

# UNIVERSITY OF SAINT KATHERINE

Financial Statements  
With Independent Auditors' Report  
and  
Federal Awards  
In Accordance with the Uniform Guidance

Year Ended June 30, 2022

# UNIVERSITY OF SAINT KATHERINE

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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
University of Saint Katherine  
San Marcos, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of University of Saint Katherine (the University), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Saint Katherine as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of University of Saint Katherine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Saint Katherine's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Board of Trustees  
University of Saint Katherine  
San Marcos, California

***Auditors' Responsibilities for the Audit of the Financial Statements, continued***

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University of Saint Katherine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University of Saint Katherine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of University of Saint Katherine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University of Saint Katherine's 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 University of Saint Katherine's internal control over financial reporting and compliance.

*Capin Crouse LLP*

San Diego, California  
February 16, 2023

# UNIVERSITY OF SAINT KATHERINE

## Statement of Financial Position

June 30, 2022

### ASSETS:

#### Current assets:

Cash and cash equivalents	\$ 1,098,525
Student and other receivables	48,093
Student notes receivable-net	29,100
Prepaid expenses	171,916
	<u>1,347,634</u>

Pledge receivable - related party	748,550
Student notes receivable-net	93,402
Property and equipment - net	142,519
	<u>984,471</u>

Total Assets	<u><u>\$ 2,332,105</u></u>
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### LIABILITIES AND NET ASSETS:

#### Current liabilities:

Accounts payable	\$ 75,765
Accrued expenses	4,099
Deferred rent payable	24,451
Note payable	34,576
	<u>138,891</u>

Deferred rent payable - net of current portion	225,837
Note payable - net of current portion	2,946
	<u>228,783</u>

Total liabilities	<u>367,674</u>
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#### Net assets:

Without donor restriction	1,215,881
With donor restriction	748,550
Total net assets	<u>1,964,431</u>

Total Liabilities and Net Assets	<u><u>\$ 2,332,105</u></u>
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See notes to financial statements

# UNIVERSITY OF SAINT KATHERINE

## Statement of Activities

For the Year Ending June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>			
Tuition and fees, - net of discounts of \$2,715,480	\$ 3,937,220	\$ -	\$ 3,937,220
Government grant revenue	1,060,501	-	1,060,501
Contributions	462,581	42,301	504,882
Other income	229,341	-	229,341
	<u>5,689,643</u>	<u>42,301</u>	<u>5,731,944</u>
 Net assets released from donor restrictions:	 -	 -	 -
 Total Support, Revenue, and Reclassifications	 <u>5,689,643</u>	 <u>42,301</u>	 <u>5,731,944</u>
<b>EXPENSES:</b>			
Program services:			
Athletics and Student Affairs	3,000,842	-	3,000,842
Faculty and Instruction	1,727,476	-	1,727,476
	<u>4,728,318</u>	<u>-</u>	<u>4,728,318</u>
Supporting activities:			
General and Administrative	1,198,156	-	1,198,156
Fundraising	17,110	-	17,110
	<u>1,215,266</u>	<u>-</u>	<u>1,215,266</u>
 Total Expenses	 <u>5,943,584</u>	 <u>-</u>	 <u>5,943,584</u>
 Change in Net Assets	 (253,941)	 42,301	 (211,640)
 Net Assets, Beginning of Year	 <u>1,469,822</u>	 <u>706,249</u>	 <u>2,176,071</u>
 Net Assets, End of Year	 <u>\$ 1,215,881</u>	 <u>\$ 748,550</u>	 <u>\$ 1,964,431</u>

See notes to financial statements

# UNIVERSITY OF SAINT KATHERINE

## Statement of Functional Expenses

For the Year Ending June 30, 2022

	Program Activities		Supporting Activities		Total
	Athletics and Student Affairs	Faculty and Instruction	General and Administrative	Fundraising	
Salaries, wages, and benefits	\$ 1,359,186	\$ 1,283,176	\$ 512,272	\$ -	\$ 3,154,634
Services, supplies, and other	799,465	57,926	262,723	3,757	1,123,871
Occupancy expense	285,377	382,804	151,141	-	819,322
Student grants (HEERF)	407,332	-	-	-	407,332
Professional fees	76,058	1,000	221,964	-	299,022
Interest, finance fees, taxes	41,545	1,892	48,699	13,353	105,489
Depreciation	31,879	678	1,357	-	33,914
 Total	 \$ 3,000,842	 \$ 1,727,476	 \$ 1,198,156	 \$ 17,110	 \$ 5,943,584

See notes to financial statements

# UNIVERSITY OF SAINT KATHERINE

## Statement of Cash Flows

For the Year Ending June 30, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (211,640)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	33,914
Amortization of pledge receivable	(42,301)
Net change in:	
Student and other receivables	45,065
Student notes receivable-net	202,048
Prepaid expenses	(76,492)
Employee Retention Credit receivable	231,199
Accounts payable	(33,346)
Accrued expenses	(33,170)
Deferred rent payable	(158,785)
Net Cash Used by Operating Activities	<u>(43,508)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property and equipment	<u>(29,282)</u>
Net Cash Used by Investing Activities	<u>(29,282)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on note payable	<u>(33,094)</u>
Net Cash Used by Financing Activities	<u>(33,094)</u>

Change in Cash and Cash Equivalents (105,884)

Cash and Cash Equivalents, Beginning of Year 1,204,409

Cash and Cash Equivalents, End of Year \$ 1,098,525

### SUPPLEMENTAL DISCLOSURES:

Cash paid for interest \$ 2,598

See notes to financial statements

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

1. NATURE OF ORGANIZATION:

Founded in 2010, the University of Saint Katherine (the University) (a California public benefit corporation) is an independent liberal arts university formed in the Orthodox Christian tradition. The University is accredited through the Western Association of Schools and Colleges (WASC) Senior College and University Commission. The University is approved and licensed by the California Bureau for Private Postsecondary Education to award Bachelor of Arts and Bachelor of Science degrees. The University derives its revenues principally from student tuition as well as private donations. The University participates in Title IV Financial Student Aid Programs, VA Educational Benefit Programs, and California State Aid Programs (Cal Grant eligibility approved in February of 2019). Additional revenue is generated by the University through student fees, including student life and technology fees, administrative-type fees, and finance charges on long-term balances as well as fundraising events.

Enrollment in terms of headcount reached approximately 275 students in the spring of 2022, an increase of 4% from the previous spring. Three new graduate degree programs were added in 2022. The University currently leases space for their location in San Marcos, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the University have been prepared on the accrual basis in accordance with the accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit, and money market deposits. As of June 30, 2022, the University's cash balances exceeded federally insured limits by approximately \$906,000. The University has not experienced any losses in such accounts.

### PLEDGE RECEIVABLE

Unconditional promises-to-give expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. In future years, the discounts to present value are computed using risk-free rates established in the year in which those promises are received. Amortization of the discounts is included in contributions.

### STUDENT ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Student accounts receivable are for tuition and other student fees. Students who have exhausted all federal and state financial aid programs and are unable to obtain private loans are allowed by the University to pay their fees over a period extending beyond one year. Such amounts represent institutional loans and are presented as notes receivable in the accompanying statement of financial position. The loans are unsecured and generally payable over 10 years. Student notes receivable are recorded net of an allowance for doubtful accounts. There was no allowance on student accounts receivable as management has determined all to be collectible. The allowance is based on historical experience and management's evaluation of receivables at year end.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### STUDENT ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE, continued

The allowance for uncollectible accounts at June 30, 2022, was approximately \$49,000. Note receivables is considered delinquent if payment is not received within 30 days of the due date. Notes are placed on non-accrual status if the financial position of the borrower has deteriorated to a level that future performance cannot be projected; or principal and/or interest have been delinquent for a period of ninety days or more. Notes are restored to accrual status when substantiated performance under the original loan agreement and outstanding principal and interest have been brought current or the note is no longer ninety days past due; or appropriate documentation has been executed by the borrower to show their agreement and obligation under a loan workout plan.

#### PROPERTY AND EQUIPMENT

Expenditures over \$500 for property and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years. Gifts of land, buildings, and equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions must specify how the assets are to be used; gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The University reviews property and equipment for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying value over the fair value of the asset. There was no impairment of property and equipment during the year ended June 30, 2022.

#### NET ASSETS

The financial statements report amounts by classification of net assets as follows:

*Net assets without donor restriction* are those currently available at the discretion of the board for use in the University's operations.

*Net assets with donor restriction* are those which are stipulated as purpose restricted grants or as time restricted pledges. As of June 30, 2022, the time restricted pledge receivable balance after the present value discount was \$748,550. See Note 4 for further details.

All contributions are considered available for unrestricted use unless specifically restricted by the donor.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### REVENUE RECOGNITION

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the University.

#### *Tuition and fees revenue*

Student tuition and fees are recorded as revenue using the proportional performance method of revenue recognition in the year during which the academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue and are presented as unearned tuition in the statement of financial position. Collectability of student accounts is reviewed both individually and in the aggregate.

#### *Grant Revenue*

Grant revenue mainly consists of Higher Education Emergency Relief Fund (HEERF) funding that is recognized when it is earned which is when the funds are spent in accordance with the agreements. During the year ended June 30, 2022, the University expended HEERF funding of \$978,022, according to the terms of the agreement, and are therefore recognized as grant revenue on the statement of activities.

#### *Contributions*

Contributions are recognized as revenues when received or unconditionally pledged. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities based on department codes and time allocation. Currently, there are no joint costs that have been allocated among program, general and administrative, and fundraising.

#### USE OF ESTIMATES

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

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

### STUDENT FINANCIAL ASSISTANCE PROGRAMS

The University participates in the delivery of student financial assistance programs under various programs administered by the Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties or the discontinuation of eligibility for participation.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the University's financial assets as of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2022.

Financial assets:	
Cash and cash equivalents	\$ 1,098,525
Student and other receivables	48,093
Student notes receivable-net	122,502
Pledge receivable	748,550
Financial assets, at period end	<u>2,017,670</u>
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:	
Student notes receivable-net	(93,402)
Pledge receivable	(748,550)
	<u>(841,952)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,175,718</u>

Cash is held in interest bearing and non-interest bearing bank accounts. The University structures its financial assets to be available as general expenditures, which includes liabilities and other obligations, become due. The University also has access to two lines of credit available to be drawn on up to \$3,250,000, see further information in Note 7.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

4. PLEDGES RECEIVABLE:

In 2017, the University received a pledge of \$812,000 from the President of the University, which is expected to be paid in 2024; as such, the pledge was discounted to its net present value. The pledge receivable is recorded net with a present value discount of \$63,450, as of June 30, 2022, which reflects a discount rate of 5.5%.

In November 2018, the University was notified that it is named as a beneficiary in a trust. The trust was established as a revocable split interest agreement. Upon the death of one of the trustees, the surviving spouse retains ability to control the distribution of income and principal from the trust. The University does not have an unconditional right to receive benefit as of June 30, 2022, and, accordingly, has not recorded this beneficial interest in its financial statements.

5. STUDENT RECEIVABLES:

The University followed the provisions of the *Receivables* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions require disclosures about the credit quality of financing receivables and the allowance for credit losses. The University's student note receivables consists of an institutional loan fund created by the University to assist students in funding their education. Student accounts receivable represents amounts due from enrolled students for the current year. Student notes receivable - net represent institutional loans from both current and former students.

The following is a summary of student accounts and notes receivable as of June 30, 2022:

Student accounts receivable	\$ 37,949
Student notes receivable	\$ 170,998
Less: allowance for doubtful accounts	<u>(48,496)</u>
Student notes receivable - net	<u>\$ 122,502</u>

For student receivables, the credit quality indicator is performance determined by delinquency status which is analyzed monthly by the University. The allowance for doubtful student accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in student receivable accounts. The amount of the allowance is based on management's evaluation of the collectability of student accounts, including the age of the receivable, the history for each student's account balance, and economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments are recorded as an expense in the statement of activities with a corresponding adjustment to the allowance account in the period in which they become known.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

5. STUDENT RECEIVABLES, continued:

	Student Accounts Receivable	Student Notes Receivable	Total
Current	\$ 37,949	\$ 29,100	\$ 67,049
Amount due between 2 and 5 years	-	83,771	83,771
Amount due in greater than 5 years	-	58,127	58,127
	37,949	170,998	208,947
Less allowance for uncollectibility	-	(48,496)	(48,496)
	\$ 37,949	\$ 122,502	\$ 160,451

The following presents the recorded investment by credit quality indicator as of June 30, 2022:

Performing	\$ 208,947
Nonperforming	-
	\$ 208,947

The University has worked directly with students who have a receivable balance of one year or greater to establish a repayment plan. All students are actively paying down their receivables to the University.

6. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following as of June 30, 2022:

Leasehold improvements	\$ 199,236
Furniture and fixtures	183,356
Computer equipment	59,802
	442,394
Less accumulated depreciation	(299,875)
	\$ 142,519

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

7. NOTES PAYABLE:

Unsecured note payable to a bank in the amount of \$100,000 with monthly payments of approximately \$3,000 including principal and interest with a variable rate of 4.00%. The maturity date of the note is July 2023.

\$ 37,522

Future principal payments are due:

Years Ending June 30,

2023

\$ 34,576

2024

2,946

\$ 37,522

### LINES OF CREDIT

The University has access to a \$3,000,000 unsecured line of credit from its President. The line of credit is available for ten years interest free through October 2023. The University did not draw on this line of credit during the year ending June 30, 2022.

The University has a \$250,000 line of credit with a bank that has a maturity date of March 2023. The line of credit is guaranteed by two members of the board. The University did not draw on this line of credit during the year ending June 30, 2022.

8. LEASE COMMITMENTS:

The University leases its administrative offices and instructional facilities from various parties. Lease expense during the year ending June 30, 2022, was approximately \$675,000.

During the year ended June 30, 2022, the University entered into a new lease of campus space in Vallecitos. This new lease requires monthly payments of approximately \$26,000 through expiration in April 2024.

During the year ended June 30, 2022, the University entered into a new lease of office space in San Marcos. This new lease requires monthly payments of approximately \$42,000 through expiration in March 2027. As part of this lease agreement, the lessor provided six months rent free which lead to a deferred rent payable as of June 30, 2022, for \$250,288 which will then be expensed in equal portions over the life of the lease.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Statements

June 30, 2022

8. LEASE COMMITMENTS, continued:

The University's lease commitments pursuant to these lease agreements are as follows:

<u>Years Ending June 30,</u>		
2023		\$ 829,759
2024		765,956
2025		544,229
2026		560,556
2027		383,976
		<hr/>
		\$ 3,084,476

9. RELATED PARTIES:

As of June 30, 2022, it was noted that the board chair is an Umpqua Banking Manager. The University holds the loan and one banking account, that is not the primary account, with Umpqua.

In addition, the pledge receivable between the President of the University and the University as noted in Note 4 is also a related party of \$748,550.

During the year ended June 30, 2022, members of the board contributed \$340,000 to the University.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through February 16, 2023, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **FEDERAL AWARDS**

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTAL INFORMATION**

Board of Trustees  
University of Saint Katherine  
San Marcos, California

We have audited the financial statements of University of Saint Katherine as of and for the year ended June 30, 2022, and our report thereon dated February 16, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1.

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 on page 16, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The financial responsibility supplemental schedule on pages 28-29 is also presented for the purpose of additional analysis as required by the U.S. Department of Education 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 accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

San Diego, California  
February 16, 2023

# UNIVERSITY OF SAINT KATHERINE

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION:					
Student Financial Assistance Cluster:					
Federal Direct Student Loan Program	84.268			\$ -	\$ 1,911,596
Federal Pell Grants	84.063			-	444,629
Federal Supplemental Educational Opportunity Grant Program	84.007			-	19,333
Federal Work-Study Program	84.033			-	16,218
Total Student Financial Assistance Cluster					<u>2,391,776</u>
COVID-19 Education Stabilization Fund:					
COVID-19 HEERF-Student Aid Portion	84.425E	P425E205020		-	387,533
COVID-19 HEERF-Institutional Portion	84.425F	P425F204249		-	552,431
COVID-19 HEERF-Minority Serving Institutions	84.425L	P425L200637		-	38,058
Total COVID-19 Education Stabilization Fund					<u>978,022</u>
Total U.S. Department of Education					<u>3,369,798</u>
Total Expenditures of Federal Awards					<u>\$ 3,369,798</u>

See notes to schedule of expenditures of federal awards

# UNIVERSITY OF SAINT KATHERINE

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of University of Saint Katherine (the University) under programs of the federal government for the year ending June 30, 2022. The information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the University is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	\$ 3,369,798
Less:	
Federal Direct Student Loan Program	(1,911,596)
Federal Pell	(444,629)
Plus:	
Other reconciling items	<u>46,928</u>
Government grants per statement of activities	<u>\$ 1,060,501</u>

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The University did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

# UNIVERSITY OF SAINT KATHERINE

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

### 5. ZONE ALTERNATIVE COMPLIANCE:

The University was operating under the Provisional Certification Alternative for failure to meet the Department of Education's standards of financial responsibility. The University must comply with all the requirements specified for the Provisional Certification Alternative including the Zone Alternative. As part of the audit procedures, the University's compliance with the Zone Alternative including their administration of the heightened cash monitoring payment method, disbursing aid and paying out credit balances before requesting reimbursement and timely notification requirements was tested. No non-compliance with the requirements was noted. The University was released from the zone alternative requirements as of June 1, 2022.

**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 Trustees  
University of Saint Katherine  
San Marcos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University of Saint Katherine (the University), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing 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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 were not identified.

Board of Trustees  
University of Saint Katherine  
San Marcos, California

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University'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 financial statements. 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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Capin Crouse LLP*

San Diego, California  
February 16, 2023

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
University of Saint Katherine  
San Marcos, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited University of Saint Katherine's (University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, University of Saint Katherine 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Board of Trustees  
University of Saint Katherine  
San Marcos, California

**Report on 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 *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Capin Crouse LLP*

San Diego, California  
February 16, 2023

# UNIVERSITY OF SAINT KATHERINE

## Schedule of Findings and Questioned Costs

June 30, 2022

### Section I – Summary of Audit Results

#### Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered a material weakness?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered a material weakness?  yes  none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)?  yes  no

Identification of major program(s):

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063, 84.007, 84.033	Student Financial Assistance
84.425E, 84.425F and 84.425L	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

# UNIVERSITY OF SAINT KATHERINE

## Schedule of Findings and Questioned Costs

June 30, 2022

### Section II – Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

# UNIVERSITY OF SAINT KATHERINE

## Schedule of Findings and Questioned Costs

June 30, 2022

### Section III – Federal Award Findings and Questioned Costs

#### **2022-001 Education Stabilization Fund Reporting**

DEPARTMENT OF EDUCATION

ALN #: 84.425E, 84.425F, 84.425L

*Federal Award Identification #:* P425E205020, P425F204249, P425L200637

*Condition:* The University did not post two quarters of required information on the website during the fiscal year.

*Criteria:* 2 CFR 200.329

*Questioned Costs:* \$-0-

*Context:* The University tracked all expenses on an excel spreadsheet. The institutional quarterly reports included the student disbursements but were not posted on the website for the quarters ended September 30, 2021 and December 31, 2021. The University is in the process of posting these on the website as required.

*Cause:* With transition in staffing, the required reporting was not made.

*Effect:* The University was not in compliance with the reporting requirements of HEERF.

*Identification as repeat finding, if applicable:* not applicable

*Recommendation:* We recommend the University post the required information on the website as soon as possible.

*Views of Responsible Officials and Planned Corrective Action:* Management agrees with the finding. See corrective action plan.

# UNIVERSITY OF SAINT KATHERINE

## Schedule of Findings and Questioned Costs

June 30, 2022

### Section III – Federal Award Findings and Questioned Costs, continued

#### **2022-002 Cash Management of Education Stabilization Fund**

DEPARTMENT OF EDUCATION

ALN #: 84.425E, 84.425F, and 84.425L

*Federal Award Identification #:* P425E205020, P425F204249, P425L200637

*Condition:* The University drew down funding in July 2021 and did not disburse funds to students until November and December 2021. Additionally, the University drew down institutional funding in July and August 2021 while the expenses charged were incurred during the period of July 2021 through December 2021.

*Criteria:* For CRRSAA HEERF II and ARP HEERF III, the Certification and Agreements and/or Supplemental Agreements requires that Student Aid Portion (ALN 84.425E) should be disbursed within 15 calendar days of the drawdown from ED's G5 grants system and Institutional Aid Portion, (a)(2), and (a)(3) funds (all other ALNs) should be disbursed within 3 calendar days of the drawdown from G5.

*Questioned Costs:* \$-0-

*Context:* The University drew down funding as it was available and when a plan had been established to use the funding.

*Cause:* The University was not aware of the 3 day and 15 day requirements.

*Effect:* The University could have earned interest on funds that had not yet been used for federal purposes.

*Identification as repeat finding, if applicable:* Not applicable.

*Recommendation:* We recommend the University adopt the reimbursement method of cash management for all federal funding.

*Views of Responsible Officials and Planned Corrective Action:* Management agrees with the finding. See corrective action plan.

<b>UNIVERSITY OF SAINT KATHERINE</b>				
<b>Financial Responsibility Supplemental Schedule</b>				
Year Ended June 30, 2022				
	<b>Primary Reserve Ratio:</b>			
		<b>Expendable Net Assets:</b>		
1	Statement of Financial Position - Net assets without donor restrictions, page 3	<b>Net assets without donor restrictions</b>		1,215,881
2	Statement of Financial Position - Net assets with donor restrictions, page 3	<b>Net assets with donor restrictions</b>		748,550
3	Notes to Financial Responsibility Supplemental Schedule - Unsecured related party receivables, Line 12	<b>Secured and Unsecured related party receivable</b>	\$ 748,550	
4	Notes to Financial Responsibility Supplemental Schedule - Unsecured related party receivables, Line 12	Unsecured related party receivable		748,550
5	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 3	<b>Property, plant and equipment, net (includes Construction in progress)</b>	142,519	
6	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 1c	Property, plant and equipment pre-implementation		112,492
7	None	Property, plant and equipment post-implementation with outstanding debt for original purchase		-
8	Notes to Financial Responsibility Supplemental Schedule - Property, plant and equipment, net, Line 3d	Property, plant and equipment post-implementation <u>without</u> outstanding debt for original purchase		30,027
9	None	Construction in progress		-
10	None - ASU 2016-02 has not been implemented as of June 30, 2022	<b>Lease right-of-use asset, net</b>	-	
11	None - ASU 2016-02 has not been implemented as of June 30, 2022	Lease right-of-use asset, pre-implementation		-
12	None - ASU 2016-02 has not been implemented as of June 30, 2022	Lease right-of-use asset, post-implementation		-
13	None	Intangible assets		-
14	None	Post-employment and pension liabilities		-
15	Notes to Financial Responsibility Supplemental Schedule - Debt to be excluded from expendable net assets, Line	<b>Long-term debt - for long term purposes</b>	37,522	
16	Notes to Financial Responsibility Supplemental Schedule - Debt to be excluded from expendable net assets, Line	Long-term debt - for long term purposes pre-implementation		37,522
17	None	Long-term debt - for long term purposes post-implementation		-
18	None	Line of Credit for Construction in progress		-
19	None - ASU 2016-02 has not been implemented as of June 30, 2022	<b>Lease right-of-use asset liability</b>	-	
20	None - ASU 2016-02 has not been implemented as of June 30, 2022	Pre-implementation right-of-use asset liability		-
21	None - ASU 2016-02 has not been implemented as of June 30, 2022	Post-implementation right-of-use asset liability		-
22	None	<b>Annuities, term endowments and life income with donor restrictions</b>	-	
23	None	Annuities with donor restrictions		-
24	None	Term endowments with donor restrictions		-
25	None	Life income funds with donor restrictions		-
26	None	Net assets with donor restrictions: restricted in perpetuity		-



# UNIVERSITY OF SAINT KATHERINE

## Notes to Financial Responsibility Supplemental Schedule

Year Ended June 30, 2022

The Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These reconciliation disclosures are not required by accounting principles generally accepted in the United States of America but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

### Property, Plant and Equipment, net

1	Pre-implementation property, plant and equipment, net (PP&E, net)	
a.	Beginning pre-implementation property, plant, and equipment, net as of June 30, 2021	\$ 143,435
b.	Less depreciation and disposals after July 1, 2021	<u>(30,943)</u>
c.	Ending pre-implementation property, plant and equipment, net as of June 30, 2022	<u>112,492</u>
2	Debt Financed Post-implementation property, plant and equipment, net Long-lived assets acquired with debt subsequent to June 30, 2022:	
a.	n/a - none	<u>-</u>
b.	Total property, plant and equipment, net acquired with debt exceeding 12 months	-
3	Post-implementation property, plant and equipment, net, acquired without debt:	
a.	Leasehold improvements	-
b.	Furniture and fixtures	-
c.	Computer equipment	<u>30,027</u>
d.	Total property, plant and equipment, net acquired without debt	<u>30,027</u>
4	Total Property, Plant and Equipment, net - June 30, 2022	<u>\$ 142,519</u>

### Debt to be excluded from expendable net assets

8	Pre-implementation debt:	
a.	Beginning pre-implementation debt as of July 1, 2021	86,728
b.	Less debt repayments after July 1, 2021	<u>(49,206)</u>
c.	Ending pre-implementation debt as of June 30, 2022	<u>37,522</u>
9	Allowable post-implementation debt used for capitalized long-lived assets:	
a.	n/a - none	-
10	Construction in progress (CIP) financed with short term debt	-
11	Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value	<u>-</u>
		<u>\$ 37,522</u>

### Unsecured related party receivables

12	Secured and unsecured related party receivables	\$ 748,550
13	Unsecured related party receivables	\$ 748,550



**UNIVERSITY OF SAINT KATHERINE**  
Inquiry Seeking Wisdom

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**Auditee Summary Schedule of Prior Year Findings**

June 30, 2022

Financial Statement Findings

*Finding Number:*2021-001 Risk Assessment and Monitoring Over Internal Controls

*Condition:* There is no formal risk assessment process currently in place which analyzes the various risks inherent to the University. The board's role should include responsibility for oversight of internal control, including risk assessment and the financial reporting process, beyond review and approval of financial statements and approval of financial policies and procedures. As the University grows in complexity, sufficient monitoring by the board becomes increasingly important.

*Recommendation:* We continue to recommend the board evaluate and document management's risk assessment procedures and the internal controls established to mitigate identified risks as well as evaluate their effectiveness. We also continue to recommend that once this review is in place and all significant risks have been identified and mitigated with adequate internal controls, a method of periodic monitoring should be established. The method should be based on which areas have a higher risk of error or misappropriation with higher impact to the University's financial condition, so the method is effectively aligned to the risk assessment. The results of the monitoring, including suggestions for improvement or direction to apply corrective measures as may be applicable, should be included in the written meeting minutes of the board.

*Current Status:* Implemented.

*Reason for Reoccurring Finding and Planned Corrective Action:* not applicable.



## UNIVERSITY OF SAINT KATHERINE

### Inquiry Seeking Wisdom

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#### Auditee Summary Schedule of Prior Year Findings

June 30, 2022

#### Financial Statement Findings

*Finding Number:* 2021-002 Internal Controls over Journal Entry, Revenue, Payroll and Disbursement Cycles

*Condition:* There was no evidence that non-standard journal entries recorded are being reviewed and approved by a supervisor and there was a lack of appropriate support for journal entries. There was no evidence of dual custody of controls of donor contributions made up of cash and checks. There is not a regular reconciliation between the general ledger and the donor and tuition systems. Payroll processing does not have a formal documented review by a person independent of the preparer. There were no signed agreements for hourly employees or a timecard system where employees can submit their hours. Vendor payments and check disbursements lacked evidence of review or approval.

*Recommendation:* For journal entries, we continue to recommend the University implement a process that requires supporting documentation and approval for all non-standard journal entries. Approval of journal entries should be documented, such as by initialing the journal entry report or by email. We also continue to recommend that any journal entries posted by the Controller be reviewed by a knowledgeable person that is not a subordinate. For revenue, we recommend two people be present when receiving and processing contributions into the donor module and creating the bank deposit. Both individuals involved in this process should sign off on a check log as evidence of this dual-person policy being implemented. We also recommend a monthly reconciliation between the tuition and donor module and the general ledger be performed by the Controller and reviewed by the Chief Financial Officer (CFO). For payroll, we recommend an individual independent of the payroll preparer document their review of the report after payroll has been processed. We also recommend a supervisor or department head review and approve all submitted hours as well as establish written documentation approving pay rates for hourly employees. We also recommend that a payroll change report be sent to a knowledgeable individual, other than the preparer, to review to see if there were any unauthorized pay increases or ghost employees added. For disbursements, we recommend vendor payments be reviewed and this review be evidenced by initials or sign offs on invoices.

*Current Status:* Implemented.

*Reason for Reoccurring Finding and Planned Corrective Action:* not applicable.



**UNIVERSITY OF SAINT KATHERINE**  
Inquiry Seeking Wisdom

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**Auditee Summary Schedule of Prior Year Findings**

June 30, 2022

Federal Award Findings

There were no prior audit findings or questioned costs.



**UNIVERSITY OF SAINT KATHERINE**  
Inquiry Seeking Wisdom

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**University of Saint Katherine**  
**Auditee Corrective Action Plan**  
**June 30, 2022**

**Finding Number:** 2022-001 Education Stabilization Fund Reporting

**Planned Corrective Action:** The University is no longer accepting HEERF Funding. 2021 HEERF (reported 2022) has been revised and will be resubmitted March 2023, during the US Department of Education's submission window. All future applicable reporting will be completed within the required timeframe(s). All required reports will be put on the University's website.

**Person Responsible for Corrective Action Plan:** Laurel Maguire, Controller

**Anticipated Date of Completion:** March 2023

**Finding Number:** 2022-002 Cash Management of Education Stabilization Fund

**Planned Corrective Action:** Draws will no longer be processed by the President of the University. The Controller will be the one processing them. Disbursements are currently and will continue be done within the appropriate time frames from the processing of the 'Drawdown'.

**Person Responsible for Corrective Action Plan:** Laurel Maguire, Controller

**Anticipated Date of Completion:** Funds were disbursed December 2021; Continual.