

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

SINGLE AUDIT REPORTS

YEAR ENDED JUNE 30, 2017

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

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

We have audited, 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, the financial statements of the business-type activities of the California State University, East Bay Foundation, Inc., a component unit of California State University, East Bay, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the California State University, East Bay Foundation, Inc.'s basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the California State University, East Bay Foundation, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California State University, East Bay Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University, East Bay Foundation, Inc.'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.

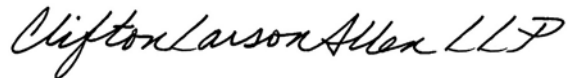
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the California State University, East Bay Foundation, Inc.'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 15, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE**

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

Report on Compliance for the Major Federal Program

We have audited California State University, East Bay Foundation, Inc., a component unit of California State University, East Bay, compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the California State University, East Bay Foundation, Inc.'s major federal program for the year ended June 30, 2017. California State University, East Bay Foundation, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for California State University, East Bay Foundation, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence California State University, East Bay Foundation, Inc.'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 the major federal program. However, our audit does not provide a legal determination of California State University, East Bay Foundation, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, California State University, East Bay Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of California State University, East Bay Foundation, Inc. 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, East Bay Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of California State University, East Bay Foundation, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of California State University, East Bay Foundation, Inc. as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise California State University, East Bay Foundation, Inc.'s basic financial statements. We issued our report thereon dated September 15, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 15, 2017

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Agency Pass Through Agency Federal Program Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Research and Development Cluster:				
Binational Agricultural Research and Development Fund				
Pass Through Program:				
Department of Agriculture				
Agricultural Research Basic and Applied Research	10.001	IS-4870-15-R	\$ -	\$ 32,035
Total Binational Agricultural Research and Development Fund			-	32,035
National Oceanic and Atmospheric Administration				
Pass Through Program:				
NOAA Mission-Related Education Awards	11.008	BB00596190	-	6,131
Total National Oceanic and Atmospheric Administration			-	6,131
National Aeronautics and Space Administration				
Direct Program:				
Science	43.001		-	102,731
Pass Through Program:				
Space Telescope Science Institute				
Science	43.001	HST-GO-13651.006-A	-	10,358
Total National Aeronautics and Space Administration			-	113,089
National Endowment For The Humanities				
Pass Through Program:				
California Council for the Humanities				
Promotion of the Humanities Federal/State Partnership	45.129	COS15-460	-	2,525
Total National Endowment For The Humanities			-	2,525
National Science Foundation				
Direct Programs:				
Mathematical and Physical Sciences	47.049		-	17,592
Biological Sciences	47.074		-	57,217
Education and Human Resources	47.076		22,000	703,704
Pass Through Programs:				
Regents of the University of California, Berkeley				
Education and Human Resources	47.076	0009397	-	34,086
University Enterprises, Inc. (CSU Sacramento)				
Education and Human Resources	47.076	523781	-	10,000
Total National Science Foundation			22,000	822,599
U.S Department of Defense/U.S. Army Corps of Engineers				
Pass Through Program:				
MWH Americas, Inc.				
Collaborative Research and Development	12.114	S10506032-103039-OF	-	63,863
Total U.S Department of Defense/U.S. Army Corps of Engineers			-	63,863
U.S. Department of Energy/NNSA				
Pass Through Program:				
Lawrence Livermore National Security, LLC				
Environmental Chemistry of Actinides from First-Principles Simulations	81.Unknown	B621983	-	34,549
Total U.S. Department of Energy/NNSA			-	34,549
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	-	30,227
Total U.S. Department of Justice			-	30,227
U.S. Geological Survey				
Direct Program:				
Earthquake Hazards Program Assistance	15.807		-	93,396
Total U.S. Geological Survey			-	93,396
Total Research and Development Cluster			22,000	1,198,414

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Federal Agency Pass Through Agency Federal Program Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Other Federal Programs:				
Department of Agriculture				
Pass Through Program:				
California State University, Chico Research Foundation				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program				
	10.561	SUB16-055	\$ -	\$ 5,426
Total Department of Agriculture				
			-	5,426
National Endowment For The Humanities				
Direct Program:				
Promotion of the Humanities Teaching and Learning Resources				
and Curriculum Development				
	45.162		-	21,691
Total National Endowment For The Humanities				
			-	21,691
National Science Foundation				
Direct Program:				
Education and Human Resources				
	47.076		137,738	475,073
Total National Science Foundation				
			137,738	475,073
U.S. Department of Education				
Direct Programs:				
Higher Education Institutional Aid				
	84.031		-	460,325
TRIO Student Support Services				
	84.042		-	565,691
Fund for the Improvement of Education				
	84.215		1,809,612	2,393,582
English Language Acquisition State Grants				
	84.365		-	533,800
Strengthening Minority-Serving Institutions				
	84.382		-	405,755
Pass Through Programs:				
California Department of Rehabilitation				
Rehabilitation Services Vocational Rehabilitation Grants to States				
	84.126	29146	-	88,537
Alameda County Office of Education				
Mathematics and Science Partnerships				
	84.366	S366B14005	-	248,205
UC Office of the President				
Supporting Effective Instruction State Grant (formerly Improving				
Teacher Quality State Grants)				
	84.367	NCLB12-CSP-EAST BAY	-	7,157
	84.367	NCLB13-CSP-EAST BAY	-	19,865
California Department of Education				
Supporting Effective Instruction State Grant (formerly Improving				
Teacher Quality State Grants)				
	84.367	15-15196-A662-00	98,865	165,894
	84.367	16-15196-A662-00	49,432	124,793
Total U.S. Department of Education				
			1,957,909	5,013,604
U.S. Department of Health and Human Services				
Pass Through Programs:				
University of California, San Francisco				
Advanced Nursing Education Grant Program				
	93.247	8489sc	-	4,500
Regents of the University of California, Berkeley				
Foster Care Title IV-E				
	93.658	00008872	-	(4,605)
Foster Care Title IV-E				
	93.658	00009241	-	1,167,758
Total U.S. Department of Health and Human Services				
			-	1,167,653
Total Other Federal Programs			<u>2,095,647</u>	<u>6,683,447</u>
Total Federal Expenditures			<u>\$ 2,117,647</u>	<u>\$ 7,881,861</u>

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

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), under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Office of Management and Budget Circular 21, *Cost Principles for Institutions of Higher Education*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Foundation has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

The Foundation passes certain federal awards received from National Science Foundation and U.S. Department of Education to other governments or not-for-profit agencies (subrecipients). The Foundation reports expenditures of Federal awards to subrecipients on an accrual basis.

NOTE 5 NATIONAL SCIENCE FOUNDATION GRANTS

According to the National Science Foundation's Proposal and Award Policies and Procedures Guide (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.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____yes x no
 - Significant deficiency(ies) identified? _____yes x none reported
3. Noncompliance material to financial statements noted? _____yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____yes x no
 - Significant deficiency(ies) identified? _____yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes x no

Identification of Major Federal Programs

CFDA Number(s)

84.215

Name of Federal Program or Cluster

Fund for the Improvement of Education

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____no

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

The prior year single audit disclosed no findings or questioned costs in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior year's Summary Schedule of Prior Year Audit Findings.