CALIFORNIA STATE UNIVERSITY, LONG BEACH FOUNDATION

Internal Control and Compliance Reports
June 30, 2011

CONTENTS

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* 1-2

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 3-5

Schedule of Expenditures of Federal Awards 6-15

Note to the Schedule of Expenditures of Federal Awards 16

Schedule of Findings and Questioned Costs 17

Schedule of Prior Audit Findings and Questioned Costs 18

FEDERAL ID #95-6106694

WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants
EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

Mailing Address:
Post Office Box 87
Long Beach, CA 90801-0087

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Los Angeles
Torrance

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, 2011, and have issued our report thereon dated September 22, 2011. 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.

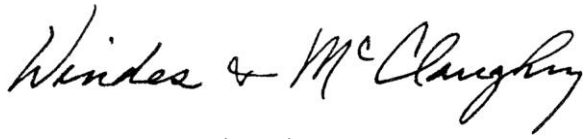
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

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 above.

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 22, 2011

WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants
EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

Mailing Address:
Post Office Box 87
Long Beach, CA 90801-0087

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Los Angeles
Torrance

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 Foundation:

Compliance

We have audited California State University, Long Beach 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 Foundation's major federal programs for the year ended June 30, 2011. 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, 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 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, 2011.

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.

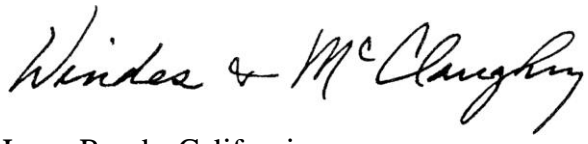
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2011, and have issued our report thereon dated September 22, 2011 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 information 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.



Long Beach, California
September 22, 2011

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
RESEARCH AND DEVELOPMENT – CLUSTER:			
U. S. Department of Agriculture			
Agricultural Research, Special			
Pass Through:			
University of Alabama-Huntsville	10.200	$ 43,343	
Agricultural Research	10.206	13,228	
Cooperative State Research	10.223	166,611	
AG & Food Research Initiative	10.310	79,870	$ 2,902
U.S. Department of Commerce			
Foreign-Trade Zones in the United States			
Pass Through:			
Battelle Energy Alliance, LLC	11.111	65,739	
Sea Grant Support			
Pass Through:			
University of California - San Diego	11.417	15,761	
University of California - San Diego	11.417	28,265	
Oregon State University	11.417	19,929	
University of Southern California	11.417	15,913	
Habitat Conservation Coastal Services Center			
Pass Through:			
National Fish & Wildlife Foundation	11.463	46,492	
Measurement & Engineering RSRC	11.609	500	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(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 Defense			
Strategic Mobility	12.unknown	294,292	173,704
Missile Defense Agency			
Han Ignition Characterization	12.HQ000607C009	482	
Basic and Applied Scientific Research	12.300	2,625,308	1,217,325
Basic Applied and Advanced Research in Science and Engineering	12.630	237,732	
Pass Through:			
Garvey Spacecraft Corporation	12.800	50,108	
Advanced Biomaterials			
Pass Through:			
Profusa, Inc.	12.910	20,020	
U.S. Department of the Interior			
Earthquake Hazards Reduction Program			
Pass Through:			
University of Southern California	15.807	17,245	
Barred Sandbass Tracking	15.07368310	14,558	
Monitoring Wetlands	15.07378511	38,281	
U.S. Department of Transportation			
University Transportation Centers Program	20.200	262,651	115,070
University Transportation Centers Program			
Pass Through:			
Tides Foundation	20.701	1,477	
University of Southern California	20.701	275,162	
Federal Rail Administration			
ECCO Manufacturability	20.DTFR54-09-G-0029	92,396	29,764

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):			
NASA, AMES Research Center			
Technology Utilization	43.002	1,285,512	504,582
Pass Through:			
Garvey Spacecraft Corporation	43.002	49,837	
NASA Learning Experience	43.07381011	3,451	
National Endowment for the Humanities			
Promotion of the Humanities	45.160	50,400	
National Science Foundation			
Engineering Grants	47.041	62,270	
Pass Through:			
Regents of University of Colorado	47.041	2,612	
Mathematical and Physical Sciences	47.049	250,303	
Pass Through:			
University of California, Riverside	47.049	9,983	
Geosciences	47.050	350,483	
Biological Sciences	47.074	177,749	
Pass Through:			
Pennsylvania State University	47.074	7,921	
University of Missouri, Columbia	47.074	185,949	
Social, Behavioral, and Economic Sciences	47.075	9,198	
Education and Human Resources	47.076	57,650	
Education and Human Resources			
Pass Through:			
Chancellor's Office California Community College	47.076	15,991	
Pennsylvania State University	47.076	48,975	
International Science and Engineering	47.079	1,342	
NSF ARRA Research Support	47.082	332,960	
Physics Teacher Education	47.07372610	68,549	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):			
Veteran's Administration			
Comprehensive End of Life	64.07354910	24,950	
Environmental Protection Agency			
White Croaker Along Palos Verde	66.0736471	169,886	
Department of Energy			
Office of Science Financial Assistance	81.049	93,655	21,692
Renewable Energy Research and Development - ARRA	81.087	168,258	42,004
Fossil Energy Research and Development – ARRA	81.089	3,759	
Alpha Radiolysis of Nuclear	81.07372810	229,207	79,662
U. S. Department of Education			
Fund for the Improvement of Postsecondary Education			
Pass Through:			
North Orange County Community College District	84.031	46,543	
Improvement Postsecondary Education	84.116	120,163	
Pass Through:			
Kennesaw State University	84.116	5,557	
Education Research, Development and Dissemination	84.305	5,286	
Pass Through:			
University of Houston	84.305	70,107	
Improving Teacher Quality State Grants			
Pass Through:			
California Postsecondary Education Commission	84.367	563,306	382,665

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
RESEARCH AND DEVELOPMENT – CLUSTER (CONTINUED):			
National Institutes of Health			
Technological and Logistical Support	93.07356810	130,110	
Best Practices Planning Committee	93.07359409	3,324	
HIV/AIDS Townhall Meeting	93.07377111	70,366	
U. S. Department of Health and Human Services			
Mental Health Research Grants	93.242	3,219	
Pass Through:			
Behavioral Assessment, Inc.	93.242	96	
Substance Abuse and Mental Health			
Pass Through:			
Substance Abuse Foundation	93.243	296,184	
Drug Abuse Research Program	93.279	259,697	
Minority Health & Health Disparities	93.307	921,792	
Academic Research Enhancement Award	93.390	10,783	
Trans-NIH Recovery Act Research Support – ARRA			
Pass Through:			
University of Miami	93.701	26,797	
Biomedical Research and Research Training	93.859	996,981	
Population Research	93.864	276,796	92,975
Pass Through:			
University of California Los Angeles	93.864	21,128	
Child Health and Human Development			
Extramural Research	93.865	164,439	30,417
Aging Research	93.866	73,921	
Specialty Selected Health Projects	93.888	166,644	
Family & Community Violence Prevention	93.910	441,866	114,741
HIV Prevention Activities	93.940	225,883	6,850

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(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 (Continued)			
Centers for Homeland Security			
Pass Through:			
University of Southern California	97.061	24,707	
Scholars and Fellows, and Educational Programs			
Pass Through:			
Oak Ridge Institution – Science & Education	97.062	28,302	
TOTAL RESEARCH AND DEVELOPMENT		13,040,210	2,814,353
OTHER PROGRAMS:			
U. S. Department of Agriculture			
Hispanic Serving Institutions Education Grants	10.223	73	
Summer Food Service Program for Children			
Pass Through:			
California Department of Education	10.559	11,728	
U.S. Department of Defense			
National Flagship Language Program			
Pass Through:			
Institute of International Education	12.550	968,077	819,909
Congressionally Directed Assistance	12.599	647,377	311,937
Basic Applied & Advanced Research in Science			
Pass Through:			
California State University, San Bernardino Foundation	12.630	56,534	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
U.S. Department of Housing and Urban Development			
Hispanic-Serving Institutions Assisting Communities	14.514	114,371	22,085
U.S. Department of Labor			
Workforce Investment Act Adult Program			
Pass Through:			
City of Long Beach	17.258	1,169	
Workforce Investment Act (ACT) – Youth Activities			
Pass Through:			
City of Long Beach	17.259	87,403	
Veterans' Employment Program			
Pass Through:			
City of Long Beach	17.802	4,610	
U.S. Department of Transportation			
Highway Training and Education			
Pass Through:			
California Transit	20.215	55,036	
University Transportation Centers Program			
Pass Through:			
University of Southern California	20.701	336,465	
National Aeronautics and Space Administration			
Aerospace Education Services Program	43.001	11,875	
Pass Through:			
University of California, San Diego	43.001	10,000	
Research Grant for Space Program	43.0737100	17,818	
Institute of Museum and Library Services			
Museums for America	45.301	99,938	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
National Science Foundation			
Education and Human Resources	47.076	173,601	
Pass Through:			
University of California, Office of President	47.076	16,750	
Wright State University	47.076	27,893	
University Enterprise Incorporated	47.076	57,399	
California State University, Fresno Foundation	47.076	175,917	
U.S. Department of Veterans Affairs			
Veterans Nursing Home Care			
Pass Through:			
Long Beach Veterans Administration	64.010	544,479	
U.S. Department of Education			
Strengthening Student Access	84.031	630,280	
Student Support Services	84.042	497,649	
Talent Search	84.044	712,331	
Upward Bound	84.047	1,029,816	
TRIO-Educational Opportunity Center	84.066	218,635	
Migrant Education	84.149	417,690	
Magnet School Assistance Program			
Pass Through:			
ABC Unified School District	84.165	2,500	
Bilingual Education – Professional Development	84.195	274,956	500
McNair Post-Baccalaureate Achievement	84.217	252,336	
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	245,971	
Transition to Teaching Program	84.350	216,735	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
U.S. Department of Education (Continued)			
Incarcerated Youth Offenders			
Pass Through:			
California Department of Corrections	84.331	268,637	212,750
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass Through:			
Bellflower Unified School District	84.334	62,888	
Long Beach Unified School District	84.334	140,988	
California State University Fullerton Foundation	84.334	2,136	
Improving Teacher Quality State Grants			
Pass Through:			
University of California, Office of President	84.367	59,945	
Postsecondary Education Commission, California	84.367	168,183	
College Access Challenge Grant			
Pass Through:			
California Student Aid Commission	84.378	334,554	

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Subrecipients
OTHER PROGRAMS (CONTINUED):			
U.S. Department of Health and Human Services			
Mental Health Research Grant	93.242	202,277	
Substance Abuse & Mental Health	93.243	104,454	
Mental Health National Research Service Awards for Research Training	93.282	25,756	
Advanced Nurse Education	93.358	91,835	
Foster Care - Title IV-E			
Pass Through:			
Children/Family Services, LA County	93.658	1,708,888	
University of California Berkeley	93.658	2,181,196	
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	2,862	
Biomedical Research and Research Training	93.859	409,482	
HIV Prevention Activities			
Pass Through:			
Department of Health Services, LA County	93.940	271,199	
Maternal and Child Health Services Block Grant to the States			
Pass Through:			
California Department of Health Services	93.994	4,173	
Corporation for National and Community Services			
Americorps, ARRA Recovery			
Pass Through:			
California Volunteers	94.006	23,611	
U.S. Department of Homeland Security			
State Homeland Security Program			
Pass Through:			
California State University, Chancellor's Office	97.073	20,630	
TOTAL OTHER PROGRAMS		14,001,106	1,367,181
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 27,041,316	$ 4,181,534

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

NOTE TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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.

CALIFORNIA STATE UNIVERSITY,
LONG BEACH FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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: Research and development cluster with various CFDA numbers and Congressionally Directed Assistance - CFDA #12.599.

6. Dollar threshold used to distinguish between type A and type B programs was $811,239.

7. Auditee qualified as low-risk auditee? – No

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CALIFORNIA STATE UNIVERSITY, LONG BEACH FOUNDATION

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINANCIAL STATEMENTS FINDINGS

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

During the fiscal year ended June 30, 2010 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.

Current Year Status

The Foundation has amended its 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. No errors were noted in the current year audit and finding is deemed resolved.