



SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL  
ASSISTANCE AND RELATED AUDIT REPORTS

Bethune-Cookman University, Inc.  
Year Ended June 30, 2010

Ernst & Young LLP



Bethune-Cookman University, Inc.

Schedule of Expenditures of Federal Awards and  
State Financial Assistance and Related Audit Reports

Year Ended June 30, 2010

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Bethune-Cookman University, Inc.

Schedule of Expenditures of Federal Awards  
and State Financial Assistance

Year Ended June 30, 2010

	<b>CFDA Number</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>		
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Student Financial Assistance Cluster Direct:		
Federal Pell Grant Program	84.063	\$ 12,661,719
Federal Work-Study Program	84.033	502,538
Federal Supplemental Educational Opportunity Grant	84.007	999,664
Federal Family Educational Loans	84.032	30,488,273
Federal Direct Student Loan Program	84.268	1,900,688
Academic Competitiveness Grant	84.375	254,050
National Science and Mathematics Access to Retain Talent Grant	84.376	4,000
Teacher Education Assistance for College and Higher Education	84.379	52,000
Total Student Financial Assistance Cluster		<u>46,862,932</u>
Other grants:		
Higher Education – Institutional Aid	84.031	4,211,404
TRIO Cluster:		
Student Support Services	84.042	391,546
Pass through from State of Florida:		
Robert C. Byrd Honors Scholarship Program	84.185	1,500
ARRA:		
Pass through from State of Florida:		
State Fiscal Stabilization Fund (SFSF) – Government Services Recovery Act	84.397	1,111,932
Total U.S. Department of Education		<u>52,579,314</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY</b>		
AmeriCorps	94.006	<u>18,853</u>
<b>NATIONAL SCIENCE FOUNDATION</b>		
Pass through from Florida Agricultural and Mechanical Education and Human Resources	47.076	<u>28,424</u>

*Continued on next page.*

Bethune-Cookman University, Inc.

Schedule of Expenditures of Federal Awards  
and State Financial Assistance (continued)

Year Ended June 30, 2010

	<b>CFDA Number</b>	<b>Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Health Resources and Services Administration – Health Care and Other Facilities	93.887	<u>166,064</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
National Institute of Food and Agriculture – 1890 Institution Capacity Building Grants	10.216	<u>18,060</u>
<b>DEPARTMENT OF COMMERCE</b>		
National Oceanic and Atmospheric Administration (NOAA) – Educational Partnership Program	11.481	<u>96,032</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	71,750
Total Expenditures of Federal Awards		<u><u>\$ 52,978,497</u></u>

*Continued on next page.*

Bethune-Cookman University, Inc.

Schedule of Expenditures of Federal Awards  
and State Financial Assistance (continued)

Year Ended June 30, 2010

	<b>CSFA Number</b>	<b>Expenditures</b>
<b>STATE FINANCIAL ASSISTANCE PROJECTS</b>		
<b>FLORIDA DEPARTMENT OF EDUCATION</b>		
Student Aid:		
Florida Resident Access Grant	48.064	\$ 4,888,695
Florida Student Assistance Grant	48.054	1,473,819
Mary McLeod Bethune Scholarship	48.050	169,500
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Servicemembers	48.055	15,624
Florida Bright Futures Scholarship Program	48.059	<u>511,041</u>
Total Florida Department of Education – Student Aid		<u>7,058,679</u>
Historically Black Private Colleges	48.001	<u>2,574,620</u>
Total Florida Department of Education		<u>9,633,299</u>
<b>FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES</b>		
Bethune-Cookman College License Plate Project	76.009	<u>150,657</u>
Total Expenditures of State Financial Assistance		<u>\$ 9,783,956</u>

*See accompanying notes.*

Bethune-Cookman University, Inc.

Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance

June 30, 2010

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The purpose of the accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) is to present, in summary form, total federal award expenditures and state financial assistance received by Bethune-Cookman University, Inc. (the University) for the year ended June 30, 2010, that have been funded under various federal award programs and state financial assistance projects. The schedule is prepared on the accrual basis of accounting. Because the schedule presents only a selected portion of the activities of the University, it is not intended to, and does not, present the total expenditures of the University.

**2. Federal Family Education Loan Program**

During the year ended June 30, 2010, the University processed loans, for which the transactions are between the student and an outside third party, under the Federal Family Education Loan (FFEL) Program (which includes subsidized Stafford Loans, Parents' Loans for Undergraduate Students and unsubsidized Stafford Loans).

The University is responsible only for the performance of certain administrative duties with respect to these loans and, accordingly, balances and transactions related to this loan program are not included in the University's basic financial statements. Therefore, it is not practical to determine the balance of loans outstanding to students and former students of the University at June 30, 2010.

**3. Contingency**

The grant revenue amounts received are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Report of Independent Certified Public Accountants on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, and on the Schedule of Expenditures of Federal Awards and State Financial Assistance

The Board of Trustees  
Bethune-Cookman University, Inc.

### Compliance

We have audited Bethune-Cookman University, Inc.'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* and the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of the University's major federal programs and major state financial assistance projects for the year ended June 30, 2010. The University's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Auditor General*, 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 or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the University's compliance with those requirements.

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 and state financial assistance projects for the year ended June 30, 2010.

### **Internal Control Over Compliance**

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, 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 or state financial assistance project 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 or state financial assistance project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited the financial statements of the University as of and for the year ended June 30, 2010, and have issued our report thereon dated October 1, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and applicable federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Ernst & Young LLP*

October 1, 2010

Bethune-Cookman University, Inc.

Schedule of Findings and Questioned Costs –  
Federal Awards Programs and State Financial Assistance Projects

Year Ended June 30, 2010

**Part I — Summary of Auditor's Results**

**Financial statements section**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no

**Federal awards and state section**

Internal control over major programs:

Material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiency(ies) identified?	<u>      </u> yes	<u>  X  </u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133 or Chapter 10.650, *Rules of the Auditor General*?

<u>      </u> yes	<u>  X  </u> no
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Bethune-Cookman University, Inc.

Schedule of Findings and Questioned Costs –  
Federal Awards Programs and State Financial Assistance Projects (continued)

Identification of major federal programs and state projects:

<b>CFDA number(s)</b>	<b>Name of federal program or cluster</b>
Various	Federal Student Financial Assistance Cluster
84.042	TRIO Cluster – Shared Support Services
84.397	State Fiscal Stabilization Fund (SFSF) – Government Services Recovery Act

<b>CSFA number(s)</b>	<b>Name of state project</b>
48.064	Florida Resident Access Grant
48.054	Florida Private Student Assistance Grant
48.059	Florida Bright Futures Scholarship Program
48.055	Scholarships for Children and Spouses of Deceased or Disabled Veterans and Servicemembers
48.001	Historically Black Private Colleges

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

Federal programs	\$	300,000
State projects	\$	300,000

Auditee qualified as low-risk auditee?                      X   yes                           no

Bethune-Cookman University, Inc.

Schedule of Findings and Questioned Costs –  
Federal Awards Programs and State Financial Assistance Projects (continued)

**Part II — Financial Statement Findings Section**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No matters were identified.

Bethune-Cookman University, Inc.

Schedule of Findings and Questioned Costs –  
Federal Awards Programs and State Financial Assistance Projects (continued)

**Part III — Federal Award Findings and Questioned Costs Section**

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

No matters were identified. There are also no prior audit findings to report.

Bethune-Cookman University, Inc.

Schedule of Findings and Questioned Costs –  
Federal Awards Programs and State Financial Assistance Projects (continued)

**Part IV — State Project Findings and Questioned Costs Section**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of state financial assistance programs, as required to be reported by Chapter 10.650 of the *Rules of the Auditor General*.

There were no findings required to be reported by Chapter 10.650 of the *Rules of the Auditor General*. There are also no prior audit findings to report.

Bethune-Cookman University, Inc.

State of Florida Student Financial Assistance Programs  
 Schedule of Populations, Samples Tested, and Questioned Costs

Year Ended June 30, 2010

	<u>Award Population</u>		<u>Award Sample</u>				<u>Questioned Costs</u>			
	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>	<u>% of</u>	<u>Recipients</u>	<u>% of</u>	<u>Amount</u>	<u>% of</u>	<u>Recipients</u>	<u>% of</u>
				<u>Population</u>		<u>Population</u>		<u>Sample</u>		<u>Sample</u>
Florida Academic Scholars Award	\$ 3,654	1	\$ 3,654	100%	1	100%	\$ -	-	-	-
Florida Medallion Scholars Award	478,032	166	117,515	25%	42	25%	-	-	-	-
Florida Resident Access Grant	4,888,695	2,139	40,199	1%	50	2%	-	-	-	-
Florida Private Student Assistance Grant	1,473,819	1,565	22,000	1%	50	3%	-	-	-	-
Florida Gold Seal Vocations Scholars Award	29,355	10	29,355	100%	10	100%	-	-	-	-
Scholarship for Children of Deceased or Disabled Veterans	15,624	4	15,624	100%	4	100%	-	-	-	-

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