

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

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

**JUNE 30, 2023**

**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, 2023**

**C O N T E N T S**

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<b>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</b>	1-3
<b>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 <i>Government Auditing Standards</i></b>	4-5
Schedule of Expenditures of Federal Awards	6-8
Notes to the Schedule of Expenditures of Federal Awards	9-10
Schedule of Findings and Questioned Costs	11-12

## **INDEPENDENT AUDITOR'S 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**

To the Board of Trustees of  
Salem State University:

### **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 the University's major federal programs for the year ended June 30, 2023. 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, 2023.

#### **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* (the "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 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 Boston Architectural University'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 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 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 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, 2023 and have issued our report thereon dated October 10, 2023, 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 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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

January 2, 2024

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 10, 2023).

## **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 of  
Salem State University:

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 business-type activities of Salem State University ("the University"), and its discretely presented component units, as of and for the years ended June 30, 2023 and 2022, 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 10, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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 have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

*Withum Smith + Brown, PC*

October 10, 2023

**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, 2023**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 545,946	\$ -
Federal Work-Study Program	84.033	N/A	N/A	383,213	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	652,792	-
Federal Perkins Loan Program (current year expenditure)	84.038	N/A	N/A	-	-
Federal Pell Grant Program	84.063	N/A	N/A	9,400,544	-
Federal Direct Student Loans	84.268	N/A	N/A	32,368,678	-
Teachers Education Assistance for College Grant	84.379	N/A	N/A	10,845	-
Nursing Student Loans (beginning of year)	93.364	N/A	N/A	344,343	-
Nursing Student Loans (current year expenditures)	93.364	N/A	N/A	156,367	-
Total Student Financial Assistance Cluster				43,862,728	-
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Student Support Services	84.042	N/A	N/A	529,638	-
Upward Bound	84.047	N/A	N/A	367,799	-
Total TRIO Cluster				897,437	-
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>National Science Foundation:</b>					
<b>Direct Awards:</b>					
Geosciences	47.050	N/A	N/A	11,462	-
STEM Education	47.076	N/A	N/A	17,352	-
Subtotal - Direct Awards				28,814	-
<b>Passthrough Awards:</b>					
STEM Education	47.076	Florida International University Board of Trustees	N/A	11,096	-
Subtotal - Passthrough Awards				11,096	-
<b>U.S. Department of Health and Human Services</b>					
<b>Direct Awards:</b>					
Title X Family Planning Program	93.217	N/A	N/A	28,154	-
Phonological Research	93.173	N/A	N/A	78,213	-
Subtotal - Direct Awards				106,367	-
Total Research and Development Cluster				146,277	-

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

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

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2023

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>NON-CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Undergraduate International Studies and Foreign Language Programs	84.016	N/A	N/A	33,638	-
Subtotal - Direct Awards				33,638	-
<b>Pass-through Awards:</b>					
Fund for the Improvement of Postsecondary Education	47.074	Framingham State University	N/A	401	-
Moving to College	14.000	HUD	N/A	69,383	-
Subtotal - U.S. Department of Education				103,422	-
<b>U.S. Department of Homeland Security</b>					
<b>Direct Awards:</b>					
FEMA Public Assistance	97.036	N/A	N/A	1,933,417	-
Subtotal - Pass-through Awards				1,933,417	-
<b>U.S. Small Business Administration</b>					
<b>Pass-through Awards:</b>					
SBDC - Core	59.037	University of Massachusetts	N/A	458,382	-
SBDC - CARES	59.037	University of Massachusetts	N/A	12,143	-
Subtotal - Pass-through Awards				470,525	-
<b>National Oceanic and Atmospheric Administration</b>					
<b>Direct Awards:</b>					
NOAA Sea Grant	11.417	N/A	N/A	47,041	-
Subtotal - Direct Awards				47,041	-
<b>U.S. Department of Justice:</b>					
<b>Direct Awards:</b>					
Violence Against Women	16.525	N/A	N/A	62,947	-
Subtotal - Direct Awards				62,947	-
<b>Corporation for National and Community Service</b>					
<b>Pass-through Awards:</b>					
AmeriCorps/Jumpstart	94.006	Corporation for National and Community Service	N/A	83,136	-
Subtotal - Pass-through Awards				83,136	-

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, 2023

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of State Bureau of Education and Cultural Affairs</b>					
<b>Pass-through Awards:</b>					
IDEA Grant	19.009	World Learning	N/A	8,900	-
Subtotal - Pass-through Awards				<u>8,900</u>	<u>-</u>
<b>National Endowment for the Humanities</b>					
<b>Pass-through Awards:</b>					
Promotion of the Humanities Research	45.161	CA State University, Dominguez	N/A	39,803	-
Subtotal - Pass-through Awards				<u>39,803</u>	<u>-</u>
<b>Environmental Protection Agency</b>					
<b>Pass-through Awards:</b>					
National Estuary Program	66.456	Umass Boston	N/A	11,922	-
Subtotal - Pass-through Awards				<u>11,922</u>	<u>-</u>
Total Non-Cluster				<u>2,761,113</u>	<u>-</u>
<b>Total Federal Funds</b>				<u>\$ 47,667,555</u>	<u>\$ -</u>

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, 2023**

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, 2023. 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, 2023, no loans were advanced under the Perkins program and no administrative costs were incurred. As of June 30, 2023, loan balances receivable, net under Perkins was \$495,814.

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 \$156,367 of loans disbursed during fiscal year 2023. As of June 30, 2023, the loan balances receivable for this program was \$405,511.

**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 \$32,368,678 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, 2023. 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, 2023**

**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, 2023**

*Identification of Major Programs*

Name of Federal Program or Cluster	Assistance Listing Number
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 3)	84.268
Nursing Student Loans	93.364
Non- Cluster:	
Disaster Grants – Public Assistance	97.036

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

\$750,000

Auditee qualified as a low-risk auditee?

yes     no

**Section II – Financial Statement Findings:**

None.

**Section III – Federal Award Findings and Questioned Costs:**

None