

Audit Committee of the
Board of Trustees

Oakland University

October 17, 2025

Oakland University

Audit Committee of the
Board of Trustees Meeting Agenda

October 17, 2025

◆ Introduction of Audit Team

- AHP Representatives

Greg Soule – Partner

Randy Morse – Independent Review Partner

Kate Farwell – Senior Manager

Chas Bruske – Manager

Jacob Boerner – Senior Accountant

◆ Financial Highlights

◆ Audit Committee of the Board of Trustees Letter

- Services Provided and in Process
- Results of the Audit of the Financial Statements
- The Auditor's Communications with Those Charged with Governance

◆ Other Questions or Comments

October 17, 2025

Audit Committee of the Board of Trustees
Oakland University
Rochester, Michigan

We are pleased to submit this report which summarizes the results of our audit of Oakland University (University) and other matters which we believe would be of interest to you.

Services Provided and Reports Issued or in Process

In accordance with our engagement letter, AHP provided the following services:

Audit Services:

- An audit in accordance with auditing standards generally accepted in the United States of America and the applicable standards in *Government Auditing Standards* of the financial statements of the University for the year ended June 30, 2025. – Completed.
- An audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards* for the year ended June 30, 2025. – In Process.
- An agreed-upon procedures report as required by the NCAA Financial Audit Guidelines to assist the University in complying with NCAA Bylaw 3.2.4.15.1. – In Process.
- Procedures as required by the State of Michigan related to the inclusion of the University's audited financial statements in the State's comprehensive annual financial report. Additional limited procedures will be required by the State to be performed later in the year, updating our subsequent events procedures through that date. – In Process.

Nonaudit Services:

- Procedures related to the review of the 2025 990T. – In Process.

We have reviewed the services provided and confirm that we are independent of Oakland University and its related parties.

Results of our Audit of the Financial Statements

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and included such tests of the accounting records and such other auditing procedures as we considered necessary for the purpose of expressing an opinion on the financial statements.

The following summarizes various matters of interest noted during our audit:

Significant Risks

As noted in our scope letter dated March 21, 2025, we identified certain areas as having significant risks related to the potential of a material misstatement. We audited each of those significant risks with audit procedures designed to mitigate those risks. Based on our procedures performed, we noted no matters that need to be communicated to you.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, entities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Entities may also be subject to financial and legal liabilities. Managing this issue is especially challenging because even an entity with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We believe management should continue to monitor and evaluate this risk, which is a critical best practice. Additionally, periodic assessments of the system in order to verify that the control environment is functioning as designed are key parts of measuring associated business risk. We encourage those charged with governance to work with management on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Adopted Audit and Accounting Standards

The University adopted GASB Statement No. 101, *Compensated Absences*, to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

The University adopted GASB No. 102, *Certain Risk Disclosures*, to provide users of governmental financial statements with essential information about risks related to vulnerabilities due to certain risk related vulnerabilities due to certain concentration or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a University to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to

occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

Future Accounting Standards

We will continue to keep management up-to-date on any proposed of final standards that may impact the University.

Scholarship Allowances

Effective in fiscal year 2025, the University changed its accounting for scholarship discounts to better reflect the specific allocation of institutional aid. Previously, the University used the alternate method, which estimated the portion of scholarships reducing tuition revenue. With the availability of a student information system, the University can now apply a specific identification method that more accurately distinguishes between institutional aid used to reduce tuition and fees (recorded as a discount to revenue) and amounts paid to students for other purposes (recorded as a student aid expense). The University believes this new method directly assigns institutional aid to tuition and fee charges, allowing for a more accurate reflection of institutional aid allocated to tuition discounts versus scholarship expense. The effect of this change in accounting estimate was to decrease scholarship and fellowship expense by \$6.9 million, with a corresponding decrease in net tuition and fee revenue of \$6.9 million for the year ended June 30, 2025. This change had no impact on the University's overall net position. The change was applied prospectively and has no effect on prior period financial statements.

Commitments and Contingencies

The University is the guarantor on certain faculty and staff residence mortgages. As of June 30, 2025, the amount subject to guarantee by the University was \$2,816,074.

The estimated costs to complete construction projects in progress is \$59.9 million as of June 30, 2025, due in large part to the construction costs associated with the Science Complex renovation of \$44.3 million, improvements to O'Dowd Hall in the amount of \$3.3 million, renovation of the Oakland West Center of \$2.2 million, an addition to the Research and Innovation Center of \$1.3 million, and various campus enhancement projects totaling \$8.8 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

Allowance for Doubtful Accounts

We performed a detailed analysis of the allowance for doubtful accounts related to accounts receivable, student loan receivables, and pledges receivable. The University determined these allowances were adequate. Based on our testing and review of assumptions made by management, we believe the allowance for doubtful accounts is appropriate as of June 30, 2025.

Derivative Instruments

The University has one interest-rate swap agreement, the purpose of which is to reduce overall interest costs over the long term. The interest-rate swap is a hedging derivative associated with the 2008 Bonds. The estimated fair value of the 2008 Swap as of June 30, 2025 was (\$962,804) and is reflected in the deferred outflows of resources section of the Statements of Net Position. The fair value represents the estimated amount that the University would pay to terminate the 2008 Swap (termination risk), taking into account current interest rates and creditworthiness of the underlying counterparty. The University is required to post collateral under the agreement when the fair value is less than a negative \$5,000,000 at the University's current credit rating. As of June 30, 2025, there was no collateral posted by the University. The counterparty's credit rating from Moody's Investors Service was Baa3.

Required Communications with the Audit Committee

This section discusses our responsibilities under AICPA Professional Standards AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*. The following excerpts from that standard describe the specific matters required to be communicated to you and our responses thereto:

Our Responsibility under U.S. Generally Accepted Auditing Standards

The auditor's standard report emphasizes that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards* is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our report dated October 17, 2025 follows this format. Because of the concept of reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Our responsibility, as described by our professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of the University. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our scope letter dated March 21, 2025. No matters came to our attention during our audit that resulted in a change to our timing or scope of our procedures.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note A to the financial

statements. No new accounting policies were adopted and there were no changes in the application of existing policies, however the method used to calculate the scholarship allowance changed as described in note 1 of the audited financial statements. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Fair market value of investments and swap agreement
- Other postemployment benefits

For each of the estimates listed above, we evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Significant accounting policies
- Investments and deposits with financial institutions
- Bonds payable and interest rate swaps
- Other postemployment benefits

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements during our audit. Also, there were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matters, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in management's representation letter dated October 17, 2025. A copy is attached for your reference.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information (RSI)

We applied certain limited procedures to management's discussion and analysis and the OPEB schedules, which is required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Communication of Fees for Nonaudit Services

As previously described in this letter, we performed certain nonaudit services at the request of management and documented in an engagement letter. Fees for those services did not exceed those noted in our engagement letter.

Management Letter

We considered the University's internal control during the course of the audit, and we remained alert for areas where procedures and controls could be improved. We noted no matters involving the internal control over financial reporting and its operation that we would consider to be material weaknesses.

* * *

This report is intended solely for the information and use of the Audit Committee of the Board of Trustees, the Board of Trustees, and management of Oakland University and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to respond to any comments or questions you may have concerning this letter, our management letter, or any other aspects of our services to Oakland University.

It has been a pleasure to serve Oakland University during 2025. We would like to express our appreciation for the cooperation and courtesy extended to us by the Audit Committee of the Board of Trustees, the Board of Trustees, and the management and employees of the University and look forward to continuing our association in the future.

Sincerely,

Andrews Hoope Pavlik PLC

October 17, 2025

Andrews Hooper Pavlik PLC
43252 Woodward Ave Suite 150
Bloomfield Hills, Michigan 48302

This representation letter is provided in connection with your audit of the financial statements of Oakland University (University), which comprise the respective financial position and results of operations and cash flows as of and for the year ended June 30, 2025, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 17, 2025, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 21, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the University required by U.S. GAAP to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable and in accordance with U.S. GAAP.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the University is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the University from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of the University's Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the University and involves:

- a. Management,
- b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.
- 18) We have reported and disclosed amounts as deferred inflows or outflows in accordance with the provision of GASB 87, 75, 65, and 63.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net assets or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB No. 87.
- 25) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.

- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 27) We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASB No. 101.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 30) The University has complied with all aspects contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 33) The financial statements properly classify all funds and activities in accordance with GASB No. 34, and 35.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of revenues, expenses, and change in net position.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

41) We have appropriately disclosed the University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under this policy.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43) With respect to the Schedule of Expenditures of Federal Awards (SEFA):

- We acknowledge our responsibility for presenting the SEFA in accordance with U.S. GAAP, and we believe the SEFA, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

44) With respect to federal award programs:

- We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the supplementary information and the auditor's report thereon.
- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- We have disclosed any communications from federal awarding agencies and passthrough entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

45) In regards to the Form 990, 990-T, and related state return assistance and review performed by you, we have:

- Made all management decisions and performed all management functions.
- Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

General

46) Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements unless disclosed to you and agreed that disclosure is not required.

- 47) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- 48) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries, if any, have been properly recorded.
- 49) Management considers the decline in value of debt or equity securities to be temporary.
- 50) We have complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 51) There were no oral or written commitments, contracts, or leases in existence during or at the end of the year that have not been brought to your attention.
- 52) There were no defaults in principal-interest, sinking fund, reserve requirements, or redemption provisions with respect to any issue of securities or credit agreements, and no breach of covenants of the related indenture or agreement.
- 53) We believe that the majority of our grants are either of a reimbursement nature or require us to return unused funds. Accordingly, we have recorded advances received as unearned revenue.
- 54) We have reviewed all public-private, public-public, and availability payment arrangements in accordance with GASB Statement No. 94. Our review indicated that these arrangements were considered short-term and not material; therefore, the adoption of GASB Statement No. 94 did not result in any amounts being recorded in the financial statements.
- 55) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements or in the schedule of findings and questioned costs, unless otherwise disclosed.

Ora Hirsch Pescovitz, M.D., President

Stephen W. Mackey, Senior Vice President for
Finance and Administration and Treasurer to
the Board of Trustees

Joyce Cline, Associate Controller