

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

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2019**





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

### **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*.

### **California State University, East Bay Foundation, Inc.'s Response to Finding**

California State University, East Bay Foundation, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. California State University, East Bay Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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**

Glendora, California  
September 9, 2019



***Opinion on Each 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 programs for the year ended June 30, 2019.

**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.

**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, 2019, 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 9, 2019, 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 a1 b á





**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 YEAR ENDED JUNE 30, 2019**

Federal Agency Pass Through Agency Federal Program Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Other Federal Programs:</b>				
1DWLRQDO (QGRZPHQW )RU 7KH +XPDQLWLHV 'LUHFW 3URJUDP 3URPRWLRQ RI WKH +XPDQLWLHV 7H & KULQJF DQG GP/HDYHOLRQSP 5HQWR XUFHV DQG 7RWDO 1DWLRQDO (QGRZPHQW )RU 7KH +XPDQLWLHV			1	\$
1DWLRQDO 6FLHQFH )RXQGDWLRQ 'LUHFW 3URJUDP (GXFDWLRQ DQG +XPDQ 5HVRXUFHV 3DVV 7KURXJK 3URJUDP (GXFDWLRQ DQG +XPDQ 5HVRXUFHV 7RWDO 1DWLRQDO 6FLHQFH )RXQGDWLRQ			1	\$
8 6 'HSDUWPHQW RI \$JULFXOWXUH 3DVV 7KURXJK 3URJUDP &DOLIRUQLD 6WDWH 8QLYHUVLW\ &KLF 5HVDUFK )RXQGDWLRQ				



**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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***Section II – Financial Statement Findings***

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**2019-001 RESTATEMENT OF NET POSITION**

**Condition:** Net position has been restated to recognize a deferred outflow of resources at June 30, 2018 resulting from a change in assumptions as reported by CalPERS in its GASB 68 Accounting Valuation Report. The change was a reduction in the discount rate from 7.65% to 7.15%. This change in assumptions results in an increase to the Foundation's net position.

**Criteria:** GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* the Foundation determines the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position on the same basis as they are reported by the California Public Employees' Retirement Systems (CalPERS) Financial Office of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C).

**Cause:** There was an error in the underlying schedule prepared by management used to create the accounting entries required by GASB Statement No. 68. Net position has been restated to recognize a deferred outflow of resources at June 30, 2018 resulting from a change in assumptions as reported by CalPERS in its GASB No. 68 Accounting Valuation Report. The change was a reduction in the discount rate from 7.65% to 7.15%. This change in assumptions results in an increase to the Foundation's net position.

**Effect:** Beginning net position at June 30, 2018 was increased by approximately \$800,000.

**Recommendation:** We recommend the Foundation evaluate methodologies reviewing the accuracy of estimates.

**Management's Response:** Management concurs with the recommendation and will review methodologies for reviewing estimates for accuracy.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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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, 2019**

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.