

THE COLORADO COLLEGE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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**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**

Audit Committee of the Board of Trustees
The Colorado College
Colorado Springs, Colorado

We have audited, in accordance with the 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 The Colorado College (the College), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 1, 2017



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

Audit Committee of the Board of Trustees
The Colorado College
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited The Colorado College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2017. The College's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program 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* (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 its major federal program for the year ended June 30, 2017.

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 2017-001 through 2017-002. Our opinion on the major federal program is not modified with respect to this matter.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

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 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 material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-002, which we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Audit Committee of the Board of Trustees
The Colorado College

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

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

We have audited the financial statements of the College as of and for the year ended June 30, 2017, and have issued our report thereon dated November 1, 2017, 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 1, 2017

**THE COLORADO COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor Pass-Through Grantor Program/Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>Student Financial Assistance Cluster</u>			
United States Department of Education			
Federal Pell Grant Program	84.063		\$ 1,078,016
Federal Supplemental Educational Opportunity Grants	84.007		145,484
Federal Work-Study Program	84.033		133,763
Federal Perkins Loans	84.038		5,635,686
Federal Direct Loans	84.268		4,576,551
Total Student Financial Assistance Cluster			11,569,500
<u>Research and Development Cluster</u>			
National Science Foundation			
NSF: Collab Lab & Numerical Experiments	47.050		49,834
NSF: The Role of NRA Binding Protein	47.074		71,451
NSF: Laboratory Experiments in Mathematical Biology	47.076		6,761
NSF: RUI: Biology-Physics Collaboration	47.074		258,398
NSF: Collaborative Research: Improving the recruitment and persistence of women in the geosciences	47.076		11,054
NSF: Collaborative Research: Surface water-Groundwater connectivity in the Tidal Freshwater Zone	47.050		13,855
NSF: Rosetta ICE	47.050		61,433
NSF: Noyce Scholarship	47.076		160,178
NSF Subaward through the Board of Regents of the University of Wisconsin System, Topology 2016	47.049	1734050301	14,605
Total National Science Foundation			647,569
NASA			
NASA Subaward through The Regents of the University of California Riverside, Catching the "Second Wave" of the Ediacara Biota	43.001	5-000680	19,690
NASA Subaward through JPL California Institute of Technology, Cluster with K2, Research Support Agreement (RSA)	43.001	1569406	8,238
Total NASA			27,928
US Army			
Mathematics: Probability and Statistics	12.431		68,540
USDA Forest Service			
Hot Creek, Challenge Cost Share agreement	10.15-CS-11020900-014		2,726
Total Research and Development Cluster			746,763
United States Department of Commerce			
CPB Community Service Grant	11.000		150,769
Corporation for National and Community Service			
Americorps Grant	94.006		25,636
TOTAL FEDERAL AWARDS			\$ 12,492,668

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE COLORADO COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Colorado College (the College) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 assets, or cash flows of the College.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the College, and balances and transactions relating to these programs are included in the College's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2017 consists of:

Program Title	CFDA Number	Amount Outstanding
Federal Perkins Loan Program	84.038	\$ 4,682,572

NOTE 4 SUBRECIPIENTS

There were no amounts to report on the Schedule that were passed through to subrecipients.

**THE COLORADO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.063; 84.007; 84.033; 84.038; 84.268	Student Financial Assistance Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

**THE COLORADO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

No findings reported.

Section III – Findings and Questioned Costs – Major Federal Programs

2017-001

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Numbers: 84.038 – Federal Perkins Loans

Award Period: July 1, 2016 to June 30, 2017

Eligibility – Federal Perkins Loans

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per 34 CFR section 674, and the Uniform Guidance Compliance Supplement Part 5, a Master Promissory Note (MPN) signed by the student is required prior to disbursement of a Perkins Loan award.

Condition: During our testing of Perkins Loan disbursements, we noted one student that was disbursed Perkins Loan funds without a signed MPN.

Context: One student in a sample of six students who received Perkins Loan awards was found to have been disbursed funds without a signed MPN.

Questioned costs: \$1,304 of Perkins Loan funds were awarded to the student discussed above.

Effect: Perkins Loans were disbursed to a student who did not meet the eligibility requirements prior to disbursement of funds.

Cause: The Perkins Loan was errantly disbursed to this student and was later replaced with institutional aid.

Recommendation: We recommend that The College implement a process prior to the disbursement of Perkins Loan funds that matches all students scheduled to receive Perkins Loan to a list of students with signed Master Promissory Notes. This will help ensure that all individuals receiving Perkins Loans have signed a Master Promissory Note.

Views of responsible officials and management's response: The College agrees with the finding.

**THE COLORADO COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

2017-002

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Numbers: 84.007 – Federal Supplemental Education Opportunity Grants
 84.033 – Federal Work Study Program
 84.038 – Federal Perkins Loans
 84.063 – Federal Pell Grant Program
 84.268 – Federal Direct Student Loans

Award Period: July 1, 2016 to June 30, 2017

Special Tests and Provisions – Enrollment Reporting

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per 34 CFR 685.309, and as outlined in the OMB Compliance Supplement Part 5, institutions are required to update all information included in the enrollment report from the National Student Loan Data System (NSLDS) and return the report within the prescribed timeframe (15 days). Schools are also required to make necessary corrections, and return, within the prescribed timeframe (ten days) for any report errors subsequently noted by NSLDS. Additionally, enrollment information must be reported within 15 days whenever attendance status changes for students, unless a roster will be submitted within 60 days.

Condition: During testing of underlying enrollment information, one student's change in status was not submitted to the NSLDS within the 60-day timeframe for changes in status.

Context: One student, in a sample of 30, was found to be out of compliance with the requirements noted above.

Questioned costs: None

Cause: Graduation records are approved by the College prior to the students' statuses officially changing. In fiscal year 2017, this approval for December 2017 graduates took place in February 2018, after which the students' statuses were provided to the NSLDS. The gap between December and February, as well as the gap between the approval of graduates and submission of a new roster, was more than 60 days and thus caused the noncompliance.

Effect: Students may not properly enter the repayment period upon graduation if inaccurate information is maintained at the NSLDS.

Repeat Finding: Yes.

Recommendation: We recommend that the College expedite the graduate approval process in order to be able to submit timely information to the NSLDS.

Views of responsible officials and management's response: The College agrees with the finding.