

**University Corporation at Monterey Bay**

**Federal Awards**

**Reports and Schedule**

**Year Ended June 30, 2017**

**University Corporation at Monterey Bay  
Federal Awards  
Reports & Schedule  
Year Ended June 30, 2017**

**Table of Contents**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	3-4
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards	8-11
Note to Schedule of Expenditures of Federal Awards	12
Schedule of Findings and Questioned Costs	13-14
Status of Prior Year Findings and Questioned Costs – June 30, 2016	15



**Independent Auditors' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of net position and related statements of revenues, expenses and changes in net position and cash flows of University Corporation at Monterey Bay (the Corporation), a component unit of California State University, Monterey Bay, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 12, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California  
Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

*Glenn Burdette Attest Corporation*

Glenn Burdette Attest Corporation  
San Luis Obispo, California

September 12, 2017



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California

**Report on Compliance for Each Major Federal Program**

We have audited University Corporation at Monterey Bay's (the Corporation), a component unit of California State University, Monterey Bay, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2017. The Corporation'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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Corporation'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 the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Corporation 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the Corporation 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 the Corporation'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 the Corporation'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 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 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.

University Corporation at Monterey Bay  
Board of Directors  
Seaside, California  
Page 3

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 Corporation as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements. We issued our report thereon dated September 12, 2017, which contained unmodified opinions on the financial statements. Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Glenn Burdette Attest Corporation*

Glenn Burdette Attest Corporation  
San Luis Obispo, California

September 12, 2017

**University Corporation at Monterey Bay  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>RESEARCH AND DEVELOPMENT (CLUSTER)</b>				
<b>Department of Agriculture:</b>				
Agriculture and Food Research Initiative				
Undergrad Research Plant Friends				
Pass through from Pennsylvania State University	10.310	5407-UCMB-USDA-5007	\$ 2,046	\$ -
Downy Mildew				
Pass through from Michigan State University	10.310	RC105883UCMB	79,618	
Subtotal			<u>81,664</u>	<u>-</u>
Specialty Crop Block Grant Program - Farm Bill				
Implementing rapid molecular diagnostic tools to detect Phytophthora cinnamomi in California	10.170	SCB16057	34,121	1,270
Evapotranspiration Decision Support Tools				
Pass through from CA Dept. of Food & Agriculture	10.170	CDFA #SC14030	203,434	59,742
Real-Time Irrigation Metrics for Improved Water Efficiency				
Pass through from Regents of the University of California, Davis	10.170	201502785	37,571	
Effectiveness Study				
Pass through from San Jose State University Research Foundation	10.170	22-1509-5384	33,417	
Subtotal			<u>308,543</u>	<u>61,012</u>
Capacity Building for Non-Land Grant Colleges of Agriculture	10.326		70,483	24,020
Subtotal Department of Agriculture			<u>460,690</u>	<u>85,032</u>
<b>Department of Commerce:</b>				
Sea Grant Support				
Filling the White Zone	11.417	A16-0285-A001-P0602843	3,544	
Climate Change and Rockfish				
Pass through from Regents of the University of California, San Diego	11.417	NA140AR4170075	7,908	
Development of a Prototype Community Risk Assessment Process for Shoreline Erosion Response Using Southern Monterey Bay				
Pass through from President and Fellows of Middlebury College	11.417	CSUMB1	882	
Subtotal			<u>12,334</u>	<u>-</u>
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program				
Bottom Trawling	11.427		85,447	
Educational Partnership Program				
NOAA Center for Coastal and Marine Ecosystems				
Pass through from Florida A&M University	11.481	C-4949	50,153	
Marine Sanctuary Program				
ONMS Project Support				
Pass through from National Marine Sanctuary Foundation	11.429	NMSF 2015-09-B-35	29,365	
Subtotal Department of Commerce			<u>177,299</u>	<u>-</u>
<b>Department of Defense:</b>				
Basic and Applied Scientific Research				
Pass through from Regents of the University of California, Santa Cruz				
San Clemente Island	12.300	UCSC #S0183950	2,335	
Subtotal Department of Defense			<u>2,335</u>	<u>-</u>
<b>United States Fish &amp; Wildlife:</b>				
Cooperative Research and Training Programs	15.945		584	
NPS - Predicting Yellowstone Bison Habitat Selection				
Subtotal United States Fish & Wildlife			<u>584</u>	<u>-</u>

See accompanying note to schedule of expenditures of federal awards.



**University Corporation at Monterey Bay  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017  
Page 2**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>National Aeronautics and Space Administration:</b>				
Science Programs				
NASA - Drone-Based Spectral Systems	43.001		\$ 25,602	\$ 6,000
Science Mission Operations by NSERC and Related Educational Activities				
Pass through from Bay Area Environmental Research (BAER) Institute	43.001	NNX12AD05A-CSUMB1	2,082,369	25,428
Integrated Monitoring and Forecasting				
Pass through from Conservation International	43.001	6000058	24,852	
Modular UAS Framework for Customizable Autonomy Research				
Pass through from Board of Trustees of the Leland Stanford Junior University	43.002	61076457-121163	48,985	
Using NASA Resources to Inform Climate and Land Use Adaptation				
Pass through from Montana State University	43.009	G221-12-W-3746	25,916	
<b>Subtotal National Aeronautics and Space Administration</b>			<b>2,207,724</b>	<b>31,428</b>
<b>Department of Housing and Urban Development:</b>				
Iran/America: Stories of the Journey to CA				
Pass through from California Humanities	45.129	COS15-475	7,679	
<b>Subtotal Department of Housing and Urban Development</b>			<b>7,679</b>	<b>-</b>
<b>National Science Foundation:</b>				
Geosciences:				
NSF - Polar Data	47.050		14,640	
NSF - ASPIRE	47.050		10,454	
Subtotal			<b>25,094</b>	<b>-</b>
Biological Sciences:				
NSF - From the Intertidal to the Ocean Deep	47.074		158,239	
NSF - Multiple Stressor Effects	47.074		51,277	
NSF - REU: From the Intertidal to the Deep Ocean	47.074		53,608	
Subtotal			<b>263,124</b>	<b>-</b>
<b>Subtotal National Science Foundation</b>			<b>288,218</b>	<b>-</b>
<b>Department of Education:</b>				
HSISTEM: Sobresaliendo con Tradiciones de Exito y Motivacion	84.031C	SG1391SUP_MB	12,821	
<b>Subtotal Department of Education</b>			<b>12,821</b>	<b>-</b>
<b>Department of Health and Human Services:</b>				
NIH - BD2K Innovative Research Education	93.310		122,139	
Salud a la Vida				
Pass through from California State University Long Beach Research Foundation	93.243	S177014100CSUMB	38,481	
<b>Subtotal Department of Health and Human Services</b>			<b>160,620</b>	<b>-</b>
<b>Total Research and Development Cluster</b>			<b>3,317,970</b>	<b>116,460</b>
<b>DEPARTMENT OF AGRICULTURE</b>				
Hispanic Serving Institutions Education Grants				
Improving Student Success	10.223		134,392	
Summer Food Service Program for Children				
Pass through from CA Department of Education	10.559	05381-SFSP-27	17,283	
<b>Subtotal Department of Agriculture</b>			<b>151,675</b>	<b>-</b>

See accompanying note to schedule of expenditures of federal awards.

**University Corporation at Monterey Bay  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017  
Page 3**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>DEPARTMENT OF COMMERCE</b>				
Marine Sanctuary Program				
NOAA - Building a Bridge Save the Whales	11.429		\$ 4,565	\$ -
Pass through from Save the Whale BWET	11.429	NA16NS4290047	15,476	
<b>Subtotal Department of Commerce</b>			<u>20,041</u>	<u>-</u>
<b>DEPARTMENT OF THE INTERIOR</b>				
Fish, Wildlife and Plant Conservation Resource Management				
BLM - Native Plant Materials Fort Ord National Monument Restoration	15.231		111,378	
Coastal				
BLM - Monterey State Beach Dune Restoration	15.630		37,406	
<b>Subtotal Department of the Interior</b>			<u>148,784</u>	<u>-</u>
<b>NATIONAL SCIENCE FOUNDATION</b>				
Education and Human Resources				
Monterey Computing Scholarship Program	47.076		76,150	
CSIT-in-3	47.076		122,420	19,904
NSF-CSU LSAMP Sr. Alliance 16-17				
Pass through from University Enterprises Inc.	47.076	523854	18,663	
<b>Subtotal National Science Foundation</b>			<u>217,233</u>	<u>19,904</u>
<b>SMALL BUSINESS ADMINISTRATION</b>				
Small Business Development Centers				
2016 SBDC				
Pass through from Regents of the University of California, Merced	59.037	F300GTA067	73,832	
2017 SBDC				
Pass through from Regents of the University of California, Merced	59.037	F300GUA075	72,470	
<b>Subtotal Small Business Administration</b>			<u>146,302</u>	<u>-</u>
<b>DEPARTMENT OF EDUCATION</b>				
Higher Education Institutional Aid				
HSI-STEM Articulation	84.031		797,541	
Research-based Interventions	84.031C		178,734	
HSI/STEM, 2015-16				
Pass through from Hartnell College	84.031	P031C11068	88,670	
Title V - Streamlined Pathways				
Pass through from Gavilan College	84.031S	P031S120075	68,937	
Subtotal			<u>1,133,882</u>	<u>-</u>
TRIO Student Support Services				
TRIO: Student Support Services	84.042A		252,546	
TRIO: SSS-STEM/HS	84.042A		231,687	
Subtotal			<u>484,233</u>	<u>-</u>
TRIO McNair Post-Baccalaureate Achievement				
TRIO: McNair Scholars	84.217A		159,589	
TRIO: Talent Search	84.044A		561,195	
TRIO: Upward Bound				
TRIO: Upward Bound Watsonville & Soledad	84.047A		346,629	
TRIO: Upward Bound No. Monterey Cty and Pajaro Valley	84.047A		279,283	
Subtotal			<u>625,912</u>	<u>-</u>
Subtotal			<u>1,830,929</u>	<u>-</u>
Migrant Education College Assistance Migrant Program	84.149A		404,128	

See accompanying note to schedule of expenditures of federal awards.

**University Corporation at Monterey Bay  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017  
Page 4**

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>DEPARTMENT OF EDUCATION – continued</b>				
Special Education Personnel Development to Improve Services & Results for Children with Disabilities				
Preparing School Psychologists	84.325K		\$ 256,583	\$
Preparing School Social Workers	84.325K		127,744	
Subtotal			<u>384,327</u>	<u>-</u>
Gaining Early Awareness and Readiness for Undergraduate Programs				
GEAR UP: Seaside/Salinas	84.334A		1,244,227	
GEAR UP: South County	84.334A		827,288	
Subtotal			<u>2,071,515</u>	<u>-</u>
Teacher Quality Partnership Grants				
El Camino Education Alliance	84.336S		1,284,329	370,161
Supporting Effective Instruction State Grants				
MBWLP-NCLB15-16				
Pass through from Regents of University of California, Office of President Monterey County Consortium for Mathematics Readiness	84.367	NCLB11-CWLP Monterey Bay	31,284	
Pass through from CA Dept. of Education	84.367B	16-15196-3071-00	117,840	
Subtotal			<u>149,124</u>	<u>-</u>
<b>Subtotal Department of Education</b>			<u>7,258,234</u>	<u>370,161</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Scholarships for Health Professions Students from Disadvantaged Backgrounds SWIPE in!	93.925		421,540	
Foster Care Title IV-E				
Pass through from Regents of University of California, Berkeley	93.658	00009236	118,262	
<b>Subtotal Department of Health and Human Services</b>			<u>539,802</u>	<u>-</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
AmeriCorps				
AmeriCorps VIP, 2015-16				
Pass through from Napa County Office of Education	94.006	N/A	8,604	
AmeriCorps VIP, 2016-17				
Pass through from Napa County Office of Education	94.006	N/A	84,259	
<b>Subtotal Corporation for National and Community Service</b>			<u>92,863</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 11,892,904</u>	<u>\$ 506,525</u>

See accompanying note to schedule of expenditures of federal awards.

**University Corporation at Monterey Bay**  
**Note to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the University Corporation at Monterey Bay (the Corporation) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial positions, changes in net assets, or cash flows of the Corporation.

**Note 2: Expenditures**

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*. The cost principles indicate that certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The Corporation has not elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather the rates established directly with the respective federal agencies.

**University Corporation at Monterey Bay  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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

***Financial Statements***

- (a) Type of auditors' report issued on financial statements: **Unmodified.**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **No.**
  - Significant deficiencies identified not considered to be material weaknesses: **None Reported.**
- (c) Noncompliance material to financial statements noted: **No.**

***Federal Awards***

- (d) Internal control over major programs:
- Material weakness(es) identified: **No.**
  - Significant deficiencies identified not considered to be material weaknesses: **None Reported.**
- (e) Type of auditors' report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a):  
**No.**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- (h) Major Programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.334	GEAR-UP
84.325	Special Education Personnel Development to Improve Services and Results for Children with Disabilities
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds

- (i) Auditee qualified as low-risk auditee: **Yes.**

**University Corporation at Monterey Bay**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2017**  
**Page 2**

**Section II - Findings Relating to the Financial Statements Which Are Required to be Reported in  
Accordance With *Government Auditing Standards***

We noted no findings in the current year.

**Section III - Findings and Questioned Costs for Federal Awards**

We noted no findings in the current year.

**University Corporation at Monterey Bay**  
**Status of Prior Year Findings and Questioned Costs – June 30, 2016**  
**Year Ended June 30, 2017**

We noted no findings in the prior year.