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**AQUINAS COLLEGE**  
**FINANCIAL STATEMENTS**  
**Year Ended June 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Aquinas College  
Nashville, Tennessee

We have audited the accompanying statement of financial position of Aquinas College (a Tennessee nonprofit corporation) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aquinas College as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010 on our consideration of Aquinas College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

*Grannis & Associates, P.C.*

Murfreesboro, Tennessee

October 22, 2010

**AQUINAS COLLEGE**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2010**

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash	\$ 2,015,403	\$ 2,322,137	\$ -	\$ 4,337,540
Accounts receivable, net	111,024	-	-	111,024
Unconditional promises to give, net	-	2,945,840	-	2,945,840
Bookstore inventory	668	-	-	668
Prepaid expenses	37,663	-	-	37,663
Investments	4,041,740	712,849	2,836,654	7,591,243
Property and equipment, net	<u>2,886,617</u>	<u>-</u>	<u>-</u>	<u>2,886,617</u>
<b>Total Assets</b>	<b><u>\$ 9,093,115</u></b>	<b><u>\$ 5,980,826</u></b>	<b><u>\$ 2,836,654</u></b>	<b><u>\$17,910,595</u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 199,378	\$ -	\$ -	\$ 199,378
Deferred revenues and student deposits	<u>500,076</u>	<u>-</u>	<u>-</u>	<u>500,076</u>
<b>Total Liabilities</b>	<b><u>699,454</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>699,454</u></b>
 Net Assets	 <u>8,393,661</u>	 <u>5,980,826</u>	 <u>2,836,654</u>	 <u>17,211,141</u>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 9,093,115</u></b>	 <b><u>\$ 5,980,826</u></b>	 <b><u>\$ 2,836,654</u></b>	 <b><u>\$17,910,595</u></b>

The accompanying notes are an integral part of these financial statements.

**AQUINAS COLLEGE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>Revenues, Gains, and Reclassifications</u></b>				
Gross tuition and fees	\$ 9,835,241	\$ -	\$ -	\$ 9,835,241
Less: scholarship allowance	(2,167,317)	-	-	(2,167,317)
<b>Net Tuition and Fees</b>	<b>7,667,924</b>	<b>-</b>	<b>-</b>	<b>7,667,924</b>
Private gifts and grants	1,092,000	342,822	14,936	1,449,758
Government grants	1,051,939	-	-	1,051,939
Sales and services of auxiliary enterprises	170,006	-	-	170,006
Investment income, net	551,880	301,593	-	853,473
Loss on disposal of fixed assets	(1,055)	-	-	(1,055)
Other revenue	67,515	-	-	67,515
<b>Total Revenues and Gains</b>	<b>10,600,209</b>	<b>644,415</b>	<b>14,936</b>	<b>11,259,560</b>
Net assets released from restrictions	177,027	(177,027)	-	-
<b>Total Revenues, Gains and Reclassifications</b>	<b>10,777,236</b>	<b>467,388</b>	<b>14,936</b>	<b>11,259,560</b>
<b><u>Expenses</u></b>				
Programs:				
Education and general				
Instruction	3,429,836	-	-	3,429,836
Academic support	1,114,103	-	-	1,114,103
Student services	781,471	-	-	781,471
Auxiliary enterprises	140,687	-	-	140,687
Institutional support	2,920,621	-	-	2,920,621
Operation and maintenance of physical plant	997,050	-	-	997,050
<b>Total Expenses</b>	<b>9,383,768</b>	<b>-</b>	<b>-</b>	<b>9,383,768</b>
Change in Net Assets	1,393,468	467,388	14,936	1,875,792
Net Assets, Beginning of Year	7,000,193	5,513,438	2,821,718	15,335,349
Net Assets, End of Year	<b>\$ 8,393,661</b>	<b>\$ 5,980,826</b>	<b>\$ 2,836,654</b>	<b>\$17,211,141</b>

The accompanying notes are an integral part of these financial statements.

**AQUINAS COLLEGE**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2010**

**Cash Flows from Operating Activities**

Increase in net assets	\$ 1,875,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	246,688
Loss on disposal of assets	(1,055)
Change in allowance for doubtful accounts	(73,864)
Change in pledge discount	(232,629)
Net unrealized gains on investments	(592,093)
Net realized gains on investments	(87,578)
Change in assets and liabilities:	
Decrease in accounts receivable	172,278
Decrease in unconditional promises to give	415,020
Decrease in bookstore inventory	26,291
Increase in prepaid expenses	(10,533)
Increase in accounts payable and accrued expenses	35,710
Increase in deferred revenues	25,742
<b>Net Cash Provided by Operating Activities</b>	<b><u>1,799,769</u></b>

**Cash Flows from Investing Activities**

Purchases of property and equipment	(338,873)
Proceeds on sales of investments	922,003
Purchases of investments	(797,300)
<b>Net Cash Used By Investing Activities</b>	<b><u>(214,170)</u></b>

Net Increase in Cash	1,585,599
Cash at Beginning of Year	<u>2,751,941</u>
Cash at End of Year	<b><u>\$ 4,337,540</u></b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Interest paid	<b><u>\$ 154</u></b>
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The accompanying notes are an integral part of these financial statements.

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aquinas College (the "College") is a private Catholic institution of higher education. Chartered on June 24, 1970 in Tennessee as a nonprofit corporation, the College has been in continuous operations since that time. The College offers an academically challenging liberal arts and sciences curriculum, and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

The College is part of the Dominican Campus and is located on 83 wooded acres in Nashville, Tennessee. Owned and administered by the Dominican Sisters of St. Cecilia Congregation. The Dominican Sisters have been educating children, youth and adults of Nashville for almost 150 years, leading students to a deeper knowledge of their faith, their heritage, and their responsibilities as members of society.

This summary of significant accounting policies of the College is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management who is responsible for their integrity and objectivity.

##### Basis of Presentation

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the College as a whole, and present balances and transactions classified according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and activities into three classes: permanently restricted, temporarily restricted or unrestricted.

##### Classification of Net Assets

The accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purpose by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that the funds be maintained permanently by the College. Generally, the donors of such assets permit the College to use all or part of the income earned on the assets. Such assets primarily include the College's permanent general and scholarship endowments.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except for investments purchased with endowment assets, which are classified as long-term investments.

##### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the College.

##### Unemployment Compensation

The College chose to be self-insured for unemployment compensation purposes. Any unemployment claims filed will be required to be paid by the College.

##### Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

##### Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method and represent current, usable textbooks available for application to ongoing operations.

##### Income taxes

The College qualifies as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the College qualifies for the charitable contribution deduction and has been classified by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Financial Accounting Standards Board issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Organization adopted ASC 740-10 as of July 1, 2009. There was no impact to the College's financial statements as a result of the implementation of ASC 740-10.

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Equipment and Improvements

Buildings and equipment are stated at cost at the date of acquisition or estimated fair value at the date of donation less accumulated depreciation. Only major replacements and improvements are capitalized.

Equipment and improvements are recorded at cost or at estimated fair market value at date of gift donated. Buildings and improvements are depreciated over a range of 15 to 40 years and equipment is depreciated over a range of 5 to 10 years. Depreciation expense for the year was \$246,688.

Furniture and equipment are capitalized when the purchase price is greater than \$2,000 and have a useful life of more than 2 years. In addition, items that are part of a group purchase with a useful life greater than 2 years may also be capitalized even though individually the items may fall under the \$2,000 threshold.

##### Investments

Investments in marketable equity and debt securities are stated at published market quotations. Investments in certificates of deposit or money market accounts are stated at cost, which approximates fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position.

Dividends and interest earned on investments are recorded on the accrual basis.

##### Revenue Recognition

Revenue from tuition and fees is reported in the fiscal year in which the related academic services are rendered.

##### Advertising

The College follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year was \$95,593.

##### Auxiliary Enterprise

The College's auxiliary enterprise exists primarily to furnish goods and services to students. Managed as essentially a self-supporting activity, the College's auxiliary enterprise consists of the College bookstore. The bookstore operation was significantly reduced during the year due to majority of textbooks purchased by students online. Auxiliary enterprise revenues and expenses are reported in the statement of activities in unrestricted net assets.

##### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents and unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of unconditional promises to give to be received in more than one year is determined based on future cash flows discounted at 3.25%.

The College's financial instruments at June 30, 2010, are summarized as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash	\$ 4,337,540	\$ 4,337,540
Unconditional promises to give	2,945,840	2,945,840

**NOTE B - ACCOUNTS RECEIVABLE**

The majority of the College's accounts receivable are due from students of the College for tuition and fees. Credit is extended based on evaluation of a student's financial condition and collateral is not required. Student accounts receivables are stated at amounts due, net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the College's previous loss history, and the individual student's current ability to pay its obligation to the College.

Accounts receivable consists of the following at June 30, 2010:

Student accounts receivable	\$ 122,930
Other accounts receivable	41,309
Allowance for doubtful accounts - student accounts receivable	<u>(53,215)</u>
Net accounts receivable	<u>\$ 111,024</u>

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises for which payment has not been received are included in the financial statements as pledges receivable and revenue in the appropriate net asset category. The College has discounted long-term pledges to their estimated net present value, using a discount rate of 3.25%.

Temporarily restricted promises to give expected to be collected in:

Less than one year	\$ 3,085,679
One to five years	<u>635,917</u>
	3,721,596
Less allowance for uncollectible promises to give	(727,819)
Less discount on promises to give	<u>(47,937)</u>
Net unconditional promises to give	<u>\$ 2,945,840</u>

The College has two unconditional promises to give which total 75% of the unpaid balance as of June 30, 2010. The College also has a conditional promise to give of \$3,000,000 subject to the College developing a strategic alliance with a company for the development of nursing.

#### NOTE D - COMMUNITY FOUNDATION FUND

The College is the beneficiary of a fund created by a donor, the assets of which are not in the possession of the College. The Community Foundation has ultimate authority and control over the fund. The donor suggests that the return on the fund as determined under The Foundation's Total Return Concept and Spending Policy be paid to the College no less often than annually. In the event that Aquinas College ceases to exist or discontinues its provision of training for an undergraduate degree in education, the Foundation, should redirect the proceeds of this fund to the closest charitable program. The fair value at June 30, 2010 of the fund is \$770,913.

#### NOTE E - RETIREMENT PLAN

Aquinas College's retirement plan is a defined-contribution annuity plan and is available to faculty, administrative, and clerical personnel. Eligibility is attained after one year of employment by the College. The College matches contributions up to 1% of annual salary the first year in the plan, up to 2% in the second year and 3% from the third year on. During the 2010 fiscal year, \$45,578 was deposited into individual employee retirement accounts from unrestricted College resources.

#### NOTE F - CONTRIBUTED SERVICES

For the fiscal year ended June 30, 2010, the services contributed to the College by the religious members of the faculty and others had a net value of \$677,696. The calculation of contributed services is based on comparable compensation obtained from surveys of area schools less actual cash stipends paid to the religious members of the College.

## **AQUINAS COLLEGE**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

#### **NOTE G - CONCENTRATION OF CREDIT RISK**

The College maintains its operating cash balances in various financial institutions and brokerage accounts. The College shares a common operating account with other schools controlled by the St. Cecilia Congregation. Some account balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Other account balances have protection under the FDIC temporary Transaction Account Guarantee Program through June 30, 2010. This program provides depositors with unlimited coverage for noninterest-bearing transaction accounts at participating FDIC-insured institutions. At June 30, 2010, the College's uninsured cash balances total \$4,158,439.

#### **NOTE H - INVESTMENTS**

Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Investments in stocks and bonds, which are listed on national securities exchanges, quoted on NASDAQ or on the over-the-counter market are valued at the last reported sales price, or in the absence of a recorded sale, at the value between the most recent bid and asked prices. Investments without readily determinable fair values are carried at estimated fair value. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations.

FASB ASC 820-10 (formerly SFAS No. 157) establishes a hierarchical disclosure framework which prioritizes and ranks the level of market prices observability used in measuring fair value.

This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level I - Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level II input could result in the Level II measurement becoming a Level III measurement.

Level III - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE H - INVESTMENTS (continued)**

The following is the fair value measurement of investments measured on a recurring basis at June 30, 2010:

<u>June 30, 2010</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>
Cash	\$ 494,083	\$ 494,083
Bond Funds	3,218,503	3,218,503
Mutual Funds	<u>3,878,657</u>	<u>3,878,657</u>
Total Assets	<u>\$ 7,591,243</u>	<u>\$ 7,591,243</u>

Investments have been allocated to the net asset classification for presentation in the statements of financial position. Investments consist of the following as of June 30, 2010:

	<u>Fair Value</u>
Unrestricted	\$ 4,041,740
Temporarily Restricted	712,849
Permanently Restricted	<u>2,836,654</u>
	<u>\$ 7,591,243</u>

Investment income (loss) is composed of the following:

Unrealized gains on marketable securities	\$ 592,093
Realized gains on marketable securities	87,578
Dividends and interest income	<u>173,802</u>
	<u>\$ 853,473</u>

The College shares common investment accounts with other schools controlled by the St. Cecilia Congregation pooled together into a unfund. Realized and unrealized gains and losses from securities are allocated quarterly to the unfund.

**NOTE I - OPERATING LEASE OBLIGATIONS**

The College has several lease agreements for copier equipment for various terms. The leases currently call for monthly rental payments with additional charges per copy.

For the year ended June 30, 2010, the total copier expense was approximately \$51,049.

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE I - OPERATING LEASE OBLIGATIONS (continued)**

Future minimum lease payments are as follows:

Years Ending June 30,	<u>Amount</u>
2011	41,461
2012	41,186
2013	38,487
2014	<u>21,815</u>
	<u>\$ 142,949</u>

Part of the College's agreement with the Institute for Professional Development (See Footnote P) for its off-campus learning centers calls for the IPD to provide classroom and office space expiring on August 31, 2010.

The College agrees to pay IPD the lesser of the following: 50% of the total monthly rental cost, including common area and maintenance services, and other operating expense costs paid by IPD to the landlord of \$20,000 per month through August 31, 2010. For the year ended June 30, 2010, the total rent including expenses was approximately \$236,240.

Future minimum lease payments are as follows for the office space:

	<u>Amount</u>
2011	<u>\$ 40,000</u>

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE J - OPERATING EXPENSES**

Operating expenses, by natural classification, for the year ended June 30, 2010 were:

Salaries and Wages	\$ 5,592,353
Management Fee - Institute for Professional Development	832,080
Payroll Taxes and Benefits	787,243
Supplies	421,216
Other	268,791
Depreciation	246,688
Rental Fees	236,240
Repairs and Maintenance	226,316
Books	127,287
Utilities	115,783
Advertising	95,593
Contracted Services	91,485
Insurance	72,699
Provision for Bad Debts	71,116
Refreshments	43,754
Other Fundraising Expenses	37,311
Membership Dues and Subscriptions	37,282
Postage	30,810
Travel and Entertainment	26,864
Bank Service Charges and Credit Card Fees	22,703
Interest	154
Total Expenses	<u>\$ 9,383,768</u>

**NOTE K - RESTRICTIONS ON NET ASSETS**

Unrestricted net assets at June 30, 2010 consist of:

Operations	\$ 196,601
Plant Assets	2,886,617
Quasi (Board Designated):	
Rainy day fund	1,262,018
Scholarship Endowments	291,890
Sister Education Endowment	3,764,059
Underwater donor-restricted Scholarship Endowments	(7,524)
	<u>\$ 8,393,661</u>



**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE K - RESTRICTIONS ON NET ASSETS (continued)**

Temporarily restricted net assets at June 30, 2010 are available for the following purposes:

Available for Financial Aid	\$ 27,685
Scholarship Endowments	644,544
General Endowment	89,655
Capital Campaign	
Nursing Building	4,428,170
General Campaign	661,334
Nursing Program	114,469
Other	14,969
	<u>\$ 5,980,826</u>

Permanently restricted net assets consist of the following at June 30, 2010:

General Endowment	\$ 1,212,837
Scholarship Endowments	1,623,817
	<u>\$ 2,836,654</u>

Net assets released from restrictions during the year were comprised of the following:

Financial Aid	\$ 103,221
Nursing Program	13,569
Property and Equipment	2,196
Capital Campaign	
Computers	15,969
Loop Road	24,336
Nursing Building	9,031
General Campaign Expenses	6,214
Other	2,491
	<u>\$ 177,027</u>

**NOTE L - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment - at cost, less accumulated depreciation:

Buildings	\$ 2,942,675
Buildings and Land Improvements	620,220
Construction in Progress	916,147
Equipment and Furnishings	1,280,452
Library	736,609
	<u>6,496,103</u>
Less: Accumulated Depreciation	3,609,486
	<u>\$ 2,886,617</u>

Legal title in all land occupied by the College is vested in St. Cecilia Congregation.

# AQUINAS COLLEGE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### NOTE M - SCHOLARSHIP ALLOWANCE

Scholarship allowances by classification, for the year ended June 30, 2010 were as follows:

Pell Grants	\$ 910,909
Supplemental Education Opportunity Grants	82,325
Academic Competitiveness Grant	8,714
Scholarships - Dominican Sisters	815,978
- Other	349,391
	<u>\$ 2,167,317</u>

### NOTE N - CONCENTRATION OF CONTRIBUTIONS

The College received approximately 10% of its unrestricted revenues and gains from private gifts and grants. A change in the amount of gifts and grants received would ultimately affect operating results.

### NOTE O - OTHER REVENUE

The College is the lessor of its athletic fields under an operating lease expiring February 28, 2011. For the year ended June 30, 2010, the College received \$25,200 in lease revenue and is included in other income.

Following is a summary of property on or held for lease at June 30, 2010:

Athletic fields	\$ 117,058
Less: accumulated depreciation	<u>(105,851)</u>
	<u>\$ 11,207</u>

Minimum future rentals to be received on non-cancelable leases as of June 30, 2010, for the next year is:

Year Ending June 30, 2011	<u>\$ 16,800</u>
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### NOTE P - COMMITMENTS

#### Institute for Professional Development

Effective September 1, 2000, the College entered into an agreement with the Institute for Professional Development (IPD) to open an offsite campus focusing on working, adult students. IPD receives 50% of tuition revenue (a management fee) in exchange for providing marketing expertise and administrative support.

The College pays for all operating expenses for the offsite campus including a management fee of \$832,080 for the year ended June 30, 2010.

The College entered into a transition and termination agreement on May 15, 2009, with an effective date of May 31, 2009. The agreement provides for an orderly transition of the offsite campus to the main campus. The original agreement will be followed until all students enrolled as of May 31, 2009 are no longer enrolled.

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE Q - GOVERNMENT GRANTS AND OTHER PROGRAMS OF STUDENT FINANCIAL ASSISTANCE

Federal financial aid by classification for the year ended June 30, 2010 is as follows:

	<u>FSEOG</u>	<u>FWS</u>	<u>PELL</u>	<u>ACG</u>	<u>TOTAL</u>
Government Funds Received	\$ 61,744	\$ 70,956	\$ 910,909	\$ 8,714	\$ 1,052,323
Institutional Match	20,581	20,887	-	-	41,468
Administrative Cost Allowance	-	(8,294)	-	-	(8,294)
Student Financial Awards	<u>\$ 82,325</u>	<u>\$ 83,549</u>	<u>\$ 910,909</u>	<u>\$ 8,714</u>	<u>\$ 1,085,497</u>

The College received 9.9% of its total unrestricted revenues from federal financial aid programs.

#### NOTE R - RELATED PARTY

The Dominican Sisters of St. Cecilia Congregation are a Catholic pontifical congregation located in Nashville, Tennessee numbering approximately 245 sisters, founded in 1860. The Congregation owns and administers various academic institutions across the United States providing students an education based in Christian principles and tradition. In addition, the Congregation owns and operates four convents located in Tennessee and Alabama. The St Cecilia Congregation owns and operates certain educational institutions and convents which it both controls and has an economic interest. These financial statements only include the activities of the College.

The St. Cecilia Congregation operates three schools (Overbrook School, St. Cecilia Academy and Aquinas College) located on the Dominican Campus. The Congregation has determined that certain administration functions should be shared by all three schools. Aquinas College paid \$1,104,875 during the year ended June 30, 2010 for fund-raising, alumni development, plant maintenance, and business office services.

#### NOTE S - FUNDRAISING COSTS

Fundraising costs incurred by the College in 2010 totaled \$167,038. These costs relate primarily to planned giving, annual fund, development, and the capital campaign.

The Dominican Campus has collectively started a campaign to raise funds based on each of the three school's strategic planning process and facilities assessment. As a result of the strategic planning process the College has identified the need for funds for a residence hall, a new nursing building, renovation of the existing building, and to increase the endowment.

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE T - ENDOWMENT

The College's endowment consists of approximately 27 individual funds, including 24 donor-restricted funds and three(3) funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowments funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Tennessee, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The net accumulated appreciation of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence described in UPMIFA.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the College and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources available to the College
- (7) The investment policies of the College

The College's endowments by net asset class at June 30, 2010, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board designated endowment funds are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted general endowment funds	\$ -	\$ 89,655	\$ 1,212,837	\$ 1,302,492
Donor-restricted scholarship endowment funds	(7,524)	644,544	1,623,817	2,260,837
Board designated general endowment funds	3,764,059	-	-	3,764,059
Board designated scholarship endowment funds	291,890	-	-	291,890
Total funds	<u>\$4,048,425</u>	<u>\$ 734,199</u>	<u>\$ 2,836,654</u>	<u>\$ 7,619,278</u>

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE T - ENDOWMENT (continued)**

Changes in endowment assets for the year ended June 30, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, June 30, 2009	\$3,709,956	\$ 531,148	\$ 2,821,718	\$ 7,062,822
Investment income (loss) (during year)	101,085	48,174	-	149,259
Net appreciation (depreciation) (realized and unrealized)	426,253	253,298	-	679,551
Contributions during the year	-	-	14,936	14,936
Appropriation of general endowment assets for expenditure	(178,269)	(49,178)	-	(227,447)
Appropriation of scholarship endowment assets for expenditure	<u>(10,600)</u>	<u>(49,243)</u>	<u>-</u>	<u>(59,843)</u>
Endowment assets, June 30, 2010	<u>\$4,048,425</u>	<u>\$ 734,199</u>	<u>\$ 2,836,654</u>	<u>\$ 7,619,278</u>

Actual investment gains related to permanently restricted endowments were \$308,852 for the year ended June 30, 2010, of which \$55,554 was charged to prior year underwater endowments leaving a balance of \$7,524 in underwater endowment funds.

**Permanently Restricted Net Assets**

	<u>2010</u>
(1) The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation	<u>\$ 2,836,654</u>
<b>Total endowment funds classified as permanently restricted net assets</b>	<u><b>\$ 2,836,654</b></u>

**Temporarily Restricted Net Assets**

(1) Term endowment funds	\$ -
(2) The portion of perpetual endowment funds subject to a time restriction:	
Without purpose restrictions	89,655
With purpose restrictions	<u>644,544</u>
<b>Total endowment funds classified as temporarily restricted net assets</b>	<u><b>\$ 734,199</b></u>

## AQUINAS COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2010

#### NOTE T - ENDOWMENT (continued)

##### Endowment and Other Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$7,524 as of June 30, 2010. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

##### Endowment - Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that at least meets the price and yield results of the S&P 500 index for Equity Funds and Barclays Capital Aggregate Bond index for Bond Funds while assuming a low level of investment risk. The College expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that normally places an emphasis on equity-based and income-based investments to achieve its long-term return objectives within prudent risk constraints.

##### Endowment Spending Policy - General Endowment

The College has a policy of appropriating for quarterly distribution a maximum of 1 percent of its general endowment fund's average fair value over the preceding 12 quarters. Accordingly, over the long term, the College expects the current spending policy to allow its general endowment to grow at least 3 percent annually. In establishing this policy, the College considered the long-term expected return on its general endowment. This is consistent with the College's objective to maintain the purchasing power of the general endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Under the College's spending policy on the general endowment and quasi-endowment, the Board approved \$227,447 to be applied to the operating budget for fiscal year 2010.

The College also has a policy of transferring from its board-designated endowment funds an amount equal to the operating loss, if any, of the previous fiscal year. In fiscal year 2010 no such draw was needed.

**AQUINAS COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**NOTE T - ENDOWMENT (continued)**

**Endowment Spending Policy - Scholarship Endowment**

The College recently adopted a policy of appropriating for distribution each year a maximum of 5 percent of the scholarship endowment fund's average fair value over the 3 preceding calendar year end fund values. In establishing this policy, the College considered the long-term expected return on its scholarship endowments. Accordingly, over the long term, the College expects the current spending policy to allow its scholarship endowment to grow at an average of at least 2 percent annually. This is consistent with the College's objective to maintain the purchasing power of the scholarship endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College appropriated \$59,843 from the scholarship endowments for the fiscal year 2010.

**NOTE U - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 22, 2010, which is the date the financial statements were available to be issued. The College received a contribution of approximately \$208,334 worth of fill dirt from an unrelated school subsequent to year end.

**AQUINAS COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the student financial aid activity of Aquinas College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - FEDERAL EXPENDITURES**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education:		
Federal Supplemental Educational Opportunity Grant Program	84.007	\$ 82,325
Federal Family Education Loan Program	84.032	5,258,632
Federal Work-Study Program	84.033	83,549
Federal Pell Grant Program	84.063	910,909
Federal Academic Competitiveness Grant	84.375	<u>8,714</u>
Total Expenditures of Federal Awards		<u>\$ 6,344,129</u>



**AQUINAS COLLEGE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**FINANCIAL STATEMENT AUDIT**

**Prior year findings :**

**Reportable conditions 2009-01 Net Present Value of Pledges**

**Condition:** Procedures not being followed to record pledges at net present value.

**Status:** Procedures are currently being followed.

**DEPARTMENT OF EDUCATION**

**FINDINGS - INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**Prior year findings :**

**Reportable conditions 2009-02 FISAP reconciliation**

**Condition:** Procedures not being followed to reconcile FISAP to business office prior to filing.

**Status:** Procedures are currently being followed.

**Reportable conditions 2009-03 Pell Grant Program-CFDA No.84.063 - Overpayment**

**Condition:** The institution awarded one selected student Pell Grant that was not eligible.

**Status:** Procedures are currently being followed but two errors were noted see 2010-01 and 2010-02.



**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***

The Board of Directors  
Aquinas College  
Nashville, Tennessee

We have audited the financial statements of Aquinas College (a Tennessee nonprofit corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Aquinas College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aquinas College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aquinas College'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*.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Agannis & Associates, P.C.

Murfreesboro, Tennessee

October 22, 2010





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors  
Aquinas College  
Nashville, Tennessee

Compliance

We have audited Aquinas College's (a Tennessee nonprofit corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Aquinas College's major federal programs for the year ended June 30, 2010. Aquinas College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Aquinas College's management. Our responsibility is to express an opinion on Aquinas College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aquinas 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. Our audit does not provide a legal determination of Aquinas College's compliance with those requirements.

In our opinion, Aquinas College complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02.

### Internal Control Over Compliance

Management of Aquinas College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Aquinas College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Aquinas College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Aquinas College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Aquinas College's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, others within the entity and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Grannis & Associates, P.C.

Murfreesboro, Tennessee

October 22, 2010

**AQUINAS COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Aquinas College.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of Aquinas College were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the Student Financial Aid Cluster expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Federal Pell Grant Program (84.063), Federal Supplemental Educational Opportunity Grant Program (84.007), Federal Work-Study Program (84.033), Federal Family Education Loan Program (84.032), Federal Academic Competitiveness Grant (84.375).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Aquinas College qualified as a low-risk auditee.

**AQUINAS COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT  
DEPARTMENT OF EDUCATION**

**2010-01 Pell Grant Program-CFDA No.84.063 - Underpayment**

Condition: The institution did not award one selected student Pell Grant that was eligible.

Criteria: Pell Grant must be awarded per guidelines.

Effect: One student did not receive a Pell Grant payment.

**Questioned  
Costs**

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Population and Sample Size: A sample of 72 grants totaling \$200,636 was selected for audit from a population of 309 grants totaling \$910,909. One grant with questioned cost totaling \$1,950.00 was found in noncompliance. \$ 1,950.00

Cause: Procedures are in place to verify Pell Grant awards but apparently an error was made.

Recommendation: Aquinas College should be sure to verify Pell Grant awards.

Response: We concur with our auditor's findings and procedures are currently being followed.

**2010-02 Pell Grant Program-CFDA No.84.063 - Overpayment**

Condition: The institution awarded one selected student Pell Grant that was not eligible.

Criteria: Pell Grant must be awarded per guidelines.

Effect: One student received a Pell Grant overpayment.

Population and Sample Size: A sample of 72 grants totaling \$200,636 was selected for audit from a population of 309 grants totaling \$910,909. One grant with questioned cost totaling \$669.00 was found in noncompliance. \$ 669.00

Cause: Procedures are in place to verify Pell Grant awards but apparently an error was made.

Recommendation: Aquinas College should be sure to verify Pell Grant awards.

Response: We concur with our auditor's findings and procedures are currently being followed.

**Total-Department of Education**

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**\$ 2,619.00**

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