
Northwestern Michigan College

Federal Awards Supplemental Information
June 30, 2020

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Northwestern Michigan College

We have audited the financial statements of Northwestern Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 14, 2020, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 14, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Plante & Moran, PLLC

January 25, 2021

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*

Independent Auditor's Report

To Management and the Board of Trustees
Northwestern Michigan College

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 Northwestern Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 14, 2020. The financial statements of Northwestern Michigan College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 College'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 the College'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 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*.

To Management and the Board of Trustees
Northwestern Michigan College

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 14, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Northwestern Michigan College

Report on Compliance for Each Major Federal Program

We have audited Northwestern Michigan College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College'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 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 the College'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 the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College 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 the major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the College 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 the College'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 the Uniform Guidance, 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 the College's internal control over compliance.

To the Board of Trustees
Northwestern Michigan College

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 a 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

January 25, 2021

Northwestern Michigan College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster -				
U.S. Department of Education - Direct programs:				
Federal Supplemental Employment Opportunity Grant (2019-2020)	84.007	P007A192057	\$ -	\$ 121,500
Federal Work-Study Program (2019-2020)	84.033	P033A192057	-	102,292
Federal Pell Grant Program (2018-2019)	84.063	P063P181647	-	8,486
Federal Pell Grant Program (2019-2020)	84.063	P063P191647	-	4,277,688
Federal Direct Student Loan Program (2018-2019)	84.268	P268K191647	-	147,779
Federal Direct Student Loan Program (2019-2020)	84.268	P268K201647	-	<u>6,657,567</u>
Total Student Financial Assistance Cluster			-	11,315,312
Research and Development Cluster -				
National Science Foundation - Direct programs -				
Education and Human Resources - RISE Grant	47.076	1742463	-	500
Other federal awards:				
U.S. Department of Education:				
Direct Program - Higher Education Emergency Relief Fund				
(HEERF) - Education Stabilization Fund:				
COVID-19 - Student Aid Portion of 18004(a)(1)	84.425E	P425E202030	-	835,590
COVID-19 - Institutional Portion of 18004(a)(1)	84.425F	P425F202932	-	739,767
COVID-19 - Strengthening Institutions Program of 18004(a)(2)	84.425M	P425M200397	-	<u>104,000</u>
Total HEERF/Education Stabilization Fund			-	1,679,357
Passed through the Michigan Department of Career Development:				
Career and Technical Education - Regional Allocation -				
(2019-2020)	84.048A	V048A190022	-	255,867
Career and Technical Education - Local Administration -				
(2019-2020)	84.048A	V048A190022	-	<u>8,810</u>
Total Career and Technical Education			-	<u>264,677</u>
Total U.S. Department of Education			-	1,944,034
U.S. Department of Transportation - Direct programs -				
State Maritime Schools - Maritime Administration	20.806	N/A	-	1,380,430
U.S. Department of Interior - Direct programs:				
National Maritime Heritage Grants Program	15.925	N/A	-	37,727
Natural Resource Stewardship - Benthic Habitat Mapping -				
GLRI EPA#91	15.944	P15AC00808	-	<u>49,901</u>
Total U.S. Department of Interior			-	87,628
National Endowment for the Arts and Humanities -				
Passed through Michigan Humanities Council - H.O.P.E. Grant	45.179	N/A	-	<u>5,000</u>
Total other federal awards			-	<u>3,417,092</u>
Total federal awards			<u>\$ -</u>	<u>\$ 14,732,904</u>

See notes to schedule of expenditures
of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northwestern Michigan College (the "College") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. Pass-through entity identifying numbers are presented where available.

The College has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.063, and 84.268 84.425	Student Financial Assistance Cluster Higher Education Emergency Relief Fund	Unmodified Unmodified

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None