



PACIFIC UNIVERSITY

Independent Auditors' Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Year ended June 30, 2022

PACIFIC UNIVERSITY

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**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Trustees
Pacific University:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pacific 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 the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University 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, 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 (GAAS); 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). 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 the 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 the 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 the 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 GAAS,



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 GAAS, *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 the 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 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.



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

We have audited the financial statements of the University as of and for the year ended June 30, 2022, and have issued our report thereon dated October 31, 2022, 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 GAAS. 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.

KPMG LLP

Portland, Oregon
November 8, 2022

PACIFIC UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through agency	Federal AL number	Additional grant identifying name	Grant identifying number	Total federal expenditures
Student financial assistance – Cluster:					
U.S. Department of Education Programs:					
Federal Supplemental Educational Opportunity Grants	N/A	84.007			\$ 188,734
Federal Work-Study Program	N/A	84.033			915,047
Federal Perkins Loan Program – <i>note 4</i>	N/A	84.038			5,024,324
Federal Pell Grant Program	N/A	84.063			2,192,773
Federal Direct Student Loans	N/A	84.268			83,146,240
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	N/A	84.379			25,709
U.S. Department of Health and Human Services Programs:					
Health Professions Student Loans – <i>note 4</i>	N/A	93.342			4,880,072
Total student financial assistance cluster					<u>96,372,899</u>
Research and development – Cluster:					
National Science Foundation (NSF):					
Mathematical and Physical Sciences	N/A	47.049	Dawes RUI Quantum Optics	1806479	21,319
Biological Sciences	N/A	47.074	Halpern Collaborative with SFU grant	1455991	33,203
Biological Sciences	N/A	47.074	ROA LChan Subaward	1950302/A20-0031-S001	37,112
Education and Human Resources	N/A	47.076	Ruder Team-Based Learning	1712295	14,782
Education and Human Resources	N/A	47.076	Noyce: Research Carr	2,150,955	534
Sub-total National Science Foundation					<u>106,950</u>
U.S. Department of Health and Human Services:					
National Institutes of Health (NIH):					
Research and Training in Complementary and Integrative Health	N/A	93.213	Christopher/Bowen U01	1U01AT009841-01	572,293
Drug Abuse and Addiction Research Programs	N/A	93.243	SAMHSA Substance Abuse	1H79T1082549-01	176,325
National Cancer Institute	N/A	93.395	NCI R15 Rao	R15CA227754	17,963
State of Oregon Grant	N/A	93.788	OHA Geriatric Opioid Misuse-Sub of SAMHSA		2,167
National Institute of Allergy and Infectious Diseases	N/A	93.855	NIH R15 Roberts	1R15AI151980-01A1	102,438
Child Health and Human Development Extramural Research	N/A	93.865	R21 Sub-award Jshanley	R21HD094227/SP00013624-03	7,526
National Library of Medicine	N/A	93.879	NLM UW Collection Subaward	UG4LM013725	1,515
Sub-total Health and Human Services					<u>880,227</u>
Total research and development cluster					<u>987,177</u>

PACIFIC UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Pass-through agency	Federal AL number	Additional grant identifying name	Grant identifying number	Total federal expenditures
Other awards:					
National Science Foundation (NSF):					
Education and Human Resources	N/A	47.076	Noyce: Pacific STEM Teacher Pathways	1852868	\$ 235,963
Education and Human Resources	N/A	47.076	Divers STEM Cohort Johnson Subaward	2,030,972	124,961
Office of International Science and Engineering	N/A	47.079	College students in science and mathematics	1565169	<u>66,615</u>
Sub-total National Science Foundation					<u>427,539</u>
Federal Library Services and Technology Act (LSTA):					
Institute of Museum and Library Services (IMLS)	N/A	45.310	LSTA Gilman Transparent Design	LS-246192-OLS-20	5,509
Institute of Museum and Library Services (IMLS)	N/A	45.310	ARPA OR Library-Gilman Subaward	LS-250233-OLS-21	<u>33,259</u>
Sub-total Institute of Museum and Library Services					<u>38,768</u>
U.S. Department of Fish and Wildlife Services:					
US Fish & Wildlife Service	Subaward to The Woodland Park Zoo	15.657	USFWS Woodland Zoo-VanB Subaward	F21AS00447	<u>11,025</u>
Sub-total U.S. Department of Fish & Wildlife Services					<u>11,025</u>
U.S. Department of Health and Human Services:					
Area Health Education Centers	N/A	93.107	OHWI Regional AHEC Sub-award	U77HP3052	154,684
Grants for Dental Reimbursement	Oregon Health & Science University	93.924	HRSA – Community Based Dental sub-award	H65HA00006-14-00	<u>9,045</u>
Sub-total U.S. Department of Health and Human Services					<u>163,729</u>
U.S. Department of Education Programs:					
COVID-19 – Education Stabilization Fund	N/A	84.425E	CARES Student Emg Fund		3,004,997
COVID-19 – Education Stabilization Fund	N/A	84.425E	CARES Emg Relief Institution		<u>3,030,970</u>
Sub-total U.S. Department of Education					<u>6,035,967</u>
U.S. Department of Education Programs:					
Higher Education Institutional Aid – AANAPISI Grant	N/A	84.031L			239,927
UG International Studies & Foreign Language Prog	N/A	84.016			74,335
Educating for Student Success		45.162	NEH CARES Geraci – CARES Act funded	AH-274175-20	(750)
The State of Oregon		93.575	State of OR Early Learning Division, CARES- Johns	16,682	<u>88,168</u>
Sub-total U.S. Department of Education					<u>401,680</u>
Total other awards					<u>7,078,708</u>
Total expenditures of federal awards					<u>\$ 104,438,784</u>

See accompanying notes to schedule of expenditures of federal awards.

PACIFIC UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pacific University (the University) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 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 assets, or cash flows of the University.

(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.

The accompanying schedule of expenditures of federal awards includes all federal funds expended by the University during the year ended June 30, 2022. For purposes of the Schedule, federal funds include all grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal government as well as any federal awards passed through other governmental agencies.

(3) Indirect Cost Rate

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

(4) Loan Program Administration

The federal student loan programs listed below are administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. The basis used to determine loans expended shown on the Schedule is the amount of new loans made or received during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements, plus any interest subsidy, cash, or administrative cost allowance received.

	Loans outstanding at the beginning of the fiscal year	New loans processed during the fiscal year	Administrative cost	Total loans on the schedule of expenditures of federal awards	Outstanding balance at June 30, 2022
Perkins loans	\$ 5,024,324	—	—	5,024,324	2,728,533
Health professional loans	4,360,637	519,435	—	4,880,072	3,297,664

PACIFIC UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Congress did not renew the Federal Perkins Loan Program after September 2017, and the transition period permitting disbursements ended on June 30, 2019. Institutions have the option to either continue to service the outstanding loans and remit excess cash periodically to the Department of Education or liquidate the portfolio, which would include assigning remaining loans to the federal government and forfeiting the institution's remaining net assets (institutional capital contribution). The College intends to continue servicing the outstanding Perkins loans.

(5) Federal Direct Loan Program

During the fiscal year ended June 30, 2022, the University processed the following amounts of new loans under the Federal Direct Loan Program (which includes subsidized Stafford, unsubsidized Stafford, and PLUS Loans):

	<u>AL number</u>		<u>Amount</u>
Direct loans – unsubsidized	84.268	\$	41,965,357
Direct loans – subsidized	84.268		3,643,249
Direct loans – Parent PLUS	84.268		5,234,366
Direct loans – Grad PLUS	84.268		<u>32,303,268</u>
Total		\$	<u>83,146,240</u>

(6) Administrative Costs

The amount of Federal Work-study disbursements shown on the Schedule includes the current year administrative cost allowance of \$53,010.

PACIFIC UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

(1) Summary of Auditors' Results

- (a) The type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (c) Noncompliance that is material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- (g) Major programs:
 - Student Financial Assistance Cluster – ALN 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342
 - ALN 84.425: COVID-19 – Education Stabilization Fund
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

(3) Findings and Questioned Costs Relating to Federal Awards:

None