 30, 2017, 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, 2018 and 2017

Long-term investment activity for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>Balance at June 30, 2017</u>	<u>Purchases/ Additions</u>	<u>(Settlements)/ Deletions</u>	<u>Balance at June 30, 2018</u>
Stock	\$ 300	\$ —	\$ —	\$ 300
Land and other real estate	<u>19,200</u>	<u>—</u>	<u>(19,200)</u>	<u>—</u>
Total	<u>\$ 19,500</u>	<u>\$ —</u>	<u>\$ (19,200)</u>	<u>\$ 300</u>
	<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>

Investment income, net for the year ended June 30, 2018 and 2017, is summarized as follows:

	<u>2018</u>	<u>2017</u>
Interest income	\$ <u>14,661</u>	\$ <u>22,675</u>
Total	\$ <u>14,661</u>	\$ <u>22,675</u>

(3) Accounts Receivable

Billed and unbilled accounts receivables, net as of June 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Federal grants and contracts	\$ 1,838,962	\$ 2,520,118
State and local grants and contracts	3,922,537	3,339,710
Non-governmental grants and contracts	1,066,525	1,023,901
Other receivables	<u>66,540</u>	<u>51,866</u>
Total	\$ <u>6,894,564</u>	\$ <u>6,935,595</u>

The allowance for uncollectible accounts is \$0 and \$0 for the years ended June 30, 2018 and 2017, respectively. Unbilled grant and contract receivables are \$5,178,456 and \$5,202,790 as of June 30, 2018 and 2017, 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, 2018 and 2017

(4) Capital Assets

Capital assets activity for the years ended June 30, 2018, consisted of the following:

	<u>Balance, June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2018</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	<u>162,547</u>	<u>198,298</u>	<u>(360,845)</u>	<u>—</u>
Total nondepreciable capital assets	<u>912,303</u>	<u>198,298</u>	<u>(360,845)</u>	<u>749,756</u>
Depreciable/amortizable capital assets:				
Buildings	909,450	360,845	—	1,270,295
Personal property:				
Equipment	965,885	194,544	(198,146)	962,283
Computer Software	<u>—</u>	<u>7,300</u>	<u>—</u>	<u>7,300</u>
Total depreciable capital assets	<u>1,875,335</u>	<u>562,689</u>	<u>(198,146)</u>	<u>2,239,878</u>
Total cost	<u>2,787,638</u>	<u>760,987</u>	<u>(558,991)</u>	<u>2,989,634</u>
Less accumulated depreciation/amortization:				
Buildings	(444,279)	(36,329)	—	(480,608)
Personal property:				
Equipment	(347,208)	(94,232)	47,022	(394,418)
Computer Software	<u>0</u>	<u>(730)</u>	<u>—</u>	<u>(730)</u>
Total accumulated depreciation	<u>(791,487)</u>	<u>(131,291)</u>	<u>47,022</u>	<u>(875,756)</u>
Net capital assets	<u>\$ 1,996,151</u>	<u>\$ 629,696</u>	<u>\$ (511,969)</u>	<u>\$ 2,113,878</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

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	<u>—</u>	<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	<u>980,686</u>	<u>84,112</u>	<u>(98,913)</u>	<u>965,885</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	<u>(348,920)</u>	<u>(96,276)</u>	<u>97,988</u>	<u>(347,208)</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>

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, 2018 and 2017, capital assets with a net book value of \$151,124 and \$925 were transferred from the Foundation to the University, respectively. For the years ended June 30, 2018 and 2017, capital assets with a net book value of \$0 and \$0 were returned to the funder, respectively.

Total depreciation expense for the Foundation for the years ended June 30, 2018 and 2017 was \$131,291 and \$126,591, respectively.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

(5) Long-term liabilities

Long-term liabilities activities for the years ended June 30, 2018 and 2017 is summarized as follows:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued compensated absences	\$ 213,458	\$ 292,636	\$ (\$262,431)	\$ 243,663	\$ 166,926	\$ 76,737
Unearned revenue	<u>2,045,071</u>	<u>5,817,850</u>	<u>(\$5,693,834)</u>	<u>2,169,087</u>	<u>1,966,946</u>	<u>202,141</u>
Total	\$ <u>2,258,529</u>	\$ <u>6,110,486</u>	\$ <u>(\$5,956,265)</u>	\$ <u>2,412,750</u>	\$ <u>2,133,872</u>	\$ <u>278,878</u>
	<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>

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, 2018 and 2017, respectively.

Total interest incurred on all borrowings was approximately \$0 and \$34 for the years ended June 30, 2018 and 2017, respectively.

(6) Net Position

(a) Unrestricted net position

As of June 30, 2018 and 2017, the unrestricted portion of the Foundation's net position was designated for the following purposes:

	<u>2018</u>	<u>2017</u>
Funds held in trust:		
Sponsored programs related trusts	\$ 2,524,997	\$ 1,544,899
Campus program trusts	<u>16,992</u>	<u>10,232</u>
Total funds held in trust	2,541,989	1,555,131
Current operations and working capital	<u>5,064,217</u>	<u>4,883,771</u>
Total	\$ <u>7,606,206</u>	\$ <u>6,438,902</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

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, 2018.

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, 2018 and 2017, \$152,260 and \$0 in unrestricted resources were expended to support these activities.

(7) Operating Leases

The Foundation rents office space located in Eureka, California under an operating lease with an unrelated third party. The total rent expense paid on this lease for the years ended June 30, 2018 and 2017 was \$8,034 and \$11,289, 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%.

The Foundation rents storage space located in Trinidad, California from the University. The total rent expense paid on this lease for the years ended June 30, 2018 and 2017 was \$2,000 and \$2,000, respectively. Rental payments are due through December 31, 2023.

The Foundation is renting various office spaces in month to month operating leases for a total of \$5,250 per month. The total rent expense paid on these leases for the years ended June 30, 2018 and 2017 was \$46,676 and \$37,353, respectively.

At June 30, 2018, future minimum rental payments for these leases were as follows:

<u>For the Year Ending June 30,</u>	
2019	\$ 18,534
2020	2,000
2021	2,000
2022	2,000
2023	<u>2,000</u>
Total	\$ <u>26,534</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, 2018 and 2017

(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, 2018 and 2017, operating expenses by natural classification consisted of the following:

		2018					
		<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:							
Research	\$	4,759,233	\$ 1,114,596	\$ 65,640	\$ 6,023,004	\$ -	\$ 11,962,473
Public service		3,542,518	1,310,958	402,671	5,285,947	-	10,542,094
Academic support		610,982	141,256	-	683,608	-	1,435,846
Student services		409,561	112,741	750	278,013	-	801,065
Institutional support		-	-	-	18,959	-	18,959
Scholarships and Fellowships		38,656	4,850	-	246,364	-	289,870
Auxiliary enterprise		315,068	205,929	-	939,203	-	1,460,200
Depreciation		-	-	-	-	131,291	131,291
Total	\$	<u>9,676,018</u>	<u>\$ 2,890,330</u>	<u>\$ 469,061</u>	<u>\$ 13,475,098</u>	<u>\$ 131,291</u>	<u>\$ 26,641,798</u>
		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	\$	<u>8,766,351</u>	<u>\$ 2,599,524</u>	<u>\$ 348,489</u>	<u>\$ 13,346,404</u>	<u>\$ 126,591</u>	<u>\$ 25,187,359</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

(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 \$390,134 and \$376,640 on behalf of covered employees for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the Foundation transferred the following to the University and Humboldt State University Real Estate Holdings (HSUREH):

	<u>2018</u>		<u>2017</u>
Transfer of funds to the University	\$ —		\$ 287,337
Transfer of funds to HSUREH	—		350,000
Transfer of funds	—		637,337
Transfer of fixed assets to the University	<u>151,124</u>		<u>925</u>
Total	\$ <u>151,124</u>		\$ <u>638,262</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to the Financial Statements

Years Ended June 30, 2018 and 2017

(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, 2018 and 2017, the Foundation paid to the University \$654,000 and \$577,000, respectively, of which \$0 and \$0 was owed at June 30, 2018 and 2017, 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, 2018 and 2017 were \$363,418 and \$338,610, respectively, of which \$29,844 and \$509 was owed at June 30, 2018 and June 30, 2017, 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 \$254,338 and \$295,998, respectively, for the year ended June 30, 2018 and \$240,239 and \$293,116, respectively, for the year ended June 30, 2017.

(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, 2018 and 2017:

	2018	2017
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,588,383	\$ 1,536,579
Payments to University for other than salaries of University personnel	3,317,704	3,113,782
Payments received from University for services, space, and programs	313,564	434,684
Gifts (cash or assets) to the University from discretely presented component units	151,124	925
Accounts (payable to) University	(79,425)	(32,186)
Accounts receivable from University	5,530	11,541
Payments to Humboldt State University Real Estate Holdings	—	350,000
Payments to University Center	119,271	33,433
Accounts (payable to) University Center	(26,657)	—
Payments to HSU Advancement Foundation	—	3,487
Payments received from HSU Advancement Foundation	1,082,700	1,292,538
Accounts (payable to) HSU Advancement Foundation	(6,013)	—
Accounts receivable from HSU Advancement Foundation	37,559	—

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 3,702,912
Short-term investments	1,293,439
Accounts receivable, net	6,894,564
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	116,820
	<hr/>
Total current assets	12,007,735

Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	300
Capital assets, net	2,113,878
Other assets	—
	<hr/>
Total noncurrent assets	2,114,178
	<hr/>
Total assets	14,121,913

Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
	<hr/>
Total deferred outflows of resources	—

Liabilities:

Current liabilities:	
Accounts payable	1,397,880
Accrued salaries and benefits	569,520
Accrued compensated absences, current portion	166,926
Unearned revenues	1,966,946
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	21,679
	<hr/>
Total current liabilities	4,122,951

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	76,737
Unearned revenues	202,141
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
	<hr/>
Total noncurrent liabilities	278,878
	<hr/>
Total liabilities	4,401,829

Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
	<hr/>
Total deferred inflows of resources	—

Net Position:	
Net investment in capital assets	2,113,878
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	7,606,206
	<hr/>
Total net position	\$ 9,720,084

See the accompanying auditors' report and note to the supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(for inclusion in the California State University)

Revenues:

Operating revenues:		
Student tuition and fees, gross	\$	—
Scholarship allowances (enter as negative)		—
Grants and contracts, noncapital:		
Federal		11,155,965
State		8,802,612
Local		701,821
Nongovernmental		4,461,247
Sales and services of educational activities		—
Sales and services of auxiliary enterprises, gross		—
Scholarship allowances (enter as negative)		—
Other operating revenues		2,903,615
		<hr/>
Total operating revenues		28,025,260
		<hr/>

Expenses:

Operating expenses:		
Instruction		—
Research		11,962,473
Public service		10,542,094
Academic support		1,435,846
Student services		801,065
Institutional support		18,959
Operation and maintenance of plant		—
Student grants and scholarships		289,870
Auxiliary enterprise expenses		1,460,200
Depreciation and amortization		131,291
		<hr/>
Total operating expenses		26,641,798
		<hr/>
Operating income (loss)		1,383,462
		<hr/>

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		3,776
Investment income (loss), net		14,661
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		(151,124)
		<hr/>
Net nonoperating revenues (expenses)		(132,687)
		<hr/>
Income (loss) before other revenues (expenses)		1,250,775

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
		<hr/>
Increase (decrease) in net position		1,250,775

Net position:

Net position at beginning of year, as previously reported		8,469,309
Restatements		—
		<hr/>
Net position at beginning of year, as restated		8,469,309
		<hr/>
Net position at end of year	\$	9,720,084
		<hr/>

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information
 June 30, 2018
 (for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:
 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, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ 1,293,439	—	1,293,439	—	—	—	1,293,439
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:	—	—	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:	—	—	—	300	—	300	300
Stock	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	1,293,439	—	1,293,439	300	—	300	1,293,739
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	1,293,439	—	1,293,439	300	—	300	1,293,739

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :

2.3 Restricted current investments at June 30, 20CY related to:	Amount
Add description	\$
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 20CY	\$ —

2.4 Restricted noncurrent investments at June 30, 20CY related to:

Endowment investment	Amount
Scholarships	\$
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 20CY	\$ —

2.5 Fair value hierarchy in investments at June 30, 2018:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Total	\$	1,293,439	—	1,293,439
State of California Surplus Money Investment Fund (SMIF)	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—
Corporate bonds	—	—	—	—
Certificates of deposit	—	—	—	—
Mutual funds	—	—	—	—
Money Market funds	—	—	—	—
Repurchase agreements	—	—	—	—
Commercial paper	—	—	—	—
Asset backed securities	—	—	—	—
Mortgage backed securities	—	—	—	—
Municipal bonds	—	—	—	—
U.S. agency securities	—	—	—	—
U.S. treasury securities	—	—	—	—
Equity securities	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—
Alternative investments:	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—
Hedge funds	—	—	—	—
Managed futures	—	—	—	—
Real estate investments (including REITs)	—	—	—	—
Commodities	—	—	—	—
Derivatives	—	—	—	—
Other alternative investment types	—	—	—	—
Other external investment pools (excluding SWIFT)	—	—	—	—
Add description	—	—	—	—
Add description	—	—	—	—
Other major investments:	—	—	—	—
Stock	300	—	—	300
Add description	—	—	—	—
Add description	—	—	—	—
Total investments	1,293,739	—	—	1,293,739

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 Other Information
 June 30, 2018
 (for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
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	198,298	—	(360,845)	—
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	912,303	—	—	912,303	198,298	—	(360,845)	749,756
Depreciable/amortizable capital assets:								
Buildings and building improvements	909,450	—	—	909,450	—	—	360,845	1,270,295
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	965,885	—	—	965,885	194,544	(198,146)	—	962,283
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	7,300	—	—	7,300
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	7,300	—	—	7,300
Total depreciable/amortizable capital assets	1,875,335	—	—	1,875,335	201,844	(198,146)	360,845	2,239,878
Total capital assets	2,787,638	—	—	2,787,638	400,142	(198,146)	—	2,989,634
Less accumulated depreciation/amortization:								
Buildings and building improvements	(444,279)	—	—	(444,279)	(36,329)	—	—	(480,608)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(347,208)	—	—	(347,208)	(94,232)	47,022	—	(394,418)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	(730)	—	—	(730)
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	(730)	—	—	(730)
Total accumulated depreciation/amortization	(791,487)	—	—	(791,487)	(131,291)	47,022	—	(875,756)
Total capital assets, net	1,996,151	—	—	1,996,151	268,851	(151,124)	—	2,113,878

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information
June 30, 2018
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 131,291
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 131,291

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 213,458	—	—	213,458	292,656	(262,431)	243,663	166,926	76,737
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:	—	—	—	—	—	—	—	—	—
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital 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	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 213,458	—	—	213,458	292,656	(262,431)	243,663	166,926	76,737

5 Future minimum lease payments - Capital lease obligations:

Year ending June 30:	Capital lease obligations related to SRB		All other capital lease obligations		Total capital lease obligations	
	Principal Only	Interest	Principal Only	Interest	Principal Only	Interest
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022	—	—	—	—	—	—
2023	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
2059 - 2065	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—
Less amounts representing interest	—	—	—	—	—	—
Present value of future minimum lease payments	—	—	—	—	—	—
Unamortized net premium (discount)	—	—	—	—	—	—
Total capital lease obligations	—	—	—	—	—	—
Less: current portion	—	—	—	—	—	—
Capital lease 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, 2018
 (for inclusion in the California State University)

6 Long-term debt obligations schedule

Year ending June 30:	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
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
	Total minimum payments			Total long-term debt obligations			Total long-term debt obligations		
	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	\$	2,113,878
Capital assets, net of accumulated depreciation		
Capital lease obligations, current portion		
Capital 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 (enter as positive in Other adjustments; (please list)		
Add description		
Add description		
Add description		
Add description		
Net position - Net investment in capital assets	\$	2,113,878

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information
 June 30, 2018
 (for inclusion in the California State University)

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)		
Restricted expendable endowments		
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Net position - Restricted for nonexpendable - endowments	\$	—

8 Transactions with related entities

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	1,588,383
Payments to University for other than salaries of University personnel		3,317,704
Payments received from University for services, space, and programs		313,564
Gifts-in-kind to the University from discretely presented component units		—
Gifts (cash or assets) to the University from discretely presented component units		151,124
Accounts payable to University (enter as negative number)		(79,425)
Accounts receivable from University (enter as positive number)		5,530
Other amounts receivable from University		—

9 Other postemployment benefits (OPEB) liability

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

Percentage of annual OPEB cost contributed during the year ended

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information
 June 30, 2018
 (for inclusion in the California State University)

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
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	_____

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

Net Position Class	Amount
Dr: (Cr):	Dr: (Cr):
Net position as of June 30, 2017, as previously reported	\$ 8,469,309
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, 2017, as restated	\$ 8,469,309

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

Net position class:	Debit	Credit
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)	_____	_____

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—
Research	4,759,233	1,114,596	65,640	6,023,004	—	11,962,473
Public service	3,542,518	1,310,958	402,671	5,285,947	—	10,542,094
Academic support	610,982	141,256	—	683,608	—	1,435,846
Student services	409,561	112,741	750	278,013	—	801,065
Institutional support	—	—	—	18,959	—	18,959
Operation and maintenance of plant	—	—	—	—	—	—
Student grants and scholarships	38,656	4,850	—	246,364	—	289,870
Auxiliary enterprise expenses	315,068	205,929	—	939,203	—	1,460,200
Depreciation and amortization	—	—	—	—	131,291	131,291
Total	9,676,018	2,890,330	469,061	13,475,098	131,291	26,641,798

See the accompanying auditors' report and note to supplementary information

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Note to Supplementary Information

Year Ended June 30, 2018

(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, 2018, is as follows:

Statement of Revenues, Expenses, and Changes in Net Position	2018
Indirect cost revenue	\$ 2,582,202
Other operating revenues	321,413
Total other operating revenues	\$ <u>2,903,615</u>
Supplementary Schedule	
Statement of Revenues, Expenses, and Changes in Net Position	
Other operating revenues	\$ <u>2,903,615</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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Humboldt State University Sponsored Programs Foundation, as of and for the year ended June 30, 2018, 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 13, 2018.

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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 13, 2018



**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, 2018. 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, 2018.

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 13, 2018

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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				
Forest Health Protection	10.68			5,779
Partnership Agreements Department of Agriculture Forest Service	10.699			38,278
Long Term Standing Agreements For Storage, Transportation And Lease	10.999			509
Forest restoration scenarios at the watershed-scale Klamath Mtn	10.U01			351
Forest Restoration at the Landscape Scale	10.U02			3,241
Regeneration Response to Wildfire Reburn	10.U03			12,574
SIMS Fire Monitoring Additional Funds	10.U04			136,907
Real-Time Streamflow Website Server	10.U05			116
Power Fire Oak Restoration	10.U06			6,968
Total of Department of Agriculture - Forest Service				204,723
Department of Agriculture - National Institute of Food & Agriculture				
Cooperative Forestry Research	10.202			9,327
Cooperative Forestry Research	10.202			(270)
Cooperative Forestry Research	10.202			10,398
Cooperative Forestry Research	10.202			(2,077)
Cooperative Forestry Research	10.202			7,726
Cooperative Forestry Research	10.202			51,846
Cooperative Forestry Research	10.202			14,945
Cooperative Forestry Research	10.202			19,198
Cooperative Forestry Research	10.202			10,843
Cooperative Forestry Research	10.202			8,233
Total Department of Agriculture - National Institute of Food & Agriculture				130,169
Department of Agriculture - Natural Resources Conservation Services				
Soil and Water Conservation	10.902			74,062
Soil and Water Conservation	10.902			1,363
Total Department of Agriculture - Natural Resources Conservation Services				75,425
Department of Commerce - National Oceanic Atmospheric Administration				
Pass-Through From Monterey Bay Aquarium Research Institute				
Integrated Ocean Observing System (IOOS)	11.012	1611120		55,327
Pass-Through From Confluence Environmental Company				
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	NA16NMF4270254		27,589

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, 2018

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				
Pass-Through From University of California, San Diego	11.427		65,399	121,933
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMDW14		79,422
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	INDEX: CIMODWT		46,719
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBT03		117,779
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	CIMBT04		1,279
Cooperative Fishery Statistics	11.434			7,873
Marine Mammal Data Program	11.439			14,114
Marine Mammal Data Program	11.439			9,027
Marine Mammal Data Program	11.439			35,388
Marine Mammal Data Program	11.439			12,410
National Ocean and Atmospheric Administration	11.482			1,932
National Ocean and Atmospheric Administration	11.482			3,025
Trinidad Head Atmospheric Baseline Observatory	11.U01			8,641
Total Department of Commerce - National Oceanic Atmospheric Administration			65,399	542,458
Department Of Defense				
Pass-Through From Michigan State University, Department of Kinesiology	12.42	3003787386		66,610
Military Medical Research and Development				66,610
Total Department of Defense				
Department of Education				
Pass-Through From City of Eureka	84.184	NA		1,668
Safe and Drug-Free Schools and Communities_National Programs				1,668
Total Department of Education				
Department of Energy				
Renewable Energy Research and Development	81.087		14,307	94,351
Renewable Energy Research and Development	81.087			16,929
Renewable Energy Research and Development	81.087		69,028	168,468
Renewable Energy Research and Development	81.087		709,178	709,630
Pass-Through From Alliance for Sustainable Energy, LLC	81.U01	XHQ-7-70156-01		646
Support for Development of the Quality Assurance Framework for Mini-Grids				
Pass-Through From Bear River Band of the Rohnerville Rancheria	81.U02	N/A		41,395
Bear River Band-Analysis of Renewable Energy Options				
Pass-Through From Regents of the University of California	81.U03	7326461		53,379
Synthetic Reserves from Aggregated Distributed Flexible Resources				

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, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Develop Quality Standards and Test Methods for Off-Grid Lighting Systems	81.U04	7014205		157,395
Pass-Through From Battelle Energy Alliance, LLC	81.U05	161662		16,404
Dynamic Modeling and Validation of Electroyzers in Real Time Grid Simulation			792,513	1,258,597
Total Department of Energy				
Department of Health and Human Services				
Allergy, Immunology and Transplantation Research	93.855			3,909
Total Department of Health and Human Services				3,909
Department of the Interior - Bureau of Land Management				
Fish, Wildlife and Plant Conservation Resource Management	15.231			12,123
Fish, Wildlife and Plant Conservation Resource Management	15.231			28,945
Fish, Wildlife and Plant Conservation Resource Management	15.231			21,293
Fish, Wildlife and Plant Conservation Resource Management	15.231			31,547
Fish, Wildlife and Plant Conservation Resource Management	15.231			13,834
Pass-Through From Department of Agriculture - Forest Service	15.232	16-JV-11272139-066		52,731
Wildland Fire Research and Studies Program	15.233			3,812
Forests and Woodlands Resource Management	15.233		7,256	8,526
Forests and Woodlands Resource Management	15.233			26,349
Pass-Through From Oregon Institute of Technology	15.236	L16AC00292-S		11,629
Environmental Quality and Protection Resource Management			3,426	210,789
Total Department of the Interior - Bureau of Land Management				
Department of the Interior - Fish and Wildlife Services				
Fish and Wildlife Management Assistance	15.608			30,518
Fish and Wildlife Management Assistance	15.608			6,680
Fish and Wildlife Management Assistance	15.608			7,016
Fish and Wildlife Management Assistance	15.608			11,945
Fish and Wildlife Management Assistance	15.608			487
Pass-Through From Texas A&M AgriLife Research	15.608			36,790
Wildlife Restoration	15.611	06S160632		9,449
Pass-Through From Fish and Wildlife, Department of (DFW)	15.615	P1482001		31,308
Cooperative Endangered Species Conservation Fund	15.634	P1480015	6,724	16,085
State Wildlife Grants	15.657			703
Endangered Species Conservation - Recovery Implementation Funds	15.657			2,765
Endangered Species Conservation - Recovery Implementation Funds				

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, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Endangered Species Conservation - Recovery Implementation Funds	15.657			7,482
Endangered Species Conservation - Recovery Implementation Funds	15.657			139
Natural Resource Damage Assessment, Restoration and Implementation	15.658			286,241
Cooperative Ecosystem Studies Units	15.678			6,400
Cooperative Ecosystem Studies Units	15.678			18,940
Cooperative Ecosystem Studies Units	15.678			34,262
Cooperative Ecosystem Studies Units	15.678			44,049
Pass-Through From Fish and Wildlife, Department of (DFW) Range-Wide Giant Kangaroo Rat Surveys & Monitoring	15.U01	P1540034		47,064
Total Department of the Interior - Fish and Wildlife Services			6,724	598,323
Department of the Interior - National Park Service				
Cooperative Research and Training Programs & Resources of the National Park System	15.945			3,162
Cooperative Research and Training Programs & Resources of the National Park System	15.945			14,630
Cooperative Research and Training Programs & Resources of the National Park System	15.945			7,547
Cooperative Research and Training Programs & Resources of the National Park System	15.945			32,391
Pass-Through From California Cooperative Ecosystem Studies Unit				
Cooperative Research and Training Programs & Resources of the National Park System	15.945	P16AC01849		26,899
National Park Service Conservation, Protection, Outreach, and Education	15.954			24,786
National Park Service Conservation, Protection, Outreach, and Education	15.954			31,222
Total Department of the Interior - National Park Service				140,637
Department of the Interior - U.S. Geological Survey				
Cooperative Research Units Program	15.812			29,213
Cooperative Research Units Program	15.812			5,646
Cooperative Research Units Program	15.812			3,378
Total Department of the Interior - U.S. Geological Survey				38,237
Department of Transportation				
Pass-Through From Oregon Department of Agriculture				
Tracking the fate of transplanted Applegate's Milkvetch Endangered Plant Species	20.U01	ODA-4022-1G		6,840
Total Department of Transportation				6,840
National Science Foundation				
Mathematical and Physical Sciences	47.049			782
Mathematical and Physical Sciences	47.049			54,531
Mathematical and Physical Sciences	47.049			13,708
Pass-Through From University of Nebraska - Lincoln				

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, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Mathematical and Physical Sciences	47.049	N/A		3,705
Geosciences	47.05			20,342
Biological Sciences	47.074			29,151
Biological Sciences	47.074			104,774
Biological Sciences	47.074			123,833
Education and Human Resources	47.076			35,827
International Science and Engineering (OISE)	47.079			54,533
International Science and Engineering (OISE)	47.079			17,333
Total National Science Foundation				<u>458,519</u>
Department of Education				
Higher Education_Institutional Aid	84.031		9,810	809,558
Total Department of Education				
Total Research and Development Cluster			885,128	4,546,462
SMALL BUSINESS DEVELOPMENT CENTERS:				
Small Business Administration				
Small Business Development Centers	59.037			509,990
Small Business Development Centers	59.037		1	
Small Business Development Centers	59.037		1,090	59,899
Small Business Development Centers	59.037		7,658	228,485
Small Business Development Centers	59.037		189,424	189,424
Small Business Development Centers	59.037		155,886	155,886
Small Business Development Centers	59.037		115,970	120,970
Small Business Development Centers	59.037		56,450	56,450
Small Business Development Centers	59.037		168,526	168,526
Small Business Development Centers	59.037		215,865	215,865
Small Business Development Centers	59.037		118,174	118,174
Small Business Development Centers	59.037		219,782	219,782
Small Business Development Centers	59.037		130,780	130,780
Small Business Development Centers	59.037		25,431	25,431
Small Business Development Centers	59.037			52,063
Small Business Development Centers	59.037			263,318
Small Business Development Centers	59.037		53,221	53,221
Small Business Development Centers	59.037		54,351	54,351
Small Business Development Centers	59.037		38,707	38,707
Small Business Development Centers	59.037		11,940	11,940

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, 2018

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		62,917	62,917
Small Business Development Centers	59.037		2,540	80,040
Small Business Development Centers	59.037		58,991	58,991
Small Business Development Centers	59.037		53,120	53,120
Small Business Development Centers	59.037		45,360	45,360
Small Business Development Centers	59.037			29,878
Small Business Development Centers	59.037			163,736
Small Business Development Centers	59.037			44,278
Small Business Development Centers	59.037		177,172	177,172
Small Business Development Centers	59.037		44,715	49,715
Small Business Development Centers	59.037		37,096	42,096
Small Business Development Centers	59.037		49,656	54,656
Small Business Development Centers	59.037			43,384
Small Business Development Centers	59.037		8,423	10,107
Small Business Development Centers	59.037			6,726
Total Small Business Administration			1,926,073	3,620,502
Total Small Business Development Centers			1,926,073	3,620,502
TRIO CLUSTER:				
Department of Education				
TRIO - Student Support Services	84.042			393,915
TRIO - Talent Search	84.044			474,962
TRIO - Upward Bound	84.047			117,013
TRIO - Upward Bound	84.047			143,800
Total Department of Education				1,129,690
Total Trio Cluster				1,129,690
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		8,417
Total Center for Disease Control and Prevention				8,417
Department of Agriculture				
Pass-Through From Chico State Research Foundation				

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, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.651	SUB16-045		3,048
Total Department of Agriculture				3,048
Department of Agriculture - Forest Service				
Partnership Agreements Department of Agriculture Forest Service	10.699			21,738
The Wintu Place - Names and Digital Database Project	10.U07			572
Six Rivers - Ruth Lake	10.U08			1,123
Total Department of Agriculture - Forest Service				23,433
Department of Agriculture - National Institute of Food & Agriculture				
Hispanic Serving Institutions Education Grants	10.223		55,585	280,870
Total Department of Agriculture - National Institute of Food & Agriculture			55,585	280,870
Department of Commerce - National Oceanic Atmospheric Administration				
Pass-Through From Fish and Wildlife, Department of (DFW)				
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438	P1696001.00	14,170	556,264
Total Department of Commerce - National Oceanic Atmospheric Administration			14,170	556,264
Department of Defense				
Procurement Technical Assistance For Business Firms	12.002			65,176
Procurement Technical Assistance For Business Firms	12.002			179,589
Procurement Technical Assistance For Business Firms	12.002			51,993
Procurement Technical Assistance For Business Firms	12.002			13,462
Procurement Technical Assistance For Business Firms	12.002			15,612
Total Department of Defense				325,832
Department of Education				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			302,211
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		10,100	353,400
Child Care Access Means Parents in School	84.335			27,124
Child Care Access Means Parents in School	84.335			72,407
Pass-Through From City of Eureka				
Arts in Education	84.351	C2276		132,997
Pass-Through From Fortuna Elementary School District				
Mathematics and Science Partnerships	84.366	S366B1.10005		625
Pass-Through From National Writing Project				
Improving Teacher Quality State Grants	84.367	92-CA01-SEED2017-CRW		17,197

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, 2018

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-III		13,652
Pass-Through From Education, Department of (CDE)				
Improving Teacher Quality State Grants	84.367	15-15196-3060-00		15,495
Improving Teacher Quality State Grants	84.367	16-15196-3060-00	23,743	139,842
Total Department of Education			33,843	1,074,950
Department of Health and Human Services				
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243			89,270
Pass-Through From Regents of the University of California				
Foster Care_ Title IV-E	93.658	9250	32,500	1,092,086
Foster Care_ Title IV-E	93.658	9250	5,000	274,727
Foster Care_ Title IV-E	93.658	9250		516,237
Foster Care_ Title IV-E	93.658	9250		59,957
Total Department of Health and Human Services			37,500	2,032,277
Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		25,589	85,366
Total Department of Justice			25,589	85,366
Department of Labor				
Pass-Through From Humboldt County				
Workforce Innovation and Opportunity Rapid Response	17.U01	K7102030	105	105
Layoff Aversion and Rapid Response	17.U02	K8106176	625	35,900
Total Department of Labor			730	36,005
Department of State				
Public Diplomacy Programs	19.04		15,516	45,393
Total Department of State			15,516	45,393
Department of the Interior - Fish and Wildlife Services				
Youth Engagement, Education, and Employment Programs	15.676			6,422
Total Department of the Interior - Fish and Wildlife Services				6,422
Department of the Interior - National Park Service				
Cooperative Research and Training Programs & Resources of the National Park System	15.945		1,000	2,220
National Park Service Conservation, Protection, Outreach, and Education	15.954			25,699
National Park Service Conservation, Protection, Outreach, and Education	15.954			7,237

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, 2018

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			36,815
National Park Service Conservation, Protection, Outreach, and Education	15.954			12,433
National Park Service Conservation, Protection, Outreach, and Education	15.954			9,912
National Park Service Conservation, Protection, Outreach, and Education	15.954			14,495
Total Department of the Interior - National Park Service			1,000	108,811
Department of Transportation-Federal Highway Administration				
Pass-Through From Transportation, Department of (DOT, CALTRANS)				
Federal Highway Administration Procurement	20.U02	88a0125		2,557
Total Department of Transportation-Federal Highway Administration				2,557
National Endowment For The Humanities				
Pass-Through From Humanities, California (CALHUM)				
Promotion of the Humanities_ Federal/State Partnership	45.129	HFAQ17-71		1,541
Promotion of the Humanities_Division of Preservation and Access	45.149			1,388
Total National Endowment For The Humanities				2,929
National Science Foundation				
Biological Sciences	47.074			289,094
Pass-Through From University Enterprises, Inc.				
Education and Human Resources	47.076	523811		1,250
Education and Human Resources	47.076	523811 - 523815		15,000
Education and Human Resources	47.076			29,964
Education and Human Resources	47.076			48,877
Total National Science Foundation			183,933	384,185
Total Other				4,976,759
Total Expenditures of Federal Awards			\$ 2,995,134	\$ 14,273,413

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

(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, 2018. 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, 2018

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
84.042, 84.044, and 84.047

Name of Federal Program or Cluster
Small Business Development Centers
TRIO Cluster

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, 2018

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, 2017

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None