



CALIFORNIA STATE UNIVERSITY  
**LONG BEACH**  
RESEARCH FOUNDATION

Internal Control and Compliance Reports  
June 30, 2018

## CONTENTS

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 <i>Government Auditing Standards</i> .....	1-2
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3-5
Schedule of Expenditures of Federal Awards .....	6-11
Notes to the Schedule of Expenditures of Federal Awards .....	12
Schedule of Findings and Questioned Costs.....	13

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

To the Board of Directors of  
California State University,  
Long Beach Research Foundation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Long Beach Research Foundation (a nonprofit organization), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered California State University, Long Beach Research 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University, Long Beach Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University, Long Beach Research 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether California State University, Long Beach Research Foundation's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Long Beach, California  
September 18, 2018

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

To the Board of Directors of  
California State University,  
Long Beach Research Foundation:

**Report on Compliance for Each Major Federal Program**

We have audited California State University, Long Beach Research 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 California State University, Long Beach Research Foundation's major federal programs for the year ended June 30, 2018. California State University, Long Beach Research 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 California State University, Long Beach Research 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 California State University, Long Beach Research 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 California State University, Long Beach Research Foundation's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, California State University, Long Beach Research 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 California State University, Long Beach Research 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 California State University, Long Beach Research 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 California State University, Long Beach Research 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 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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of California State University, Long Beach Research Foundation as of and for the year ended June 30, 2018, and have issued our report thereon dated September 18, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.

*Winder, Inc.*

Long Beach, California  
September 18, 2018

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>RESEARCH AND DEVELOPMENT - CLUSTER:</b>			
<b>U. S. Department of Agriculture</b>			
Agricultural Research	10.001	\$ 3,652	\$ -
Agriculture and Food Research Initiative	10.310	43,405	871
Forestry Research	10.652	<u>8,710</u>	<u>-</u>
		<u>55,767</u>	<u>871</u>
<b>U.S. Department of Commerce</b>			
Sea Grant Support			
Pass Through:			
University of Southern California	11.417	<u>56,242</u>	<u>-</u>
<b>U.S. Department of Defense</b>			
Basic Scientific Research - U.S. Navy	12.300	211,236	-
Basic Scientific Research - U.S. Army	12.431	<u>190,826</u>	<u>-</u>
		<u>402,062</u>	<u>-</u>
<b>U.S. Department of Interior</b>			
Water Conservation Field Services Program			
Pass Through:			
Metropolitan Water District of Southern California	15.530	43,275	-
Earthquake Hazards Reduction Program	15.807	<u>12,340</u>	<u>-</u>
		<u>55,615</u>	<u>-</u>
<b>U.S. Department of Justice</b>			
Research, Evaluation, and Development Project Grants			
Pass Through:			
California State University, Fullerton Auxiliary Services Corporation	16.560	<u>97,564</u>	<u>-</u>
<b>U.S. Department of Transportation</b>			
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	<u>453,952</u>	<u>-</u>
<b>National Aeronautics and Space Administration</b>			
Technology Transfer	43.002	149,717	-
NASA GRC Test			
Pass Through:			
Boeing	43.G158113100	<u>6,762</u>	<u>-</u>
		<u>156,479</u>	<u>-</u>



**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>RESEARCH AND DEVELOPMENT - CLUSTER (CONTINUED):</b>			
<b>National Science Foundation</b>			
Engineering Grants	47.041	224,646	6,338
Pass Through:			
University of California, Los Angeles	47.041	6,977	-
Mathematical and Physical Sciences	47.049	447,237	-
Computer & Information Science & Engineering	47.070	142,526	-
Pass Through:			
Harvey Mudd College	47.070	62	-
University of California, Irvine	47.070	97	-
Biological Sciences	47.074	45,490	-
Social, Behavioral, and Economic Sciences	47.075	121,378	-
Education and Human Resources	47.076	36,733	-
Pass Through:			
San Diego State University Foundation	47.076	27,808	-
Arizona State University	47.076	48,069	-
American Physical Society	47.076	24,839	-
		<u>1,125,862</u>	<u>6,338</u>
<b>U.S. Department of Environmental Protection Agency</b>			
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	116,685	-
Regional Wetland Development Program			
Pass Through:			
Santa Monica Bay Restoration Authority	66.461	9,030	-
		<u>125,715</u>	<u>-</u>
<b>U.S. Department of Energy</b>			
Office of Science Financial Assistance Program	81.049	40,627	-
Pass Through:			
GeoMechanics Technologies, Inc.	81.049	49,315	-
Hydrology Support	81.065	29,395	-
Renewable Energy Research and Development	81.087	34,669	-
Nuclear Research	81.121	426,009	-
Pass Through:			
Battelle Energy Alliance LLC	81.121	9,716	-
Joint Appointment Agreement	81.G156714300	4,378	-
Finite Element Wave Propagation	81.G192616100	22,898	-
		<u>617,007</u>	<u>-</u>

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>RESEARCH AND DEVELOPMENT - CLUSTER (CONTINUED):</b>			
<b>U. S. Department of Education</b>			
Undergraduate International Studies and Foreign Language Programs	84.016	73,531	-
Higher Education Institutional Aid	84.031	<u>512,683</u>	<u>-</u>
		<u>586,214</u>	<u>-</u>
<b>U. S. Department of Health and Human Services</b>			
Community Programs to Improve Minority Health Grant Program	93.137	105,733	-
Substance Abuse and Mental Health Services	93.243	532,282	139,241
Trans-NIH Research Support	93.310	5,485,241	-
Biomedical Research and Research Training	93.859	2,880,024	1,080
Child Health and Human Development Extramural Research			
Pass Through:			
University of California, Los Angeles	93.865	29,319	-
Aging Research			
Pass Through:			
University of Southern California	93.866	<u>20,649</u>	<u>-</u>
		<u>9,053,248</u>	<u>140,321</u>
<b>Undeterminable Federal Agency</b>			
AFRL PhD Proj:Seat Conv +CFDJet	99.G205917100	50,000	-
NASA - AMES Research Center	99.G178916300	21,806	8,750
NASA - AMES Research Center	99.G192617400	40,000	31,056
SupportPalliative Care 17	99.G211617100	17,789	-
Palliative Care Temp 15	99.G189815100	<u>81</u>	<u>-</u>
		<u>129,676</u>	<u>39,806</u>
<b>TOTAL RESEARCH AND DEVELOPMENT</b>		<u>12,915,403</u>	<u>187,336</u>

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>OTHER PROGRAMS:</b>			
<b>U. S. Department of Agriculture</b>			
Summer Food Service Program for Children	10.559	150	-
Pass Through:			
California Department of Education	10.559	7,058	-
Supplemental Nutrition Assistance Program			
Pass Through:			
California State University Chico Research Foundation	10.561	14,194	-
		<u>21,402</u>	<u>-</u>
<b>National Oceanic and Atmospheric Administration</b>			
Unallied Science Program			
Pass Through:			
North Pacific Resource Board	11.472	11,254	-
<b>U.S. Department of Defense</b>			
Language Training Center			
Pass Through:			
Institute of International Education	12.579	357,780	-
<b>U.S. Department of Justice</b>			
Violence Against Women Formula Grants			
Pass Through:			
California Governor's Office of Emergency Services	16.588	848	-
<b>U.S. Department of Labor</b>			
Trade Adjustment Assistance Community College and Career Training			
Pass Through:			
Trustees of the California State University	17.282	24,768	-
Long Beach Community College District	17.282	10,344	-
		<u>35,112</u>	<u>-</u>
<b>U.S. Department of Transportation</b>			
Highway Research and Development Program	20.200	748,418	497,914
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	412,196	-
		<u>1,160,614</u>	<u>497,914</u>

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED):</b>			
<b>Institute of Museum and Library Services</b>			
Museums for America	45.301	11,200	-
<b>U.S. Peace Corps</b>			
Peace Corps Recruiting Office	45.G195916100	6,692	-
Peace Corps Recruiting Office	45.G195917200	13,101	-
		<u>19,793</u>	<u>-</u>
<b>National Science Foundation</b>			
Social, Behavioral, and Economic Sciences	47.075	15,913	-
Education and Human Resources			
Pass Through:			
California State University, Sacramento-University Enterprises, Inc.	47.076	13,041	-
		<u>28,954</u>	<u>-</u>
<b>U.S. Department of Education</b>			
Foreign Language and International Studies Program			
Pass Through:			
Ohio State University	84.015	2,904	-
Higher Educational Institutional Aid	84.031	1,083,849	2,207
TRIO Cluster-Student Support Services	84.042	893,535	-
TRIO Cluster-Talent Search	84.044	846,735	-
TRIO Cluster-Upward Bound	84.047	563,296	-
TRIO Cluster-Educational Opportunity Center	84.066	301,292	-
Migrant Education-High School Equivalency Program	84.141	375,807	-
Migrant Education-College Assistant Migrant Program	84.149	332,348	-
Rehabilitation Services Vocational Rehabilitation Grants to States			
Pass Through:			
California Department of Rehabilitations	84.126	241,408	-
TRIO McNair Post-Baccalaureate Achievement	84.217	60,338	-
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass Through:			
California State University Fullerton Auxiliary Services Corp	84.334	34	-
Special Education - Personnel Development	84.325	656,918	-

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED):</b>			
Improving Teach Quality State Grants			
Pass Through:			
California State University, San Bernardino	84.367	38,465	-
University Enterprises Corp	84.367	10,490	-
University California Office of the President		<u>5,407,419</u>	<u>2,207</u>
<b>U.S. Department of Health and Human Services</b>			
Foster Care - Title IV-E			
Pass Through:			
University of California, Berkeley	93.658	2,711,788	-
University of California, Los Angeles	93.658	1,185,828	-
Grants to States for Operation of Offices of Rural Health			
Pass Through:			
California Department of Health Care Services	93.913	26,955	-
		<u>3,924,571</u>	<u>-</u>
<b>TOTAL OTHER PROGRAMS</b>		<u>10,978,947</u>	<u>500,121</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 23,894,350</u>	<u>\$ 687,457</u>

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of California State University, Long Beach Research 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 Title 2 U.S. *Code of Federal Regulations 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 California State University, Long Beach Research Foundation, it is not intended to and does not present the net position, changes in net position, or cash flows of California State University, Long Beach Research Foundation.

**NOTE 2 – Summary of Significant Accounting Policies**

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.

**NOTE 3 – Indirect Cost Rate**

California State University, Long Beach Research Foundation has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CALIFORNIA STATE UNIVERSITY,  
LONG BEACH RESEARCH FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

The auditors express an unmodified opinion on whether the financial statements of California State University, Long Beach Research Foundation were prepared in accordance with generally accepted accounting principles.

*Internal control over financial reporting*

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

**Federal Awards**

*Internal control over major programs*

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors’ report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? – No
5. Identification of major programs: R&D Cluster (Various CFDA numbers) and Higher Education Institutional Aid (CFDA 84.031)
6. Dollar threshold used to distinguish between type A and type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

**SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None