
AMERICAN BAPTIST COLLEGE

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

JUNE 30, 2019



AMERICAN BAPTIST COLLEGE

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

To the Board of Trustees of
American Baptist College
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited *American Baptist College's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *American Baptist College's* major federal programs for the year ended June 30, 2019. *American Baptist College's* major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of *American Baptist 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 of Federal Awards (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 *American Baptist 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 *American Baptist College's* compliance.

Opinion on Each Major Federal Program

In our opinion, *American Baptist 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 its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of *American Baptist 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 *American Baptist 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 *American Baptist 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of American Baptist College as of and for the year ended June 30, 2019, and have issued our report thereon dated November 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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.



Hoskins & Company
Nashville, TN
November 12, 2019

AMERICAN BAPTIST COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursement Expenditures
Student Financial Aid Cluster			
U.S. Department of Education Student Financial Aid:			
Federal Supplemental Educational Opportunity Grant	84.007		5,597
Federal College Work Study	84.033		5,185
Federal Pell Grant	84.063		362,674
Federal Direct Student Loans	84.268		<u>879,389</u>
Total Student Financial Aid			<u>1,252,845</u>
Other Grants			
Title III Part B HBCU	84.031B		1,428,351
Title III Part F SAFRA	84.031B		<u>640,092</u>
			<u>2,068,443</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,321,288</u>

AMERICAN BAPTIST COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1---SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

American Baptist College (the "College") was founded in 1924. In 1971, the College became an accredited four-year undergraduate bible college. The College is an accredited member of the Commission on Accreditation of the Association for Biblical Higher Education (ABHE); approved to award the Associate of Arts, Bachelor of Arts, and Bachelor of Theology degrees.

The mission statement of the College is to educate, graduate and prepare a predominantly African American student population for leadership, service and social justice in the world. The school offers a quality educational program with a liberal arts emphasis, equipping diverse students intellectually, morally, spiritually, socially, and theologically. The College offers undergraduate and graduate degree programs at its Nashville, Tennessee campus and globally on-line. Its fields of study include a mandatory divisional major in Biblical-Theological Studies and additional majors in Pastoral Studies, Christian Education or Social Sciences.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant expenditure activity of the College for the year ended June 30, 2019, and is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Uniform Guidance Audits of State local governments and non-profit entities, some amounts presented in this schedule may differ.

NOTE 2---FEDERAL DIRECT LOAN PROGRAM

During the year ended June 30, 2019, the College processed \$879,389 of new loans under the Federal Direct Loan Program, CFDA Number 84.268.

NOTE 3---DE MINIMIS ELECTION

The College did not elect to utilize the 10% De Minimis election in the fiscal year June 30, 2019.

NOTE 4---SUBSEQUENT EVENTS

The College has evaluated subsequent events as of November 12, 2019; the date management evaluated such events that require disclosures. November 12, 2019, is the date the Schedule was available to be issued.

**AMERICAN BAPTIST COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I—Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: [Unmodified]

Internal control over financial reporting:

·Material weaknesses identified? No
 ·Significant deficiencies identified that are not considered to be material weaknesses? No
 Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

·Material weaknesses identified? No
 ·Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major program: [Unmodified]

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 (a) of Uniform Guidance? No

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM	AMOUNT EXPENDED
84.007	Federal Supplemental Educational Opportunity Grant	\$ 5,597
84.033	Federal College Work Study	5,185
84.063	Federal Pell Grant	362,674
84.268	Federal Direct Student Loans	879,389
84.031B	Title III Part B HBCU	1,428,351
84.031B	Title III Part F SAFRA	640,092

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

Auditee qualified as a low-risk auditee? Yes

**AMERICAN BAPTIST COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II—Findings Related to the Financial Statements Audited in Accordance with Government Auditing Standards

A. CURRENT YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None reported for the year ended June 30, 2019

SECTION III – Findings and Questioned Costs for Federal Awards

B. CURRENT AUDIT COMPLIANCE FINDINGS

None reported for the year ended June 30, 2019

PRIOR YEAR – Status of Prior Audit Findings and Questioned Costs

Item#	Description of Condition	Status of Corrective Action
2018-001	Compliance with Student Eligibility	This finding has been resolved in 2019
Item#	Description of Condition	Status of Corrective Action
2018-002	Compliance for Academic Progress	This finding has been resolved in 2019