



CALIFORNIA STATE UNIVERSITY
LONG BEACH
RESEARCH FOUNDATION

Internal Control and Compliance Reports
June 30, 2016

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**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, 2016, 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 15, 2016.

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 15, 2016

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, 2016. 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, 2016.

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, 2016, and have issued our report thereon dated September 15, 2016, 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 15, 2016

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<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>
RESEARCH AND DEVELOPMENT - CLUSTER:			
U.S. Department of Agriculture			
Agricultural Research	10.001	\$ 335	
Pass-through:			
University of Alabama - Huntsville	10.200	42,026	
Agriculture and Food Research Initiative	10.310	492,259	\$ 8,088
Forestry Research	10.652	4,473	
U.S. Department of Commerce			
Sea Grant Support			
Pass-through:			
University of Southern California	11.417	60,168	
U.S. Department of Defense			
Basic Scientific Research	12.431	27,046	19,172
U.S. Department of Justice			
Research, Evaluation, and Development Project Grants			
Pass-through:			
California State University, Fullerton Auxiliary Services Corporation	16.560	87,222	
Data Collection and Analysis	16.G193816100	5,315	
U.S. Department of State			
Assistance for Europe, Eurasia, and Central Asia - AEECA Public Diplomacy EUR/PD and SC/PPD	19.900	9,897	
U.S. Department of Transportation			
University Transportation Centers Program			
Pass-through:			
University of Southern California	20.701	147,429	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

<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>
RESEARCH AND DEVELOPMENT - CLUSTER (CONTINUED):			
National Aeronautics and Space Administration			
Research	43.G178915100	300,562	31,250
Technology Transfer	43.002	340,008	
National Endowment for Humanities			
Promotion of the Humanities Fellowship and Stipends	45.160	100,799	
National Science Foundation			
Engineering Grants	47.041	38,208	
Mathematical and Physical Sciences	47.049	218,119	
Geosciences	47.050	168,238	
Computer & Information Science & Engineering			
Pass-through:			
Harvey Mudd College	47.070	57,016	
Biological Sciences	47.074	58,049	
Social, Behavioral, and Economic Sciences	47.075	101,896	
Education and Human Resources	47.076	255,955	
Pass-through:			
San Diego State University Foundation	47.076	43,416	
Stevens Institute of Technology	47.076	1,556	
Arizona State University	47.076	192,836	
American Physical Society	47.076	52,879	
U.S. Department of Veteran Affairs			
QuIRC-Palliative Care Team	64.G189815100	28,981	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

<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>
RESEARCH AND DEVELOPMENT - CLUSTER (CONTINUED):			
U.S. Department of Energy			
Hydrology Support	81.065	7,498	
Renewable Energy Research and Development	81.087	173,956	62,450
Nuclear Research	81.121	173,661	
Pass-through:			
Battelle Energy Alliance LLC	81.G124610100	31,017	
Battelle Energy Alliance LLC - Alpha	81.G124610100	88,826	13,653
U.S. Department of Education			
Undergraduate International Studies and Foreign Language Programs	84.016	31,831	
Higher Education Institutional Aid	84.031	575,474	
National Institute on Disability and Rehabilitation Research	84.133	22,464	
U. S. Department of Health and Human Services			
Substance Abuse and Mental Health Services	93.243	475,979	170,932
Drug Abuse and Addiction Research Program	93.279	16,105	
Minority Health and Health Disparities	93.307	583,493	
Trans-NIH Research Support	93.310	4,101,068	
Microbiology and Infectious Disease Research	93.856	10,910	
Biomedical Research and Research Training	93.859	1,964,626	
Population Research	93.864	425	
Child Health and Human Development Extramural Research	93.865	29,053	
Pass-through			
University of California, Los Angeles	93.865	29,100	
TOTAL RESEARCH AND DEVELOPMENT		<u>11,150,174</u>	<u>305,545</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

<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>
OTHER PROGRAMS:			
U. S. Department of Agriculture			
Summer Food Service Program for Children			
Pass-through:			
California Department of Education	10.559	584	
U.S. Department of National Oceanic and Atmospheric Administration			
Habitat Conservation			
Pass-through:			
National Fish and Wildlife Foundation	11.463	31,047	
U.S. Department of Defense			
Naval Sexual Assault Prevention Language Training Center	12.G176214100	20,925	
Pass-through:			
Institute of International Education	12.579	248,388	
U.S. Department of Labor			
Trade Adjustment Assistance Community College and Career Training			
Pass-through:			
Long Beach Community College	17.282	58,679	
U.S. Department of Transportation			
Highway Research and Development Program	20.200	272,853	139,833
University Transportation Centers Program			
Pass-through:			
University of Southern California	20.701	216,667	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

<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>
OTHER PROGRAMS (CONTINUED):			
National Aeronautics and Space Administration			
Aerospace Education Services Program	43.001	15,000	
Institute of Museum and Library Services			
Promotion of Humanities Professional Development	45.163	111,170	
National Science Foundation			
Education and Human Resources Pass-through: California State University, Sacramento- University Enterprises, Inc.	47.076	35,259	
U.S. Department of Education			
Higher Educational Institutional Aid Pass-through: Antelope Valley College	84.031	1,152,895	78,421
TRIO-Student Support Services	84.042	776,274	
TRIO-Talent Search	84.044	755,435	
TRIO-Upward Bound	84.047	960,374	
TRIO-Educational Opportunity Center	84.066	220,557	
Migrant Education – High School Equivalency Program	84.141	317,233	
Migrant Education – College Assisting Migrant Program	84.149	466,333	
Rehabilitation Services Vocational Rehabilitation Grants to States Pass-through California Department of Rehabilitation	84.126	70,894	
Special Education – Personnel Development	84.325	589,180	

**CALIFORNIA STATE UNIVERSITY,
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
U.S. Department of Education (Continued)			
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass-through:			
California State University Fullerton Foundation	84.334	16,368	
College Access Challenge Grant			
Pass-through:			
California Student Aid Commission	84.378	666,218	
U.S. Department of Health and Human Services			
Foster Care - Title IV-E			
Pass-through:			
University of California, Berkeley	93.658	2,400,722	
University of California, Los Angeles	93.658	1,223,952	10,730
Biomedical Research and Research Training	93.859	(5,637)	
Pass-through:			
Montana State University	93.859	10,790	
HIV Prevention Activities			
Pass-through:			
Los Angeles County Department of Health Services	93.940	1	
U.S. Department of Homeland Security			
Scholars and Fellows and Education Programs	97.062	14,043	
TOTAL OTHER PROGRAMS		10,990,352	228,984
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 22,140,526	\$ 534,529

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

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. 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.

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, 2016**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued - Unmodified

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: Research & Development Cluster - Various CFDA
6. Dollar threshold used to distinguish between type A and type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? - No

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None