

**HUMBOLDT STATE UNIVERSITY
SPONSORED PROGRAMS FOUNDATION**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

**Including Schedules Prepared for
Inclusion in the Financial Statements of the
California State University**

June 30, 2011

With

Report of Certified Public Accountants

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

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June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Humboldt State University Sponsored Programs Foundation
Board of Directors
Arcata, California

We have audited the accompanying statement of financial position of Humboldt State University Sponsored Programs Foundation (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humboldt State University Sponsored Programs Foundation as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011, on our consideration of Humboldt State University Sponsored Programs Foundation's internal control over financial reporting and on our tests of its compliance with certain provision of laws regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of net assets, the schedule of revenues, expenses and changes in net assets, and other information (supplementary information on pages 23-32) are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hunter, Hunter & Hunt

September 30, 2011

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2011

Assets

Current assets	
Cash and cash equivalents	\$ 409,976
Restricted cash	19,688
Total cash	<u>429,664</u>
Deposits held in custody for other agencies	4,749,981
Accounts receivable (net of allowance of \$0)	4,015,075
Interest receivable	4,673
Prepaid expenses and other current assets	91,036
Total current assets	<u>9,290,429</u>
Long-term assets	
Stock	300
Investment in real estate	319,200
Property and equipment (net of accumulated depreciation of \$810,724)	1,658,199
Total long-term assets	<u>1,977,699</u>
Total assets	\$ <u><u>11,268,128</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 756,180
Accrued salaries and benefits payable	442,017
Accrued compensated absences - current portion	131,456
Refundable advances - current portion	2,121,156
Other current liabilities	18,060
Due to other agencies - current portion	4,601,201
Total current liabilities	<u>8,070,070</u>
Non-current liabilities	
Accrued compensated absences - non-current portion	14,843
Refundable advances - non-current portion	184,257
Other non-current liabilities	12,946
Due to other agencies - non-current portion	990,518
Total liabilities	<u>9,272,634</u>
Net assets	
Unrestricted - board designated	12,086
Unrestricted - other	1,670,539
Total unrestricted net assets	<u>1,682,625</u>
Temporarily restricted	312,869
Total net assets	<u>1,995,494</u>
Total liabilities and net assets	\$ <u><u>11,268,128</u></u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

STATEMENT OF ACTIVITIES

June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and gains			
Grants and contract revenue			
Federal	\$ 8,025,667	\$ 8,404	\$ 8,034,071
State	4,607,898	6,153	4,614,051
Local	250,933	-	250,933
Non-governmental	3,314,472	6,291	3,320,763
Total grant and contract revenue	<u>16,198,970</u>	<u>20,848</u>	<u>16,219,818</u>
Indirect cost revenue	1,583,253	-	1,583,253
Investment income	16,283	-	16,283
Rental income	34,644	-	34,644
Program revenue and service fees	58,519	-	58,519
Miscellaneous income	53,468	-	53,468
Total revenues and gains	<u>17,945,137</u>	<u>20,848</u>	<u>17,965,985</u>
Net transfers (to)/from other organizations [Note 6]	(260,995)	-	(260,995)
Net assets released from restrictions	150,512	(150,512)	-
Total revenues, gains, losses, and net assets transferred/released from restrictions	<u>17,834,654</u>	<u>(129,664)</u>	<u>17,704,990</u>
Expenses			
Salaries and benefits	8,075,183	-	8,075,183
Operating expense	1,668,455	-	1,668,455
Contractual services	3,998,469	-	3,998,469
Rent expense	46,022	-	46,022
Insurance expense	40,433	-	40,433
Equipment purchases	245,881	-	245,881
Scholarships and awards	245,554	-	245,554
Stipends	1,263,267	-	1,263,267
Other expenses	561,217	-	561,217
Indirect cost expense	1,434,069	-	1,434,069
Depreciation	165,370	-	165,370
Total expenses	<u>17,743,920</u>	<u>-</u>	<u>17,743,920</u>
Other Revenues (Expenses)			
Transfer of property to State of California	-	(212,738)	(212,738)
Recovery of bad debt	181,318	-	181,318
Total other revenues (expenses)	<u>181,318</u>	<u>(212,738)</u>	<u>(31,420)</u>
Change in net assets	<u>272,052</u>	<u>(342,402)</u>	<u>(70,350)</u>
Net assets at beginning of year, as previously stated	8,644,823	-	8,644,823
Reclassification of agency trust funds [Note 11]	(5,662,163)	(321,209)	(5,983,372)
Reclassification of beginning net assets [Note 11]	(1,572,087)	1,572,087	-
Restatement of beginning net assets [Note 11]	-	(595,607)	(595,607)
Net asset at beginning of year, restated	<u>1,410,573</u>	<u>655,271</u>	<u>2,065,844</u>
Net assets at end of year	<u>\$ 1,682,625</u>	<u>\$ 312,869</u>	<u>\$ 1,995,494</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

STATEMENT OF CASH FLOWS

June 30, 2011

Cash Flow From Operating Activities:	
Decrease in Net Assets	\$ (70,350)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	165,370
Transfer of property to State of California	212,738
(Increase) decrease in operating assets:	
Accounts receivable	385,501
Interest receivable	(4,673)
Other receivable	34,683
Other current assets	(66,422)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	1,169,508
Net cash provided by operating activities	<u>1,826,355</u>
Cash Flows From Investing Activities:	
Acquisition of property and equipment	
Purchase of equipment	<u>(25,965)</u>
Net cash used by investing activities	<u>(25,965)</u>
Net increase in cash and cash equivalents	1,800,390
Cash And Cash Equivalents, beginning of year	<u>(1,370,726)</u>
Cash And Cash Equivalents, end of year	\$ <u><u>429,664</u></u>
Cash and cash equivalents at beginning of year, as previously stated	\$ 3,666,752
Less deposits held in custody for other agencies	<u>(5,037,478)</u>
Cash and cash equivalents, Beginning of Year	\$ <u><u>(1,370,726)</u></u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Humboldt State University Sponsored Programs Foundation (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Organization

The Foundation is a nonprofit, tax-exempt corporation, incorporated in 1952 under the provisions of section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to administer grants from governmental and private agencies for research and other activities related to the programs of Humboldt State University (the University), and to accept donations and gifts on behalf of other campus agencies for any University-related use. The Foundation is an affiliated organization component unit of the University. As such, the Foundation's financial data will be included in the financial statements of the University.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all short-term, highly liquid investments, with a maturity date of not more than three months from the date of acquisition to be cash equivalents. At June 30, 2011, cash and cash equivalents consisted of cash in commercial checking and savings accounts.

Restricted Cash

Restricted cash consists of funds held in accordance with the agreement terms set forth in the entity's revolving line of credit. See Note 7.

Investments

Investments consist of stock and real estate that are held on behalf of other agencies related to the University.

Accounts Receivable

Accounts receivable primarily consists of billed and unbilled amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants.

The Foundation provides a reserve for uncollectible accounts that is based upon a review of outstanding receivables. Accounts receivable considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible. No reserve for uncollectible accounts was deemed necessary as of June 30, 2011.

Capital Assets

Capital assets in excess of \$5,000 are recorded at cost, if purchased, or at estimated fair value, if donated. Certain equipment acquired through grants is subject to restrictions on use and disposition subsequent to the conclusion of the related grants.

Depreciation is computed using the straight-line method over the useful life of the buildings, furniture, fixtures, and equipment, ranging from 5 to 30 years.

Historical collections are collections of significance which are held for public exhibition, education or research in furtherance of public service. Historical collections are deemed to be inexhaustible and are not depreciated.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

Refundable advances consist primarily of grant and contract funds received in advance which have not yet been earned under the terms of the agreement.

Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services already rendered. Employees may accumulate up to 240 hours of vacation depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements.

Due to Other Agencies

The Foundation administers agency assets on behalf of campus trust funds. It is management's assertion that the Foundation acts as an agent for the transactions of these funds. Accordingly, the activity of such funds is not recorded in the Foundation's Statement of Activities. See Note 5 and Note 11.

Fair Value Measurements

For the year ended June 30, 2011, the Foundation has adopted ASC 820-10, "*Fair Value Measurements and Disclosures*," (formerly known as SFAS No. 157, "*Fair Value Measurements*"), which defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The following methods and assumptions are used in estimating fair value disclosures for financial instruments:

The fair values of stock and property investments are based on the estimated fair value on the date of donation.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Foundation's revenue is derived primarily from cost reimbursement from governmental and private agencies for performance on grants and contracts. Revenue is deemed earned and recorded when expenditures are incurred in compliance with specific contract or grant restrictions. Grants and contracts for which no expenditures are recorded are not reflected in the financial statements of the Foundation. Amounts received in excess of expenses incurred as of the financial statements date are recorded as refundable advances.

The Foundation receives an administration fee to cover indirect overhead costs and recognizes this fee as revenue over the life of the grant or contract as a percentage of total expenditures or salaries and wages as specified in the grant or contract. The total grant and contract administration fee revenue earned for the year ended June 30, 2011 was \$1,434,069.

The Foundation also receives an administration fee to cover indirect overhead costs on the custody of trust funds held at the Foundation. Revenue is recorded as a percentage of expenditures processed through the fiscal year. The total trust fund administration fee revenue for the year ended June 30, 2011 was \$149,184.

Total indirect cost revenue for the year ended June 30, 2011, was \$1,583,253.

Tax Status

In June 2006, FASB issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which requires that any reserves, or related accruals, be recorded in the financial statements for any uncertain tax positions that the organization has taken or expects to take on a tax return. The Foundation has adopted ASC 740-10 for the year ended June 30, 2011.

The Foundation qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. The open audit periods are 2007 through 2009. The Foundation has analyzed the tax positions taken for filings with the Internal Revenue Service and the State of California. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial statements. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2011.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets are classified in the following categories:

Unrestricted net assets

Net assets not subject to donor-imposed stipulations. Unrestricted net assets include the general operating fund of the Foundation's administration and board designated funds appropriated from the general operating fund to sponsor grant awards to the faculty and staff of the University.

Temporarily restricted net assets

Net assets subject to grant or contract funder stipulations that will be met by actions of the Foundation and/or the passage of time. Temporarily restricted assets include capital assets financed by external agencies which support the instructional, research, or public service functions of the University.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations to be maintained permanently by the organization. The Foundation does not hold any permanently restricted assets as of June 30, 2011.

NOTE 2 CONCENTRATION OF RISK

Uncollateralized Deposits

The Foundation occasionally has a need to maintain a cash balance with a single financial institution in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). Management periodically assesses the financial condition of the institutions and believes that the Foundation is not exposed to any significant credit risk related to cash.

At June 30, 2011, uncollateralized deposits are as follows:

Total deposits held at financial institutions	\$	5,698,954
Less: Federally insured deposits		(348,344)
Uncollateralized deposits	\$	<u>5,350,610</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 2 CONCENTRATION OF RISK (CONTINUED)

Funding Sources

The Foundation revenue is derived primarily from governmental and private agencies for performance on grants and contracts. Expenditures under these programs are subject to final audits that could result in disallowances under the terms of the grant. Management believes that disallowances, if any, resulting from such audits will not have a material effect on the financial statements.

NOTE 3 ACCOUNTS RECEIVABLE

The composition of billed and unbilled accounts receivable as of June 30, 2011, are summarized as follows:

Federal grants and contracts	\$	1,694,235
State and local grants and contracts		1,443,475
Non-governmental grants and contracts		693,824
Other receivables		183,541
Total accounts receivable		<u>4,015,075</u>
Less allowance for uncollectible accounts		-
Total accounts receivables, net	\$	<u>4,015,075</u>

Unbilled grant and contract receivables were \$2,866,957 as of June 30, 2011.

Of the total accounts receivable as of June 30, 2011, \$85,527 is held in custody for other agencies.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment activities for the Foundation for the year ended June 30, 2011, are summarized below:

	Beginning Balance	Adjustments	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Non-depreciable capital assets						
Land	\$ 356,401	\$ -	\$ 356,401	\$ -	\$ -	\$ 356,401
Historical collections	75,000	-	75,000	-	-	75,000
Total non-depreciable capital assets	431,401	-	431,401	-	-	431,401
Depreciable capital assets						
Buildings	405,952	-	405,952	-	-	405,952
Equipment	1,711,903	(476,040)	1,235,863	25,965	(663,093)	598,735
Total depreciable capital assets	2,117,855	(476,040)	1,641,815	25,965	(663,093)	1,004,687
Less accumulated depreciation						
Buildings	(79,414)	-	(79,414)	(13,532)	-	(92,946)
Equipment	(214,001)	(440,777)	(654,778)	(151,838)	450,355	(356,261)
Total accumulated depreciation	(293,415)	(440,777)	(734,192)	(165,370)	450,355	(449,207)
Net capital assets	\$ 2,255,841	\$ (916,817)	\$ 1,339,024	\$ (139,405)	\$ (212,738)	\$ 986,881

Equipment purchased with grant and contract monies are held in trust by the Foundation. Title is held by the Foundation and, upon completion of the grant or contract, the equipment is transferred to the University or the funding agency, depending on the individual terms of the grant or contract.

Total depreciation expense for the Foundation for the year ended June 30, 2011 was \$165,370.

Restatements of beginning balances were recorded in the current year. See Note 11.

For the year ended June 30, 2011, assets totaling \$212,738 were transferred from the Foundation to the University.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

Activities for property and equipment held in custody for others for the year ended June 30, 2011, are summarized below:

	Beginning Balance	Adjustments	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Non-depreciable capital assets						
Construction work in progress	\$ -	\$ -	\$ -	\$ 154,205	\$ -	\$ 154,205
Total non-depreciable capital assets	-	-	-	154,205	-	154,205
Depreciable capital assets						
Buildings	-	408,280	408,280	-	-	408,280
Equipment	-	476,040	476,040	26,999	(32,689)	470,350
Total depreciable capital assets	-	884,320	884,320	26,999	(32,689)	878,630
Less accumulated depreciation						
Buildings	-	(170,117)	(170,117)	(13,609)	-	(183,726)
Equipment	-	(154,830)	(154,830)	(39,395)	16,434	(177,791)
Total accumulated depreciation	-	(324,947)	(324,947)	(53,004)	16,434	(361,517)
Net capital assets	\$ -	\$ 559,373	\$ 559,373	\$ 128,200	\$ (16,255)	\$ 671,318

Total depreciation expense recorded for capital assets held in custody for the year ended June 30, 2011 was \$53,004.

Restatements of beginning balances were recorded in the current year. See Note 5.

For the year ended June 30, 2011, assets totaling \$16,255 were transferred from the Foundation to the University.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

A reconciliation of property and equipment to the Statement of Financial Position as of June 30, 2011, is provided below:

	Unrestricted	Temporarily Restricted	Held in Custody	Total
Total depreciable and non-depreciable capital assets	\$ 865,456	\$ 570,632	\$ 1,032,835	\$ 2,468,923
Total accumulated depreciation	(191,444)	(257,763)	(361,517)	(810,724)
Net capital assets	\$ 674,012	\$ 312,869	\$ 671,318	\$ 1,658,199

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 5 DUE TO OTHER AGENCIES

Due to other agencies consist of trust funds which are held by the Foundation on behalf of certain organizations related to the University. As the Foundation is acting as an agent of these funds, the activities of such funds are not recorded in the Foundation's Statement of Activities. However, the assets and liabilities of the trust funds are included in the Foundation's Statement of Financial Position at June 30, 2011.

The assets and liabilities, and net assets of the trust funds, included in the Statement of Financial Position as of June 30, 2011, are as follows:

FINANCIAL POSITION OF FUNDS DUE TO OTHER AGENCIES

Assets

Current assets		
Cash	\$	4,749,981
Accounts receivable		85,527
Prepaid expenses and other current assets		2,473
Total current assets		<u>4,837,981</u>
Long-term assets		
Investment in real estate		319,200
Property and equipment (net of accumulated depreciation of \$361,517)		671,318
Total long-term assets		<u>990,518</u>
Total assets due to other agencies	\$	<u>5,828,499</u>

Liabilities

Current liabilities		
Accounts payable	\$	126,608
Accrued salaries and benefits payable		108,973
Other current liabilities		1,199
Total current liabilities		<u>236,780</u>
Net assets of the trust funds		<u>5,591,719</u>
Total liabilities and net assets	\$	<u>5,828,499</u>

A reconciliation of the funds due to other agencies as of June 30, 2011, is as follows:

Due to other agencies – current	\$	4,601,201
Due to other agencies – non-current		990,518
Total due to other agencies	\$	<u>5,591,719</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 5 DUE TO OTHER AGENCIES (CONTINUED)

The activities of the trust funds for the year ended June 30, 2011, are summarized as follows:

ACTIVITIES OF FUNDS DUE TO OTHER AGENCIES
For the year ended June 30, 2011

Revenues and gains		
Contributions	\$	814,622
Program revenue and service fees		510,820
Miscellaneous income		492,047
Total revenues and gains		<u>1,817,489</u>
Net transfers (to)/from other organizations		<u>517,828</u>
Expenses		
Salaries and benefits		1,309,252
Operating expense		645,201
Contractual services		152,806
Rent expense		35,964
Scholarships and awards		29,121
Stipends		47,501
Other expense		118,565
Indirect cost expense		149,184
Depreciation		53,004
Total expenses		<u>2,540,598</u>
Other Revenues (Expenses)		
Transfer of property to State of California		<u>(16,255)</u>
Change in net assets		<u>(221,536)</u>
Net assets at beginning of year, as previously stated		-
Reclassification of agency trust funds		5,983,372
Restatement of beginning net assets		<u>(170,117)</u>
Net assets at beginning of year, restated		<u>5,813,255</u>
Net assets at end of year	\$	<u><u>5,591,719</u></u>

The Foundation determined that assets held in trust on behalf of certain University groups and organizations constituted agency transactions. As a result, the Foundation reclassified agency trust funds. The effect was an increase of \$5,983,372 in the beginning net assets of funds due to other agencies.

The Foundation determined it had incorrectly classified a trust-owned capital asset as an investment in real estate in prior periods. As a result, depreciation expense on the building had not been recorded. The effect of this restatement was a decrease of \$170,117 in the beginning net assets of funds due to other agencies.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 6 TRANSFERS

Transfers to and from Other Organizations

Occasionally, HSU and its auxiliary organizations find it appropriate to transfer certain fiscal responsibilities to a different entity. During the year ended June 30, 2011, the Foundation sent and received transfers to and from the University (HSU), Humboldt State University Advancement Foundation (HSUADV), Humboldt State University Center (UC) and Humboldt State University Associated Students (HSUAS).

Transfers within Sponsored Programs Foundation

During the year ended June 30, 2011, transfers were recorded between unrestricted funds, temporarily restricted funds, and the trust funds held in custody by the Foundation.

The assets transferred during the fiscal year ended June 30, 2011, are as follows:

	<u>Foundation</u>	<u>Trust Funds</u>	<u>Total Transfers</u>
Transfer from			
HSU	\$ -	\$ 22,000	\$ 22,000
HSUADV	-	474,471	474,471
UC	-	2,111	2,111
HSUAS	-	1,500	1,500
Total Transfers from SPF	<u>-</u>	<u>500,082</u>	<u>500,082</u>
Transfer to			
HSU	-	(185,940)	(185,940)
HSUADV	(54,720)	-	(54,720)
UC	-	(1,171)	(1,171)
HSUAS	-	(1,418)	(1,418)
Total Transfers to SPF	<u>(54,720)</u>	<u>(188,529)</u>	<u>(243,249)</u>
Interfund Transfers			
Unrestricted	(63,203)	63,203	-
Temporarily Restricted	(160,681)	160,681	-
Trust Funds	17,609	(17,609)	-
Total Interfund Transfers	<u>(206,275)</u>	<u>206,275</u>	<u>-</u>
Net Transfers	<u>\$ (260,995)</u>	<u>\$ 517,828</u>	<u>\$ 256,833</u>

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

NOTE 7 RELATED PARTY TRANSACTIONS

Business Services Agreement

The Foundation receives accounting services and human resource services from the University through a Business Services Agreement. For the fiscal year ended June 30, 2011, the Foundation paid to the University \$300,000 and \$140,000 for accounting services and human resource services, respectively, of which \$0 and \$0 was owed at June 30, 2011, respectively.

General Operations Payroll

The Foundation reimburses the University for salaries and benefits paid by the University of certain post-award employees of the Foundation's general operations. The amount reimbursed to the University for the year ended June 30, 2011 was \$287,791, of which \$0 was owed at June 30, 2011.

The University also supports the pre-award functionality of the Foundation as a state function at an unreimbursed value of \$121,486 for the year ended June 30, 2011.

Office Space Rental

The University provides office space to the general operations of the Foundation through a year-to-year space rental agreement. The rate assessed is based on square footage of the office space and includes custodial services and utilities. For the year ended June 30, 2011, rental expense was \$29,468.

University Center Line of Credit

The Foundation has a \$1,500,000 revolving line of credit to borrow from the Humboldt State University Center, an auxiliary nonprofit organization of the University. The line of credit renews annually on December 31, contingent upon approval by the UC Board of Directors unless terminated by written notice of termination by either party or by breach. This line is collateralized by the real property holdings of the Foundation and the assets of the Foundation's general operations. Borrowings against the line of credit bear interest at Wall Street Prime plus two percent.

The Foundation agrees to restrict current operational working capital sufficient to pay three months interest payments as if the line of credit were fully extended. As of June 30, 2011, \$19,688 has been restricted in accordance with the terms of the agreement.

As of June 30, 2011, there were no drawings on the line of credit.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 8 DEFINED CONTRIBUTION PLAN

The Foundation has a plan qualified under IRS Section 403(b) that covers eligible employees, as defined by the plan. Contributions to the plan are made at the discretion of the Board of Directors and are limited to 10% of the employees' annual salary.

Retirement plan expense was \$209,166 for the year ended June 30, 2011.

NOTE 9 OPERATING EXPENSES BY FUNCTION

The functional allocation of expenses for the year ended June 30, 2011, is as follows:

	Program	Supporting	Total
Salaries and benefits	\$ 7,660,857	\$ 414,326	\$ 8,075,183
Operating expense			
Supplies and services	777,300	124,547	901,847
Travel	670,701	18,683	689,384
Communications	6,279	848	7,127
Audit	-	26,700	26,700
Printing and postage	10,303	9,390	19,693
Repairs and maintenance	176	14,388	14,564
Bank fees	-	3,321	3,321
Taxes and licenses	-	5,819	5,819
Contractual services	3,560,301	438,168	3,998,469
Rent expense	16,554	29,468	46,022
Insurance expense	-	40,433	40,433
Equipment purchases	243,365	2,516	245,881
Scholarships and awards	238,517	7,037	245,554
Stipends	1,263,267	-	1,263,267
Other expenses	560,052	1,165	561,217
Indirect cost expense	1,434,069	-	1,434,069
Depreciation	150,511	14,859	165,370
Total expenses	\$ <u>16,592,252</u>	\$ <u>1,151,668</u>	\$ <u>17,743,920</u>

There were no fundraising activity expenses for the year ended June 30, 2011.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The valuation techniques used in measuring fair value are disclosed in Note 1. Fair values of financial instruments measured on a recurring basis at June 30, 2011, are as follows:

	Fair Value Measurements at 6/30/11 Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of assets:				
Stock	\$ 300	\$ -	\$ 300	\$ -
Real estate	319,200	-	-	319,200
Total fair value of assets	<u>\$ 319,500</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 319,200</u>

A reconciliation of fair value measurements using Level 3 inputs is as follows:

	Balance as of 6/30/2010	Transfer in(out) of Level 3	Purchase/ (Settlement) Gain/(Loss)	Balance as of 6/30/2011
Fair value of assets:				
Long term assets				
Real estate	\$ 727,480	\$ (408,280)	\$ -	\$ 319,200
Total fair value of assets	<u>\$ 727,480</u>	<u>\$ (408,820)</u>	<u>\$ -</u>	<u>\$ 319,200</u>

The Foundation determined it had incorrectly classified a trust-owned capital asset as an investment in real estate in prior periods. The transfer of real estate out of Level 3 relates to a restatement of prior period beginning balances for an asset held in custody. See Note 5.

A reconciliation of the fair values of assets to total assets as of June 30, 2011, is as follows:

Fair value of assets	\$ 319,500
Cash	5,179,645
Receivables	4,019,748
Other current assets	91,036
Property and equipment	1,658,199
Total assets	<u>\$ 11,268,128</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 11 RESTATEMENT AND RECLASSIFICATION OF BEGINNING NET ASSETS

Reclassification of Agency Trust Funds

The Foundation determined that the transactions recorded in trust funds held by the entity on behalf of certain University groups and organizations constituted agency transactions. As a result, activities of such funds should not be recorded in the Foundation's Statement of Activities. Accordingly, the Foundation restated its financial statements to exclude the net assets of the trust funds from the entity's beginning net assets and recorded these net assets as a liability to the Foundation. The effect of this reclassification was a decrease in unrestricted and temporarily restricted net assets of \$5,662,163 and \$321,209, respectively, in the Foundation's beginning net assets.

Reclassification of Beginning Net Assets

In prior years, the Foundation incorrectly classified the net assets of funds subject to grant or contract stipulations as unrestricted. The Foundation has determined that these funds should be classified as temporarily restricted. The effect of this reclassification was a reduction to unrestricted net assets and an increase to temporarily restricted net assets of \$1,572,087

Restatement of Beginning Net Assets

In prior years, the Foundation did not depreciate capitalized assets purchased with grant and contract monies. As title is held by the Foundation it was determined that the equipment should be depreciated on the financial statements of the Foundation. As a result, the Foundation restated its financial statements to record accumulated depreciation on these assets and to record the related prior year depreciation as a prior period adjustment. The effect of this restatement was a decrease of \$595,607 in the Foundation's beginning net assets.

NOTE 12 SUBSEQUENT EVENTS

On August 3, 2011, the Foundation transferred ownership of an investment in real estate to an unrelated party in an effort to sell the asset in conjunction with property owned by the unrelated party. The investment is recorded at a fair value of \$300,000 on the records of the Foundation as of June 30, 2011. The unrelated party will hold the real estate in trust until the sale of the investment, at which time the Foundation will receive a percentage of the proceeds from the sale. As of September 30, 2011, the investment remains unsold.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 12 SUBSEQUENT EVENTS (CONTINUED)

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 30, 2011, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Net Assets

June 30, 2011

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 5,159,957
Short-term investments	—
Accounts receivable, net	4,019,748
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	91,036
Total current assets	<u>9,270,741</u>
Noncurrent assets:	
Restricted cash and cash equivalents	19,688
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	319,500
Capital assets, net	1,658,199
Other assets	—
Total noncurrent assets	<u>1,997,387</u>
Total assets	<u>11,268,128</u>

Liabilities:

Current liabilities:	
Accounts payable	756,180
Accrued salaries and benefits payable	442,017
Accrued compensated absences— current portion	131,456
Deferred revenue	2,121,156
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	18,060
Total current liabilities	<u>3,468,869</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	14,843
Deferred revenue	184,257
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	12,946
Total noncurrent liabilities	<u>212,046</u>
Total liabilities	<u>3,680,915</u>

Net assets:

Invested in capital assets, net of related debt	1,658,199
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	5,591,719
Unrestricted	337,295
Total net assets	<u>\$ 7,587,213</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2011

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$ _____)		\$ -
Grants and contracts, noncapital:		
Federal		8,034,071
State		4,614,051
Local		250,933
Nongovernmental		3,320,763
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		-
Other operating revenues		1,583,253
Total operating revenues		<u>17,803,071</u>
Expenses:		
Operating expenses:		
Instruction		916,972
Research		7,428,118
Public service		6,092,426
Academic support		344,786
Student services		1,051,770
Institutional support		844,783
Operation and maintenance of plant		242,268
Student grants and scholarships		1,510,258
Auxiliary enterprise expenses		1,453,445
Depreciation and amortization		218,374
Total operating expenses		<u>20,103,200</u>
Operating income (loss)		<u>(2,300,129)</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		814,622
Investment income (loss), net		16,283
Endowment income (loss), net		-
Interest Expenses		-
Other nonoperating revenues (expenses)		1,177,338
Net nonoperating revenues (expenses)		<u>2,008,243</u>
Income (loss) before other additions		<u>(291,886)</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net assets		<u>(291,886)</u>
Net assets:		
Net assets at beginning of year, as previously reported		8,644,823
Restatements		<u>(765,724)</u>
Net assets at beginning of year, as restated		7,879,099
Net assets at end of year		<u>\$ 7,587,213</u>

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other information

June 30, 2011

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2011:

Portion of restricted cash and cash equivalents related to endowments	\$	---
All other restricted cash and cash equivalents	\$	19,688
Total restricted cash and cash equivalents	\$	19,688

2.1 Composition of investments at June 30, 2011:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)							
State of California Local Agency Investment Fund (LAIF)							
Wachovia Short Term Fund							
Wachovia Medium Term Fund							
Wachovia Equity Fund							
US Bank SWIFT pool							
Common Fund - Short Term Fund							
Common Fund - Others							
Debt securities							
Equity securities							
Fixed income securities (Treasury notes, GNMA's)							
Land and other real estate				319,200		319,200	319,200
Certificates of deposit							
Notes receivable							
Mutual funds							
Money Market funds							
Collateralized mortgage obligations:							
Inverse floaters							
Interest-only strips							
Agency pass-through							
Private pass-through							
Other major investments:							
Stock				300		300	300
Add description							
Add description							
Add description							
Add description							
Add description							
Total investments				319,500		319,500	319,500
Less endowment investments (enter as negative number)							
Total investments	\$	\$	\$	\$	\$	\$	\$

2.2 Investments held by the University under contractual agreements at June 30, 2011:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011.

2.3 Restricted current investments at June 30, 2011 related to:

	Amount	2.4	Restricted noncurrent investments at June 30, 2011 related to:	Amount
Add description	\$		Endowment investment	\$
Add description			Non-endowed investments	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Add description			Add description	
Total restricted current investments at June 30, 2011	\$		Total restricted noncurrent investments at June 30, 2010	\$

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2011

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable capital assets:								
Land and land improvements	\$ 356,401	\$ -	\$ -	\$ 356,401	\$ -	\$ -	\$ -	\$ 356,401
Works of art and historical treasures	-	-	75,000	75,000	-	-	-	75,000
Construction work in progress (CWIP)	-	-	-	-	154,205	-	-	154,205
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	356,401	-	75,000	431,401	154,205	-	-	585,606
Depreciable capital assets:								
Buildings and building improvements	405,952	408,280	-	814,232	-	-	-	814,232
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,786,903	-	(75,000)	1,711,903	52,964	(695,782)	-	1,069,085
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	2,192,855	408,280	(75,000)	2,526,135	52,964	(695,782)	-	1,883,317
Total capital assets	2,549,256	408,280	-	2,957,536	207,169	(695,782)	-	2,468,923
Less accumulated depreciation:								
Buildings and building improvements	(79,414)	(170,117)	-	(249,531)	(27,141)	-	-	(276,672)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(214,001)	(595,607)	-	(809,608)	(191,233)	466,789	-	(534,052)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(293,415)	(765,724)	-	(1,059,139)	(218,374)	466,789	-	(810,724)
Total capital assets, net	\$ 2,255,841	\$ (357,444)	\$ -	\$ 1,898,397	\$ (11,205)	\$ (228,993)	\$ -	\$ 1,658,199

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2011:

Depreciation and amortization expense related to capital as	\$ 218,374
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 218,374

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2011

(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ 137,823	—	—	\$ 137,823	\$ 139,932	\$ (131,456)	\$ 146,299	\$ 131,456	\$ 14,843
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
California State University Risk Management Authority Loan	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 137,823	—	—	\$ 137,823	\$ 139,932	\$ (131,456)	\$ 146,299	\$ 131,456	\$ 14,843

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015	—	—	—
2016-2020	—	—	—
2021-2025	—	—	—
2026-2030	—	—	—
2031-2035	—	—	—
2036-2040	—	—	—
2041-2045	—	—	—
2046-2050	—	—	—
2051-2055	—	—	—
2056-2060	—	—	—
Total minimum lease payments	—	—	—
Less amount's representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
Capitalized lease obligation, net of current portion	\$	—	\$

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 Other Information
 June 30, 2011
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

Year ending June 30,	Revenue Bonds		All other long-term debt obligations			Total	
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$	---	---	\$	---	\$	
2013	---	---	---	---	---	---	
2014	---	---	---	---	---	---	
2015	---	---	---	---	---	---	
2016-2020	---	---	---	---	---	---	
2021-2025	---	---	---	---	---	---	
2026-2030	---	---	---	---	---	---	
2031-2035	---	---	---	---	---	---	
2036-2040	---	---	---	---	---	---	
2041-2045	---	---	---	---	---	---	
2046-2050	---	---	---	---	---	---	
2051-2055	---	---	---	---	---	---	
2056-2060	---	---	---	---	---	---	
Total	\$	---	---	\$	---	\$	

7 Calculation of net assets - Invested in capital assets, net of related debt

	Auxiliary Organizations		Total
	GASB	FASB	
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$	1,658,199	\$ 1,658,199
Capitalized lease obligations - current portion	---	---	---
Capitalized lease obligations, net of current portion	---	---	---
Long-term debt obligations - current portion	---	---	---
Long-term debt obligations, net of current portion	---	---	---
Portion of outstanding debt that is unspent at year-end	---	---	---
Other adjustments: (please list)			
Non-endowed property	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Net assets - invested in capital assets, net of related debt	\$	1,658,199	\$ 1,658,199

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$	---	\$
Endowment investments	---	---	---
Other adjustments: (please list)			
Less temporarily restricted endowment net assets	---	---	---
Less unrestricted endowment net assets	---	---	---
Add temporarily restricted quasi endowments considered nonexpendable	---	---	---
Add unrestricted quasi endowments considered nonexpendable	---	---	---
Add Schatz Tree Farm Land	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Add description	---	---	---
Net assets - Restricted for nonexpendable - endowments per SNA	\$	---	\$

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2011

(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,302,087
Payments to University for other than salaries of University personnel	912,235
Payments received from University for services, space, and programs	52,469
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	425,435
Accounts (payable to) University (enter as negative number)	(254,435)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	124,328
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	—
Increase (decrease) in net OPEB obligation (NOO)	—
NOO - beginning of year	—
NOO - end of year	\$ —

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

	<u>Net Asset</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net assets as of June 30, 2010, as previously reported		\$ 8,644,823
Prior period adjustments:		
1 Prior period depreciation - Schatz Tree Farm		(170,117)
2 Prior period depreciation - Grant Equipment		(595,607)
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2010, as restated		\$ 7,879,099

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

Other Information

June 30, 2011

(for inclusion in the California State University)

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
Net asset class: <u>881</u>		
1 (breakdown of adjusting journal entry)		
Net assets invested in capital assets, net of related debt	\$ 170,117	
Capital assets, net		170,117
Net asset class: <u>881</u>		
2 (breakdown of adjusting journal entry)		
Net assets invested in capital assets, net of related debt	595,607	
Capital assets, net		595,607
Net asset class: _____		
3 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
4 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
5 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
6 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
7 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
8 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
9 (breakdown of adjusting journal entry)	---	---
Net asset class: _____		
10 (breakdown of adjusting journal entry)	---	---

See the accompanying auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

NOTE 1 SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), Sponsored Programs Foundation (the Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by the CSU. As a result, there are differences in the reporting format between the Foundation's financial statements and the supplementary schedules for the CSU.

Due to Other Agencies

As noted in Note 5 of the Notes to the Financial Statements, the Foundation acts as an agent for funds held in custody of certain organizations related to Humboldt State University (the University). As a result, the activities of such funds are not recorded in the Foundation's Statement of Activities and the net assets of these funds are recorded as a liability in the Foundation's Statement of Financial Position.

As the activities of these organizations are conducted on behalf of the University, the related activities should be consolidated in the supplementary schedules for the CSU. The difference in presentation yields a difference between the liabilities, net assets, and revenues and expenses as presented on the supplementary schedules.

A reconciliation of the liabilities as of June 30, 2011, is as follows:

Statement of Financial Position		
Current liabilities	\$	8,070,070
Non-current liabilities		1,202,564
Total liabilities		<u>9,272,634</u>
Less: Due to other agencies – current		(4,601,201)
Less: Due to other agencies – non-current		(990,518)
Total due to other agencies		<u>(5,591,719)</u>
Schedule of Net Assets		
Total liabilities	\$	<u>3,680,915</u>

A reconciliation of the net assets as of June 30, 2011, is as follows:

Statement of Financial Position		
Total net assets	\$	<u>1,995,494</u>
Add: Due to other agencies – current		4,601,201
Add: Due to other agencies – non-current		990,518
Total due to other agencies		<u>5,591,719</u>
Schedule of Net Assets		
Total net assets	\$	<u>7,587,213</u>

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

Non-operating Revenues and Expenses

For purposes of the supplementary schedule, certain revenues and expenses do not meet the criteria to be considered operating revenues and expenses. A reconciliation of the revenues and expenses as of June 30, 2011, is as follows:

	<u>Foundation</u>	<u>Trust Funds</u>	<u>Total</u>
Statement of Activities			
Change in net assets	\$ (70,350)	\$ (221,536)	\$ (291,886)
Less non-operating activities			
Investment income	(16,283)	-	(16,283)
Contributions	-	(814,622)	(814,622)
Rental income	(34,644)	-	(34,644)
Program revenue and service fees	(58,519)	(510,820)	(569,339)
Miscellaneous income	(53,468)	(492,047)	(545,515)
Net transfers (to)/from other organizations	260,995	(517,828)	(256,833)
Transfer of property to State of California	212,738	16,255	228,993
	<u>310,819</u>	<u>(2,319,062)</u>	<u>(2,008,243)</u>
Schedule of Revenues, Expenses, and Changes in Net Assets			
Operating income (loss)	\$ <u>240,469</u>	\$ <u>(2,540,598)</u>	\$ <u>(2,300,129)</u>

SINGLE AUDIT REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Humboldt State University Sponsored Programs Foundation
Arcata, California

We have audited the financial statements of Humboldt State University Sponsored Programs Foundation (a nonprofit corporation) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Humboldt State University Sponsored Programs Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as number 2011-1 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as number 2011-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt State University Sponsored Programs Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of Humboldt State University Sponsored Programs Foundation in a separate letter, dated September 30, 2011.

Humboldt State University Sponsored Programs Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Humboldt State University Sponsored programs Foundation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Management, the Board of Directors, the California State University Chancellor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunter, Hunter + Hunt

September 30, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Humboldt State University Sponsored Programs Foundation
Eureka, California

Compliance

We have audited Humboldt State University Sponsored Programs Foundation's (a nonprofit organization, the Foundation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Humboldt State University Sponsored Programs Foundation's major federal programs for the year ended June 30, 2011. Humboldt State University Sponsored Programs Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Humboldt State University Sponsored Programs Foundation's management. Our responsibility is to express an opinion on Humboldt State University Sponsored Programs Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Humboldt State University Sponsored Programs Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Humboldt State University Sponsored Programs Foundation's compliance with those requirements.

In our opinion, Humboldt State University Sponsored Programs Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of Humboldt State University Sponsored Programs Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Humboldt State University Sponsored Programs

Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humboldt State University Sponsored Programs Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all the deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Management, the Board of Directors, the California State University Chancellor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunter, Hunter & Hunt

September 30, 2011

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

PROGRAM DESCRIPTION	AGENCY	PASS-THROUGH ENTITY	GRANTOR OR PASS-THROUGH #	CFDA #	TOTAL EXPENDITURES	SUBCONTRACT EXPENDITURES
Cooperative Forestry Research						
M-S 09-10 #144 (ADMIN/HAN)	Department of Agriculture		2010-32100-06282	10.202	3,165	-
M-S 09-10 #147 (EDGAR)	Department of Agriculture		2010-32100-06282	10.202	7,568	-
M-S 09-10 #148 (HAN)	Department of Agriculture		2010-32100-06282	10.202	8,950	-
M-S 09-10 #149 (STUART)	Department of Agriculture		2010-32100-06282	10.202	2,398	-
M-S 09-10 #150 (BERRILL)	Department of Agriculture		2010-32100-06282	10.202	11,444	-
M-S 09-10 #151 (FULGHAM)	Department of Agriculture		2010-32100-06282	10.202	3,635	-
M-S 09-10 #152 (RAO)	Department of Agriculture		2010-32100-06282	10.202	7,112	-
M-S 10-11 #144 (ADMIN/HAN)	Department of Agriculture		2011-32100-06282	10.202	4,793	-
M-S 10-11 #150 (BERRILL)	Department of Agriculture		2011-32100-06282	10.202	18,080	-
M-S 10-11 #151 (FULGHAM)	Department of Agriculture		2011-32100-06282	10.202	11,209	-
M-S 10-11 #152 (RAO)	Department of Agriculture		2011-32100-06282	10.202	528	-
M-S 10-11 #153 (HAN)	Department of Agriculture		2011-32100-06282	10.202	7,563	-
M-S 10-11 #155 (VARNER)	Department of Agriculture		2011-32100-06282	10.202	9,668	-
			10.202 Total		96,113	
Payments to Agricultural Experiment Stations Under the Hatch Act						
AQUATIC ORGANISM PASSAGE	Department of Agriculture		09-CS-11138100-042	10.203	3,961	-
			10.203 Total		3,961	
Forestry Research						
OLD GROWTH FOREST STUDY	Department of Agriculture		09-JV-11052007-043	10.652	19,448	-
			10.652 Total		19,448	
Cooperative Forestry Assistance						
FUELS MANAGEMENT PRACTICES	Department of Agriculture		09-JV-11221633-199	10.664	28,179	-
WESTERN BIOMASS MGMT TOOL	Department of Agriculture		09-JV-11221634-186	10.664	33,200	-
			10.664 Total		61,379	
Cooperative Forestry Assistance						
TANOAK FOREST HAZARDS	Department of Agriculture		08-JV-11272138-075	10.668	3,545	-
			10.668 Total		3,545	
Wood Education and Resource Center (WERC)						
BIOMASS FOR BIODIVERSITY	Department of Agriculture		08-JV-11221636-166	10.681	5,884	-
			10.681 Total		5,884	
Financial Assistance for National Centers for Coastal Ocean Science						
PACCOGS TECHNICIAN 09-10	Department of Commerce		NFFR7500-9-22045	11.426	6,999	-
PACCOGS NUTRIENTS ANALYSIS	Department of Commerce		NFFR7500-9-22827	11.426	3,065	-
			11.426 Total		10,064	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes						
FRESHWATER FISH ECOLOGY	Department of Commerce		LOA	11.432	8,215	-
			11.432 Total		8,215	
Marine Mammal Data Program						
THD 09-10	Department of Commerce		RA133R-07-SE-3077	11.439	23,065	-
THD 10-11	Department of Commerce		RA133R-07-SE-3077	11.439	136,389	-
			11.439 Total		159,454	
Cooperative Science and Education Program						
OTOLITH GROWTH ANALYSIS	Department of Commerce		AB133F09SE3075	11.455	16,560	-
BIO-PHYSICAL COASTAL MODEL	Department of Commerce		AB133F09SE3078	11.455	12,947	-
			11.455 Total		29,527	
Fish, Wildlife and Plant Conservation Resource Management						
CACHE CK SOILS III	Department of the Interior		BCA042005 AM. NO. 3	15.231	195	-
STELLER'S JAY FORAGING	Department of the Interior		H8480080077	15.231	1,000	-
			15.231 Total		1,195	
Challenge Cost Share						
HUMBOLDT BRANT STUDY	Department of the Interior		81690AJ017	15.642	11,698	-
			15.642 Total		11,698	
Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention						
WOLF SCAT ANALYSIS	Department of the Interior		624109M053	15.666	1,702	-
			15.666 Total		1,702	
Cooperative Research and Training Programs -- Resources of the National Park System						
YOSEMITE WILDERNESS	Department of the Interior		J8C07090002	15.945	61,300	-
KATMAI PARK TREES	Department of the Interior		J8C0710001	15.945	24,986	-
			15.945 Total		86,286	

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

PROGRAM DESCRIPTION	AGENCY	PASS-THROUGH ENTITY	GRANTOR OR PASS-THROUGH #	CFDA #	TOTAL EXPENDITURES	SUBCONTRACT EXPENDITURES
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	HYTEC - UC BERKELEY	University of California - Berkeley	SA4615-10388	81.117	5,254	-
Higher Education Challenge Grants				81.117 Total	5,254	-
RANGELAND EDUCATION	Department of Agriculture - National Institute of Food & Agriculture	Regents of the University of Idaho	GRK4997-SB-002	10.217	12,456	-
Higher Education Multicultural Scholars Program				10.217 Total	12,456	-
WILDLAND MC SCHOLARS	Department of Agriculture - National Institute of Food and Agriculture		2009-38413-05278	10.220	36,535	-
Integrated Programs				10.220 Total	36,535	-
HENRY'S FORK WATERSHED	Department of Agriculture - National Institute of Food and Agriculture		2008-51130-19555	10.303	219,833	30,300
Forestry Research				10.303 Total	219,833	30,300
CASPAR CREEK WATERSHED	Department of Agriculture - Forest Service		07-DG-11272133-075	10.652	4,559	-
TAHOE BASIN TREATMENTS	Department of Agriculture - Forest Service		08-CA-11272170-100	10.652	80,478	6,868
CORIXIDS IN COPPER RIVER DELT	Department of Agriculture - Forest Service		09-JV-11261951-010	10.652	6,606	-
STOCKING ASPEN @ TAHOE	Department of Agriculture - Forest Service		10-CA-112721070-034	10.652	45,701	-
Cooperative Forestry Assistance				10.652 Total	137,344	6,868
LASSEN NF TROUT	Department of Agriculture - Forest Service		09-CS-11050650-012	10.664	3,444	-
Department of Agriculture - CFDA Not Available				10.664 Total	3,444	-
STORRIE FIRE RECOVERY	Department of Agriculture		10-JV-11272162-042	10.XXX	13,410	-
STORRIE FIRE REGEN	Department of Agriculture		10-JV-11272162-046	10.XXX	17,356	-
LIDAR MAPPING	Department of Agriculture		10-PA-11051150-023	10.XXX	22,930	-
CEF RESEARCH & MONITORING	Department of Agriculture		11-CS-11052007-336	10.XXX	16,382	-
NFS - TIDEWATER GOBY	Department of Agriculture		J8C07100016	10.XXX	3,167	-
Integrated Ocean Observing System (IOOS)				10.XXX Total	73,255	-
NORCAL OCEAN OBSERVING	Department of Commerce - National Oceanic Atmospheric Administration		AB133F10SE2524	11.012	35,413	-
Sea Grant Support				11.012 Total	35,413	-
H.B. SPARTINA TRAINEE	Department of Commerce - National Oceanic Atmospheric Administration	University of California - San Diego	R/ANS-213EPD	11.417	19,800	-
Marine Mammal Data Program				11.417 Total	19,800	-
STELLAR SEA LIONS SURVEY	Department of Commerce - National Oceanic Atmospheric Administration		AB133F08SE3569	11.438	19,457	-
Unalied Science Program				11.439 Total	19,457	-
DISEASE REDUCTION - KLAMATH II	Department of Commerce - National Oceanic Atmospheric Administration		NA231A-A	11.472	15,497	-
Coastal Services Center				11.472 Total	15,497	-
REGIONAL CENCOOS	Department of Commerce - National Oceanic Atmospheric Administration	Monterey Bay Aquarium Research Institute	PO#0811144	11.473	90,004	34,251
Basic and Applied Scientific Research				11.473 Total	90,004	34,251
TWENTY-NINE PALMS	Department of Defense - the Chief of Naval Research		N68711-94-LT-4048	12.300	5,089	-
Cultural Resource Management				12.300 Total	5,089	-
BLM FALK FIELD SCHOOL	Department of the Interior - Bureau of Land Management		L08AC13606-1	15.224	(94)	-
BLM CA GEOGRAPHY CESU	Department of the Interior - Bureau of Land Management		L10AC20362	15.224	1,523	-

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
KING RANGE GEORCHEOLOGY	Department of the Interior - Bureau of Land Management		L10AC20386	15.224	847	-
Fish, Wildlife and Plant Conservation Resource Management				15.224 Total	2,276	-
REDDING ROCK SEA LIONS	Department of the Interior - Bureau of Land Management		BA0080012	15.231	(1,766)	-
REDDING ROCK PRIMARY	Department of the Interior - Bureau of Land Management		L08AC13270	15.231	(38)	-
REDDING ROCK SEABIRD	Department of the Interior - Bureau of Land Management		L08AC13270	15.231	39,183	-
PELICAN-CORMORANT STRATEGY I	Department of the Interior - Bureau of Land Management		L08AC13271	15.231	108,773	-
BLM GEODATABASE	Department of the Interior - Bureau of Land Management		L10AC20293	15.231	2,514	-
				15.231 Total	148,664	-
Forests and Woodlands Resource Management						
NLCS HEADWATERS	Department of the Interior - Bureau of Land Management		L10AC20386 - A	15.233	4,561	-
REFORESTATION NLCS	Department of the Interior - Bureau of Land Management		L10AC20386-CG	15.233	11,197	-
				15.233 Total	15,758	-
Challenge Cost Share						
LACKS CREEK STUDY	Department of the Interior - Bureau of Land Management		L10AC16337	15.238	715	-
				15.238 Total	715	-
Central Valley Project Improvement Act, Title XXXIV						
WESTERN POND TURTLE	Department of the Interior - Bureau of Reclamation		R10AC20019	15.512	24,940	-
				15.512 Total	24,940	-
Fish and Wildlife Management Assistance						
GOSHAWKS & OHVS III	Department of Agriculture - Forest Service		05-CR-110520-072	15.608	33,399	-
MCCLOUD REDBAND TROUT	Department of the Interior - Fish and Wildlife Services		81330-7-J602	15.608	3,696	-
EVALUATION & HABITAT MODELING	Department of the Interior - Fish and Wildlife Services		813339G031	15.608	91,054	-
				15.608 Total	128,149	-
Cooperative Endangered Species Conservation Fund						
CASTLE ROCK MURRE	Department of the Interior - Fish and Wildlife Services		815908J025	15.615	38,913	-
COMMON MURRE II	Department of the Interior - Fish and Wildlife Services		816405J039A	15.615	19,175	-
COMMON MURRE III	Department of the Interior - Fish and Wildlife Services		81640AJ094	15.615	254,225	-
				15.615 Total	312,313	-
Coastal Program						
MONITOR CASTLE ROCK	Department of the Interior - Fish and Wildlife Services		813316J051	15.630	64	-
BIRD SURVEYS IN SALT MARSH	Department of the Interior - Fish and Wildlife Services		813319J223	15.630	3,626	-
				15.630 Total	3,690	-
State Wildlife Grants						
OREGON SPOTTED FROG	Department of the Interior - U.S. Geological Survey	Washington Department of Fish & Wildlife	WDFW #10-1330	15.634	4,500	-
				15.634 Total	4,500	-
Migratory Bird Joint Ventures						
EELGRASS GIS MODEL	Department of the Interior - U.S. Geological Survey	Ducks Unlimited, Inc.	US-WA-122-1	15.637	3,546	-
EELGRASS MODEL PHASE II	Department of the Interior - U.S. Geological Survey		US-WA-237-1	15.637	24,675	-
				15.637 Total	28,221	-
Challenge Cost Share						
IZEMBEBRANT STUDY	Department of the Interior - Fish and Wildlife Services		70181AJ570	15.642	19,564	-
				15.642 Total	19,564	-
U.S. Geological Survey, Research and Data Collection						
YAKIMA RIVER DEFORMATION	Department of the Interior - U.S. Geological Survey		G09AC00464	15.808	31,979	-
FOREST FLOOR FIRE MODEL	Department of the Interior - U.S. Geological Survey		G10AC00703	15.808	46,902	-
				15.808 Total	78,881	-
Cooperative Research Units Program						
T. GOBY GENETICS II	Department of the Interior - U.S. Geological Survey		81331AH245	15.812	2,418	-
CCV ASSESSMENT	Department of the Interior - U.S. Geological Survey		1434-HQ-97-RU-01547-80	15.812	128,271	-
T. GOBY GENETICS	Department of the Interior		1434-HQ-97-RU-01547-79	15.812	28,532	-
KLAMATH REMS FISHERIES	Department of the Interior		1434-HQ-97-RU-01547-82	15.812	27,570	-
				15.812 Total	186,791	-

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
Department of the Interior - CFDA Not Available						
SEQUOIA WILDERNESS	Department of the Interior		10-JV-11221636-250	15-XXX	15,891	-
TRICOLORED BLACKBIRD	Department of the Interior		80181AM564	15-XXX	30,045	-
DOWNED MURRELET	Department of the Interior		813318J260	15-XXX	427	-
ECOLOGY-LITTLE BALD HILLS	Department of the Interior		J213108A011	15-XXX	44,101	-
NATIONAL PARKS ASSESSMENT	Department of the Interior		J2380060095	15-XXX	10,581	-
SUDDEN OAK DEATH RNP	Department of the Interior		J8480000082	15-XXX	832	-
MURRELET COMMUNICATION STRATEG	Department of the Interior		J8485090011	15-XXX	70,072	-
HOWLAND HILL NPS	Department of the Interior		J8485090053	15-XXX	838	-
JAY CTA	Department of the Interior		J8485100027	15-XXX	31,586	-
				15,XXX Total	204,373	-
Engineering Grants						
RSVP PROGRAM	National Science Foundation	Cognisense Labs, Inc.	IIP-0810765	47,041	7,810	-
				47,041 Total	7,810	-
Geosciences						
COSEE PACIFIC	National Science Foundation	Oregon State University, Post Award Administration	207391E	47,050	470	-
SUNDA EARTHQUAKES	National Science Foundation		EAR-0809417	47,050	32,398	-
YAKIMA FOLD BELT	National Science Foundation		G10AC00686	47,050	27,725	-
MARINE BRYOZOA	National Science Foundation		OCE-1061685	47,050	3,173	-
POC RIVER DISCHARGE	National Science Foundation		0628490	47,050	13,391	-
				47,050 Total	77,157	-
Computer and Information Science and Engineering						
SOD-TEAM	National Science Foundation		CNS-031007	47,070	(400)	-
BPC - CAIC	National Science Foundation		0634628	47,070	42,197	-
				47,070 Total	41,797	-
Biological Sciences						
ACID HOT LAKE II	National Science Foundation		0702018-001	47,074	(120)	-
URMBIO & NAT SCIENCES AT HSU	National Science Foundation		DBI-0634022	47,074	111,038	-
RS SENSORIMOTORS	National Science Foundation		IOS-0823358	47,074	82,108	-
ACID HOT LAKE	National Science Foundation		0702018	47,074	89,141	-
ECOLOGY & EVOLUTION II	National Science Foundation		0755466	47,074	23,728	-
VASCULAR PLANT HERBARIUM	National Science Foundation		0847888	47,074	34,765	-
WET LAB RENOVATION	National Science Foundation		0934427	47,074	121,117	-
				47,074 Total	481,777	-
International Science and Engineering (OISE)						
JAMAICA COFFEE FARM	National Science Foundation		8034330	47,079	68,505	-
				47,079 Total	68,505	-
Trans-NSF Recovery Act Research Support						
ARRA-ERE MASTERS TRAINING	National Science Foundation		DGE - 1011464	47,082	178,541	-
FUNGAL DIVERSITY IN GUIANA SHIELD	National Science Foundation		0918591	47,082	78,502	-
				47,082 Total	257,043	-
P3 Award: National Student Design Competition for Sustainability						
MICROHYDRO-ELECTRIC MINI GRIDS	Environmental Protection Agency		83433201	66,516	430	-
P3 PHASE II	Environmental Protection Agency		83474901	66,516	40,122	-
				66,516 Total	40,552	-
Renewable Energy Research and Development						
HYDROGEN EDUCATION	Department of Energy		DE-FG36-08GO18107	81,087	124,328	37,238
				81,087 Total	124,328	37,238
Department of Energy - CFDA Not Available						
WOODY BIOMASS	Department of Energy	University of Washington	424	81,XXX	18,149	-
				81,XXX Total	18,149	-
Allergy, Immunology and Transplantation Research						
RICKETTSIAL SYMBIONT TICK MODL	Department of Health and Human Services - National Institute of Health		1R15AI082515-01	93,855	78,090	-
				93,855 Total	78,090	-
RESEARCH AND DEVELOPMENT TOTAL					3,505,905	108,657

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>PROGRAM DESCRIPTION</u>	<u>AGENCY</u>	<u>PASS-THROUGH ENTITY</u>	<u>GRANTOR OR PASS-THROUGH #</u>	<u>CFDA #</u>	<u>TOTAL EXPENDITURES</u>	<u>SUBCONTRACT EXPENDITURES</u>
TRIO_Student Support Services						
STUDENT SUPPORT SERVICES 09-10	Department of Education - Office of Postsecondary Education		P042A060107-09	84,042	103,173	-
STUDENT SUPPORT SVCS 10-11	Department of Education - Office of Postsecondary Education		P042A100520	84,042	310,086	-
			84,042 Total		413,259	
TRIO_Talent Search						
TALENT SEARCH 09-10	Department of Education - Office of Postsecondary Education		P044A070324-09	84,044	33,393	-
TALENT SEARCH 08-09	Department of Education - Office of Postsecondary Education		P044A07324-08	84,044	(122)	-
TALENT SEARCH 10-11	Department of Education - Office of Postsecondary Education		P044A070324-09	84,044	341,232	-
			84,044 Total		374,503	
TRIO_Upward Bound						
UPWARD BOUND 08-09	Department of Education - Office of Postsecondary Education		P047A070222	84,047	(1,068)	-
UPWARD BOUND 09-10	Department of Education - Office of Postsecondary Education		P047A070222-09	84,047	113,193	-
UPWARD BOUND 10-11	Department of Education - Office of Postsecondary Education		P047A070222-10	84,047	136,755	-
UPWARD BOUND 07-08	Department of Education - Office of Postsecondary Education		P047A070222A	84,047	231	-
			84,047 Total		249,111	
TRIO CLUSTER TOTAL					1,036,873	
Small Business Development Centers						
SILICON VALLEY SBDC 2010	Small Business Administration		00-6030001-Z-0065-05	59,037	205,294	-
MENDOCINO SBDC 2010	Small Business Administration		01-6030001-Z-0065-05	59,037	46,500	46,500
ALAMEDA SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	273,880	273,880
CABRILLO SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	141,498	141,498
NAPA SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	132,000	132,000
NORCAL SBDC LEAD 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	477,811	-
NORTHCOAST SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	279,000	279,000
SAN FRANCISCO SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	289,000	289,000
SONOMA SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	101,000	101,000
TAP SBDC 2010	Small Business Administration		0-6030001-Z-0065-05	59,037	56,183	-
SILICON VALLEY SBDC 2011	Small Business Administration		1-6030001-Z-0065-06	59,037	100,821	-
SBDC 2010 CARRYOVER	Small Business Administration		1-6030001-Z-0065-06-2	59,037	276,025	48,350
MENDOCINO SBDC 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	11,683	11,683
NORCAL SBDC LEAD 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	265,075	-
NORTH COAST SBDC 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	87,318	87,318
SAN FRANCISCO SBDC 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	47,814	47,814
SOLANO SBDC 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	36,738	36,738
TAP SBDC 2011	Small Business Administration		1-6030001-Z-0065A0601	59,037	21,146	-
SBDC 2009 CARRYOVER	Small Business Administration		9-6030001-Z-0065	59,037	410,128	240,000
CONTRA COSTA SBDC 2010	Small Business Administration		F50503	59,037	237,500	237,500
SOLANO SBDC 2010	Small Business Administration		F50505	59,037	133,500	133,500
CABRILLO SBDC 2011	Small Business Administration		TBA	59,037	31,974	31,974
ALAMEDA SBDC 2011	Small Business Administration		1-6030001-0065A0601	59,037	111,312	-
			59,037 Total		3,753,200	2,117,755
SMALL BUSINESS ADMINISTRATION TOTAL					3,753,200	2,117,755
Coastal Services Center						
FRESHWATER FISHERIES START-UP	Department of Commerce		JH133F09SE4710	11,473	9,937	-
			11,473 Total		9,937	
Rural Business Opportunity Grants						
TRIBAL ECONOMIC NETWORK	Department of Agriculture - Rural Development		04-012-0946050071	10,773	4,443	-
			10,773 Total		4,443	
Migratory Bird Joint Ventures						

The accompanying notes are an integral part of these schedules.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

PROGRAM DESCRIPTION	AGENCY	PASS-THROUGH ENTITY	GRANTOR OR PASS-THROUGH #	CFDA #	TOTAL EXPENDITURES	SUBCONTRACT EXPENDITURES
PACIFIC COAST JOINT VENTURE	Department of the Interior - U.S. Geological Survey	Ducks Unlimited, Inc.	US-WA-122-1	15.637	15,462	-
Department of the Interior - CFDA Not Available				15.637 Total	15,462	-
RECRUITER, CNRS & FS	Department of the Interior		07-CS-11052008-132	15.XXX	20,000	-
NORTHERN SPOTTED OWL SCI REVIEW	Department of the Interior		1342000443	15.XXX	2,500	-
Computer and Information Science and Engineering				15.XXX Total	22,500	-
ROLE MODELS IN SCI II	National Science Foundation		07555682	47.070	48,006	-
Education and Human Resources				47.070 Total	48,006	-
CELP	National Science Foundation	University Enterprises, Inc.	517441B	47.076	153,358	-
CSU - AMP 09-10	National Science Foundation		HRD-0802628-515312	47.076	456	-
CSU AMP 10-11	National Science Foundation		HRD-0802628-515313	47.076	35,972	-
CSU AMP 11-12	National Science Foundation		HRD-0802628-515314	47.076	16	-
SLSIP	National Science Foundation		DUE-0631181	47.076	125,325	-
CA COAST NOYCE SCHOLARS	National Science Foundation		0834703	47.076	205,539	164,264
HEATH - GRFP	National Science Foundation		DGE-1049702	47.076	30,003	-
National Science Foundation - CFDA Not Available				47.076 Total	550,669	164,264
CHANGE LEADERS AT HSU	National Science Foundation		NAE-P291047	47.XXX	2,500	-
Fund for the Improvement of Postsecondary Education				47.XXX Total	2,500	-
ELIXIR	Department of Education - Office of Postsecondary Education	Trustees of the California State University	P116b060223	84.116	1,467	-
Child Care Access Means Parents in School				84.116 Total	1,467	-
CCAMPIS CHILDCARE 09-10	Department of Education - Office of Postsecondary Education		P335A090051	84.335	27,494	-
CCAMPIS CHILDCARE 10-11	Department of Education - Office of Postsecondary Education		P335A090051-10	84.335	48,013	-
National Writing Project				84.335 Total	75,507	-
NWP 06/09	Department of Education	University of California - Berkeley	92-CA01	84.928	491	-
NWP 09/10	Department of Education		92-CA01	84.928	15,687	-
NWP 10/11	Department of Education		92-CA01	84.928	23,956	-
NWP 07/08	Department of Education		92-CA01 #18	84.928	236	-
ARRA - Strengthening Communities Fund				84.928 Total	40,370	-
CA SBDC SCF APPLICATION	Department of Health and Human Services - Department of Health and Human Services Administration for Children and Families		90SN0050	93.711	1,500	-
Learn and Serve America_Higher Education				93.711 Total	1,500	-
STEM 2 LAYING THE FOUNDATION	Corporation for National and Community Service	Trustees of the California State University	X0026110-02532	94.005	3,920	-
State Homeland Security Program (SHSP)				94.005 Total	3,920	-
FY 2008 HGSP AWARD	Department of Homeland Security	Trustees of the California State University	X0023108-HMAUX	97.073	24,962	-
OTHER TOTAL				97.073 Total	24,962	-
					801,243	164,264
TOTAL FEDERAL AND FEDERAL PASS-THROUGH AWARDS				\$	9,097,221	\$
						2,390,676

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Humboldt State University Sponsored Programs Foundation (the Foundation) under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through Entities

Pass-through entity identifying numbers are presented where available.

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2011**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiencies identified not considered
 to be material weakness(es)? Yes None reported

Noncompliance material to financial statements
 noted: Yes No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes No
 Significant deficiencies identified not considered
 to be material weaknesses? Yes None reported

Type of auditor's report issued: *Qualified*

Any audit findings disclosed that are required to be
 Reported in accordance with Circular A-133,
 Section .510(a) Yes No

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Various</u>	<u>Research and Development Cluster</u>
<u>Various</u>	<u>TRIO Cluster</u>
<u>59.037</u>	<u>Small Business Development Centers</u>

Dollar threshold used to distinguish between Types
 A and B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

SECTION II - FINDINGS FINANCIAL STATEMENT AUDIT

Material Weakness:

2011-1

Criteria - OMB Circular A-110 (2 CFR part 215) stipulates that Management is responsible for the selection and application of accounting principles and for the fair presentation of the financial statements in conformity with GAAP. Management is also responsible for ensuring that financial information is reliable and properly recorded and for adjusting the financial statements to correct material misstatements.

Statement of Condition - Control systems in place prior to July 1, 2010, did not prevent, detect, or correct an error in cut-off related to accounts payable which resulted in an understatement of accounts payable and an understatement of expenses as of June 30, 2010. This circumstance led to improper revenue recognition such that grant revenues and related receivables were also understated at June 30, 2010.

Internal control improvements implemented during the current year helped to bring this matter to light, and the overall impact is a timing difference in the recognition of revenue and expenses with no misapplication of grant funds in either period.

Questioned Costs - Not applicable.

Perspective Information - As a result of the above condition there was a material audit adjustment to the financial statements to properly state the revenues and expenses for the year ended June 30, 2011.

Cause and Effect - The time constraint for submitting authorized and allowable expenditures to be recorded in the fiscal year ended June 30, 2010, was set at July 29, 2010. However, invoices submitted after July 29, 2010, were material to the financial statements but not accrued at June 30, 2010. This resulted in an overstatement of expenditures and associated revenue for the fiscal year ended June 30, 2011, prior to the audit adjustment.

Recommendation - We recommend that the submission period be extended and that the need for timely submission of invoices be communicated.

Actions Taken - The above recommendation has already been implemented. See also Management's response and corrective action plan.

Significant Deficiency:

2011-2

Criteria - OMB Circular A-110 (2 CFR part 215) requires that non-Federal entities receiving Federal awards shall establish and maintain accounting and internal control systems appropriate to the size and complexity of the organization and to separate functions appropriate to organizational size to safeguard assets and maintain financial stability. Management is responsible for the establishment and maintenance of internal controls, including internal controls over financial reporting.

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Statement of Condition - Constraints due to deadlines to issue the financial statements limit the timeliness and thoroughness of detail review by Management.

Questioned Costs - Not applicable.

Perspective Information - The financial statements of the organization summarize a complex volume of information. Each element requires reconciliation and review to insure the accuracy and completeness of the information. Changes and updates to information that support and underlie the financial statements require additional significant review.

Cause and Effect - Account reconciliations were submitted for audit prior to Management review. As a result, errors were detected in the account reconciliations and they had to be revised.

Recommendation - We recommend that Management review account reconciliations prior to submission for audit.

Actions Taken - See Management's response and corrective action plan.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings or questioned costs.

Prior year findings:

SMALL BUSINESS ADMINISTRATION'S SMALL BUSINESS DEVELOPMENT CENTERS

2010-1 Deficiency in Monitoring Sub-recipients Related to the Small Business Administration's Small Business Development Centers

A pass-through entity assumes responsibility for complying with federal requirements when it accepts federal awards. Federal agencies hold the pass-through entity ultimately responsible for compliance at the sub-recipient level. The Foundation is responsible for informing the sub-recipient of applicable federal requirements as well as identifying the source of funding and any additional administrative requirements imposed on the sub-recipient. No audit reports were obtained from the SBDC sub-recipients as required by OMB Circular A-133.

The Foundation should obtain A-133 audits reports from the SBDC pass-through entities to monitor their compliance with Single Audit requirements applicable to them.

Response:

Management notes that sub-recipient monitoring procedures were not formally established; therefore the review of A-133 audit reports from the SBDC pass-through entities was not performed. Procedures are being implemented to fulfill all sub-recipient monitoring compliance requirements per the OMB A-133 Compliance Supplement.

**HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Condition:

The Foundation contracts with third parties to provide administrative services with respect to its SBDC grant program. The Foundation receives invoices from these third parties for program related expenditures and reimburses them based upon the information contained in those invoices. Since these third parties do not provide A-133 audits or certification that they are not required to obtain such an audit, the Foundation does not have the information needed to detect possible errors made by the sub-recipients.

Possible Effects:

The Foundation may have overstated grant expenditures for the fiscal year.

Cause:

Sufficient reporting documentation is not provided to assure sub-recipient compliance with OMB A-133 requirements.

Recommendation:

It is recommended that the Foundation establish pre-award procedures to ensure receipt of a sub-recipient's A-133 audit or certification from the sub-recipient that an A-133 audit is not required prior to the grant award.

Status of finding as of September 2011:

It has been determined that at the time of this finding the A-133 audits of sub-recipients had been obtained and reviewed and a monitoring and review process had been implemented and performed.

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION
Corrective Action Plan
for year ended June 30, 2011

Finding Number	Condition	Management's Views and Corrective Action Plan	Responsible Individual	Planned Completion Date
2011-1	Control systems in place prior to July 1, 2010, did not prevent, detect, or correct an error in cut-off related to accounts payable which resulted in an understatement of accounts payable and an understatement of expenses as of June 30, 2010. This circumstance led to improper revenue recognition such that grant revenues and related receivables were also understated at June 30, 2010.	<p>Management concurs with this finding.</p> <p>To ensure that expenses are recorded in the period in which they were incurred the Foundation has extended the submission period for the purpose of year-end cut-off. For the year ended June 30, 2011, a search for unrecorded liabilities was conducted for all expenses paid through September 3, 2011, related to the 2010-2011 fiscal year. Management asserts that all material and significant expenses have been recorded for reflection in the financial statements for the year ended June 30, 2011.</p> <p>The Foundation has, and will continue to, communicate to all Principal Investigators and other participants the need for timely submission of invoices.</p>	Accountant	The outlined corrective action has been implemented for the purpose of the financial statements for the year ended June 30, 2011.
2011 - 2	Constraints due to deadlines to issue the financial statements limit the timeliness and thoroughness of detail review by Management.	<p>Management concurs with the finding.</p> <p>To ensure adequate financial statement review, the management review process will begin earlier. Due to significant restatements and changes in the financial statement presentation in the current year, the review process was impacted and took longer than expected. Management does not anticipate such issues in future fiscal years.</p> <p>Additionally, the CSU requirements for audit submission by September 30 coincides with the campus year-end processes, which causes a delay in management review at year-end.</p>	Director, Financial Services	The outlined corrective action has been implemented for the purpose of the financial statements for the year ended June 30, 2011.