Independent Auditor’s Reports:

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

Independent Auditor’s Report

To the Board of Trustees
Kirtland Community College

We have audited the financial statements of Kirtland Community College (the "College") and its
discretely presented component unit, Kirtland Community College Foundation, as of and for the
year ended June 30, 2015 and the related notes to the financial statements, which collectively
comprise the College’s basic financial statements. We issued our report thereon dated
November 5, 2015, which contained unmodified opinions on the financial statements of Kirtland
Community College and Kirtland Community College Foundation. Our audit was conducted for
the purpose of forming opinions on the financial statements that collectively comprise the basic
financial statements. We have not performed any procedures with respect to the audited
financial statements subsequent to November 5, 2015.

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 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 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
financial statements as a whole.

November 5, 2015

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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 Trustees
Kirtland Community College

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 Kirtland Community College (the "College") and its discretely presented component unit, Kirtland Community College Foundation, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kirtland Community College'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 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 College'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 may exist that have not been identified.
To Management and the Board of Trustees
Kirtland Community College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kirtland Community 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 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 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.

November 5, 2015
To the Board of Trustees
Kirtland Community College

Report on Compliance for Each Major Federal Program

We have audited Kirtland Community College's (the "College") 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, 2015. Kirtland Community College'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 Kirtland Community College'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 Kirtland Community College'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 Kirtland Community College's compliance.
To the Board of Trustees  
Kirtland Community College

Opinion on Each Major Federal Program

In our opinion, Kirtland Community 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, 2015.

Report on Internal Control Over Compliance

Management of Kirtland Community College 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 Kirtland Community College'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 College'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.

November 5, 2015
### Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2015**

<table>
<thead>
<tr>
<th>Federal Agency/Pass-through Agency/Program Title</th>
<th>CFDA Number</th>
<th>Pass-through Entity Project/Grant Number</th>
<th>Award Amount</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Financial Aid Cluster:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Education - Direct program:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal PELL Grant Program-1314 FY</td>
<td>84.063P</td>
<td>P063P122898</td>
<td>$4,173,247</td>
<td>$1,081</td>
</tr>
<tr>
<td>Federal PELL Grant Program-1415 FY</td>
<td>84.063P</td>
<td>P063P132898</td>
<td>3,521,683</td>
<td>3,480,826</td>
</tr>
<tr>
<td>Federal PELL Grant Program-1516 FY</td>
<td>84.063P</td>
<td>P063P142898</td>
<td>52,773</td>
<td>41,246</td>
</tr>
<tr>
<td>Federal Work Study Program</td>
<td>84.033A</td>
<td>P033A132026</td>
<td>58,197</td>
<td>56,943</td>
</tr>
<tr>
<td>Federal Supplemental Employment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Ed Opportunity Grant-1415 FY</td>
<td>84.007A</td>
<td>P007A132026</td>
<td>51,345</td>
<td>51,345</td>
</tr>
<tr>
<td>Supplemental Ed Opportunity Grant-1516 FY</td>
<td>84.007A</td>
<td>P007A142026</td>
<td>61,500</td>
<td>2,869</td>
</tr>
<tr>
<td><strong>Federal Direct Loan Program:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stafford Subsidized</td>
<td>84.268</td>
<td>N/A</td>
<td>1,614,188</td>
<td>1,668,272</td>
</tr>
<tr>
<td>Stafford Unsubsidized</td>
<td>84.268</td>
<td>N/A</td>
<td>1,493,319</td>
<td>1,525,129</td>
</tr>
<tr>
<td>PLUS loans</td>
<td>84.268</td>
<td>N/A</td>
<td>9,162</td>
<td>9,162</td>
</tr>
<tr>
<td><strong>Total Federal Direct Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td>3,202,563</td>
</tr>
<tr>
<td><strong>Total Student Financial Aid Cluster</strong></td>
<td></td>
<td></td>
<td></td>
<td>6,836,873</td>
</tr>
<tr>
<td><strong>Other federal awards:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Education - Direct Program -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title III, Part A Strengthening Institutions Program</td>
<td>84.031A</td>
<td>P031A100141</td>
<td>2,000,000</td>
<td>431,259</td>
</tr>
<tr>
<td>U.S. Department of Education - Passed through the Michigan Department of Education - Vocational:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Administration</td>
<td>84.048A</td>
<td>142113</td>
<td>188,049</td>
<td>188,049</td>
</tr>
<tr>
<td>Local Administration</td>
<td>84.048A</td>
<td>142513</td>
<td>18,400</td>
<td>18,400</td>
</tr>
<tr>
<td><strong>Total Vocational Education - Basic Grants to States</strong></td>
<td></td>
<td></td>
<td></td>
<td>206,449</td>
</tr>
<tr>
<td><strong>Total other federal awards</strong></td>
<td></td>
<td></td>
<td></td>
<td>637,708</td>
</tr>
<tr>
<td><strong>Total federal awards</strong></td>
<td></td>
<td></td>
<td></td>
<td>$7,474,581</td>
</tr>
</tbody>
</table>
Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Kirtland Community College (the "College") under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Kirtland Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kirtland Community College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - Grant Auditor Report

Management has utilized Form R-7120 and the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.
Kirtland Community College

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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 that are not considered to be material weaknesses? _____ Yes X None reported
Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards
Internal control over major programs:
• Material weakness(es) identified? _____ Yes X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X 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:

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.063P, 84.033A, 84.007A, 84.268, 84.031A</td>
<td>Student Financial Aid Cluster, Title III - Part A - Strengthening Institutions</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $300,000
Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Audit Findings
None

Section III - Federal Program Audit Findings
None