

Cal Poly Pomona Foundation, Inc.

Single Audit Report

Year Ended June 30, 2022



CAL POLY POMONA FOUNDATION, INC.

Single Audit Report

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of
Cal Poly Pomona Foundation, Inc.

Report on the Schedule of Expenditures of Federal Awards

Opinion

We have audited the accompanying schedule of expenditures of federal awards of Cal Poly Pomona Foundation, Inc. (a nonprofit organization referred to as the Foundation), for the year ended June 30, 2022 and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the Foundation for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Aldrich CPAs + Advisors LLP

San Diego, California
October 19, 2022

**INDEPENDENT AUDITOR'S 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 Audit Committee
Cal Poly Pomona Foundation, Inc.

We have audited, in accordance with the 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 major fund and aggregate remaining fund information of Cal Poly Pomona Foundation, Inc. (a nonprofit organization referred to as the Foundation), as of and for the year ended June 30, 2022, and the related notes to the financial statements; and have issued our report thereon dated October 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Report on Compliance and Other Matters,

As part of obtaining reasonable assurance about whether the Foundation'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*.

Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S 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*, CONTINUED

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 results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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.

Aldrich CPAs + Advisors LLP

San Diego, California
October 19, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Audit Committee
Cal Poly Pomona Foundation, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cal Poly Pomona Foundation's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cal Poly Pomona Foundation complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Aldrich CPAs + Advisors LLP

San Diego, California
October 19, 2022

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Research and Development Cluster				
<u>Department of Agriculture</u>				
Agricultural Research Basic and Applied Research	10.001		\$ -	10,529
Hispanic Serving Institutions Education Grants	10.223		12,228	202,224
Capacity Building for Non-Land Grant Colleges of Agriculture	10.326		-	7,943
Pass-through from California Department of Food and Agriculture Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG03	12,850	134,822
Pass-through from the Regents of the University of California Davis Organic Agriculture Research and Extension Initiative	10.307	NA	-	53,074
Specialty Crop Research Initiative	10.309		-	56,296
Pass-through from University of Arkansas Beginning Farmer and Rancher Development Program	10.311	20177001726836	-	1,444
Pass-through from The Regents of the University of California UCR Agriculture and Food Research (AFRI)	10.310		-	7,103
Pass-through from Cal Poly Corporation Higher-Education - Institution Challenge Grants Program	10.217		-	430
<i>Total Department of Agriculture</i>			25,078	473,865
<u>Department of Defense</u>				
Pass-through from Office of Naval Research Basic and Applied Scientific Research	12.300		-	225,852
Pass-through from United States Army Contracting Command Basic, Applied, and Advanced Research in Science and Engineering	12.630		-	324,225
<i>Total Department of Defense</i>			-	550,077
<u>Department of Energy</u>				
Pass-through from QuesTek Innovations LLC Office of Science Financial Assistance Program	81.049	NA	-	34,397
Pass-through from University of Cincinnati Nuclear Energy Research, Development and Demonstration	81.121	013271-002	-	38,283
<i>Total Department of Energy</i>			-	72,680
<u>Department of the Interior</u>				
Water Desalination Research and Development	15.506		-	42,011
SECURE Water Act - Research Agreements	15.560		-	51,672
Pass-through from University of California Santa Cruz: Bureau of Ocean Energy Management Environmental Studies	15.423	A19-0882-S004	-	51,200
<i>Total Department of the Interior</i>			-	144,883
<u>Department of Transportation</u>				
Pass-through from National Academy of Sciences Highway Research and Development Program	20.200		12,667	40,764
Pass-through from Ohio University Highway Planning and Construction	20.205		-	4,661
Pass-through from Colorado State University Legal Issues and Strategies for Best Value Procurement	XX.XXX		-	16,245
Pass-through from the State of California-Office of Traffic Safety: State and Community Highway Safety	20.616	0521-0890-002	-	229,224
<i>Total Department of Transportation</i>			12,667	290,894
<u>Department of Education</u>				
Title I state Agency Program for Neglected and Delinquent Children and Higher Education Institutional Aid	84.013		10,001	266,878
Child Care Access Means Parents in School	84.031		-	864,778
	84.335		-	359,450
<i>Total Department of Education</i>			10,001	1,491,106
<u>Department of Health and Human Services</u>				
Biomedical Research and Research Training	93.859		-	480,324
Pass-through from Wright State University Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R15NS099850	-	13,116
<i>Total Department of Health and Human Services</i>			-	493,440

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed-through to Subrecipients</i>	<i>Expenditures</i>
National Aeronautical and Space Administration				
Science	43.001		\$ -	\$ 128,733
Super Sonic Wind Tunnel Test	XX.XXX		-	19,170
Pass-through from Smithsonian Astrophysical Observatory:				
Science	43.001	GO0-21031X	-	29,766
Pass-through from Space Telescope Science Institute				
Science	43.001		-	19,789
Pass-through from Universities Space Research Association				
Science	43.001		-	28,519
Pass-through from Jet Propulsion Laboratory:				
Science	43.001	NA	-	12,970
<i>Total National Aeronautical and Space Administration</i>			-	<u>238,947</u>
National Science Foundation				
Engineering Grants	47.041		-	81,988
Mathematical and Physical Sciences	47.049		-	127,241
Geosciences	47.050		-	1,101
Computer and Information Science and Engineering	47.070		-	163,853
Biological Sciences	47.074		-	207,553
Social, Behavior, and Economic Sciences	47.075		-	21,502
Education and Human Resources	47.076		3,059	1,764,690
Office of International Science and Engineering	47.079		-	40,093
Pass-through from Dynalene Inc.				
Engineering Grants	47.041	1831220	-	43,501
Pass-through from The Regents of the University of California:				
Mathematical and Physical Sciences	47.049	Various	-	212,393
Pass-through from University Enterprises Inc.				
Education and Human Resources	47.076	Various	-	30,100
Pass-through from CSU Long Beach Research Foundation				
Education and Human Resources	47.076	SG225019100-CPP	-	20,164
Pass-through from East Los Angeles College				
Education and Human Resources	47.076	4500264742	-	948
<i>Total National Science Foundation</i>			<u>3,059</u>	<u>2,715,127</u>
Total Research and Development Cluster			50,805	6,471,019
SNAP Cluster				
<u>Department of Agriculture</u>				
Pass-through from CSU Chico				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7015	-	89,421
<i>Total Department of Agriculture</i>			-	<u>89,421</u>
Total SNAP Cluster			-	89,421
TRIO Cluster				
<u>Department of Education</u>				
TRIO_Student Support Services	84.042		-	711,934
TRIO_Talent Search	84.044		-	251,188
TRIO_Upward Bound	84.047		-	2,180,795
TRIO_McNair Post-Baccalaureate Achievement	84.217		-	224,140
<i>Total Department of Education</i>			-	<u>3,368,057</u>
Total TRIO Cluster			-	3,368,057

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
Other Programs				
<u>Department of Defense</u>				
Science, Technology, Engineering & Mathematics (STEM) Education, Pass-through from Office of Naval Research	12.330		\$	\$ 36,170
Basic and Applied Scientific Research	12.300	N00014-20-1-2172	-	69,240
<i>Total Department of Defense</i>			-	105,410
<u>Department of Education</u>				
Special Education: Personnel Development to Improve Services and Results for Children with Disabilities	84.325		-	295,143
Pass through from California Department of Corrections and Rehabilitation Fund for the Improvement of Postsecondary Education	84.013	C5609154	96,941	125,509
Pass through from San Jose State Research Foundation Department of Ed	84.116	P116F150012	-	12
Pass through from University of California, Office of the President Supporting Effective Instruction State Grants	84.367	NA	-	22,357
<i>Total Department of Education</i>			96,941	443,021
<u>Department of Interior</u>				
Pass-through from United States Geological Survey Earthquake Hazards Program Assistance	15.807	G20AP00057	-	8,945
<i>Total Department of Interior</i>			-	8,945
<u>Department of Transportation</u>				
Highway Training and Education	20.215	88A0122	-	43,370
<i>Total Department of Transportation</i>			-	43,370
<u>National Aeronautical and Space Administration</u>				
Pass-through from Universities Research Association Science	43.001		-	39,274
<i>Total National Aeronautical and Space Administration</i>			-	39,274
<u>National Endowment for the Humanities</u>				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162		-	(147)
<i>Total National Endowment for the Humanities</i>			-	(147)
<u>National Science Foundation</u>				
Pass-through from Whatcom Community College Education and Human Resources	47.076		-	84,800
<i>Total National Science Foundation</i>			-	84,800
<u>National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program</u>				
Pass-through from the Regents of the University of California Davis National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328		-	16,984
<i>Total National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program</i>			-	16,984
<u>Department of the Treasury</u>				
Pass-through from The University of Corporation at CSU Northridge Low Income Taxpayer Clinics	21.008		-	9,859
Pass-through from The University Corporation at CSU Northridge Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		-	12,341
<i>Total Department of the Treasury</i>			-	22,200
<u>Child and Adult Care Food Program</u>				
Pass-through from California Department of Education Child and Adult Food Program	10.558		-	9,478
<i>Total Child and Adult Food Program</i>			-	9,478
<u>Soil and Water Conservation</u>				
Soil and Water Conservation	10.902		-	26,980
<i>Total Soil and Water Conservation</i>			-	26,980

See independent auditor's report and notes to the schedule of expenditures of federal awards.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA (Assistance Listing) Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
<u>United States Forest Service</u>				
Pass-through from National Fish and Wildlife Foundation				
Developing Precision-Restoration for Post-Fire Restoration	XX.XXX	0805.19.064303	\$ -	\$ 21,352
Total Other Programs			<u>96,941</u>	<u>821,667</u>
Total Expenditures of Federal Awards			<u>\$ 147,746</u>	<u>\$ 10,750,164</u>

CAL POLY POMONA FOUNDATION, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cal Poly Pomona Foundation, Inc. and is presented on the accrual basis of accounting. 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).

Note 2 - Summary of Significant Accounting Policies

Cal Poly Pomona Foundation Inc. did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2 CFR section 200.414 Indirect Costs.

CAL POLY POMONA FOUNDATION, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	Yes
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	No
Material weakness(es) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster

Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee under the Uniform Guidance 2 CFR section 200.520	No

Section II – Financial Statement Findings

2022-001 – Significant Deficiency over Reconciliation of Year End Account Balances

Criteria:	Internal controls should include review and reconciliation procedures to identify and correct errors in the trial balance and to implement new accounting standards in a timely manner.
Condition:	Errors in ending account balances were identified during the course of the audit resulting in adjustments for the financial statements to be presented in accordance with generally accepted accounting principles. In addition, management did not timely begin the implementation process for GASB 87 which resulted in significant delays in the audit.

CAL POLY POMONA FOUNDATION, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Cause: Timely reconciliations were not performed over all trial balance accounts at year end. Implementation of GASB 87, *Leases*, took significantly more time than originally anticipated by management.

Effect: Journal entries were identified during the course of the audit which were necessary for the financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation: We recommend management implement internal control procedures to review and reconcile accounts at year end. We also recommend management timely implement any new GASB standards impacting financial reporting.

Views of responsible officials: Year-end procedures have been revised to help ensure that GASB changes are assessed and balances are reviewed for variances by two members of the Financial Services Management. Additional staff will also be trained by supervisors/management in audit preparation and incorporated into the process to aid in a smooth end of year close.

2022-002 – Significant Deficiency over Preparation of the SEFA

Criteria: Per the Uniform Grant Guidance section 200.302 “Financial management (b) The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.

Condition: There were 4 Research and Development (R&D) awards improperly classified in the SEFA as instructional. The total amount of expenditures was \$1,529,112 resulting in an understatement of R&D program expenditures.

Cause: When preparation of the SEFA occurred, classifications of grants by type were not compared to the prior year SEFA classifications or grant agreements.

Effect: This resulted in the audit team performing the major program determination twice to ensure that the major program selected remained appropriate and additional programs were not required to be selected.

Recommendation: We recommend management implement control procedures including management review and reconciliation procedures to ensure that the SEFA classifications are accurate.

Views of responsible officials: The Grants and Contracts Manager will be adding comparative review of the SEFA list to the year-end preparation process. Grants staff will also be reviewing the information on a periodic basis with ORSP personnel to ensure grant and contract details remain accurate.

Section III – Federal Award Findings and Questioned Costs

None

CAL POLY POMONA FOUNDATION, INC.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Section IV – Schedule of Prior Audit Findings

2021-001

Criteria: Per the Uniform Grant Guidance section 200.302 “Financial management. (b) The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.” Reconciliations of amounts receivable and deferred revenue must also be performed timely and in accordance with revenue recognition standards.

Condition: There were 6 awards for which expenditure amounts were not included in the SEFA provided by the client for audit. The total amount of expenditures was \$132,281. There were also 3 awards for which no CFDA or Assistance Listing number was included in the SEFA. The schedule provided by the client to reconcile grants receivable and deferred revenue did not reconcile to the trial balance or the SEFA and multiple versions of the reconciliation were provided until these errors were corrected.

Status: Management reconciled receivables and deferred revenue in fiscal year 2022. They did not, however, properly identify all federal awards by program. This finding has been repeated in the current fiscal year as finding 2022-002.

2021-002

Program: R&D Program

Criteria: Per Uniform Grant Guidance (2 CFR 200.430(i)) “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.” Management identified that the key control over allowable costs and activities is the approval of the program administrator.

Condition: From our sample of 96 employee records, 33 of the timesheets did not have approval of the program administrator. All of the timesheets, except 1, had documented approval, it was just not by the program administrator. One timesheet in our selection did not have any documented approval.

Status: Management has implemented necessary controls over allowable costs and activities. This finding has been corrected.

CAL POLY POMONA FOUNDATION, INC.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

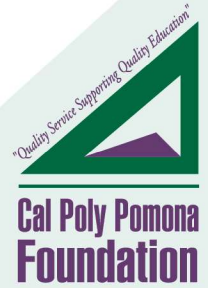
2021-003

Program: R&D Program

Criteria: Per the Uniform Grant Guidance (2 CFR 200.313(d)(2)) "A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years."

Condition: A physical inventory of equipment has not been taken since 2018.

Status: A physical inventory of equipment was taken in fiscal year 2022. This finding has been corrected.



October 7, 2022

Corrective Action Plan Response on Single Audit in accordance with Uniform Guidance 2 CFR 200 and the Schedule of Expenditures of Federal Awards of Cal Poly Pomona Foundation, Inc.

Fiscal Year ended June 30, 2022

Financial Statement Findings (Section II):

2022-001 Significant Deficiency over Reconciliation of Year End Account Balances

Recommendation: We recommend management implement internal control procedures to review and reconcile accounts at year end. We also recommend management timely implement any new GASB standards impacting financial reporting.

Action Taken: The Foundation has updated year-end procedures to ensure that GASB changes are assessed and balances are reviewed for variances by two members of management in the Financial Services department. Steps have also been taken to ensure additional staff are trained by those involved in year-end and audit preparation.

2022-002 Significant Deficiency over Preparation of the SEFA

Recommendation: We recommend management implement control procedures including management review and reconciliation procedures to ensure that the SEFA classifications are accurate.

Action Taken: Management has taken necessary action to ensure comparative review of the SEFA list is completed on an annual basis and in preparation for the audit. In addition, Grants and Contracts staff will also review the information on a periodic basis with the Office of Research and Sponsored Projects to ensure collective accuracy.

For further information or questions, you can reach out to me at (909) 869-2950 or jmathew@cpp.edu.

Sincerely,

Joanne Mathew
Director of Financial Services/
Chief Financial Officer

CC: Jared Ceja, Executive Director/Chief Executive Officer
Andy Maffia, Aldrich CPAs + Advisors, LLP