CALIFORNIA STATE UNIVERSITY, LONG BEACH FOUNDATION

Internal Control and Compliance Reports
June 30, 2010
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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 Foundation:

We have audited the financial statements of California State University, Long Beach Foundation (the Foundation) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered California State University, Long Beach Foundation’s internal control over financial reporting as a basis for designing our auditing procedures 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 California State University, Long Beach Foundation’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.
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 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. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs noted as finding 2010-01 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether California State University, Long Beach 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*.

This report is intended solely for the information and use of the audit committee, Board of Directors, management, others within the California State University, Long Beach Foundation, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Long Beach, California
September 23, 2010
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited California State University, Long Beach Foundation’s compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of California State University, Long Beach Foundation’s major federal programs for the year ended June 30, 2010. California State University, Long Beach Foundation’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of California State University, Long Beach Foundation’s management. Our responsibility is to express an opinion on California State University, Long Beach Foundation’s compliance based on our audit.

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. 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 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. Our audit does not provide a legal determination of California State University, Long Beach Foundation’s compliance with those requirements.

In our opinion, California State University, Long Beach Foundation complied, in all material respects, with the 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, 2010.
Internal Control Over Compliance

Management of California State University, Long Beach Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered California State University, Long Beach Foundation’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of California State University, Long Beach Foundation as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, Board of Directors, management, others within California State University, Long Beach Foundation, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wendie V. McCaughey

Long Beach, California
September 23, 2010
**Califonia State University, Long Beach Foundation**

**Schedule of expenditures of federal awards for the year ended June 30, 2010**

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research and Development – Cluster:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Department of Agriculture</td>
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<td>Agricultural Research, Special Pass Through:</td>
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<tr>
<td>University of Alabama-Huntsville</td>
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<td>Agricultural Research</td>
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<tr>
<td>Cooperative State Research</td>
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<td>113,441</td>
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<tr>
<td>U.S. Department of Commerce</td>
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<tr>
<td>Foreign-Trade Zones in the United States Pass Through:</td>
<td></td>
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<tr>
<td>Battelle Energy Alliance, LLC</td>
<td>11.111</td>
<td>18,974</td>
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<tr>
<td>Sea Grant Support Pass Through:</td>
<td></td>
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<tr>
<td>University of California - San Diego</td>
<td>11.417</td>
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<td>University of California - San Diego</td>
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<tr>
<td>Oregon State University</td>
<td>11.417</td>
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<tr>
<td>University of Southern California</td>
<td>11.417</td>
<td>7,200</td>
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<td>Habitat Conservation Coastal Services Center Pass Through:</td>
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<tr>
<td>National Fish &amp; Wildlife Foundation</td>
<td>11.463</td>
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<tr>
<td>Measurement &amp; Engineering RSRC</td>
<td>11.609</td>
<td>7,815</td>
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</tbody>
</table>
## RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):

### U.S. Department of Defense

- **Strategic Mobility**
  - Federal Grantor/Pass-Through: U.S. Department of Defense
  - CFDA Number: 12.unknown
  - Federal Expenditures: 1,488,577
  - Amounts Provided to Subrecipients: 858,312

- **Han Ignition Characterization**
  - Federal Grantor/Pass-Through: Han Ignition Characterization
  - CFDA Number: 12.HQ000607C009
  - Federal Expenditures: 55,496
  - Amounts Provided to Subrecipients: 373

- **Small Thruster Test Stand**
  - Federal Grantor/Pass-Through: Odgen Enterprises
  - CFDA Number: 12.unknown
  - Federal Expenditures: 70,505

### U.S. Army

- **Instructional and Research and Development**
  - Federal Grantor/Pass-Through: U.S. Army
  - CFDA Number: 12.PO10-04-092
  - Federal Expenditures: 31,019

- **Basic and Applied Scientific Research**
  - Federal Grantor/Pass-Through: Basic and Applied Scientific Research
  - CFDA Number: 12.300
  - Federal Expenditures: 2,122,292
  - Amounts Provided to Subrecipients: 948,799

- **Basic Applied and Advanced Research in Science and Engineering**
  - Federal Grantor/Pass-Through: Basic Applied and Advanced Research in Science and Engineering
  - CFDA Number: 12.630
  - Federal Expenditures: 76,340

### Air Force Research

- **Pass Through:**
  - Federal Grantor/Pass-Through: Garvey Spacecraft Corporation
  - CFDA Number: 12.800
  - Federal Expenditures: 43,473

- **Department of the Navy**
  - Federal Grantor/Pass-Through: Department of the Navy
  - CFDA Number: 12.910
  - Federal Expenditures: 6,933

### U.S. Department of the Interior

- **MMS Environmental Studies Program**
  - Federal Grantor/Pass-Through: MMS Environmental Studies Program
  - CFDA Number: 15.423
  - Federal Expenditures: 13,037

- **Earthquake Hazards Reduction Program**
  - Federal Grantor/Pass-Through: Earthquake Hazards Reduction Program
  - CFDA Number: 15.807
  - Federal Expenditures: 14,887
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):</strong></td>
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<tr>
<td><strong>U.S. Department of Transportation</strong></td>
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<tr>
<td>University Transportation Centers</td>
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<tr>
<td>Program</td>
<td>20.200</td>
<td>237,221</td>
<td>80,215</td>
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<tr>
<td>Pass Through:</td>
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<tr>
<td>University of Southern California</td>
<td>20.701</td>
<td>159,953</td>
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<tr>
<td>Tides Foundation</td>
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<tr>
<td>University of Southern California</td>
<td>20.701</td>
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<td>Federal Rail Administration</td>
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<tr>
<td>ECCO Manufacturability</td>
<td>20.DTFR53-09-G-0029</td>
<td>138,896</td>
<td>50,000</td>
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<tr>
<td><strong>NASA, AMES Research Center</strong></td>
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<tr>
<td>Technology Utilization</td>
<td>43.002</td>
<td>1,157,706</td>
<td>477,119</td>
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<tr>
<td>Pass Through:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Garvey Spacecraft Corporation</td>
<td>43.002</td>
<td>25,135</td>
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<tr>
<td><strong>National Science Foundation</strong></td>
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<tr>
<td>Engineering Grants</td>
<td>47.041</td>
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<td>Pass Through:</td>
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<tr>
<td>Regents of University of Colorado</td>
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<tr>
<td>Mathematical and Physical Sciences</td>
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<td>Geosciences</td>
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<tr>
<td>Computer &amp; Information Science &amp; Engineering</td>
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<td>49,990</td>
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<tr>
<td>Biological Sciences</td>
<td>47.074</td>
<td>209,871</td>
<td>23,590</td>
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<tr>
<td>Pass Through:</td>
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<tr>
<td>Pennsylvania State University</td>
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<td>158,425</td>
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<tr>
<td>University of Missouri, Columbia</td>
<td>47.074</td>
<td>11,104</td>
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<tr>
<td>Social, Behavioral, and Economic Sciences</td>
<td>47.075</td>
<td>34,481</td>
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<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>6,376</td>
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</tbody>
</table>
## RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):

### National Science Foundation (Continued)

- **Education and Human Resources**
  - **Pass Through:**
    - Chancellor’s Office California Community College
    - International Science and Engineering
    - NSF ARRA Research Support
  - **Federal CFDA Number:**
    - 47.076
    - 47.079
    - 47.082
  - **Federal Expenditures:**
    - 18,554
    - 6,420
    - 340,118

### Veteran’s Administration

- **Comprehensive End of Life**
  - **Federal CFDA Number:** 64.P0691-C90823
  - **Federal Expenditures:** 18,081

### Environmental Protection Agency

- **White Croaker Along Palos Verde**
  - **Federal CFDA Number:** 66.P04304-07163.0030
  - **Federal Expenditures:** 198,431

### Department of Energy

- **Office of Science Financial Assistance**
  - **Federal CFDA Number:** 81.049
  - **Federal Expenditures:** 32,752
  - **Amounts Provided to Subrecipients:** 2,231
- **Renewable Energy Research and Development - ARRA**
  - **Federal CFDA Number:** 81.087
  - **Federal Expenditures:** 22,156
- **Fossil Energy Research & Development – ARRA Pass Through:**
  - **Terralog Technologies USA**
  - **Federal CFDA Number:** 81.089
  - **Federal Expenditures:** 22,936
RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):

U. S. Department of Education
Fund for the Improvement of Postsecondary Education
Pass Through:
  North Orange County Community College District 84.031 95,658
  Improvement Postsecondary Education 84.116 88,951
Pass Through:
  Kennesaw State University 84.116 7,509
Education Research, Development and Dissemination
Pass Through:
  University of Houston 84.305 111,143
Improving Teacher Quality State Grants
Pass Through:
  California Postsecondary Education Commission 84.367 637,940 493,477

National Institutes of Health
Technological and Logistical Support 93.CRB-AR500-S1000033 12,553
Best Practices Planning Committee 93.unknown 26,641
### RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):

**U. S. Department of Health and Human Services**

- **Mental Health Research Grants**
  - CFDA Number: 93.242
  - Federal Expenditures: 148,475

- **Substance Abuse and Mental Health**
  - **Pass Through:**
    - **Behavioral Assessment, Inc.**
      - CFDA Number: 93.242
      - Federal Expenditures: 12,994
    - **Substance Abuse Foundation**
      - CFDA Number: 93.243
      - Federal Expenditures: 308,303
  - **Minority Health & Health Disparities**
    - CFDA Number: 93.307
    - Federal Expenditures: 597,972
  - **Academic Research Enhancement Award**
    - CFDA Number: 93.390
    - Federal Expenditures: 8,418

- **Trans-NIH Recovery Act Research Support – ARRA**
  - **Pass Through:**
    - **University of Miami**
      - CFDA Number: 93.701
      - Federal Expenditures: 21,066
    - **Biomedical Research and Research Training**
      - CFDA Number: 93.859
      - Federal Expenditures: 966,369
    - **Population Research**
      - CFDA Number: 93.864
      - Federal Expenditures: 248,439
      - Federal Expenditures: 39,034
    - **Pass Through:**
      - **University of California Los Angeles**
        - CFDA Number: 93.864
        - Federal Expenditures: 26,889

- **Child Health and Human Development**
  - **Extramural Research**
    - CFDA Number: 93.865
    - Federal Expenditures: 169,949
    - Federal Expenditures: 101,355
  - **Aging Research**
    - CFDA Number: 93.866
    - Federal Expenditures: 246,882
  - **Family & Community Violence Prevention**
    - CFDA Number: 93.910
    - Federal Expenditures: 138,266
    - Federal Expenditures: 15,349
  - **HIV Prevention Activities**
    - CFDA Number: 93.940
    - Federal Expenditures: 137,808
    - Federal Expenditures: 1,740
  - **Scholars and Fellows, and Educational Programs**
    - **Pass Through:**
      - **Oak Ridge Institution – Science & Education**
        - CFDA Number: 97.062
        - Federal Expenditures: 21,654

**TOTAL RESEARCH AND DEVELOPMENT**

- Federal Expenditures: 12,749,249
- Federal Expenditures: 3,091,594
CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
</tr>
</thead>
</table>

**OTHER PROGRAMS:**

**U. S. Department of Agriculture**

- Hispanic Serving Institutions Education Grants
  - Federal Expenditures: 37,491

- Summer Food Service Program for Children
  - Pass Through: California Department of Education
  - Federal Expenditures: 16,283

**U.S. Department of Defense**

- National Flagship Language Program
  - Pass Through: Institute of International Education
  - Federal Expenditures: 1,223,145

- Basic Applied & Advanced Research in Science
  - Pass Through: California State University, San Bernardino Foundation
  - Federal Expenditures: 84,430

**U.S. Department of Housing and Urban Development**

- Hispanic-Serving Institutions Assisting Communities
  - Federal Expenditures: 190,132

**U.S. Department of Labor**

- Workforce Investment Act Adult Program
  - Pass Through: City of Long Beach
  - Federal Expenditures: 409,165

- Workforce Investment Act (ACT)
  - Youth Activities
  - Pass Through: City of Long Beach
  - Federal Expenditures: 40,249

- Veterans’ Employment Program
  - Pass Through: City of Long Beach
  - Federal Expenditures: 36,057
### Federal Grantor/Pass-Through

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
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<tr>
<td><strong>OTHER PROGRAMS (CONTINUED):</strong></td>
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<tr>
<td><strong>U.S. Department of Transportation</strong></td>
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<td>University Transportation Centers Program</td>
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<tr>
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<td>Aerospace Education Services Program</td>
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<tr>
<td>University of California, San Diego</td>
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<td>6,000</td>
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<td><strong>Institute of Museum and Library Services</strong></td>
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<tr>
<td>Museums for America</td>
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<td><strong>National Science Foundation</strong></td>
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<tr>
<td>Education and Human Resources</td>
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<td>Pass Through:</td>
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<td>University of California, Office of President</td>
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<td>NSF ARRA Research Support</td>
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<td><strong>U.S. Department of Veterans Affairs</strong></td>
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<td>Veterans Nursing Home Care</td>
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<td>Pass Through:</td>
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<tr>
<td>Long Beach Veterans Administration</td>
<td>64.010</td>
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### OTHER PROGRAMS (CONTINUED):

#### U.S. Department of Education

- **Strengthening Student Access**
  - **Pass Through:**
    - Long Beach Community College
      - CFDA Number: 84.031
      - Federal Expenditures: 599,421
- **Student Support Services**
  - CFDA Number: 84.042
  - Federal Expenditures: 559,809
- **Talent Search**
  - CFDA Number: 84.044
  - Federal Expenditures: 730,044
- **Upward Bound**
  - CFDA Number: 84.047
  - Federal Expenditures: 1,001,495
- **TRIO-Educational Opportunity Center**
  - CFDA Number: 84.066
  - Federal Expenditures: 247,790
- **Migrant Education**
  - CFDA Number: 84.149
  - Federal Expenditures: 447,866
- **Bilingual Education – Professional Development**
  - CFDA Number: 84.195
  - Federal Expenditures: 388,192
  - Subrecipients: 500
- **McNair Post-Baccalaureate Achievement**
  - CFDA Number: 84.217
  - Federal Expenditures: 284,142
- **Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities**
  - CFDA Number: 84.325
  - Federal Expenditures: 128,166
- **Incarcerated Youth Offenders**
  - Pass Through:
    - California Department of Corrections
      - CFDA Number: 84.331
      - Federal Expenditures: 298,118
      - Subrecipients: 220,980
- **Gaining Early Awareness and Readiness for Undergraduate Programs**
  - Pass Through:
    - Bellflower Unified School District
      - CFDA Number: 84.334
      - Federal Expenditures: 72,284
    - Long Beach Unified School District
      - CFDA Number: 84.334
      - Federal Expenditures: 261,811
- **Transition to Teaching Program**
  - CFDA Number: 84.350
  - Federal Expenditures: 393,690
- **Improving Teacher Quality State Grants**
  - Pass Through:
    - University of California, Office of President
      - CFDA Number: 84.367
      - Federal Expenditures: 59,509
    - University of California, Office of President
      - CFDA Number: 84.367
      - Federal Expenditures: 6,218
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
<th>Amounts Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OTHER PROGRAMS (CONTINUED):</strong></td>
<td></td>
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<tr>
<td><strong>U.S. Department of Education (Continued)</strong></td>
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<tr>
<td>College Access Challenge Grant</td>
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<tr>
<td>Pass Through:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California Student Aid Commission</td>
<td>84.378</td>
<td>341,598</td>
<td></td>
</tr>
</tbody>
</table>

| **U.S. Department of Health and Human Services** |                     |                      |                                  |
| Mental Health Research Grant | 93.242 | 256,904 | | |
| Substance Abuse & Mental Health | 93.243 | 96,029 | | |
| Mental Health National Research Service | 93.282 | 63,128 | 114,291 | |
| Awards for Research Training | 93.282 | 63,128 | 114,291 | |
| Advanced Nurse Education | 93.358 | 114,291 | | |
| Foster Care - Title IV-E |                     |                      |                                  |
| Pass Through: |                     |                      |                                  |
| Children/Family Services, LA County | 93.658 | 1,742,983 | | |
| University of California Berkeley | 93.658 | 2,388,528 | | |
| Centers for Medicare and Medicaid Services |                     |                      |                                  |
| Research, Demonstrations and Evaluations | 93.779 | 6,254 | | |
| Biomedical Research and Research Training | 93.859 | 462,271 | | |
| HIV Prevention Activities | 93.879 | 18,922 | | |
| Pass Through: |                     |                      |                                  |
| Social & Scientific Systems, Inc. | 93.879 | 17,279 | | |
| Department of Health Services, LA County | 93.940 | 337,495 | | |
| Maternal and Child Health Services Block |                     |                      |                                  |
| Grant to the States |                     |                      |                                  |
| Pass Through: |                     |                      |                                  |
| Department of Health Services, LA County | 93.994 | 296,725 | | |

**TOTAL OTHER PROGRAMS** | 15,122,275 | 1,017,063 | |

**TOTAL EXPENDITURES OF FEDERAL AWARDS** | $ 27,871,524 | $ 4,108,657 | |
NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University, Long Beach 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.
SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued – Unqualified

Internal control over financial reporting

1. Material weakness(es) identified? – Yes

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 – Unqualified

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: National Flagship Language Program – CFDA# 12.550; TRIO Cluster: Student Support Services – CFDA# 84.042, Talent Search – CFDA# 84.044, Upward Bound – CFDA# 84.047, TRIO – Educational Opportunity Center – CFDA# 84.066, McNair Post-Baccalaureate Achievement – CFDA# 84.217; Foster Care Title IV-E – CFDA# 93.658; NSF ARRA Research Support – CFDA# 47.082

6. Dollar threshold used to distinguish between type A and type B programs was $836,146.

7. Auditee qualified as low-risk auditee? – Yes
SECTION II – FINANCIAL STATEMENTS FINDINGS

2010-01: Inadequate Controls to Review and Monitor Pledge Receivables

During the audit, we noted the Foundation had inadequate controls to review and monitor pledge receivables, which has lead to material errors that required adjustments to the Foundation’s records. Specifically, we noted the following:

- Pledge receivables were overstated by approximately $1,300,000. These pledges were determined to be grant awards and not outright gifts to the Foundation.
- Approximately $1,200,000 was removed to reflect a trust that was determined to be revocable and should not have been recorded in the Foundation’s records.
- A $50,000 donation was accrued in receivables; however the amount was already recognized in a pledge recorded in the previous year.

Pledges and future donations are tracked by the University’s Development offices and schedules are periodically given to the Foundation to record. However, there are inadequate policies and procedures at the Foundation to review the schedules to ensure the schedules are complete and the amounts are valid pledges or gifts. In addition, there are inadequate policies and procedures to follow up on the collection of pledges that are extended out over several years. The audit noted several donors that were delinquent in making their scheduled payment to the Foundation. While there were valid reasons for the delinquencies, these items were not investigated until requested of the auditors.

Recommendation

We recommend the Foundation review and amend, if necessary, their policies and procedures over the recording of pledge receivables to ensure only valid gifts and pledges are recorded and collection of pledges are monitored for timely collection.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None