

**CALIFORNIA STATE UNIVERSITY,
EAST BAY FOUNDATION, INC.**

Single Audit Reports

Year ended June 30, 2015

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.

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Sacramento

Walnut Creek

Los Angeles

Century City

San Diego

Independent Auditor's 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
California State University,
East Bay Foundation, Inc.
Hayward, 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 California State University, East Bay Foundation, Inc. (Foundation), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the 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 results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
September 25, 2015

Sacramento

Walnut Creek

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Los Angeles

Century City

Board of Directors
California State University,
East Bay Foundation, Inc.
Hayward, California

San Diego

Report on Compliance for Each Major Federal Program

We have audited California State University, East Bay Foundation, Inc.'s (Foundation) 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 the Foundation's major federal programs for the year ended June 30, 2015. The Foundation's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the California State University, East Bay 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, 2015.

Report on Internal Control Over Compliance

Management of the 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 the 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 the 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.

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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Foundation as of and for the year ended June 30, 2015, and have issued our report thereon dated September 25, 2015, 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 other 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.

Macias Gini É O'Connell LCP

Walnut Creek, California
October 20, 2015

California State University East Bay Foundation, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Federal Agency Pass-Through Agency Federal Program Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Identifying or Grant Number	Federal Disbursements/ Expenditures	Amounts Provided to Subrecipients
Research and Development Cluster:				
National Aeronautics and Space Administration				
Direct Program:				
Aerospace Education Services Program	43.001		\$ 45,199	\$ -
Total National Aeronautics and Space Administration			<u>45,199</u>	<u>-</u>
National Science Foundation				
Direct Programs:				
Mathematical and Physical Sciences	47.049		110,202	-
Biological Sciences	47.074		51,682	-
Direct programs:				
Education and Human Resources	47.076		499,756	33,000
Pass-Through Programs:				
University Enterprises, Inc. (CSU Sacramento)				
Education and Human Resources	47.076	523781	9,500	-
Subtotal CFDA 47.046			<u>509,256</u>	<u>33,000</u>
Research Foundation for State University of New York				
Geosciences	47.050	R942782	7,968	-
Total National Science Foundation			<u>679,108</u>	<u>33,000</u>
U.S. Department of Energy, National Nuclear Security Administration (NNSA)				
Pass-Through Programs:				
Lawrence Livermore National Security, LLC				
Novel Rare Earth Element Permanent Magnets	81.000	B606722	44,950	-
Environmental Chemistry of Actinides from First-Principles Simulations	81.000	B612407	27,600	-
Total U.S. Department of Energy/NNSA			<u>72,550</u>	<u>-</u>
U.S. Department of Justice				
Pass-Through Program:				
University of California, Los Angeles				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	0830 G RB020	169,790	-
Total U.S. Department of Justice			<u>169,790</u>	<u>-</u>
U.S. Geological Survey				
Direct Program:				
Earthquake Hazards Reduction Program	15.807		10,083	-
Total U.S. Geological Survey			<u>10,083</u>	<u>-</u>
Total Research and Development Cluster			<u>976,730</u>	<u>33,000</u>
Other Federal Programs:				
National Science Foundation				
Direct Program:				
Education and Human Resources	47.076		2,267,929	1,164,768
Total National Science Foundation			<u>2,267,929</u>	<u>1,164,768</u>
U.S. Department of Education				
Direct Programs:				
TRIO Student Support Services	84.042		751,868	-
Fund for the Improvement of Education	84.215		5,640,704	4,092,490
English Language Acquisition State Grants	84.365		298,765	12,000
Strengthening Minority-Serving Institutions	84.382		298,033	-
Pass-Through Programs:				
California Department of Rehabilitation				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	29146	48,165	-
Pittsburgh Unified School District				
Mathematics and Science Partnerships	84.366	S366B110005	451	-
UC Office of the President				
Improving Teacher Quality State Grants	84.367	NCLB10-CSP-EAST BAY	465	-
Improving Teacher Quality State Grants	84.367	NCLB11-CSP-EAST BAY	20,263	-
Subtotal CFDA number 84.367			<u>20,728</u>	<u>-</u>
Total U.S. Department of Education			<u>7,058,714</u>	<u>4,104,490</u>
U.S. Department of Health and Human Services				
Pass-Through Programs:				
University of California, San Francisco				
Advanced Education Nursing Grant Program	93.247	8489sc	10,862	-
Regents of the University of California, Berkeley				
Foster Care, Title IV-E	93.658	00008524	1,163,484	-
Total U.S. Department of Health and Human Services			<u>1,174,346</u>	<u>-</u>
Total Other Federal Programs			<u>10,500,989</u>	<u>5,269,258</u>
Total Federal Expenditures			<u>\$ 11,477,719</u>	<u>\$ 5,302,258</u>

See accompanying notes to schedule of expenditures of federal awards.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of California State University, East Bay Foundation, Inc. (the Foundation). Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the Schedule.

(2) Basis of Accounting

The information in the accompanying Schedule is prepared on the accrual basis of accounting and is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(3) Relationship to Basic Financial Statements

Federal expenditures agree to or can be reconciled with the amounts reported in the Foundation's basic financial statements.

(4) National Science Foundation Grants

Per the National Science Foundation's Proposal and Award Policies and Procedures Guide (the Guide) dated January 14, 2013 certain National Science Foundation individual programs are included in the Research and Development Cluster and are reported in the Schedule accordingly under the Research and Development Cluster. In accordance with the transition statements published with the adoption of the Guide, awards that existed prior to the Guide's issuance are reported on the Schedule based on the content of the award until they expire.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2015

Section I – Summary of Auditor’s Results

A. Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor’s report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | • Material weaknesses identified? | No |
| | • Significant deficiencies identified? | None reported |
| 3. | Noncompliance material to financial statements noted? | No |

B. Federal Awards:

- | | | |
|----|--|---------------|
| 1. | Internal control over major federal programs: | |
| | • Material weaknesses identified? | No |
| | • Significant deficiencies identified? | None reported |
| 2. | Type of auditor’s report issued on compliance for major federal programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

- | | | |
|----|---|---|
| 4. | Identification of major federal programs: | |
| | <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| | 15.807, 16.560, 43.001, 47.049, 47.074,
47.076, and 81.000 | Research and Development Cluster |
| | 84.042 | Student Support Services |
| | 47.076 | Education and Human Resources |

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B programs: | \$344,332 |
| 6. | Auditee qualified as low-risk auditee | Yes |

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2015

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

None noted.