

# Cal Poly Pomona Foundation, Inc.

Single Audit Report

Year Ended June 30, 2020



**CAL POLY POMONA FOUNDATION, INC.**

**Single Audit Report**

Year Ended June 30, 2020

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of Cal Poly Pomona Foundation, Inc. (a nonprofit organization), for the year ended June 30, 2020 and the related notes (the financial statement).

### Management's Responsibility

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.

### Auditors' Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. 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; 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 the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the expenditures of federal awards of Cal Poly Pomona Foundation, Inc. for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 21, 2020

**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**

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 Cal Poly Pomona Foundation, Inc. (a nonprofit organization) (the Foundation), which are comprised of the statement of net position as of June 30, 2020, the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements; and have issued our report thereon dated September 21, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances 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 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be material weaknesses.

**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*.

**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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*  
San Diego, California  
September 21, 2020

**INDEPENDENT AUDITORS' 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**

We have audited Cal Poly Pomona Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cal Poly Pomona Foundation, Inc.'s major federal programs for the year ended June 30, 2020. Cal Poly Pomona Foundation, Inc.'s major federal programs are 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 each of Cal Poly Pomona Foundation, Inc.'s major federal programs 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 about Cal Poly Pomona Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cal Poly Pomona Foundation, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Cal Poly Pomona 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 each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

Management of Cal Poly Pomona 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 Cal Poly Pomona Foundation Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Cal Poly Pomona Foundation Inc.'s internal control over compliance.

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

*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. 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 Grant Guidance. Accordingly, this report is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 21, 2020

**CAL POLY POMONA FOUNDATION, INC.**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
<b><u>Research and Development Cluster</u></b>				
<b><u>United States Department of Agriculture</u></b>				
Agricultural Research Basic and Applied Research	10.001	-	\$ -	\$ 11,112
Capacity Building for Non-Land Grant Colleges of Agriculture	10.326	-	-	66,914
Hispanic Serving Institutions Education Grants	10.223	-	-	901
Pass-through from California Department of Food and Agriculture: Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG03	18,999	116,197
Pass-through from Board of Trustees of the University of Arkansas: Integrated Programs	10.303	2015-51106-23966	-	2,608
Pass-through from The Regents of the University of California: Specialty Crop Research Initiative	10.309	2015-51181-24283	-	124,583
Pass-through from University of Arkansas: Beginning Farmer and Rancher Development Program	10.311	20177001726836	-	4,242
<i>Total United States Department of Agriculture</i>			18,999	326,557
<b><u>Department of Commerce</u></b>				
Pass-through from Colorado State University: Arrangements for Interdisciplinary Research Infrastructure	11.619	70NANB15H044	-	26,821
<i>Total Department of Commerce</i>			-	26,821
<b><u>Department of Defense</u></b>				
Pass-through from Steel Founders' Society of America: Machining of FeMnAl Steel	12.357	2017-111	-	5,340
<i>Total Department of Defense</i>			-	5,340
<b><u>Department of Energy</u></b>				
Pass-through from QuesTek Innovations LLC: Office of Science Financial Assistance Program	81.049	DE-SC0020605	-	2,336
<i>Total Department of Energy</i>			-	2,336
<b><u>Department of the Interior</u></b>				
Water Desalination Research and Development	15.506	-	-	114
SECURE Water Act - Research Agreements	15.560	-	-	39,715
Pass-through from University of California Santa Cruz: Bureau of Ocean Energy Management Environmental Studies	15.423	M15AC00007	-	56,604
Pass-through from Metropolitan Water District of Southern California: Water Conservation Field Services (WCFS)	15.530	191246	-	9,034
<i>Total Department of the Interior</i>			-	105,467
<b><u>Department of Transportation</u></b>				
Pass-through from Auburn University: Highway Research and Development Program	20.200	DTFH6113H00024	-	35,139
Pass-through from the State of California-Office of Traffic Safety: National Priority Safety Programs	20.616	0521-0890-002	-	244,048
<i>Total Department of Transportation</i>			-	279,187
<b><u>National Aeronautical and Space Administration</u></b>				
Pass-through from Smithsonian Astrophysical Observatory: Science	43.001	NAS8-03060	-	13,690
Pass-through from Jet Propulsion Laboratory: Science	43.001	Various	-	7,520
<i>Total National Aeronautical and Space Administration</i>			-	21,210

**CAL POLY POMONA FOUNDATION, INC.**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
<u>National Science Foundation</u>				
Engineering Grants	47.041	-	-	89,664
Mathematical and Physical Sciences	47.049	-	-	304,135
Geosciences	47.050	-	-	7,578
Computer and Information Science and Engineering	47.070	-	-	351,039
Education and Human Resources	47.076	-	-	1,666,839
Office of International Science and Engineering	47.079	-	-	56,454
Engineering Grants	47.041	1831220	-	56,504
Mathematical and Physical Sciences	47.049	1636646	-	346,349
Pass-through from University of Washington:				
Education and Human Resources	47.076	DUE-1741863	27,353	27,353
Pass-through from BSCS:				
Education and Human Resources	47.076	DRL-1321242	54,566	54,566
Pass-through from San Diego State University Research Foundation:				
Office of International Science and Engineering	47.079	1827251	-	3,905
<i>Total National Science Foundation</i>			81,919	2,964,386
<u>Department of Education</u>				
Higher Education Institutional Aid	84.031	-	-	807,997
Child Care Access Means Parents in School	84.335	-	-	16,369
Pass-through from University Enterprises Corporation at CSUSB:				
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411	P335A190338	-	101,954
<i>Total Department of Education</i>			-	926,320
<u>Department of Health and Human Services</u>				
Pass-through from Wright State University:				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.583	R15NS099850	-	37,945
Pass-through from Molecular Express, Inc.:				
Allergy and Infectious Diseases Research	93.855	Various	-	9,761
Pass-through from National Institute of Health:				
Biomedical Research and Research Training	93.859	Various	-	819,478
<i>Total Department of Health and Human Services</i>			-	867,184
<b><i>Total Research and Development Cluster</i></b>			-	5,524,808
<b>TRIO Cluster</b>				
<u>Department of Education</u>				
TRIO_Student Support Services	84.042	-	-	821,305
TRIO_Talent Search	84.044	-	-	310,225
TRIO_Upward Bound	84.047	-	-	2,079,656
TRIO_McNair Post-Baccalaureate Achievement	84.217	-	-	245,467
<i>Total Department of Education</i>			-	3,456,653
<b><i>Total TRIO Cluster</i></b>			-	3,456,653
<b>Other Programs</b>				
<u>United States Department of Agriculture</u>				
Pass-through from National Fish and Wildlife Foundation:				
Developing Precision-Restoration for Post-Fire Restoration		0805.19.064303	-	23,697
Pass-through from California Department of Education:				
Child and Adult Care Food Program	10.558	N/A	-	25,505
Pass-through from Cal State University, Chico:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	18-7015	-	54,484
<i>Total United States Department of Agriculture</i>			-	103,686
<u>Department of Defense</u>				
Pass-through from Office of Naval Research:				
Basic and Applied Scientific Research	12.300	N00014-20-1-2172	-	19,268
<i>Total Department of Defense</i>			-	19,268



**CAL POLY POMONA FOUNDATION, INC.**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Number</i>	<i>Passed- through to Subrecipients</i>	<i>Expenditures</i>
<u>Department of the Interior</u>				
Pass through from United States Geological Survey: Earthquake Hazards Program Assistance	15.807	G20AP00057	-	13,029
<i>Total Department of the Interior</i>			-	13,029
<u>Department of Education</u>				
Special Education: Personnel Development to Improve Services and Results for Children with Disabilities	84.325	-	-	237,959
Pass-through from California Department of Corrections and Rehabilitation: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	C5609154	-	18,814
Pass through from San Jose State Research Foundation: Fund for the Improvement of Postsecondary Education	84.116	P116F150012	-	55,111
Pass through from University of California, Office of the President: Supporting Effective Instruction State Grants	84.367	S367A180005	-	25,141
<i>Total Department of Education</i>			-	337,025
<u>National Endowment for the Humanities</u>				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	-	-	46,948
<i>Total National Endowment for the Humanities</i>			-	46,948
<u>Department of Health and Human Services</u>				
Pass-through from California Department of Education: Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-9068	-	61,571
<i>Total Department of Health and Human Services</i>			-	61,571
<b><i>Total Other Programs</i></b>			-	581,527
<b><i>Total Expenditures of Federal Awards</i></b>			\$ 100,918	\$ 9,562,988

**CAL POLY POMONA FOUNDATION, INC.**

**Notes to Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2020

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**(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).

**(2) Summary of Significant Accounting Policies**

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

Negative amounts reflected in the schedule represent adjustments or credits resulting from the normal course of business to amounts reported as expenditures in prior years.

**CAL POLY POMONA FOUNDATION, INC.**  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2020

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Type of auditors' 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	TRIO 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	Yes

**CAL POLY POMONA FOUNDATION, INC.**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2020

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**Section II - Financial Statement Findings**

**2020-001**

Criteria: Management should have controls in place over cash disbursements that prevent misappropriation of assets to the greatest extent possible.

Condition: During the fiscal year, a series of events occurred that made the accounting department aware of fiscal impropriety occurring within an enterprise unit of the Foundation. After appropriate investigations, it was concluded that material amount of misappropriation of assets took place over a span of time. There were significant internal control weaknesses that allowed for this material misappropriation of assets to occur. These internal control weaknesses largely related to the ability of an enterprise manager to sign off on AP Check Listings and enter check runs into the system, but also related to the employee's ability to create vendors in the accounting system from when this employee worked in a different department.

Questioned Costs: None

Context: The controls were deficient over the course of a span of time such that material misappropriation of assets took place by the employee.

Effect: This is considered to be material weakness in internal control over financial reporting.

Recommendation: We recommend various controls be implemented across enterprise units to prevent this from occurring again. This recommendation includes requiring that vendor record forms be created and completed prior to setting up any new vendor. This form should be signed by two individuals from the department as well as the accounting staff who create the vendor. We also recommend that the AP department should review all permissions and determine if there are any individuals that have both signature authority as an enterprise unit department manager and access to enter amounts into the accounting system. If any employees are identified with both permissions, one of those permissions should be removed. Furthermore, with each check run, the AP staff should verify that only those who do not have accounting system access are approving the AP Check Listing Report within the enterprise units. Any listings approved by the person who entered the information in the system should be returned to the director of the department. Finally, the Foundation should consider requiring a more detailed budget to actual review of the income statement activity periodically throughout the year.

Response: Management concurs with the recommendations provided. Controls over cash disbursements have been reviewed and updated, accordingly, to reduce the risk of misappropriation of assets.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**CAL POLY POMONA FOUNDATION, INC.**

**Schedule of Prior Year Findings**

Year Ended June 30, 2020

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**Section IV - Schedule of Prior Year Findings**

None reported.