

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 19
DATE: December 10, 2013

RECOMMENDATION

**OMB CIRCULAR A-133 SUPPLEMENTARY FINANCIAL REPORTS FOR THE
YEAR ENDED JUNE 30, 2013**

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the U.S. Office of Management and Budget Circular A-133 Supplementary Financial Reports for the year ended June 30, 2013.

STAFF SUMMARY

The U.S Office of Management and Budget (OMB) requires an annual audit and report of compliance with the requirements of federal award programs. Plante & Moran, PLLC (Eastern's independent auditor) conducts the audit and provides an opinion. In Plante & Moran's opinion, EMU has complied, in all material respects, with the requirements governing its major Federal Award Programs for the Year Ended June 30, 2013.

Plante & Moran further reported that no internal control material weaknesses or significant deficiencies were identified in the course of performing this federal award audit.

FISCAL IMPLICATIONS

None.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

Eastern Michigan University

**Federal Awards
Supplemental Information
June 30, 2013**

Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	I
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>	2-3
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6-9
Notes to Schedule of Expenditures of Federal Awards	10-11
Schedule of Findings and Questioned Costs	12-13

Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

We have audited the basic financial statements of Eastern Michigan University (the "University") and its discretely presented component unit as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 5, 2013, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to November 5, 2013.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

November 5, 2013

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 Auditor's Report

To Management and the Board of Regents
Eastern Michigan University

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 basic financial statements of Eastern Michigan University (the "University") and its discretely presented component unit as of and for the year ended June 30, 2013 and related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 5, 2013. The financial statements of Eastern Michigan University Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Eastern Michigan University'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 opinions on the basic 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 University's basic 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.

To Management and the Board of Regents
Eastern Michigan University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Michigan University's basic 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 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 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.

Kalamazoo, Michigan
November 5, 2013

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

Report on Compliance for Each Major Federal Program

We have audited Eastern Michigan University's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Eastern Michigan University's major federal programs are identified in the summary of auditor's 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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eastern Michigan University's major federal 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about Eastern Michigan University'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 program. However, our audit does not provide a legal determination of Eastern Michigan University's compliance.

To the Board of Regents
Eastern Michigan University

Opinion on Each Major Federal Program

In our opinion, Eastern Michigan 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, 2013.

Report on Internal Control Over Compliance

The management of Eastern Michigan University 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 Eastern Michigan University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the University'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 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 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. Accordingly, this report is not suitable for any other purpose.

Kalamazoo, Michigan
November 5, 2013

Eastern Michigan University

Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Federal Agency/Pass-through Agency/Program Title	Federal CFDA Number	Federal Award Number	Federal Expenditures
Clusters:			
Student Financial Aid Cluster:			
Loan and Loan Guarantee Programs (Direct):			
USDE: Perkins Loans Issued and Outstanding	84.038	-	\$ 10,524,703
USDE: Direct PLUS Loans	84.268	P268K111630	11,092,179
USDE: Direct Loan Stafford	84.268	P268K111630	<u>134,176,881</u>
Total Loan and Loan Guarantee Programs			155,793,763
U.S. Department of Education (Direct):			
USDE: Supplemental Education Opportunity Grant	84.007	P007A042005	864,438
USDE: College Work Study	84.033	P033A042005	893,069
USDE: CWS Job Locator	84.033	P033A042005	42,667
USDE: PELL Grants	84.063	P063P041630	34,191,925
USDE: TEACH - Teacher Education Assistance for College and Higher Education Grant Program	84.379	P379T091630	<u>173,915</u>
Total U.S. Department of Education			191,959,777
U.S. Department of Health and Human Services (Direct):			
ARRA USHHS: Nurse Faculty Loan Program - Loans issued and outstanding	93.408	IEOAPHI5348-01-00	52,631
USHHS: Nurse Faculty Loan Program - Loans issued and outstanding	93.264	E01H112946	<u>92,073</u>
Total Student Financial Aid Cluster			192,104,481
Research and Development Cluster:			
Department of Agriculture - Direct:			
Development of Novel Bio-based Polyols and Their Derivatives for Low VOC Coating Applications	10.200	CS722P1C5722P1	117,409
Soy Based Functional Building Blocks for Sustainable Advanced Coatings	10.200	2013-38202-20398	<u>26,261</u>
Total Department of Agriculture			143,670
Department of Commerce - Direct:			
NOAA: Coupled Remote Sensing and Biological Monitoring of Invasive Plant Species and Their Impacts on the Detroit River International Wildlife Refuge (CRSBM-DRIWR)	11.417	NA09OAR4170172	271,425
NOAA: Sailing Elementary Teachers Toward Ocean Literacy Using Familiar Water Resources (funding part I)	11.469	NA07SEC4690004	<u>27,367</u>
Total Department of Commerce			298,792
Department of Defense - Direct:			
ONR Cross-National Analysis of Islamic Fundamentalism, Task I Utilizing Probability Distribution Functions and Ensembles to Forecast Ionospheric and Thermospheric Space Weather (Year 1 of 3) Total	12.300	N00014-09-1-0985	456,491
DoD Information Assurance Scholarship Program for 2011-2012 Academic Year: Basic Proposal, Annex I and Annex II	12.800	SUB 3002294751	22,458
DoD Information Assurance Scholarship Program for 2012-2013 Academic Year: Annex II Capacity	12.902	H98230-11-0461	58,237
	12.902	H98230-11-0461	<u>19,537</u>
Total Department of Defense			556,723
Department of the Interior U.S. Geological Survey - Passed through Ohio State University: Biodiversity Research in Ohio and Michigan			
	15.634	RF01280760 60032437	6,302
Department of State Bureau of Educational and Cultural Affairs - Passed through the Great Lakes Fishery Commission: Field Comparison of Eel-Ladder-Style and Traditional Sea Lamprey Traps			
	19.087	GRELAK30	10,843

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Federal Agency/Pass-through Agency/Program Title	Federal CFDA		Federal Expenditures
	Number	Federal Award Number	
Clusters (Continued):			
Research and Development Cluster (Continued):			
National Aeronautics and Space Administration - Passed through:			
UM: Grassland Ecosystems and Societal Adaptations under Changing Grazing	43.001	NNX09AK87G	\$ 71,649
Wayne County: Investigating Climate Change and Remote Sensing (ICCARs)	43.001	NNX10AD30A.02	23,720
NASA: Understanding the Time Dependent Response of the Martian Upper Atmosphere to Solar Flares and Dust Storms, Year 1 of 3 (2012-2013)	43.001	NNX12AJ49G	<u>61,913</u>
Total National Aeronautics and Space Administration			157,282
National Science Foundation:			
NSF/AIR: The Impact of MSP Professional Development on the Quality of Instruction in Middle School Math and Science Classrooms - Pass through	47.049	NSF 0929191 536.02865	19,862
Collaborative Research: Macrophytes Across the Proterozoic - Phanerozoic Boundary: A Baseline Study of Macroalgae during a Critical Interval in Earth System History - Direct	47.050	EAR-1250756	1,165
NSF: Collaborative Research: Automatically Annotated Repository of Video and Audio Resources Community - Direct	47.075	BCS-1244713	36,134
NSF MultiTree: Completing the Library of Language Relationships Total - Direct	47.075	BCS-1227106	38,265
NSF: Interop: LEGO - Direct	47.075	BCS-0753321	13,615
NSF: Collaborative Research ELIIP: Endangered Languages Catalog - Direct	47.075	BCS-1057725	60,711
NSF: Collaborative Research: NeuroImaging and Hormonal Analyses - Direct	47.075	SES-1063564	18,564
Robert Noyce Scholarship Program - Direct	47.076	DUE-0833286	54,386
NSF: The Physics Scholars Program at Eastern Michigan University - Direct	47.076	DUE-09661606	63,663
NSF: Creative Scientific Inquiry Experience - Direct	47.076	AWARD 0525514	<u>72,495</u>
Total National Science Foundation			378,860
Department of Health and Human Services:			
EMU Alzheimer's Education and Research Program, 2011-2012 - Pass through	93.051	I1B1MICMHS / 20121537/2212758	9,485
UM: NIH Michigan Bridges to Doctorate - Passthrough	93.187	I-R25-GM-0896387-02	90,740
The University of Michigan George M. O'Brien Renal Core Center - Pass through	93.398	U OF M:3001703728	4,880
Alzheimer's Education and Research Program, 2012-2013 - Pass through	93.958	I2B1MICMHS	51,332
Novel Targets in Thrombosis and Atherosclerosis, 2008-2010 - Pass through	93.839	3000998038 P01 HL 089407	43,779
UM: NIH - Stroke Health and Risk Education - Pass through	93.853	416093 5-901-NS06267	15,037
Michigan Level of Functioning Project - Year 16, 2011-2012 - Pass through	93.958	MDCH/W2215280	51,432
ARRA: NIH Characterization of Genetic Instability at Chromosomal Fragile Sites - Direct	93.701	IR15GM093929-01	139,692
ARRA: NIH An individually Tailored Mammography Screening Intervention for Chinese Americans - Direct	93.701	IR21CA127825-01A2	<u>57,183</u>
Total Department of Health and Human Services			463,560
Total Research and Development Cluster			2,016,032
Trio Cluster - Department of Education - Direct:			
Upward Bound 2006 2011	84.047	P047A071054-09	(15,892)
Upward Bound - Competitive Renewal 2012-2013	84.047	P047A121310	370,951
McNair Postbaccalaureate Achievement Program	84.217	P217A070173-08	84,489
Eastern Michigan University Ronald McNair Program	84.217	P217A120065	<u>145,737</u>
Total Trio Cluster			585,285
Workforce Investment Act Cluster - Department of Labor - Pass through - Washtenaw County: The B Side Workforce Investment	17.259	CR # 41558	<u>28,056</u>
Total Clusters			194,733,854

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Federal Agency/Pass-through Agency/Program Title	Federal CFDA Number	Federal Award Number	Federal Expenditures
Other federal awards:			
Department of Agriculture - Passed through - University of Southern Mississippi: NFSMI Effectiveness of In-Classroom Breakfast Programs	10.574	USM-GR03970-002	\$ 8,931
Department of Justice:			
Comprehensive Wrap-Around Social Services for High-Risk Teen Parents and Their Families, Part 2 - Direct	16.541	2009-JL-FX-0230	(4)
CSI STEM Summer Camp - Pass through	16.806	W56HZV-12-P-L797	<u>3,930</u>
Total Department of Justice Cluster			3,926
National Aeronautics and Space Administration - Pass through: NASA: Explore Mars	43.010	MICSPAMSCG	6,950
National Endowment for the Humanities - Direct:			
NEH: For Love of This Place: Interpreting the Campbell-De Young Farmstead	45.129	Michigan Humanities Council	6,715
Relish - Rendering Endangered Languages Lexicons Interoperable Through Standards Harmonization	45.169	HG-50010-09	<u>(4,582)</u>
Total National Endowment for Humanities			2,133
National Endowment for the Arts - Direct: Open Book		12-4200-7048	3,074
Small Business Administration - Pass through:			
USSBA/GVSU: 2012 SBTDC Region	59.037	2-603001-2-0023	341,442
USSBA/GVSU: 2013 SBTDC Region	59.037	SBAHQ-13-B-0035	<u>232,422</u>
Total Small Business Administration			573,864
Environmental Protection Agency: Passed through the Great Lakes Commission - Server Hosting and RAPIDS Main	66.034	EMU-IGRE2013-1	28,568
Department of Energy - Direct: Building a Surface Science Laboratory in the Mark Jefferson Complex to Serve the Automobile Industry in Southeastern Michigan	81.049	DE-SC0005070	267,198
Department of Education:			
MDE/MDLEG: Michigan BPA 2008-2009 - Pass through	84.048	093430-90131	(7,429)
MDE/MDLEG: Michigan DECA 2008-2009 - Pass through	84.048	093430-90132	(16,202)
Michigan DECA-Competitive Renewal (One year with one additional renewal year) - Pass through	84.048	103430	(18,189)
Michigan Skills USA-Competitive Renewal - Pass through	84.048	103430	(5,634)
Michigan Family, Career & Community Leaders of America (FCCLA) - Competitive Renewal (Y3 of 3) - Pass through	84.048	103430-10134	(30,388)
Michigan Family, Career & Community Leaders of America (FCCLA) - Competitive Renewal - Pass through	84.048	103430-10134	30,388
Michigan Family, Career & Community Leaders of America (FCCLA) - Renewal - Pass through	84.048	103430-10136	(1,530)
Michigan Business Professionals of America (BPA) - Competitive Renewal - Pass through	84.051	103430-10136	74,512
Michigan Business Professionals of America (BPA) - Competitive Renewal - Pass through	84.051	103430-10131	(167)
Michigan DECA-Competitive Renewal - Pass through	84.051	133430-13132	80,421
Michigan Family, Career & Community Leaders of America (FCCLA) - Renewal Total - Pass through	84.051	133430-13134	60,664
Michigan Skills USA-Competitive Renewal Total - Pass through	84.051	133430-13136	81,362
A Community-Based Model for Emergency Management - Direct	84.184	Q184T090004	(2,112)
Training Content Area Teachers to Teach English - Direct	84.194	T195N070245	67,891

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2013

Federal Agency/Pass-through Agency/Program Title	Federal CFDA Number	Federal Award Number	Federal Expenditures
Other federal awards (Continued):			
Department of Education (Continued):			
21st Century Community Learning Centers 2008-2009 - Pass through	84.287	D07067	\$ (8,204)
21st Century Community Learning Centers - Brighter Futures Year 3- Pass through	84.287	D07067-COHORT D	59
21st Century Community Learning Centers - Brighter Futures Year 5 (Cohort D) - Pass through	84.287	D07067-COHORT D	3,057
21st Century Community Learning Centers, Bright Futures at Middle and High Schools, Year 2 (Cohort F) - Pass through	84.287	F09025-COHORT F	(4,216)
21st Century Community Learning Centers, Bright Futures at Middle and High Schools, Year 3 (Cohort F) - Pass through	84.287	F09025-COHORT F	7,826
21st Century Community Learning Centers, Bright Futures at Middle and High Schools, Year 4 (Cohort F) - Pass through	84.287	F09025-COHORT F	645,492
21st Century Community Learning Centers - Bright Futures Year 1 (cohort G-1) - Pass through	84.287	I32110 - G12021	641,566
21st Century Community Learning Centers - Bright Futures Year 1 (cohort G-2) - Pass through	84.287	I32110 - G12022	687,488
Michigan Department of Career Development KCP State GEAR-UP Program 2011-2-17	84.334	11-00-02	146,306
USDE: Connecting Students to the Community: EMU GEAR-UP Partnership to Promote College Readiness and Success, Year 1 of 6	84.334	P334A060204	100,906
Underground Railroad and Cultural Program: The Cooperative Underground Railroad Education Project. (CUREP) - Pass through	84.345	P345A095005	29,264
Eastern Michigan University Writing Project - 2012-2013 Total - Pass through	84.367	92-MI01-SEED2012	13,121
Professional Development in a High-Need School - Pass through	84.367	NO.2	10,171
Elementary Evaluation # 1 - Pass through	84.367	1	23,352
Student Transcript and Academic Record Repository (STARR) Data Exchange Process	84.372A	071 W2205028	2,673
Student Transcript and Academic Record Repository (STARR) Data Exchange Process	84.384A	071 W2205028	<u>10,928</u>
Total Department of Education			2,623,376
Department of Health and Human Services:			
Coupled MGCM-MTGCM Mars Thermosphere Simulations and Resulting Data Products in support of the MAVEN mission - Pass through	93.300	3001571633	(743)
Independent Living Skills Coach for Training Eligible Foster Care Youth - Direct ARRA - Capacity Building of Nonprofit Organizations	94	YIT-13-81001	111,194
Servicing Distressed Communities in Wayne and Eastern Washtenaw Counties Michigan - Direct	93.711	90SI0009/01	<u>(186)</u>
Total Department of Health and Human Services			110,265
Department of Housing and Urban Development - Pass through - Connecting Hamilton Crossing: Developing Family Self-sufficiency Education Programs for Subsidized Housing Residents			
	14.704	CCPMI0057-11	17,211
Department of State Bureau of Near Eastern Affairs - Passthrough - The Birth Place of the Arab Spring: Value Orientations and Political Actions in Tunisia (part 1)			
	19.500	95102 W15P7T I2 C F600	249,854
Department of Homeland Security: Social Norms Collaborative - Pass through			
	97.005	-	14,818
Texas Citizens Corp Program - CERT (Community Emergency Response Team) - Direct	97.005	-	<u>3,224</u>
Total Department of Homeland Security			18,042
Agency of International Development - Direct - Eastern Michigan Practicum for Teacher Educators from Pakistan (EMPTPEP)			
	98.001	AID-391-A-11-00001 11452	<u>257,983</u>
Total other federal awards			<u>4,171,375</u>
Total federal expenditures			<u>\$ 198,905,229</u>

Eastern Michigan University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eastern Michigan University (the "University") under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Eastern Michigan University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Eastern Michigan University. Pass-through entity identifying numbers are presented where available.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
USSBA/GVSU: 2012-13 SBTDC Region	59.037	\$ 29,220
NOAA: Sailing Elementary Teachers Toward Ocean Literacy Using Familiar Water Resources (funding part I)	11.469	14,284
DoD/MITRE: The Birth Place of the Arab Spring: Value Orientations and Political Actions in Tunisia (part I)	19.500	73,391
NASA: Understanding the Time Dependent Response of the Martian Upper Atmosphere to Solar Flares & Dust Storms Year 1 of 3	43.001	13,516
DoD: ONR Cross-National Analysis of Islamic Fundamentalism, Task I	12.300	78,816
	Total	\$ 209,227

Eastern Michigan University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Note 3 - Loans Outstanding

During the fiscal year ended June 30, 2013, the University issued new loans to students under the William D. Ford Federal Direct Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parents' Loans for Undergraduate Students (PLUS), and PLUS loans for graduate and professional students. The value of loans issued for the FDLP is based on disbursed amounts. The undergraduate PLUS loans are applied first to the students' tuition and fees and any remaining balance is disbursed directly to parents or, with the parents' permission, to the student.

In addition, the University participates in the Federal Perkins Loan Program through the Department of Education and the Nurse Faculty Loan Program through the Department of Health and Human Services. These loan programs are directly administered by the University and are considered revolving loan programs whereby collections received on past loans, including interest, and new funds received from federal agencies are loaned out to current students. The outstanding balance on these loans is disclosed in the schedule of expenditures of federal awards. The loans issued through the Federal Perkins Loan Program during the year ended June 30, 2013 amounted to \$384,751. There were no loans issued through the Nurse Faculty Loan Program (ARRA) and \$52,270 issued through the Nurse Faculty Loan Program (non-ARRA) during the year ended June 30, 2013.

Eastern Michigan University

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

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 No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.408, and 93.264	Student Financial Aid Cluster
59.037	Small Business and Technology Development Center (SBTDC)
84.047 and 84.217	TRIO Cluster
84.287	21st Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2013

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None