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UNIVERSITY ENTERPRISES, INC.

Sacramento, California

SINGLE AUDIT REPORTS
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2014

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June 30, 2014

University Enterprises, Inc.

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

To the Board of Directors
University Enterprises, Inc.
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Enterprises, Inc. (UEI), as of and for the year ended June 30, 2014; and the related notes to the financial statements, which collectively comprise UEI's basic financial statements; and have issued our report thereon dated September 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UEI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UEI's internal control. Accordingly, we do not express an opinion on the effectiveness of UEI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of UEI's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UEI'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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Continued

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of UEI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UEI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Matson and Isom

September 16, 2014
Chico, California



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, ON
INTERNAL CONTROL OVER COMPLIANCE, AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
University Enterprises, Inc.
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited University Enterprises, Inc. (UEI's) 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 UEI's major federal programs for the year ended June 30, 2014. UEI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of UEI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 UEI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, UEI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, ON
INTERNAL CONTROL OVER COMPLIANCE, AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

Report on Internal Control Over Compliance

Management of UEI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UEI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 UEI's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of UEI as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise UEI's basic financial statements. We issued our report thereon dated September 16, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, ON
INTERNAL CONTROL OVER COMPLIANCE, AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the results of that testing, based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Matson and Isom

September 16, 2014
Chico, California

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

University Enterprises, Inc.

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Federal Agency Funding Type CFDA # - Federal Program Title Funding Agency	Pass-Through or Grant Number	Program or Award Amount	Expenditures
Department of Agriculture			
R&D			
10.309 - Specialty Crop Research Initiative			
Direct Funding	5306-21220-005-24A	\$ 110,383	\$ 50,145
10.310 - Agriculture and Food Research Initiative (AFRI)			
UC Davis	09-002710-CSUS-01	66,370	22,425
Total R&D		<u>176,753</u>	<u>72,570</u>
Other			
10.170 - Specialty Crop Block Grant Program - Farm Bill			
Food & Agriculture	SCB10011A	31,000	30,990
Food & Agriculture	SCB11079	86,405	18,104
10.560 - State Administrative Expenses for Child Nutrition			
Dept of Health Care Services	11-88323	44,000	20,547
Total Other		<u>161,405</u>	<u>69,642</u>
Department of Agriculture Total		<u>338,158</u>	<u>142,212</u>
Department of Defense			
R&D			
12.NA - Not Applicable			
Cardno TEC Inc	7255-28274	99,994	86,526
Cardno TEC Inc	7263-26021	104,998	684
Cardno TEC Inc	7269-26020	1,164,810	126,681
Direct Funding	W91238-11-P-0163	23,278	67
12.UNK - Unknown			
State of Calif Military Dept.	A0730	311,353	127,407
Total R&D		<u>1,704,433</u>	<u>341,366</u>
Other			
12.113 - State Memorandum of Agreement Program for the Reimbursement of Tech Serv			
Toxic Substances Control	13-T3735	370,400	18,688
Total Other		<u>370,400</u>	<u>18,688</u>
Total Department of Defense		<u>2,074,833</u>	<u>360,054</u>
Department of Housing and Urban Development			
R&D			
14.218 - Community Development Block Grants/Entitlement Grants			
Sac Housing and Redevelopment	B-13-MC-06-003	54,597	36,048
Total R&D		<u>54,597</u>	<u>36,048</u>
Total Department of Housing and Urban Development		<u>54,597</u>	<u>36,048</u>
Department of the Interior			
R&D			
15.808 - U.S. Geological Survey, Research and Data Collection			
Direct Funding	G11AC20199	8,634,316	1,929,185
Direct Funding	G13AC00150	17,165	11,797
Direct Funding	MOU Dated 7/2/12	1,739	55
15.904 - Historic Preservation Fund Grants-In-Aid			
Parks & Recreation	C8954514	11,500	2,750
Total R&D		<u>8,664,720</u>	<u>1,943,786</u>
Other			
15.608 - Fish and Wildlife Management Assistance			
Direct Funding	F10AC00770	832,369	194,873
Total Other		<u>832,369</u>	<u>194,873</u>
Total Department of the Interior		<u>9,497,089</u>	<u>2,138,659</u>

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

University Enterprises, Inc.

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Federal Agency Funding Type CFDA # - Federal Program Title Funding Agency	Pass-Through or Grant Number	Program or Award Amount	Expenditures
Department of Justice			
R&D			
16.585 - Drug Court Discretionary Grant Program			
Sacramento County	10-0158	87,616	1
Sacramento County	14-0158	35,000	35,000
Total R&D		122,616	35,001
Other			
16.727 - Enforcing Underage Drinking Laws Program			
Alcoholic Beverage Control	12C-0182	35,000	34,990
Total Other		35,000	34,990
Total Department of Justice		157,616	69,991
Department of Labor			
R&D			
17.278 - WIA Dislocated Worker Formula Grants			
Los Angeles Comm College Dist	4500195334	329,779	53,181
Total R&D		329,779	53,181
Other			
17.282 - Trade Adjustment Assistance Community College and Career Training			
West Hills Community College Dist	TC-013-01	262,657	185,123
Total Other		262,657	185,123
Total Department of Labor		592,436	238,304
Department of State			
Other			
19.010 - Academic Exchange Programs - Hubert H. Humphrey Fellowship Program			
Institute of Intl Education	Agr dtd 4/3/13	80,614	75,499
Institute of Intl Education	Agr dtd 5/9/14	78,362	2,777
Total Other		158,976	78,276
Total Department of State		158,976	78,276
Department of Transportation			
R&D			
20.701 - University Transportation Centers Program			
UC Regents	Subagreement No. 00008112	26,647	4,338
20.NA - Not Applicable			
UC Regents	Berkeley Subagrmnt 00007916	29,189	18,042
Total R&D		55,836	22,380
Total Department of Transportation		55,836	22,380
National Aeronautics & Space Administration			
Other			
43.001 - Aerospace Education Services Program			
UC San Diego	Ltr dtd 2/1/11	7,000	3,807
UC San Diego	Ltr dtd 5/4/12	10,000	3,305
UC San Diego	P1413991	10,000	5,196
Total Other		27,000	12,308
Total National Aeronautics & Space Administration		27,000	12,308
National Endowment for the Arts			
R&D			
45.024 - Promotion of the Arts, Grants to Organizations and Individuals			
Direct Funding	13-3100-7066	10,000	10,000
Total R&D		10,000	10,000
Total National Endowment for the Arts		10,000	10,000
National Endowment for the Humanities			
Other			
45.163 - Promotion of the Humanities Professional Development			
Direct Funding	BH-50592-13	178,353	77,957
Total Other		178,353	77,957
Total National Endowment for the Humanities		178,353	77,957

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

University Enterprises, Inc.

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Federal Agency Funding Type CFDA # - Federal Program Title Funding Agency	Pass-Through or Grant Number	Program or Award Amount	Expenditures
National Science Foundation			
R&D			
47.041 - Engineering Grants			
UC Regents	201118135-01 CSUS	13,615	6,736
UC Regents	201302972-01	6,707	6,707
47.050 - Geosciences			
Direct Funding	EAR-1250294	20,541	7,013
47.070 - Computer and Information Science and Engineering			
Direct Funding	CNS-1314592	26,319	20,418
47.074 - Biological Sciences			
Rancho Santa Ana Botanic Garde	RSA-11-0956417e-703	13,766	10,819
47.076 - Education and Human Resources			
Direct Funding	1027486	1,192,488	444,795
Direct Funding	DRL-0840339	2,997,478	209,464
Direct Funding	DRL-1031926	551,705	180,651
Direct Funding	DUE-1068383	1,627,672	350,604
Direct Funding	HRD-1246662	986,999	561,392
Direct Funding	HRD-1302873	780,149	413,495
Direct Funding	NSF HRD-0802628	615,512	520,845
Direct Funding	NSF HRD-1139803	494,237	81,758
47.082 - ARRA-Trans-NSF Recovery Act Research Support			
UC Davis	NSF ARRA Sub:08-003942	75,784	6,207
Direct Funding	DBI-0963261	755,000	5,506
Total R&D		<u>10,157,973</u>	<u>2,826,409</u>
Other			
47.041 - Engineering Grants			
Stanford University	Subaward No. 28400530-52629-A	139,052	26,860
47.049 - Mathematical and Physical Sciences			
Alameda County	Purchase Order 14-00758	27,904	23,017
47.076 - Education and Human Resources			
CSU Chico Research Foundation	Sub-11-034	364,770	28,135
UC Regents	13-MESA-631188-9-461	500	500
Direct Funding	DUE-1136419	1,227,589	186,905
Total Other		<u>1,759,815</u>	<u>265,418</u>
Total National Science Foundation		<u>11,917,787</u>	<u>3,091,827</u>
Total Programs Included in Both R&D and Other			
Within the National Science Foundation			
Total 47.041 - Engineering Grants		<u>159,374</u>	<u>40,303</u>
Total 47.076 - Education and Human Resources		<u>10,839,099</u>	<u>2,978,544</u>
Environmental Protection Agency			
Other			
66.707 - TSCA Title IV State Lead Certification Grants			
Department of Public Health	12-10048	400,000	102,555
Total Other		<u>400,000</u>	<u>102,555</u>
Total Environmental Protection Agency		<u>400,000</u>	<u>102,555</u>
Department of Energy			
R&D			
81.122 - ARRA-Electricity Delivery and Energy Reliability			
Direct Funding	DEOE0000492	749,992	35,606
Total R&D		<u>749,992</u>	<u>35,606</u>
Total Department of Energy		<u>749,992</u>	<u>35,606</u>

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

University Enterprises, Inc.

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Federal Agency	Funding Type	CFDA # - Federal Program Title	Pass-Through or Grant Number	Program or Award Amount	Expenditures
Department of Education					
R&D					
84.010 - Title I Grants to Local Educational Agencies					
Placer County			Agreement Dated 10/08/2012	14,490	4,326
Placer County			PO P012-03609	17,325	801
Total R&D				<u>31,815</u>	<u>5,127</u>
Other					
84.042 - TRIO, Student Support Services					
Direct Funding			P042A100161	2,167,874	221,689
84.129 - Rehabilitation Long-Term Training					
Direct Funding			H129B080019-12	147,380	9,080
84.141 - Migrant Education, High School Equivalency Program					
Direct Funding			S141A090024	1,415,593	467,853
84.149 - Migrant Education, College Assistance Migrant Program					
Direct Funding			S149A090021	1,719,573	416,516
84.217 - TRIO, McNair Post-Baccalaureate Achievement					
Direct Funding			P217A120289	428,486	212,962
84.366 - Mathematics and Science Partnerships					
Auburn Union ESD			BP12-00104	142,215	13,293
Elk Grove USD			CDE 11-14512-6731-00	546,096	260,740
Sacramento County			142759	112,672	15,400
84.367 - Improving Teacher Quality State Grants					
Postsecondary Ed Comm			ITQ-09-609	1,084,508	251,671
UC Regents			NCLB10-CMP-Sacramento	22,500	6,432
UC Regents			NCLB10-CRLP-Sacramento	46,331	45,626
UC Regents			NCLB10-CWLP-Sacramento	45,470	42,576
UC Regents			NCLB9-CMP-SACRAMENTO	22,500	5,950
UC Regents			NCLB9-CWLP-Sacramento	49,200	1,197
84.382 - Strengthening Minority-Serving Institutions					
Direct Funding			P382B110005	1,230,937	356,043
84.UNK - Unknown					
CA Community Colleges CO			R12-0048	20,000	20,000
Total Other				<u>9,201,335</u>	<u>2,347,028</u>
Total Department of Education				<u>9,233,150</u>	<u>2,352,155</u>
Department of Health and Human Services					
R&D					
93.110 - Maternal and Child Health Federal Consolidated Programs					
American Academy of Pediatrics			749100UEI	12,703	12,279
93.243 - SAMHSA, Projects of Regional and National Significance					
CA Rural Indian Health Board			Agreement Dated 11/6/13	24,000	22,353
CA Rural Indian Health Board			Agreement Dtd 11/8/2012	24,000	10,877
93.273 - Alcohol Research Programs					
Prevention Research Center			MOU dated 9/25/03	163,800	11,792
93.307 - Minority Health and Health Disparities Research					
Direct Funding			R24MD007942	531,217	198,714
93.558 - Temporary Assistance for Needy Families					
Social Services, CA Dept of			12-3031	5,076	4,119
93.658 - Foster Care, Title IV-E					
California Department of Social Services			10-3075	9,961	10,765
California Department of Social Services			12-3029	7,091	7,115
California Department of Social Services			12-3031	6,768	5,492
93.667 - Social Services Block Grant					
California Department of Social Services			10-3075	71,390	77,148
California Department of Social Services			12-3029	51,058	51,227
California Department of Social Services			12-3031	20,303	16,476
93.853 - Extramural Research Programs in Neurosciences and Neurological Disorders					
Direct Funding			1R15NS071470-01 Revised	329,114	834
93.859 - Biomedical Research and Research Training					
San Francisco State University			V13-0010	21,402	12,067
93.UNK - Unknown					
Dept of Health Care Services			12-89440	191,500	74,125
Total R&D				<u>1,469,383</u>	<u>515,383</u>

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

University Enterprises, Inc.

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Federal Agency	Funding Type	CFDA # - Federal Program Title	Funding Agency	Pass-Through or Grant Number	Program or Award Amount	Expenditures
Department of Health and Human Services (Continued)						
Other						
93.243 - SAMHSA, Projects of Regional and National Significance						
	Direct Funding			U79 SM060514	203,869	109,489
93.525 - State Planning and Establishment Grants for ACA Exchanges						
	Health Benefits Exchange			13-C-010	157,149	39,955
	Health Benefits Exchange			13-C-058	30,400	3,748
	Health Benefits Exchange			13-C-063	200,000	4,230
93.563 - Child Support Enforcement						
	Child Support Services			60-0504-14	149,270	57,571
93.632 - UCEDD Education, Research, and Service						
	UC Davis			201118328-01	42,500	13,892
93.658 - Foster Care, Title IV-E						
	UC Regents			00007944	1,720,555	43,852
	UC Regents			PO BB00272041	1,722,805	1,410,049
93.719 - ARRA-State Grants to Promote Health Information Technology						
	Health & Human Svces Agency			13-H9006	30,000	5,612
93.778 - Medical Assistance Program						
	Dept of Health Care Services			12-89014	450,000	82,936
93.859 - Biomedical Research and Research Training						
	Direct Funding			R25GM056645	1,030,702	170,846
93.977 - Preventive Health Services-Sexually Transmitted Diseases Control Grants						
	Department of Public Health			13-10047	132,250	15,932
Total Other					<u>5,869,500</u>	<u>1,958,112</u>
Total Department of Health and Human Services					<u>7,338,883</u>	<u>2,473,495</u>
Total Programs Included in Both R&D and Other						
Within the Department of Health and Human Services						
Total 93.243 - SAMHSA, Projects of Regional and National Significance					<u>251,869</u>	<u>142,719</u>
Total 93.658 - Foster Care, Title IV-E					<u>3,467,180</u>	<u>1,477,272</u>
Total 93.859 - Biomedical Research and Research Training					<u>1,052,104</u>	<u>182,913</u>
Department of Homeland Security						
R&D						
97.041 - National Dam Safety Program						
	Water Resources			4600009856	178,500	108,997
97.UNK - Unknown						
	Office of Emergency Services			6054-2	209,820	53,897
Total R&D					<u>388,320</u>	<u>162,894</u>
Total Department of Homeland Security					<u>388,320</u>	<u>162,894</u>
Grand Total Federal Direct and Pass-Through Awards					<u>\$ 43,173,026</u>	<u>\$ 11,404,721</u>

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**
June 30, 2014

Federal Agency Funding Type CFDA # - Federal Program Title Funding Agency	Pass-Through or Grant Number	Program or Award Amount	Expenditures
Clusters Included in Schedule of Expenditures of Federal Awards			
Research and Development Cluster			
Direct Awards	various	\$ 20,455,305	\$ 5,032,344
Pass-Through Awards	various	3,460,912	1,027,407
Total Research and Development Cluster		<u>\$ 23,916,217</u>	<u>\$ 6,059,751</u>
TRIO Cluster			
Direct Awards	84.042, 84.217	\$ 2,596,360	\$ 434,651
Pass-Through Awards		-	-
Total TRIO Cluster		<u>\$ 2,596,360</u>	<u>\$ 434,651</u>
Teacher Quality Cluster			
Direct Awards		\$ -	\$ -
Pass-Through Awards	84.367	1,270,509	353,451
Total Teacher Quality		<u>\$ 1,270,509</u>	<u>\$ 353,451</u>

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

University Enterprises, Inc.

June 30, 2014

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of University Enterprises, Inc. (UEI) and is presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred. Expenses incurred in excess of cash received from specific grants and contracts are included in receivables. Receipts in excess of expenses from specific grants and contracts are recorded as advances from grantors.

The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included on the SEFA.

2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information, and the Office of Management and Budget's *Catalog of Federal Domestic Assistance*.

3. AMOUNTS PROVIDED TO SUBRECIPIENTS

Included in the SEFA are the following amounts passed through to subrecipients:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Research and Development Cluster:		
Education and Human Resources	47.076	\$ 343,579
Minority Health and Health Disparities Research	93.307	\$ 135,592

FINDINGS AND QUESTIONED COSTS SECTION

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

University Enterprises, Inc.

**SECTION I
SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No
Identification of major programs:	
CFDA No. Various	Research and Development Cluster
CFDA No. 84.042	TRIO Student Support Services
CFDA No. 84.217	TRIO McNair Post-Baccalaureate Achievement
CFDA No. 84.367	Improving Teacher Quality
Threshold for distinguishing types A and B programs:	\$342,142
Auditee qualified as low-risk auditee?	No

This determination is due to the delayed certification of the 2013 single audit to the Federal Audit Clearing House.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

University Enterprises, Inc.

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

University Enterprises, Inc.

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

None.

CORRECTIVE ACTION PLAN

June 30, 2014

University Enterprises, Inc.

Not applicable: there are no current-year findings related to federal awards.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2014

University Enterprises, Inc.

INTERNAL CONTROL (Financial Statement Review)

30000 (13-1)

Recommendation

The prior auditor recommended that UEI strengthen its internal controls over the financial statement review process to ensure the accuracy of computations required to fairly present the financial statements in accordance with generally accepted accounting principles.

Current Status

Fully implemented.