

**HUMBOLDT STATE UNIVERSITY
CHILDREN'S CENTER**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

Trustees
Humboldt State University Children's Center
Arcata, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Humboldt State University Children's Center (a program of Humboldt State University, a component unit of the State of California), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Humboldt State University Children's Center as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of Humboldt State University Children's Center are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the business-type activities of Humboldt State University that is attributable to the Children's Center program. They do not purport to, and do not, present fairly the financial position of Humboldt State University, a component unit of the State of California as of June 30, 2015 and 2014, or the changes of its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Humboldt State University Children's Center's basic financial statements. The schedule of expenditures of federal and state awards and other supplemental information (supplementary information on pages 14–15 and 18-32) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards, and other information referred to above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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, and in conformity with the *CDE Audit Guide* issued by the California Department of Education. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Trustees
Humboldt State University Children's Center

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of Humboldt State University Children's Center's (a program of Humboldt State University, an Agency of the State of California) internal control over financial reporting and on our tests of its compliance with certain provisions 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 result 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* in considering Humboldt State University Children's Center's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Bellevue, Washington
November 12, 2015

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

**Statements of Net Position - Proprietary Fund
June 30, 2015 & 2014**

Assets	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 8,770	\$ 53,784
Receivables		
Parent fees	29,949	24,852
Governments	34,226	81,573
Total current assets	<u>72,945</u>	<u>160,209</u>
Noncurrent assets		
Capital assets, net	<u>224,502</u>	<u>232,352</u>
Total noncurrent assets	<u>224,502</u>	<u>232,352</u>
Total assets	<u>297,447</u>	<u>392,561</u>
Liabilities		
Current liabilities		
Accounts payable	127,253	49,036
Due to CDE	15,688	89,961
Unearned revenue	2,460	4,693
CDE reserve	23,620	24,938
Total current liabilities	<u>169,021</u>	<u>168,628</u>
Total liabilities	<u>169,021</u>	<u>168,628</u>
Net position		
Investment in capital assets	224,502	232,352
Unrestricted	<u>(96,076)</u>	<u>(8,419)</u>
Total net position	<u>\$ 128,426</u>	<u>\$ 223,933</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

**Statements of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Fund
Years ended June 30, 2015 & 2014**

Revenues:	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for service	\$ 364,688	\$ 344,739
State grants and contracts	463,678	447,491
Federal grants and contracts	270,943	268,206
Private source contributions	8,761	7,756
Miscellaneous revenue	28,207	38,994
Total operating revenues	<u>1,136,277</u>	<u>1,107,186</u>
Expenses:		
Operating Expenses:		
Salaries and related expenses	1,186,132	1,163,856
Supplies	115,361	149,771
Depreciation expense	29,355	17,805
Equipment and small tools	7,384	10,043
Repairs and improvements	12,194	8,655
Rent and occupancy	16,778	16,653
Administration of Humboldt State University	25,907	20,900
Audit and consulting services	12,595	29,162
Travel	10,464	5,775
Other expenses	59,767	31,954
Total operating expenses	<u>1,475,937</u>	<u>1,454,574</u>
Operating loss	<u>(339,660)</u>	<u>(347,388)</u>
Nonoperating revenues:		
Humboldt State University support	244,153	230,882
Interest and investment income	-	973
Total nonoperating revenues	<u>244,153</u>	<u>231,855</u>
Decrease in net position	<u>(95,507)</u>	<u>(115,533)</u>
Net position:		
Net position at beginning of year	223,933	339,466
Net position at end of year	<u>\$ 128,426</u>	<u>\$ 223,933</u>

See accompanying notes.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Statements of Cash Flows- Proprietary fund
Years ended June 30, 2015 & 2014

	2015	2014
Cash flows from operating activities:		
Receipts from parent fees	\$ 359,591	\$ 345,387
Receipts from child care food programs	52,806	57,265
Receipts from operating grants	677,877	718,839
Contribution receipts and other	10,429	46,750
Payments for general child development - payroll	(1,186,132)	(815,746)
Payments for general child development - other	(113,815)	(595,200)
Payments for child care food	(68,418)	(57,265)
Net cash provided by (used in) operating activities	(267,662)	(299,970)
Cash flows from noncapital financing activities:		
Humboldt State University support	244,153	230,882
Net cash provided by (used in) noncapital related financing activities	244,153	230,882
Cash flows from capital and related financing activities:		
Asset purchases, net of amounts charged to net position	(21,505)	(125,371)
Net cash provided by (used in) capital and related financing activities	(21,505)	(125,371)
Cash flow from investing activities:		
Interest and investment income	-	973
Net cash provided by (used in) investing activities	-	973
Net increase (decrease) in cash and cash equivalents	(45,014)	(193,486)
Cash and cash equivalents at beginning of year	53,784	247,270
Cash and cash equivalents at end of year	\$ 8,770	\$ 53,784
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (339,660)	\$ (347,388)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	29,355	17,805
Change in assets and liabilities:		
Accounts receivable	42,250	(23,345)
Accounts payable	78,217	42,795
Due to California Department of Education	(74,273)	5,491
Unearned revenue	(2,233)	2,827
CDE reserve	(1,318)	1,845
Total adjustments	71,998	47,418
Net cash provided by (used in) operating activities	\$ (267,662)	\$ (299,970)

See accompanying notes.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

(1) Organization

The Humboldt State University Children's Center (HSUCC) is a campus-based child care facility located at Humboldt State University in Arcata, California. The organization is a program of the Humboldt State University (HSU) administration. HSUCC provides a child development program and a nutrition program, and serves the young children of HSU students, faculty and staff. The Children's Center also provides an instructional setting that allows students to work with children. HSUCC receives funds from the California Department of Education (CDE), the federal Head Start program, state and federal food reimbursement programs, HSU support, and parent fees. HSUCC is a program of Humboldt State University and therefore is a government entity. Humboldt State University is one of 23 campuses that make up California State University (the University).

Since this is a program-specific audit of one fund within a department of the University and not an audit of Humboldt State University as a whole, the required management's discussion and analysis of a local government audit is not included so as to not be misleading to the reader.

Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Accrual Basis

HSUCC maintains its accounting records on the accrual basis.

Fund Accounting

The Organization's accounts are maintained on the basis of fund accounting through HSU as an Enterprise fund. This fund is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific HSUCC function or activities. The operation of the fund is accounted for within a set of self-balancing accounts.

(a) Basis of Presentation

Fund Financial Statements - Fund financial statements report detailed information about the Organization. The Organization consists of one major fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (expenses) in net total assets.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

(b) Estimates

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 the reported amounts of assets, liabilities, net position, and revenues and expenses for the reporting period. Actual results could differ from those estimates.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Proprietary fund financial statements are prepared using the accrual basis of accounting.

Revenues, Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the organization receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Revenues received under contracts from CDE are determined under a stipulated formula. The formula is applied as part of the required year-end audit procedures and the resultant computations determine whether money must be refunded to the State by the Organization.

Expenditures | Expenses - On the accrual basis of accounting, expenses are recorded at the time they are incurred.

(d) Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date.

(e) Concentration of Revenue Sources

During the years ended June 30, 2015 and 2014, the Organization had two major revenue sources that accounted for approximately 72% and 70%, respectively, of the total revenue of the Organization. The California Department of Education state and federal grants accounted for approximately 54% and 53%, respectively, while Humboldt State University accounted for approximately 18% and 17%, respectively, of the total revenue.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

(f) Capital Assets and Depreciation

The Organization records purchased property and equipment at cost, and donated fixed assets at fair market value on the date received. Capital Assets purchased in connection with the restricted funds of the California Department of Education (CDE) are reported as capital expenditures under the grant, and are depreciated over their useful lives. Retirements are reflected as decreases to the furniture and equipment account, with a corresponding reduction in the net investment in capital assets. In accordance with funding terms and conditions, title to those assets is retained by the State.

As further discussed in Note 4, property and equipment not purchased with grant funds are depreciated by the straight-line method over the estimated useful lives of the respective assets. The capital asset balance presented in the statements of net position consists of assets with a value of \$5,000 or more. The Organization elects to apply the half-year convention to building and leasehold improvements.

(g) Accrued Liabilities and Long-Term Debt

All accrued liabilities are reported in the proprietary fund financial statements.

(h) Receivables

Receivables at June 30, 2015 and 2014 consisted of parent fees, state meal reimbursement and general child care grant reimbursement. Parent fee receivables are reflected on the statement of net position net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of aged balances. See Note 3 for further detail of receivables.

(i) Allocation of Expenses

Administrative expenses (except where noted below) are charged to specific operating programs using estimated percentages. These percentages are based on time and effort studies performed by management. In general, other administrative expenses such as rent, maintenance, equipment, supplies, and travel, are charged as actual costs to the appropriate programs.

(j) Operating and Nonoperating revenues

The Organization considers operating revenues and operating expenses in the statements of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Organization's primary functions. Exchange transactions include charges from services rendered and the acquisition of goods and services. Included in operating revenues and operating expenses are those activities related to the grant and contract transactions of the Organization. Grants and contracts represent funds obtained from external agencies for the support of the mission of the Organization and of the University. Revenue from grants and contracts is recognized when expensed for the purpose specified. Amounts received in excess of expense incurred as of the financial statement dates are classified as unearned revenue. Certain other transactions are reported as nonoperating revenues. These nonoperating revenues include University allocations and investment earnings.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

The Children's Center has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. Generally the Children's Center attempts to utilize restricted funds first when practicable.

(2) Cash and Cash Equivalents

The organization's cash funds are invested with other HSU cash funds in accordance with guidelines from the Office of the Chancellor of the California State University system. Income and/or gains and losses on investments are recognized quarterly by HSU CC when allocated by HSU.

(a) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of uninsured cash balances. The Organization places its cash deposits with Humboldt State University who then places them in high-credit quality financial institutions.

(3) Receivables

At June 30, 2015, accounts receivable consisted of the following:

Governments:

CDE Grants Receivable and Other	\$ 27,425
Child and Adult Care Food Program	4,601
Head Start, Pass-Through Funding	2,200
Subtotal Governments Receivable	<u>34,226</u>
Parent Fees	29,949
Total Receivables	<u>\$ 64,175</u>

At June 30, 2014, accounts receivable consisted of the following:

Governments:

CDE Grants Receivable and Other	\$ 69,273
Child and Adult Care Food Program	4,800
Head Start, Pass-Through Funding	7,500
Subtotal Governments Receivable	<u>81,573</u>
Parent Fees	24,852
Total Receivables	<u>\$ 106,425</u>

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

The amount receivable for Parent Fees has been reduced by an allowance for doubtful accounts totaling \$6,260 and \$5,162 respectively, for the years ended June 30, 2015 and 2014.

(4) Capital Assets

At June 30, 2015, equipment consisted of the following:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Building	\$ 130,000	\$ -	\$ -	\$ 130,000
Building Improvements	32,177	12,755	-	44,932
Improvements Other Than Bldg	-	8,750	-	8,750
Leasehold Improvements	93,194	-	-	93,194
Equipment	20,238	-	-	20,238
Accumulated Depreciation	(43,257)	(29,355)	-	(72,612)
Capital Assets, Net	<u>\$ 232,352</u>	<u>\$ (7,850)</u>	<u>\$ -</u>	<u>\$ 224,502</u>

At June 30, 2014, equipment consisted of the following:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Building	\$ 130,000	\$ -	\$ -	\$ 130,000
Building Improvements	-	32,177	-	32,177
Leasehold Improvements	-	93,194	-	93,194
Equipment	20,238	-	-	20,238
Accumulated Depreciation	(25,452)	(17,805)	-	(43,257)
Capital Assets, Net	<u>\$ 124,786</u>	<u>\$ 107,566</u>	<u>\$ -</u>	<u>\$ 232,352</u>

The estimated useful lives used for buildings and building improvements are 30 years and 3 to 7 years for equipment. Leasehold improvements are expensed over the remaining lease term currently estimated at 4 years using the half-year convention. For the years ended June 30, 2015 and 2014, depreciation expense charged directly to operations was \$29,355 and \$17,805, respectively.

(5) CDE Reserve

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

HUMBOLDT STATE UNIVERSITY CHILDREN’S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

HSUCC maintains a reserve account for Center Based contracts, and funds are deposited into an interest bearing account. The reserve account balance at June 30, 2015 and 2014 was \$23,620 and \$24,938, respectively. Also, upon termination of all child development center-based contracts with CDE, HSUCC would have to return the reserve funds to CDE, so the reserve account is recorded as a liability in the statements of net position.

(6) Humboldt State University Support

The following is a schedule of contributions made to the Organization from Humboldt State University:

Unrestricted:	<u>2015</u>
HSU General Fund Support	\$ 203,325
HSU Associated Student Body	<u>40,828</u>
Total	<u><u>\$ 244,153</u></u>
Unrestricted:	<u>2014</u>
HSU General Fund Support	\$ 194,428
HSU Associated Student Body	<u>36,454</u>
Total	<u><u>\$ 230,882</u></u>

HSU provides facilities for use by HSUCC. The support is calculated by applying a fee based on the square footage of facilities provided by the University. In addition, HSU also provides monetary assistance with salaries, benefits and other operating expenses. The amounts are shown as off-setting support and expense on the statements of revenues, expenses, and changes in fund net position.

(7) Nutrition

HSUCC has a nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the Schedules of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Financial Statements

June 30, 2015 and 2014

(8) Commitment and Contingency

(a) Commitment

The Organization conducts its operations on property owned by HSU. Facility costs of rent, utilities and custodial services for the administrative services of the Children's Center are paid for by the University's general fund. Future lease commitment to the University in excess of one year is as follows:

<u>Year Ending June 30, 2015</u>	<u>Amount</u>
2016	12,540
2017	12,540
2018	2,090
	<u>\$ 27,170</u>

The term of this lease was scheduled to expire on August 31, 2014. The Organization has exercised a three year renewal option extending the term of the lease through August 31, 2017.

Rental expense charged to operations for the years ended 2015 and 2014 totaled \$12,540 and \$12,500, respectively.

(b) Contingency

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grants. Failure to fulfill these conditions could result in a requirement to return the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that the organization has complied with the terms of all grants.

(9) Retirement Plans and Post-Retirement Benefits

Regular Children's Center employees participate in the California Public Employee's Retirement Fund System. All plan disclosures can be found in the California State University Notes to the Financial Statements. The University does not allocate costs for these plans to the Children's Center.

(10) Risk Management

The Children's Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Children's Center is covered under the University's insurance policies for all such risks of loss, including worker's compensation and employees' health and accident insurance. Additional information may be found in the California State University Notes to the Financial Statements.

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

**Schedules of Expenditures of Federal and State Awards
Year ended June 30, 2015**

Grantor / Pass Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Health & Human Services								
Pass-Through Program from:								
California Department of Education:								
General Child Care Center	93.596/9.575	CCTR-4043	\$ 164,788	\$ 195,146	\$ 359,934	\$ 161,518	\$ 189,607	\$ 351,125
Facilities Renovation and Repair	--	CRPM-2019		19,449	19,449			-
Facilities Renovation and Repair	--	CRPM-3011		18,772	18,772		14,079	14,079
Facilities Renovation and Repair					-			-
California State Preschool	93.596/9.575	CSPP-4097	29,556	275,558	305,114	28,383	255,451	283,834
Northcoast Children's Services Inc.: Head Start	93.600	09CH0054/35	32,200		32,200	32,200		32,200
Total U.S. Department of Health & Human Services			226,544	508,925	735,469	222,101	459,137	681,238
U.S. Department of Agriculture								
Pass-Through Program from:								
California Department of Education:								
Child Care Food Program - Center Based			48,842	4,541	53,383	48,842	4,541	53,383
Total U.S. Department of Agriculture			48,842	4,541	53,383	48,842	4,541	53,383
Total Federal and State Awards			<u>\$ 275,386</u>	<u>\$ 513,466</u>	<u>\$ 788,852</u>	<u>\$ 270,943</u>	<u>\$ 463,678</u>	<u>\$ 734,621</u>

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Humboldt State University Children's Center, and is presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with requirements of 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.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

**Combining Statements of Activities by Program
Year ended June 30, 2015**

	California Department of Education			University and Other Support	Total
	Children's Center	CRPM - 2019	CRPM - 3011		
REVENUES					
California Dept. of Education - Child Development	\$ 351,125	\$ -	\$ 14,079		\$ 365,204
California Dept. of Education - CA State Preschool	283,834				283,834
California Dept. of Education - Food Program	53,383				53,383
Head Start Support	32,200				32,200
Grant Income - Other	27,052			245,308	272,360
Donations and Support				8,761	8,761
Charges for Service	364,688				364,688
Interest Income					
Total Revenues	1,112,282	-	14,079	254,069	1,380,430
EXPENDITURES					
Salaries and Related Expenses	941,979			244,153	1,186,132
Supplies	107,567			7,794	115,361
Depreciation Expense	29,355				29,355
Equipment and Small Tools	7,384				7,384
Repairs and Improvements	7,333		2,797	2,064	12,194
Rent and Occupancy	16,778				16,778
Administration of Humboldt State University	25,907				25,907
Audit and Consulting Services	12,595				12,595
Travel	10,464				10,464
Other Expenses	16,084			43,683	59,767
Total Expenditures	1,175,446	-	2,797	297,694	1,475,937
CHANGE IN NET POSITION	(63,164)	-	11,282	(43,625)	(95,507)
Net Position - Beginning of Year	55,213	-	-	168,720	223,933
NET POSITION - END OF YEAR	<u>\$ (7,951)</u>	<u>\$ -</u>	<u>\$ 11,282</u>	<u>\$ 125,095</u>	<u>\$ 128,426</u>

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

Trustees
Humboldt State University Children's Center
Arcata, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Humboldt State University Children's Center (a program of Humboldt State University, an Agency of the State of California), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Humboldt State University Children's Center's basic financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

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

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

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


Trustees
Humboldt State University Children's Center

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Bellevue Washington
November 12, 2015

**SUPPLEMENTAL REPORTING REQUIREMENTS FOR THE
CALIFORNIA DEPARTMENT OF EDUCATION**

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

General Information

June 30, 2015 and 2014

Agency Name: Humboldt State University Children's Center

Address of Agency: 1 Harpst Street
Arcata, CA 95521

Type of Agency: A program of Humboldt State University

California Department of Education,
Project Numbers: CCTR-4043 General Child Care and Development
CRPM-2019 Facilities Renovation and Repair
CRPM-3011 Facilities Renovation and Repair
CSPP-4097 California State Preschool

Executive Director: Susan Rosen

Report Period: Fiscal Years Ended June 30, 2015 and 2014

Schedule of Daily Hours: 7:30 a.m. to 5:30 p.m.

Number of Days Operation: Various

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Schedules of Expenditures by State Categories

Year Ended June 30, 2015

		General Center CTTR - 4043 and State Preschool CSPP - 4097	Facilities Renovation and Repair CRPM - 2019	Facilities Renovation and Repair CRPM - 3011	Total CDE CD CONTRACTS
Direct Payments to Providers					
1000	Certified Salaries	\$ 403,044			\$ 403,044
2000	Classified Salaries	371,327			371,327
3000	Employee Benefits	339,207			339,207
4000	Books and Supplies	104,783			104,783
5000	Services / Other	93,796		2,797	96,593
	Operating Expenses				-
6100/6200	Capital Outlay	-		21,505	21,505
6400	New Equipment (<i>program related</i>)	5,385			5,385
6500	Replacement Equipment				-
	Depreciation				-
	Start-Up				-
	Indirect Costs				-
Total Expenses Claimed for Reimbursement		1,317,542		24,302	1,341,844
	Supplemental Expenses	87,220			87,220
TOTAL EXPENDITURES		\$ 1,404,762		\$ 24,302	\$ 1,429,064

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Reconciliation of CDE and GAAP Expense Reporting

Year Ended June 30, 2015

Expenses	General Center CCTR-4043 and State Preschool CSPP - 4097	Facilities Renovation and Repair CRPM - 2019	Facilities Renovation and Repair CRPM - 3011	Total CDE CD CONTRACTS
Schedule of Expenditures by State Categories (CDE)	\$ 1,404,762		24,302	1,429,064
Adjustments to Reconcile Differences in Reporting:				
Expenses Not Reported to CDE	39,023			39,023
Expenses Reimbursed by the University and Others	(297,694)			(297,694)
Depreciation on Assets Purchased with Public Funds	29,355	-	-	29,355
Capitalized Renovation and Repairs Expensed on AUD Forms			(21,505)	(21,505)
Subtotal	<u>(229,316)</u>	<u>-</u>	<u>(21,505)</u>	<u>(250,821)</u>
Combining Statement of Activities (GAAP)	<u>1,175,446</u>	<u>-</u>	<u>2,797</u>	<u>1,178,243</u>

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Schedules of Reimbursable Fixed Asset Expenditures

Year Ended June 30, 2015

Equipment

UNIT COST UNDER \$7,500 PER ITEM -	7,384
UNIT COST OVER \$7,500 PER ITEM WITH PRIOR WRITTEN APPROVAL - None.	
UNIT COST OVER \$7,500 PER ITEM WITHOUT PRIOR WRITTEN APPROVAL - None.	
TOTAL EQUIPMENT EXPENDITURES	<u>\$ 7,384</u>

Renovations and Repairs

UNIT COST UNDER \$10,000 PER ITEM - Resurface Awning Yard - Baiocchi House	8,750
UNIT COST OVER \$10,000 PER ITEM WITH PRIOR WRITTEN APPROVAL - Solar Room Renovation - Mary Warren House	12,755
UNIT COST OVER \$10,000 PER ITEM WITHOUT PRIOR WRITTEN APPROVAL - None.	
TOTAL BUILDING AND IMPROVEMENTS EXPENDITURES	<u>\$ 21,505</u>

Note: Agency's Capitalization Threshold is \$5,000.

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Combining Schedules of Administrative Costs

Relating to Department of Education Programs

Year Ended June 30, 2015

	General Center CCTR-4043 and State Preschool CSPP-4097
Salaries and Benefits	\$ 110,542
Insurance	-
Audit Fee	4,860
Business Service Fee	22,000
 Total Administrative Costs	 <u>\$ 137,402</u>

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year Ended: June 30, 2015 Contract No. CSP4097

Independent Auditor's Name: CliftonLarsonAllen, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	1,456	598	2,054	1.0000	2,054.000
Three-quarters-time	2,128	401	2,529	0.7500	1,896.750
One-half-time	5,026	1,121	6,147	0.6172	3,793.928
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time	79	54	133	1.2000	159.600
Three-quarters-time	73	13	86	0.9000	77.400
One-half-time	246	61	307	0.6172	189.480
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6172	-
TOTAL DAYS OF ENROLLMENT	9,008	9,008	11,256		8,171.159
DAYS OF OPERATION	176	61	237		
DAYS OF ATTENDANCE	9,008	2,248	11,256		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year Ended: June 30, 2015 Contract No. CSPP4097

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT					
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	2,590	1,058	3,648	1.0000	3,648.000
Three-quarters-time	878	385	1,263	0.7500	947.250
One-half-time	842	360	1,202	0.6172	741.874
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6172	-
TOTAL DAYS OF ENROLLMENT	4,310	1,803	6,113		-

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year Ended: June 30, 2015 Contract No. CCTR4043

Independent Auditor's Name: CliftonLarsonAllen, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	625	-	625	1.700	1,062.500
Three-quarters-time	364	-	364	1.275	464.100
One-half-time	93	-	93	0.935	86.955
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time	3,243	1,133	4,376	1.400	6,126.400
Three-quarters-time	901	370	1,271	1.050	1,334.550
On-half-time	177	50	227	0.770	174.790
<i>Three Years and Older</i>					
Full-time-plus		7	7	1.180	8.260
Full-time	603	384	987	1.000	987.000
Three-quarters-time	54	107	161	0.750	120.750
One-half-time	11	6	17	0.550	9.350
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time	17	-	17	1.200	20.400
Three-quarters-time			-	0.900	-
One-half-time	33	-	33	0.660	21.780
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	6,121	2,057	8,178		10,416.835
DAYS OF OPERATION	176	61	237		
DAYS OF ATTENDANCE	6,121	2,049	8,170		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year Ended: June 30, 2015 Contract No. CCTR4043

SECTION II - NONCERTIFIED CHILDREN	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
Report all children who were not certified, but who were served at the same sites as certified children.	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT					
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	162	-	162	1.700	275.400
Three-quarters-time	126	12	138	1.275	175.950
One-half-time	40	-	40	0.935	37.400
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time	1,911	638	2,549	1.400	3,568.600
Three-quarters-time	557	145	702	1.050	737.100
On-half-time	825	160	985	0.770	758.450
<i>Three Years and Older</i>					
Full-time-plus			-	1.180	-
Full-time			-	1.000	-
Three-quarters-time			-	0.750	-
One-half-time			-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	3,621	955	4,576		5,552.900

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-306

Fiscal Year End: June 30, 2015 Contract No. CCTR4043
 Insert Any Commingled Contract No. CSPP4097

	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDF S 9500	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$52,006	\$1,377	\$53,383
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$52,006	\$1,377	53,383
Transfer from Reserve			0
Contract #			0
Family Fees for Certified Children			
CCTR Program	24,923	(2,979)	21,944
Contract # 4043			
CSPP Program	11,145	(1,339)	9,806
Contract # 4097			
Interest Earned on Apportionments			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	334,949	(2,011)	332,938
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$423,023	(\$4,952)	\$418,071

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			
1000 Certificated Salaries	403,044		403,044
2000 Classified Salaries	367,301	4,026	371,327
3000 Employee Benefits	339,207		339,207
4000 Books and Supplies	104,783		104,783
5000 Services and Other Operating Expenses	93,796		93,796
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	5,385		5,385
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Contract #			0
Contract #			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$1,313,516	\$4,026	\$1,317,542
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$127,698	\$9,704	\$137,402

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:
 Classified salary reimbursable expense and total administrative costs were understated by \$4,026 and \$9,704, respectively, on the 8501-9500C June 2015 report. Adjustments made to revenue are to add deferred revenue and allowance for doubtful accounts adjustments; in order to agree to the Combining Statements of Activities by Program.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

AUD 8501-9500C, Page 5 of 6 (FY 2014-15) California Department of Education

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Commingled with General Center-Based Programs

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year End: June 30, 2015 Contract No. CCTR4043

Insert Any Commingled Contract Number CSPP4097

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	\$1,155		\$1,155
Other (Specify):	37,270		37,270
Other (Specify):	48,795		48,795
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$87,220	\$0	\$87,220

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries			\$0
2000 Classified Salaries	68,833		68,833
3000 Employee Benefits	3,720		3,720
4000 Books and Supplies	7,794		7,794
5000 Services and Other Operating Expenses	6,873		6,873
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$87,220	\$0	\$87,220

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED FISCAL REPORT
for Child Development CRPM Support Contracts

Agency Name: Humboldt State University Children's Center Vendor No. 12-3060

Fiscal Year End: June 30, 2015 Contract No. CRPM-2019

Contract Term From: 7/1/2012 To: 6/30/2015

Independent Auditor's Name: CliftonLarsonAllen LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529-CRPM ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529- CRPM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment	\$0	\$12,729		\$12,729
Other (Specify):				0
Other (Specify):				0
Other (Specify):				0
Subtotal	\$0	\$12,729	\$0	\$12,729
INTEREST EARNED ON APPORTIONMENTS				
				0
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
TOTAL REVENUE	\$0	\$12,729	\$0	\$12,729

SECTION II - REIMBURSABLE EXPENSES

1000 Certificated Salaries				\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses	7,004			7,004
6100/6200 Other Approved Capital Outlay	32,177			32,177
6400 New Equipment (<i>program-related</i>)				0
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
Other (Specify):				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	\$39,181	\$0	\$0	\$39,181
FOR CDE-A&I USE ONLY:				

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED FISCAL REPORT
for Child Development CRPM Support Contracts

Agency Name:	Humboldt State University Children's Center	Vendor No.	12-3060
Fiscal Year End:	June 30, 2015	Contract No.	CRPM-3011
Contract Term	From: 7/1/2013	To:	6/30/2016
Independent Auditor's Name:	CliftonLarsonAllen, LLP		

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529-CRPM ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529- CRPM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment			\$12,151	\$12,151
Other (Specify):				0
Other (Specify):				0
Other (Specify):				0
Subtotal	\$0	\$0	\$12,151	\$12,151
INTEREST EARNED ON APPORTIONMENTS				
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
TOTAL REVENUE	\$0	\$0	\$12,151	\$12,151

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries				\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses		24,302	(21,505)	2,797
6100/6200 Other Approved Capital Outlay			21,505	21,505
6400 New Equipment (<i>program-related</i>)				0
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
Other (Specify):				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	\$0	\$24,302	\$0	\$24,302
FOR CDE-A&I USE ONLY:				

COMMENTS - If necessary, attach additional sheets to explain adjustments:

An amount for the Prorated Portion for Nonsubsidized Enrollment has been added, since it wasn't reported on the CDFS 9529 Report for June 2015. \$21,505 has been reclassified from Services and Other Operating Expenses to Other Approved Capital Outlay.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Humboldt State University Children's Center

Fiscal Year End: June 30, 2015

Vendor No. 12-3060

Independent Auditor's Name: CliftonLarsonAllen, LLP

RESERVE ACCOUNT TYPE (Check One):

- Center Based
 Resource and Referral
 Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A, Section IV)	\$24,938	(\$1,473)	\$23,465
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$24,938	(\$1,473)	\$23,465

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$155		\$155
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance on June 30, 2015 (column A must agree with this year's CDFS 9530-A, Section IV)	\$25,093	(\$1,473)	\$23,620

COMMENTS - If necessary, attach additional sheets to explain adjustments:

1. The "Beginning Balance" on the prior year AUD 9530-A form was incorrectly reported as \$23,093, rather than 21,468 (<1,625> difference). 2. Prior year "Plus Transfers from Contracts to Reserve Account" was reported as 1,754, rather than 1,906 (152 difference). Therefore, an adjustment in the amount of <1,473> was made to line 1 in column B. (<1,625>+152 = <1,473>)

HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER

Notes to Supplementary Information

June 30, 2015

NOTE 1-DAYS OF OPERATION

During the 2014-2015 fiscal year, Humboldt State University Children's Center was operational 237 days for the General Center Child Care and the State Preschool.

NOTE 2-AUDIT COSTS

Humboldt State University Children's Center accrued audit costs of \$0 for the fiscal year ended June 30, 2015.

**HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____yes X no

Significant deficiency(ies) identified not
considered to be material weakness(es)?

_____yes X none reported

Noncompliance material to financial
statements noted?

_____yes X no

Programs Subjected to Audit Procedures as Major Program

None.

Section II: Financial Statement Findings:

Current Year Finding

None.

Section III: Findings and Questioned Costs for Federal and State Awards – Current Year:

Current Year Finding

None.

Section IV: Status of Corrective Action on Prior Year Findings:

Other Noncompliance:

Condition: While performing eligibility testing for Humboldt State University Children's Center (HSUCC), we noted one file in which the parent fee was incorrectly calculated.

Criteria: The California Department of Education (CDE) provides guidelines for determining the amount of parent fee a family is to pay for child care. Income from both parents is to be included in this calculation.

Effect: HSUCC incorrectly calculated the parent fee as zero when it should have been \$10.90 per day. The total fee for the year based on the child's attendance would have been \$2,191.

Cause: HSUCC did not see the document containing the father's income when performing their calculation of the parent fee.

**HUMBOLDT STATE UNIVERSITY CHILDREN'S CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section IV: Status of Corrective Action on Prior Year Findings (Continued):

Other Noncompliance (Continued):

Recommendation: We recommended HSUCC calculate the proper fee and submit a bill to the parent, which they have done. In addition, we recommend HSUCC include a checklist in their student eligibility files which includes a place to document income from both parents and then a place to document a second person's review of the information and parent fee calculation.

Views of Responsible Official: HSUCC has created a checklist for student eligibility files which includes a place to document income from both parents. This checklist includes an area to document that two individuals have calculated and reviewed the reported income. This checklist is in use currently.

Status of Corrective Action Plan: Implemented.