

MOUNT MARY UNIVERSITY, INC.

**Federal and State Financial
Assistance Audit Report**

For the Year Ended June 30, 2015

MOUNT MARY UNIVERSITY, INC.
Federal and State Financial Assistance Audit Report
For the Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 And the <i>State Single Audit Guidelines</i>	1 - 2
Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of State Awards	4
Notes to the Schedules of Expenditures of Federal and State Awards	5 and 6
Schedule of Findings and Questioned Costs	7 and 8
Schedule of Prior Year Audit Findings and Corrective Action Plan	9
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10 and 11

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED
BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Trustees
Mount Mary University, Inc.
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Mount Mary University, Inc.'s (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Mount Mary University, Inc.'s major federal and state programs for the year ended June 30, 2015. Mount Mary University, Inc.'s major federal and state 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 Mount Mary University, Inc.'s major federal and state 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133, and the *State Single Audit Guidelines* 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 or state program occurred. An audit includes examining, on a test basis, evidence about Mount Mary University, Inc.'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 and state program. However, our audit does not provide legal determination of Mount Mary University, Inc.'s compliance.

Opinion on Each Major Federal and State Program

In our opinion, Mount Mary University, Inc. complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Mount Mary University, Inc. 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 Mount Mary University, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, 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 Mount Mary University, Inc.'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 or state 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 or state 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 results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the *State Single Audit Guidelines*

We have audited the financial statements of Mount Mary University, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated October 1, 2015 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are 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 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 schedules of expenditure of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

Milwaukee, Wisconsin

January 19, 2016 except for the Schedules of
Expenditures of Federal Awards and State Financial
Assistance as to which the date is October 1, 2015

MOUNT MARY UNIVERSITY, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Government Award Programs and Funding Agencies	Federal CFDA Number	Federal Expenditures
U.S. Department of Education:		
Student Financial Aid Cluster:		
Federal Supplemental Educational Opportunity Grant Program	84.007	\$ 67,200
Federal Work-Study Program	84.033	107,515
Federal Perkins Loan Program:	84.038	
Federal Capital Contributions		901,952
Administrative Cost Allowance		4,791
Total Federal Perkins Loan Program		<u>906,743</u>
Federal Pell Grant Program	84.063	1,966,399
Federal Direct Student Loans Program (Note 4)	84.268	<u>12,364,425</u>
Total Student Financial Aid Cluster		15,412,282
TRIO Cluster:		
TRIO Student Support Services Grant	84.042	229,865
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	<u>118,560</u>
Total U.S. Department of Education		<u>15,760,707</u>
Corporation for National and Community Service		
Passed through the Wisconsin Department of Administration		
AmeriCorps State and National	94.006	<u>28,763</u>
Total Federal Awards		<u><u>\$ 15,789,470</u></u>

See notes to the Schedules of Expenditures of Federal and State Awards

MOUNT MARY UNIVERSITY, INC.
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2015

<u>State Grantor/Program Title</u>	<u>State ID Number</u>	<u>State Expenditures</u>
Wisconsin Higher Education Aids Board:		
Wisconsin Tuition Grant	235.101	\$ 1,184,720
Minority Undergraduate Retention Grant	235.107	31,535
Wisconsin Covenant Scholars	235.108	42,375
Academic Excellence Scholarship Grant	235.109	13,500
Talent Incentive Program Grant	235.114	80,788
Wisconsin Covenant Foundation	235.131	31,000
Indian Student Assistance Grant	235.132	<u>1,100</u>
Total Wisconsin Higher Education Aids Board		<u>1,385,018</u>
Total State Awards		<u><u>\$ 1,385,018</u></u>

See notes to the Schedules of Expenditures of Federal and State Awards

MOUNT MARY UNIVERSITY, INC.
Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) and Schedule of Expenditures of State Awards (collectively referred to as the Schedules) summarize expenditures charged to federal and state programs administered by Mount Mary University, Inc. for the year ended June 30, 2015 and have been prepared on the accrual basis. The schedules should be read in conjunction with Mount Mary University, Inc.'s financial statements.

For purposes of the SEFA, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between Mount Mary University, Inc. and agencies and departments of the federal government and all awards to Mount Mary University, Inc. by other organizations pursuant to federal grants, contracts, and similar agreements.

NOTE 2 – MAJOR PROGRAM DETERMINATION

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133) and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, establish certain criteria for identification of major programs. Under OMB Circular A-133 and the *State Single Audit Guidelines*, tests of compliance with requirements that could have a direct and material effect on each major federal and state program. The major programs identified in the accompanying Schedule of Findings and Questioned Costs have been determined in accordance with the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*.

NOTE 3 – STUDENT FINANCIAL AID CLUSTER (THE CLUSTER)

Federal awards to provide financial assistance to students are combined on the SEFA and considered to be a single program (Student Financial Aid Cluster) for major federal program determination. The amount of loans made during the year under federal government student loan programs are considered to be disbursements for major program determination. The amounts included in the SEFA represent loans disbursed during the year, plus the related administrative cost allowance.

Mount Mary University, Inc. receives awards to make loans to eligible students under certain federal government student loan programs. The Federal Perkins Loan Program (CFDA No. 84.038) is administered by Mount Mary University, Inc. and its service organization. Federally-guaranteed loans are also issued to the students of Mount Mary University, Inc. by the U.S. Department of Education.

MOUNT MARY UNIVERSITY, INC.
Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

NOTE 4 – FEDERAL STUDENT LOAN PROGRAM

Loans made by Mount Mary University, Inc. to eligible students under the Federal Perkins Loan Program and federally guaranteed loans made by the U.S. Department of Education to students of Mount Mary University, Inc. during the year ended June 30, 2015 are summarized as follows:

Direct loan programs:

Federal Perkins Loan Program	<u>\$ 901,952</u>
Federal Direct Student Loan Program	
Subsidized Direct Loan	2,313,141
Unsubsidized Direct Loan	8,672,377
Parent Plus Direct Loan	402,842
Graduate Plus Direct Loan	515,475
Alternative Loans	<u>460,590</u>
	<u>12,364,425</u>
Total	<u><u>\$ 13,266,377</u></u>

The Federal Perkins Loan Program is administered directly by Mount Mary University, Inc. and balances and transactions relating to this program are included in Mount Mary University, Inc.'s financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$901,952 at June 30, 2015.

Mount Mary University, Inc. is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, these loans are not included in its financial statements and it is not practical to determine the balance of loans outstanding to students and former students of Mount Mary University, Inc. under these programs at June 30, 2015.

MOUNT MARY UNIVERSITY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|---|--------------------|
| 1. Type of audit report issued on basic financial statements? | Unmodified Opinion |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal and State Programs

- | | |
|---|--------------------|
| 1. Type of audit report issued on major program compliance? | Unmodified Opinion |
| 2. Was a material weakness disclosed? | No |
| 3. Was a significant deficiency disclosed? | None Reported |
| 4. Was an audit finding disclosed? | No |
| 5. Major programs | |

Federal Programs	CFDA #	Amount
Student Financial Aid Cluster:		
Federal Supplemental Educational Opportunity Grant Program	84.007	\$ 67,200
Federal Work-Study Program	84.033	107,515
Federal Perkins Loan Program	84.038	906,743
Federal Pell Grant Program	84.063	1,966,399
Federal Direct Student Loan Program	84.268	12,364,425

State Programs	State ID #	Amount
Wisconsin Higher Education Aids Board:		
Wisconsin Tuition Grant	235.101	\$1,184,720
Minority Undergraduate Retention Grant	235.107	31,535
Academic Excellence Scholarship Grant	235.109	13,500

- | | |
|---|-----------|
| 6. Dollar threshold used to distinguish Type A and Type B programs? | |
| Federal | \$300,000 |
| State | \$100,000 |
| 7. Did the auditee qualify as low-risk auditee? | Yes |

MOUNT MARY UNIVERSITY, INC.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

There are no findings related to the financial statements required to be reported under the requirements of OMB Circular A-133 or the *State Single Audit Guidelines* for the year ended June 30, 2015.

Section III - Federal and State Award Findings and Questioned Costs

There are no findings related to federal or state awards required to be reported under the requirements of OMB Circular A-133 or the *State Single Audit Guidelines* for the year ended June 30, 2015.

Section IV - Other Issues

- | | |
|--|-----|
| 1. Does the auditor have substantial doubt about the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weaknesses, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> ? | No |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | Yes |

4. Name and signature of Partner in charge:



David L. Maccoux
Schenck SC

5. Date of Report

January 19, 2016

MOUNT MARY UNIVERSITY, INC.
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2015

Prior Year Audit Findings

There were no findings for the year ended June 30, 2014.

Corrective Action Plan

A corrective action plan is not required as there are no audit findings to report for the year ended June 30, 2015.

**ADDITIONAL INDEPENDENT AUDITORS'
REPORT FOR FINANCIAL STATEMENTS**

**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 Trustees
Mount Mary University, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United State 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 Mount Mary University, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2015.

Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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.



Certified Public Accountants

Milwaukee, Wisconsin
October 1, 2015