

**WISCONSIN LUTHERAN COLLEGE, INC.**

**FEDERAL AND STATE AWARDS  
AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**

**WISCONSIN LUTHERAN COLLEGE, INC.**  
Federal and State Awards Audit Report  
For the Year Ended June 30, 2013

**Table of Contents**

|  | <u>Page No.</u> |
|--|-----------------|
| Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal Awards and State Awards Required by OMB Circular A-133 and the State Single Audit Guidelines | 1 and 2         |
| Schedule of Expenditures of Federal Awards   | 3               |
| Schedule of Expenditures of State Awards   | 4               |
| Notes to Schedules of Expenditures of Federal and State Awards   | 5               |
| Schedule of Findings and Questioned Costs  | 6 and 7         |
| Schedule of Prior Year Audit Findings and Corrective Action Plan   | 8               |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>  | 9 - 10          |



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS  
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Regents  
Wisconsin Lutheran College, Inc.  
Milwaukee, Wisconsin

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

We have audited Wisconsin Lutheran College Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Wisconsin Lutheran College Inc.'s major federal and state programs for the year ended June 30, 2013. Wisconsin Lutheran College Inc.'s major federal and state 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 and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Wisconsin Lutheran College Inc.'s major federal and state 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, *OMB Circular A-133* and the *State Single Audit Guidelines* 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 or state program occurred. An audit includes examining, on a test basis, evidence about Wisconsin Lutheran College Inc.'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 and state program. However, our audit does not provide a legal determination of Wisconsin Lutheran College Inc.'s compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, Wisconsin Lutheran College Inc. 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 and state programs for the year ended June 30, 2013.



## Report on Internal Control Over Compliance

Management of Wisconsin Lutheran College Inc. 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 Wisconsin Lutheran College Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and *the State Single Audit Guidelines*, 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 Wisconsin Lutheran College Inc.'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 or state 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 or state 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 or state 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 OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

## Report on the Schedules of Expenditures of Federal Awards and State Awards Required by OMB Circular A-133 and the State Single Audit Guidelines

We have audited the financial statements of Wisconsin Lutheran College Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated October 3, 2013, 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 schedules of expenditures of federal awards and state awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are 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 schedules of expenditure of federal awards and state awards are fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants  
Green Bay, Wisconsin  
January 22, 2014

**WISCONSIN LUTHERAN COLLEGE, INC.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

| Federal Government Award Programs<br>and Funding Agencies        | Federal<br>CFDA<br>Number | Federal<br>Expenditures        |
|--|---------------------------|--------------------------------|
| U.S. Department of Education:                                    |                           |                                |
| Student Financial Aid Cluster:                                   |                           |                                |
| Federal Supplemental Educational Opportunity Grant Program       | 84.007                    | \$ 31,433                      |
| Federal Work-Study Program                                       | 84.033                    | 53,009                         |
| Federal Pell Grant Program                                       | 84.063                    | 1,316,374                      |
| Federal Direct Student Loan Program                              | 84.268                    | <u>7,167,544</u>               |
| Total Student Financial Aid Cluster                              |                           | 8,568,360                      |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334                    | <u>10,602</u>                  |
| Total U.S. Department of Education                               |                           | <u>8,578,962</u>               |
| <br>Total Federal Awards   |                           | <br><u><u>\$ 8,578,962</u></u> |

See notes to the Schedules of Expenditures of Federal and State Awards

**WISCONSIN LUTHERAN COLLEGE, INC.**  
 Schedule of Expenditures of State Awards  
 For the Year Ended June 30, 2013

| State Grantor/Program Title                 | State ID<br>Number | State<br>Expenditures |
|---|--------------------|-----------------------|
| Wisconsin Higher Education Aids Board:      |                    |                       |
| Wisconsin Tuition Grant                     | 235.101            | \$ 887,157            |
| Minority Undergraduate Retention Grant      | 235.107            | 6,855                 |
| Wisconsin Covenant Scholars                 | 235.108            | 20,000                |
| Academic Excellence Scholarship Grant       | 235.109            | 18,564                |
| Talent Incentive Program Grant              | 235.114            | 28,000                |
| Wisconsin Covenant Foundation               | 235.131            | <u>5,000</u>          |
| Total Wisconsin Higher Education Aids Board |                    | <u>965,576</u>        |
| Total State Awards                          |                    | <u>\$ 965,576</u>     |

See notes to the Schedules of Expenditures of Federal and State Awards

**WISCONSIN LUTHERAN COLLEGE, INC.**  
Notes to Schedules of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2013

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards for Wisconsin Lutheran College, Inc. (the College) are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

**NOTE B - MAJOR PROGRAM DETERMINATION**

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133) and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, establish certain criteria for identification of major programs. Under OMB Circular A-133 and the *State Single Audit Guidelines*, tests of compliance with requirements that could have a direct and material effect on each major federal and state program. The major programs identified in the accompanying Schedule of Findings and Questioned Costs have been determined in accordance with the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*.

**NOTE C - OVERSIGHT AGENCY**

The federal and state oversight agencies for the College are as follows:

Federal - U.S. Department of Education

State - Wisconsin Higher Education Aids Board

**NOTE D - STUDENT FINANCIAL AID CLUSTER (THE CLUSTER)**

Federal awards to provide financial assistance to students are combined on the SEFA and considered to be a single program (Student Financial Aid Cluster) for major federal program determination. The amount of loans made during the year under federal government student loan programs are considered to be disbursements for major program determination. The amounts included in the SEFA represent loans disbursed during the year, plus the related administrative cost allowance.

**WISCONSIN LUTHERAN COLLEGE, INC.**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued? Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal and State Award Programs

Type of auditors' report issued on compliance for major programs Unmodified

Internal control over major program:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? No

Identification of major federal and state programs:

| Federal Programs   | CFDA     |
|--|----------|
| Student Financial Aid Program Cluster                      |          |
| Federal Supplemental Educational Opportunity Grant Program | 84.007   |
| Federal Work-Study Program                                 | 84.033   |
| Federal Pell Grant Program                                 | 84.063   |
| Federal Direct Student Loan Program                        | 84.268   |
| State Program  | State ID |
| Wisconsin Tuition Grant                                    | 235.101  |

Dollar threshold used to distinguish Type A and Type B programs? \$300,000

Did the auditee qualify as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There were no findings relating to the financial statements required to be reported under generally accepted governmental auditing standards for the year ended June 30, 2013.

**Section III - Federal and State Awards Findings and Questioned Costs**

There were no audit findings and questioned costs for federal and state awards for the year ended June 30, 2013.

**WISCONSIN LUTHERAN COLLEGE, INC.**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2013

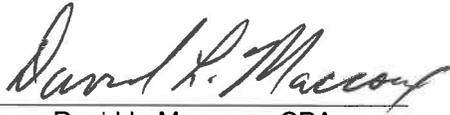
**Section IV - Other Issues**

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ Yes        X   No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
    Wisconsin Higher Education Aids Board \_\_\_\_\_ Yes        X   No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?   X   Yes      \_\_\_\_\_ No

Name and signature of shareholder

  
\_\_\_\_\_  
David L. Maccoux, CPA

Date of report

January 22, 2014

**WISCONSIN LUTHERAN COLLEGE, INC.**  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended June 30, 2013

**Prior Year Audit Findings**

Finding 2012-01 NSLDS Reporting

The College implemented an additional review of the NSLDS report will be done prior to submission. No issues were noted for the year ended June 30, 2013.

**Corrective Action Plan**

None Required



**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 AUDITORS' REPORT**

To the Board of Regents  
Wisconsin Lutheran College, Inc.  
Milwaukee, Wisconsin

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 Wisconsin Lutheran College, Inc., as of and for the year ended June 30, 2013, and the related notes to the financial statements dated October 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wisconsin Lutheran College, Inc.'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 Wisconsin Lutheran College, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wisconsin Lutheran College, Inc.'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 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 Wisconsin Lutheran College, Inc.'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*.

## **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 Wisconsin Lutheran College, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wisconsin Lutheran College, Inc.'s internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
October 3, 2013