



CALIFORNIA STATE UNIVERSITY
LONG BEACH
RESEARCH FOUNDATION

Internal Control and Compliance Reports
June 30, 2013

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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, 2013, 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 24, 2013.

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 the Organization'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.

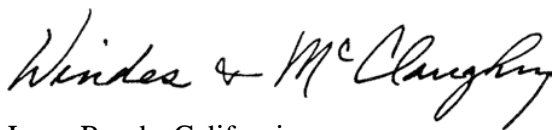
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 24, 2013



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

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 OMB Circular A-133, 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.

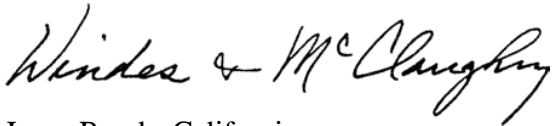
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 OMB A-133

We have audited the financial statements of California State University, Long Beach Research Foundation as of and for the year ended June 30, 2013, and have issued our report thereon dated September 24, 2013, 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Long Beach, California
September 24, 2013

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<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, Special			
Pass Through:			
University of Alabama-Huntsville	10.200	\$ 8,430	
Agriculture and Food Research Initiative	10.310	911,931	\$ 3,310
U.S. Department of Commerce			
Sea Grant Support			
Pass Through:			
University of Southern California	11.417	56,156	
Habitat Conservation Coastal Services Center			
Fish & Wildlife Services	11.463	11,124	
National Fish & Wildlife Services	11.463	12,795	
U.S. Department of Defense			
Basic and Applied Scientific Research	12.300	1,702,334	701,794
Basic Scientific Research	12.431	212,874	
Basic Applied and Advanced Research in Science and Engineering			
Pass Through:			
Hyper-Therm HTC Inc.	12.630	12,464	
U.S. Department of the Interior			
Earthquake Hazards Reduction Program	15.807	39,519	
US Geological Survey Research and Data Collection			
Pass Through:			
University of Southern California	15.808	21,572	
U.S. Department of Transportation			
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	40,140	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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			
Aerospace Education Services Program			
Pass Through:			
University of Maine	43.001	24,877	
Technology Transfer	43.002	1,227,783	238,389
Pass Through:			
Garvey Spacecraft Corporation	43.002	47,501	
Detection of Gravity Project	43.NNX10AK81HSUP2	(1,042)	
National Science Foundation			
Engineering Grants	47.041	7,327	
Mathematical and Physical Sciences	47.049	266,041	
Pass Through:			
University of California, Riverside	47.049	26,668	
Geosciences	47.050	443,575	
Computer & Information Science & Engineering			
Pass Through:			
Harvey Mudd College	47.070	10,655	
University of California, Irvine	47.070	2,167	
Biological Sciences	47.074	151,055	
Pass Through:			
University of Missouri, Columbia	47.074	125,147	
Social, Behavioral, and Economic Sciences	47.075	129,361	
Education and Human Resources	47.076	240,571	25
Pass Through:			
University of San Diego	47.076	7,061	
Pennsylvania State University	47.076	44,398	
Arizona State University	47.076	55,575	
NSF ARRA Research Support	47.082	367,668	
Environmental Protection Agency			
White Croaker Along Palos Verde Project	66.4304-07163-0030	30,753	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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):			
Department of Energy			
Office of Science Financial Assistance	81.049	61,572	
Renewable Energy Research and Development Alpha Radiolysis of Nuclear Science Project	81.087	68,928	56,330
Pass Through:			
Battelle Energy Alliance LLC	81.10341	222,920	115,179
Joint Appointment Agreement Radio Chemistry Research			
Pass Through:			
Battelle Energy Alliance LLC	81.1244701	26,940	
Optimal Design Bennett Engine			
Pass Through:			
Lawrence Livermore National Laboratory	81.B604738	1,944	
U. S. Department of Education			
Improvement Postsecondary Education	84.116	33,707	
Improving Teacher Quality State Grants			
Pass Through:			
California Postsecondary Education Commission	84.367	64,681	11,248
National Institutes of Health			
Community Program to Improve Minority Health			
Pass Through:			
The Cambodian Family	93.137	18,926	
U. S. Department of Health and Human Services			
Substance Abuse and Mental Health Services			
Pass Through:			
Substance Abuse Foundation of Long Beach	93.243	43,973	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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 Health and Human Services (Continued)			
Drug Abuse and Addiction Research Program	93.279	616,661	
Pass Through:			
University of California, San Francisco	93.279	32,218	
Minority Health and Health Disparities	93.307	1,200,475	3,000
Pass Through:			
Behavioral Assessment, Inc.	93.307	136,944	
Academic Research Enhancement Award	93.390	24,456	
Trans-NIH Recovery Act Research Support (ARRA)			
Pass Through:			
University of Miami	93.701	3,442	
Microbiology and Infectious Disease Research	93.856	282,221	63,449
Biomedical Research and Training	93.859	1,362,226	
Population Research			
Pass Through:			
University of California, Los Angeles	93.864	20,444	
Child Health and Human Development Extramural Research	93.865	71,618	
Family and Community Violence Prevention Program	93.910	75,521	30,811
Latino Satellite Meeting			
Pass Through:			
Social and Scientific Systems Inc.	93.LOA10120119	25,540	
HIV/AIDS Whitepaper			
Pass Through:			
Social and Scientific Systems Inc.	93.LOA20130122	29,211	
TOTAL RESEARCH AND DEVELOPMENT		<u>10,661,048</u>	<u>1,223,535</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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	15,004	
U.S. Department of Defense			
ROTC Project Go Global Officers			
Pass Through:			
Institute of International Education	12.357	81,450	
Language Training Center			
Pass Through:			
Institute of International Education	12.579	133,549	
Congressionally Directed Assistance	12.599	716,521	499,258
U.S. Department of the Interior			
Water Conservation Field Services Program			
Pass Through:			
Metropolitan Water District of Southern California	15.530	3,506	
U.S. Department of Labor			
WIA Youth Program			
Pass Through:			
City of Long Beach	17.259	566	
U.S. Department of Transportation			
Highway Training and Education			
Pass Through:			
California Department of Transportation	20.215	54,148	
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	119,571	
California Department of Transportation	20.701	143,251	93,761

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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			
Jet Propulsion Laboratory Research	43.1449874	3,234	
Research Apprenticeship Program	43.145829	1,494	
Institute of Museum and Library Services			
Promotion of the Arts Grants to Organizations and Individuals	45.024	10,001	
Promotion of Humanities Teaching and Learning Resources	45.162	53,478	
Conservation Project Support	45.303	32,509	
National Leadership Grants	45.312	17,824	
National Science Foundation			
Education and Human Resources	47.076	82,264	
Pass Through:			
California State University, Sacramento- University Enterprises, Inc.	47.076	528	
California State University, Fresno Foundation	47.076	27,771	
Senior LSAMP Phase IV Yr5 Program			
Pass Through:			
California State University, Sacramento- University Enterprises, Inc.	47.HRD0802628515321	44,502	
LSAMP Scholars Program 12/13			
Pass Through:			
California State University, Sacramento- University Enterprises, Inc.	47.JRD0802628521661	2,000	
U.S. Department of Veterans Affairs			
Accelerated BSN Nursing Program	64.LBVAMC	402	
Comprehensive End of Life	64.691-C10470	17,411	
Quality Improvement Resource Center	64.VA262-12-9-329-3297	21,817	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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):			
U.S. Department of Education			
Higher Educational Institutional Aid	84.031	869,439	
Pass Through:			
Antelope Valley College	84.031	226,232	
TRIO-Student Support Services	84.042	482,728	
TRIO-Talent Search	84.044	711,522	
TRIO-Upward Bound	84.047	1,066,426	
TRIO-Educational Opportunity Center	84.066	232,104	
Migrant Education	84.149	517,015	
TRIO-McNair Post-Baccalaureate Achievement	84.217	83,671	
Education Research, Development and Dissemination and Results for Children with Disabilities			
Pass Through:			
University of Houston	84.305	37,203	
Special Education-Personnel Development	84.325	203,825	
Transition Training for Incarcerated Individuals			
Pass Through:			
California Department of Corrections	84.331	11,781	
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass Through:			
California State University Fullerton Foundation	84.334	15,821	
Transition to Teaching Program	84.350	29,440	
English Language Acquisition Grants	84.365	16,962	
Improving Teacher Quality State Grants			
Pass Through:			
University of California, Office of the President	84.367	306	
Postsecondary Education Commission, California	84.367	907,245	280,453

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(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):			
U.S. Department of Education (Continued)			
College Access Challenge Grant			
Pass Through:			
California Student Aid Commission	84.378	387,153	
U.S. Department of Health and Human Services			
Substance Abuse & Mental Health	93.242	3,272	
Foster Care - Title IV-E			
Pass Through:			
Children/Family Services, LA County	93.658	1,719,461	
University of California, Berkeley	93.658	2,115,507	
Biomedical Research and Research Training	93.859	715,754	
Pass Through:			
Montana State University	93.859	96,274	
HIV Prevention Activities			
Pass Through:			
Los Angeles County Department of Health Services	93.940	282,813	
Maternal and Child Health Services Block Grant to the States			
Pass Through:			
California Department of Health Services	93.994	301,768	
Corporation for National and Community Services			
Americorps			
Pass Through:			
Kern County Superintendent of Schools	94.006	26,078	
U.S. Department of Homeland Security			
Scholars and Fellows and Education Programs	97.062	44,926	
TOTAL OTHER PROGRAMS		<u>12,687,527</u>	<u>873,472</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 23,348,575</u>	<u>\$ 2,097,007</u>

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

**NOTE TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University, Long Beach Research Foundation, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

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? - No
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 Section 510(a) of OMB Circular A-133? – No
5. Identification of major programs: Research and development cluster with various CFDA numbers, Congressionally Directed Assistance 12.599, Higher Education Institutional Aid 84.031, Improving Teacher Quality State Grants 84.367, Biomedical Research and Research Training 93.859.
6. Dollar threshold used to distinguish between type A and type B programs was \$700,457.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None