



CALIFORNIA STATE UNIVERSITY
LONG BEACH
RESEARCH FOUNDATION

Internal Control and Compliance Reports
June 30, 2012 and 2011

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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 Research Foundation:

We have audited the financial statements of California State University, Long Beach Research Foundation (the Foundation) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 2012. 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

Management of California State University, Long Beach Research Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered California State University, Long Beach Research 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 California State University, Long Beach Research 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.

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.

Compliance and Other Matters

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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*.

We noted certain other matters that we reported to management of California State University, Long Beach Research Foundation in a separate letter dated September 25, 2012. 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 Research 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 25, 2012



**INDEPENDENT AUDITORS' 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 Research Foundation:

Compliance

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, 2012. 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. 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 Research Foundation's management. Our responsibility is to express an opinion on California State University, Long Beach Research 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, *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. Our audit does not provide a legal determination of California State University, Long Beach Research Foundation's compliance with those requirements.

In our opinion, California State University, Long Beach Research 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, 2012.

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered California State University, Long Beach Research 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 Research Foundation's internal control over compliance.

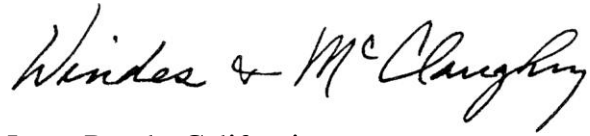
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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 financial statements of California State University, Long Beach Research Foundation as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 2012, which contained an unqualified 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.

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 Research 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.

A handwritten signature in cursive script that reads "Windes & McCaughey".

Long Beach, California

December 14, 2012, except for our report on the schedule of Expenditures of Federal Awards, for which the date is September 25, 2012

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<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	\$ 42,763	
Cooperative State Research	10.223	11,944	
AG & Food Research Initiative	10.310	835,122	\$ 31,923
U.S. Department of Commerce			
Sea Grant Support Pass Through:			
University of California - San Diego	11.417	6,535	
Habitat Conservation Coastal Services Center Pass Through:			
National Fish & Wildlife Foundation	11.463	26,015	
U.S. Department of Defense			
Basic and Applied Scientific Research	12.300	2,943,030	1,489,468
Basic Scientific Research	12.431	104,771	
Basic Applied and Advanced Research in Science and Engineering	12.630	102,808	
Pass Through:			
Garvey Spacecraft Corporation	12.800	31,826	
Advanced Biomaterials Pass Through:			
Profusa, Inc.	12.910	60,044	
U.S. Department of the Interior			
Earthquake Hazards Reduction Program	15.807	8,437	
Pass Through:			
University of Southern California	15.807	9,262	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(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 Transportation			
University Transportation Centers Program	20.200	86,906	38,129
University Transportation Centers Program Pass Through:			
University of Southern California	20.701	266,187	
NASA, AMES Research Center			
Technology Utilization	43.002	1,110,791	107,836
Pass Through:			
Garvey Spacecraft Corporation	43.002	51,584	
NASA Learning Experience	43.07381011	40,885	
National Endowment for the Humanities			
Promotion of the Humanities	45.160	100,800	
National Science Foundation			
Engineering Grants	47.041	18,845	
Pass Through:			
Regents of University of Colorado	47.041	21,643	
Mathematical and Physical Sciences	47.049	307,702	
Geosciences	47.050	273,442	
Computer & Information Science & Engineering Pass Through:			
Cal Poly Corporation	47.070	6,905	
University of California, Irvine	47.070	8,473	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(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 Science Foundation (Continued)			
Biological Sciences	47.074	208,662	
Pass Through:			
University of Missouri, Columbia	47.074	210,513	
Social, Behavioral, and Economic Sciences	47.075	174,277	
Education and Human Resources	47.076	177,310	
Pass Through:			
Chancellor's Office California Community College	47.076	340	
Pennsylvania State University	47.076	30,088	
Arizona State University	47.076	2,021	
NSF ARRA Research Support	47.082	309,449	
Veteran's Administration			
Comprehensive End of Life	64.07354910	25,784	
Environmental Protection Agency			
White Croaker Along Palos Verde	66.0736471	32,686	
Department of Energy			
Office of Science Financial Assistance	81.049	60,409	11,124
Renewable Energy Research and Development - ARRA	81.087	174,218	51,926
Alpha Radiolysis of Nuclear Joint Appointment Agreement Radio Chemistry Research	81.07372810	268,521	107,482
Pass Through:			
Idaho National Lab	81.07389712	36,456	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(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 Education			
Improvement of Postsecondary Education Education Research, Development and Dissemination	84.116	56,095	
Pass Through:			
University of Houston	84.305	98,619	
Improving Teacher Quality State Grants			
Pass Through:			
California Postsecondary Education Commission	84.367	361,049	300,974
Ecologies	84.367	84,525	12,821
National Institutes of Health			
Health Changes Program			
Pass Through:			
The Cambodian Family	93.137	20,550	
Technological and Logistical Support	93.07356810	15,710	
HIV/AIDS Townhall Meeting	93.07377111	71,879	
AIDS 2012 Satellite Meeting – Planning and Coordination Assistance			
Pass Through:			
Social & Scientific Systems, Inc.	93.07387311	20,321	
Cancer Treatment Research			
Pass Through:			
National Childhood Cancer Foundation	93.395	23,110	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
RESEARCH AND DEVELOPMENT - CLUSTER (CONTINUED):			
U. S. Department of Health and Human Services			
Substance Abuse and Mental Health			
Pass Through:			
Substance Abuse Foundation	93.243	140,811	
Drug Abuse Research Program	93.279	577,512	
Minority Health & Health Disparities	93.307	951,184	
Pass Through:			
Behavioral Assessment, Inc.	93.307	110,813	
Academic Research Enhancement Award	93.390	88,754	
Trans-NIH Recovery Act Research Support - ARRA			
Pass Through:			
University of Miami	93.701	10,675	
Biomedical Research and Research Training	93.859	1,229,483	
Population Research	93.864	231,222	37,243
Pass Through:			
University of California, Los Angeles	93.864	27,252	
Center for Research for Mothers & Children	93.865	101,750	6,929
Specialty Selected Health Projects	93.888	30,582	
Family & Community Violence Prevention	93.910	243,079	97,665
HIV Prevention Activities	93.940	35,247	
TOTAL RESEARCH AND DEVELOPMENT		12,717,676	2,293,520

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(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	12,906	
Development & Implementation Plan	10.961	6,760	
U.S. Department of Defense			
ROTC Language/Culture Training			
Pass Through:			
Institute of International Education	12.357	168,725	
National Flagship Language Program			
Pass Through:			
Institute of International Education	12.550	127,517	64,695
Congressionally Directed Assistance	12.599	1,015,228	808,987
Basic Applied & Advanced Research in Science			
Pass Through:			
California State University, San Bernardino Foundation	12.630	12,330	
U.S. Department of Housing and Urban Development			
Hispanic-Serving Institutions Assisting Communities	14.514	64,414	
U.S. Department of Labor			
Workforce Investment Act Adult Program			
Pass Through:			
City of Long Beach	17.258	43,131	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(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 Transportation			
Highway Training and Education			
Pass Through:			
California Transit	20.215	53,965	
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	316,903	
California Transit	20.701	90,023	
National Aeronautics and Space Administration			
Aerospace Education Services Program			
Pass Through:			
University of California, San Diego	43.001	10,000	
Research Grant for Space Program	43.0737100	43,224	
Institute of Museum and Library Services			
Education Development/Demonstrator	45.162	2,209	
Museums for America	45.301	1,630	
Conservation Project Support	45.303	13,833	
National Leadership Grants	45.312	29,395	
National Science Foundation			
Education and Human Resources	47.076	132,989	
Pass Through:			
University of California, Office of President	47.076	3,250	
Wright State University	47.076	3,539	
University Enterprise Incorporated	47.076	59,954	
California State University, Fresno Foundation	47.076	746	

**CALIFORNIA STATE UNIVERSITY,
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

(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 Veterans Affairs			
Veterans Nursing Home Care			
Pass Through:			
Long Beach Veterans Administration	64.010	149,179	
U.S. Department of Education			
PPOHA – Promoting Post-baccalaureate	84.031	552,758	
Pass Through:			
Antelope Valley College	84.031	79,664	
Student Support Services	84.042	462,782	
Talent Search	84.044	653,267	
Upward Bound	84.047	1,031,506	
TRIO-Educational Opportunity Center	84.066	222,769	
Migrant Education	84.149	412,147	
Bilingual Education – Professional Development	84.195	314,819	500
McNair Post-Baccalaureate Achievement	84.217	230,435	
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	198,854	
Transition to Teaching Program	84.350	94,536	
Incarcerated Youth Offenders			
Pass Through:			
California Department of Corrections	84.331	302,958	218,375
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass Through:			
Bellflower Unified School District	84.334	49	
Long Beach Unified School District	84.334	13,676	
California State University Fullerton Foundation	84.334	10,547	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(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)			
Improving Teacher Quality State Grants			
Pass Through:			
California State University, Dominguez Hills	84.367	54,249	11,165
Postsecondary Education Commission, California	84.367	584,999	89,600
College Access Challenge Grant			
Pass Through:			
California Student Aid Commission	84.378	376,363	
U.S. Department of Health and Human Services			
Mental Health Research Grant	93.242	197,784	
Substance Abuse & Mental Health	93.243	20,776	
Advanced Nurse Education	93.358	99,450	
Foster Care - Title IV-E			
Pass Through:			
Children/Family Services, LA County	93.658	1,803,155	
University of California, Berkeley	93.658	2,313,866	
Biomedical Research and Research Training	93.859	405,787	
Pass Through:			
Montana State University	93.859	63,220	
HIV Prevention Activities			
Pass Through:			
Department of Health Services, LA County	93.940	311,502	
Maternal and Child Health Services Block Grant to the States			
Pass Through:			
California Department of Health Services	93.994	299,995	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
Corporation for National and Community Services			
Americorps, ARRA Recovery			
Pass Through:			
California Volunteers	94.006	25,888	
U.S. Department of Homeland Security			
State Homeland Security Program	97.073	39,840	
TOTAL OTHER PROGRAMS		13,539,491	1,193,322
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 26,257,167	\$ 3,486,842

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

**NOTE TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued – Unqualified

Internal control over financial reporting

1. Material weakness(es) identified? – None reported
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: 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; Research and development cluster with various CFDA numbers.
6. Dollar threshold used to distinguish between type A and type B programs was \$787,715.
7. Auditee qualified as low-risk auditee? – No

SECTION II - FINANCIAL STATEMENTS FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None