

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

SINGLE AUDIT REPORTS

For the Year Ended June 30, 2015

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**SINGLE AUDIT REPORTS
For the Year Ended June 30, 2015**

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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

Board of Directors
California Association for Bilingual Education
Covina, 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 California Association for Bilingual Education (CABE), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

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

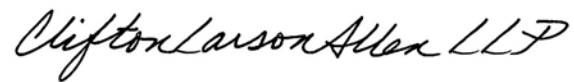
Compliance and Other Matters

As part of obtaining reasonable assurance about whether CABE'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

Pasadena, California
February 26, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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**

Board of Directors
California Association for Bilingual Education
Covina, California

Report on Compliance for Each Major Federal Program

We have audited California Association of Bilingual Education's (CABE's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CABE's major federal programs for the year ended June 30, 2015. CABE'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 CABE'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 CABE'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 CABE's compliance.

Opinion on Each Major Federal Program

In our opinion, CAFE 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, 2015.

Report on Internal Control Over Compliance

Management of CAFE 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 CAFE'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 CAFE'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.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of CAFE as of and for the year ended June 30, 2015, and have issued our report thereon dated February 26, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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

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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California

February 26, 2016

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

<u>Federal Grantor/Program Title Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Identifying/Award Number</u>	<u>2015 Expenses</u>
U.S. Department of Education			
State Fiscal Stabilization Fund (SFSF)			
Investing in Innovation (I3) Fund, Recovery Art (Non-ARRA Funds)	84.411C	U411C120057	\$ 621,641
<i>Total US Department of Education</i>			<u>\$ 621,641</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, as described in note 2 of the notes to the financial statements of CABE as of and for the year ended June 30, 2015.

Note 3: Administrative Cost Allowances

No administrative costs allowances were claimed for the year ended June 30, 2015.

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with amounts reported in the related federal financial reports filed by CABE.

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting: Material weaknesses identified?	<i>No</i>
Significant deficiencies identified that are not considered to be material weaknesses?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal Awards

Internal control over major programs: Material weaknesses identified?	<i>No</i>
Significant deficiencies identified that are not considered to be material weaknesses?	<i>No</i>
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of (Circular A-133)?	<i>No</i>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.411C	U.S. Department of Education Investing Innovation (i3) Fund

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<i>No</i>

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Section IV: Prior Year Federal Award Findings

Finding 2014-001: Cash Management

Criteria

Title 34, Education, Part 74 – Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations – Subpart C – Post-Award Requirements – Section 74.22 (b) – Payment states the following:

- (1) Recipients are paid in advance, provided they maintain or demonstrate the willingness to maintain:
 - (i) Written procedures that minimize the time elapsing between the transfer of funds and disbursements by the recipient; and
 - (ii) Financial management systems that meet the standards for fund control and accountability as established in §74.21.
- (2) Cash advances to a recipient organization are limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project.
- (3) The timing and amount of cash advances are as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

Identified Condition

For 2 out of 4 drawdowns tested, we noted the program funds were requested through advance payment and were in excess of the immediate needs of the program. No earnings were generated on the advance payment of program funds.

Possible Cause and Effect

Adequate procedures were not in place to ensure that program expenses were incurred prior to requesting drawdown of federal funds.

Recommendation

We recommend that the Organization ensure that its amended procedures beginning January 1, 2014 is followed by program staff to ensure compliance with federal requirements.

Current Status

Effective January 1, 2014, the Organization requires approved expense reports prior to the drawdown of federal funds. Management will continue to ensure that a draw down request must include an attached expense report for approval prior to the draw down.