

SALEM STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITORS' REPORTS AS REQUIRED
BY THE UNIFORM GUIDANCE AND *GOVERNMENT*
AUDITING STANDARDS AND RELATED
INFORMATION**

JUNE 30, 2022

SALEM STATE UNIVERSITY
(an Agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by the Uniform Guidance and
Government Auditing Standards and Related Information**

June 30, 2022

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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

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Salem State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Salem State University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Salem State University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Salem State University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Salem State University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Salem State University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University, as of and for the year ended June 30, 2022. We issued our report thereon dated October 11, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. 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 basic 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 basic 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 basic financial statements as a whole.



Certified Public Accountants
Braintree, Massachusetts

October 11, 2022



**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***

To the Board of Trustees of
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Salem State University (the "University"), and its discretely presented major component units, as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants
Braintree, Massachusetts**

October 11, 2022

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 655,288	\$ -
Federal Work-Study Program	84.033	N/A	N/A	288,137	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	772,763	-
Federal Perkins Loan Program (current year expenditure)	84.038	N/A	N/A	-	-
Federal Pell Grant Program	84.063	N/A	N/A	9,941,157	-
Federal Direct Student Loans	84.268	N/A	N/A	33,625,578	-
Teachers Education Assistance for College Grant	84.379	N/A	N/A	20,744	-
Nursing Student Loans (beginning of year)	93.364	N/A	N/A	444,983	-
Nursing Student Loans (current year expenditures)	93.364	N/A	N/A	<u>30,100</u>	<u>-</u>
Total Student Financial Assistance Cluster				<u>45,778,750</u>	<u>-</u>
TRIO CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Student Support Services	84.042	N/A	N/A	603,351	-
Upward Bound	84.047	N/A	N/A	<u>359,905</u>	<u>-</u>
Total TRIO Cluster				<u>963,256</u>	<u>-</u>

See accompanying notes to the schedule of expenditures of federal awards.

SALEM STATE UNIVERSITY
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Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2022

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER					
National Science Foundation:					
Direct Awards:					
Geosciences	47.050	N/A	N/A	39,172	-
UVM-NSF	40.076	N/A	N/A	33,341	-
Subtotal - Direct Awards				72,513	-
U.S. Department of the Interior					
Direct Awards:					
USGS EHP	15.807	N/A	N/A	5,011	-
Organization of American Historians	15.946	N/A	N/A	1,584	-
Subtotal - Direct Awards				6,595	-
U.S. Department of Health and Human Services					
Direct Awards:					
Title X Family Planning Program	93.217	N/A	N/A	7,103	-
Phonological Research	93.173	N/A	N/A	69,114	-
Subtotal - Direct Awards				76,217	-
Total Research and Development Cluster				155,325	-

See accompanying notes to the schedule of expenditures of federal awards.

SALEM STATE UNIVERSITY
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Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2022

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
NON-CLUSTER					
U.S. Department of Education:					
Direct Awards:					
COVID-19 HEERF II SIP	84.425M	N/A	N/A	456,419	-
COVID-19 HEERF III SIP	84.425M	N/A	N/A	842,559	-
COVID-19 HEERF III Student Portion	84.425E	N/A	N/A	9,517,533	-
COVID-19 HEERF III Institutional Portion	84.425F	N/A	N/A	320,681	-
Subtotal - Direct Awards				11,137,192	-
Pass-through Awards:					
UVM-NSF Career	47.074	University of Vermont and State Agricultural College	N/A	12,385	-
Moving to College	14.000	HUD	N/A	67,333	-
Subtotal - U.S. Department of Education				11,216,910	-
U.S. Small Business Administration					
Pass-through Awards:					
SBDC - Core	59.037	University of Massachusetts	N/A	383,172	-
SBDC - CARES	59.037	University of Massachusetts	N/A	153,872	-
Subtotal - Pass-through Awards				537,044	-
National Oceanic and Atmospheric Administration					
Direct Awards:					
NOAA Sea Grant	11.417	N/A	N/A	28,049	-
Workforce Through High School Aquaculture Education and Engagement	11.478	N/A	N/A	6,496	-
Center for Sponsored Coastal Ocean Research	11.478	N/A	N/A	30,183	-
Subtotal - Direct Awards				64,728	-
Pass-through Awards:					
SBIR DeepSeaVision-AL	11.478	Synthetik	N/A	20,516	-
Subtotal - National Oceanic and Atmospheric Administration				85,244	-
U.S. Department of Justice:					
Direct Awards:					
Violence Against Women	16.525	N/A	N/A	98,343	-
Subtotal - Direct Awards				98,343	-

See accompanying notes to the schedule of expenditures of federal awards.

SALEM STATE UNIVERSITY
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Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2022

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
Corporation for National and Community Service					
Pass-through Awards:					
Americorps/Jumpstart	94.006	Corporation for National and Community Service	N/A	44,015	-
Subtotal - Pass-through Awards				44,015	-
U.S. Department of State Bureau of Education and Cultural Affairs					
Pass-through Awards:					
IDEA Grant	19.009	World Learning	N/A	17,891	-
Subtotal - Pass-through Awards				17,891	-
Total Non-Cluster				11,999,447	-
Total Federal Funds				\$ 58,896,778	\$ -

See accompanying notes to the schedule of expenditures of federal awards.

SALEM STATE UNIVERSITY
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Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Salem State University (the “University”) under programs of the Federal Government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

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.

Note 3 - **Indirect Cost Rate**

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Student Loan Programs**

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the University and balances and transactions relating to this program are included in the University’s basic financial statements. During the year ended June 30, 2022, no loans were advanced under the Perkins program and no administrative costs were incurred. As of June 30, 2022, loan balances receivable, net under Perkins was \$652,792.

There was no federal capital contribution or match by the University during the current year.

Nursing Student Loans

The Nursing Student Loan Program is administered by Salem State University. There were no loans disbursed during fiscal year 2022. As of June 30, 2022, the loan balances receivable for this program was \$344,343.

SALEM STATE UNIVERSITY
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Notes to the Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2022

Note 4 - **Federal Student Loan Programs - Continued**

Direct Student Loan Program

The University disbursed \$33,625,578 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the University under the program as of June 30, 2022. The University is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

SALEM STATE UNIVERSITY
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to the financial statements noted? yes no

Federal Awards

Type of auditors’ report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

SALEM STATE UNIVERSITY
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2022

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
TRIO Cluster	
Student Support Services	84.042
Upward Bound	84.047
Non-Cluster	
Small Business Development Center	59.037
Economic Stabilization Fund (ESF):	
COVID-19 Higher Education Emergency Relief Fund (“HEERF”) - Student Aid Portion	84.425E
COVID-19 HEERF - Institutional Portion	84.425F
COVID-19 HEERF - Strengthening Institutions Portion	84.425M

Dollar threshold used to distinguish between
 type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

Section II – Financial Statement Findings:

None.

Section III – Federal Award Findings and Questioned Costs:

None.



Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Finding number: 2021-001
Federal agency: U.S. Department of Education
Program: Student Financial Assistance Cluster
Assistance Listing Number: 84.268
Award year: 2021

Condition

Federal regulations state that any unearned Title IV grant or loan assistance received by a student must be refunded to the Title IV programs upon a student's withdrawal from the institution. The University has 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds. During our testing, we noted one student, out of a sample of twenty-five, had unearned Title IV aid that was not returned to the Federal Government, within 45 days of the determined withdrawal date. Our audit disclosed that the funds were not returned until 200 days after the 45-day disbursement timeframe.

Current Year Status:

Corrective action was taken during the year.