



KNOX COLLEGE

INDEPENDENT AUDITOR'S REPORTS
PURSUANT TO THE UNIFORM GUIDANCE

For the Year Ended June 30, 2023



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KNOX COLLEGE
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3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

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**INDEPENDENT AUDITOR’S 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
Knox College
Galesburg, Illinois

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 Knox College (College), which comprise the Statement of Financial Position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2024

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Springfield, Illinois
January 19 2024

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

The Board of Trustees
Knox College
Galesburg, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Knox College’s (College) 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 College’s major federal programs for the year ended June 30, 2023. Knox College’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, Knox 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our 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 reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College’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 College's federal programs.

Auditor's 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 College'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, *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 College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 College'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 College'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 College'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 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 Auditor's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist 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.

Report on Schedules Required by Uniform Guidance

We have audited the financial statements of the College as of and for the year ended June 30, 2023 and have issued our report thereon dated January 19, 2024, 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 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 financial statements as a whole.

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.

Sikich LLP

Springfield, Illinois
January 19, 2024

KNOX COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program or Cluster Title	ALN	Federal Expenditures
U.S. Department of Education:		
Student Financial Aid Cluster:		
Federal Supplemental Educational		
Opportunity Grants	* 84.007	\$ 170,618
Federal Work-Study Program	* 84.033	222,521
Federal Perkins Loan Program	* 84.038	1,385,667
Federal Pell Grant Program	* 84.063	1,630,874
Federal Direct Student Loans	* 84.268	4,986,825
Total Student Financial Aid Cluster		<u>8,396,505</u>
National Endowment for the Humanities		
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	96,348
Total Promotion of the Humanities Teaching and Learning Resources and Curriculum Development		<u>96,348</u>
National Science Foundation:		
Research and Development Cluster:		
Computer and Information Science and Engineering	47.070	28,395
Social, Behavioral, and Economic Sciences	47.075	18,826
Total Research and Development Cluster		<u>47,221</u>
U.S. Department of Education:		
TRIO cluster		
TRIO Student Support Services	84.042	338,987
TRIO McNair Post-Baccalaureate Achievement	84.217	301,549
Total TRIO cluster		<u>640,536</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 9,180,610</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

KNOX COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Knox College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - LOANS OUTSTANDING

The amount presented for the Federal Perkins Loans represents total loans outstanding at July 1, 2022, for which the U.S. Department of Education imposes continuing compliance requirements. As of June 30, 2023, loans outstanding totaled \$860,822. Such amounts have been recorded net of an allowance of \$69,283 in the College's financial statements.

The College originates but does not provide funding for Federal Direct Student Loans (FDSLs). The amount presented represents the value of new FDSLs awarded by the U.S. Department of Education during the year as follows:

<u>Program Title</u>	<u>Federal ALN</u>	<u>Amount Awarded</u>
Federal Direct Stafford Loans	84.268	\$ 2,078,738
Federal Direct Unsubsidized Stafford Loans	84.268	1,777,635
Federal Direct PLUS and Grad PLUS Loans	84.268	1,130,452
TOTAL FEDERAL DIRECT STUDENT LOANS		<u><u>\$ 4,986,825</u></u>

NOTE 3 - AMOUNTS REQUIRED FOR MATCHING

To comply with program requirements, amounts required to be expended from nonfederal sources have been excluded from reported expenditures. For June 30, 2023, the College's portion of expenditures was as follows:

<u>Program Title</u>	<u>Federal ALN</u>	<u>Amount Provided for Matching</u>
Federal Work Study Program	84.033	\$ 244,581

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NOTE 4 - OTHER INFORMATION

Knox College did not receive any federal insurance or federal noncash assistance and did not provide any amounts to sub-recipients.

NOTE 5 - DE MINIMIS RATE

The College did not elect to use the de minimis rate of 10 percent for the year ended June 30, 2023.

KNOX COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for all major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.16(a)?

_____ yes X no

Identification of major federal programs:

ALN

Name of Federal Program

Student Financial Aid Cluster:

84.007

Federal Supplemental Educational Opportunity Grant

84.033

Federal Work-Study Program

84.038

Federal Perkins Loan Program

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Section II - Financial Statement Findings

A. Internal Control Findings

None Identified

B. Compliance Findings

None Identified

KNOX COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

A. Internal Control Findings

None Identified

B. Compliance Findings

None Identified

KNOX COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Section IV - Prior Year Financial Statement and Federal Award Findings

Prior Finding	Condition	Status
2022-001	College under awarded Pell grant	Not Repeated