Audit Report and Presentation to the Board of Trustees of

NORTHWESTERN MICHIGAN COLLEGE

For the Year Ended June 30, 2025

AHP
CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

AGENDA

AUDIT RESULTS

REQUIRED COMMUNICATIONS

FINANCIAL HIGHLIGHTS

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AUDIT RESULTS

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Audited Financial Statements

- Clean, unmodified opinion for the College, highest level of assurance

Audit Adjustments

- No material misstatements identified

Control Deficiencies

- No significant deficiencies or material weaknesses identified

Immaterial Uncorrected Misstatements

- ***Identified by AHP***: A $200,000 subscription contract from FY24 was inadvertently excluded from an analysis, resulting in accumulated overstatement of FY25 net position of $24,000.
- ***Identified by Management***: $327,000 understatement in revenue and expenses for FY25 to offset FY24 overstatement from timing of CSLRF revenue recognition.
- ***Identified by Management***: $132,000 overstatement in FY25 expense to offset prior years accumulated understatement.

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SINGLE AUDIT STATUS

2025

OMB Compliance Supplement Delay

Implications for Single Audit: Cannot finalize testing or issue final reports until the 2025 Compliance Supplement is issued

Programs:
- Student Financial Aid Cluster
- U.S. Maritime Marine Academy (funding for NMC's Great Lakes Maritime Academy)
- Coronavirus State & Local Fiscal Recovery Funds

REQUIRED COMMUNICATIONS

REQUIRED COMMUNICATIONS WITH THE BOARD OF TRUSTEES

- Our responsibility under Generally Accepted Auditing Standards
- All required disclosures in the affirmative

Most sensitive estimates:

- Fair market value of investments
- Allowance for uncollectible accounts
- Net pension and OPEB obligations
- Scholarship allowance

Most sensitive disclosures:

- Risks related to cash, cash equivalents, and investments
- Long-term obligations, new bond issuance
- Postemployment benefits

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AUDIT AND ACCOUNTING STANDARDS

- New Standards Adopted:
  - GASB 101 – Compensated absences
  - NACUBO guidance changed for estimating the student tuition and fees scholarship allowance
- Future Standards:
  - GASB 103 – Financial Reporting Model Improvements
  - GASB 104 – Disclosures of Certain Capital Assets

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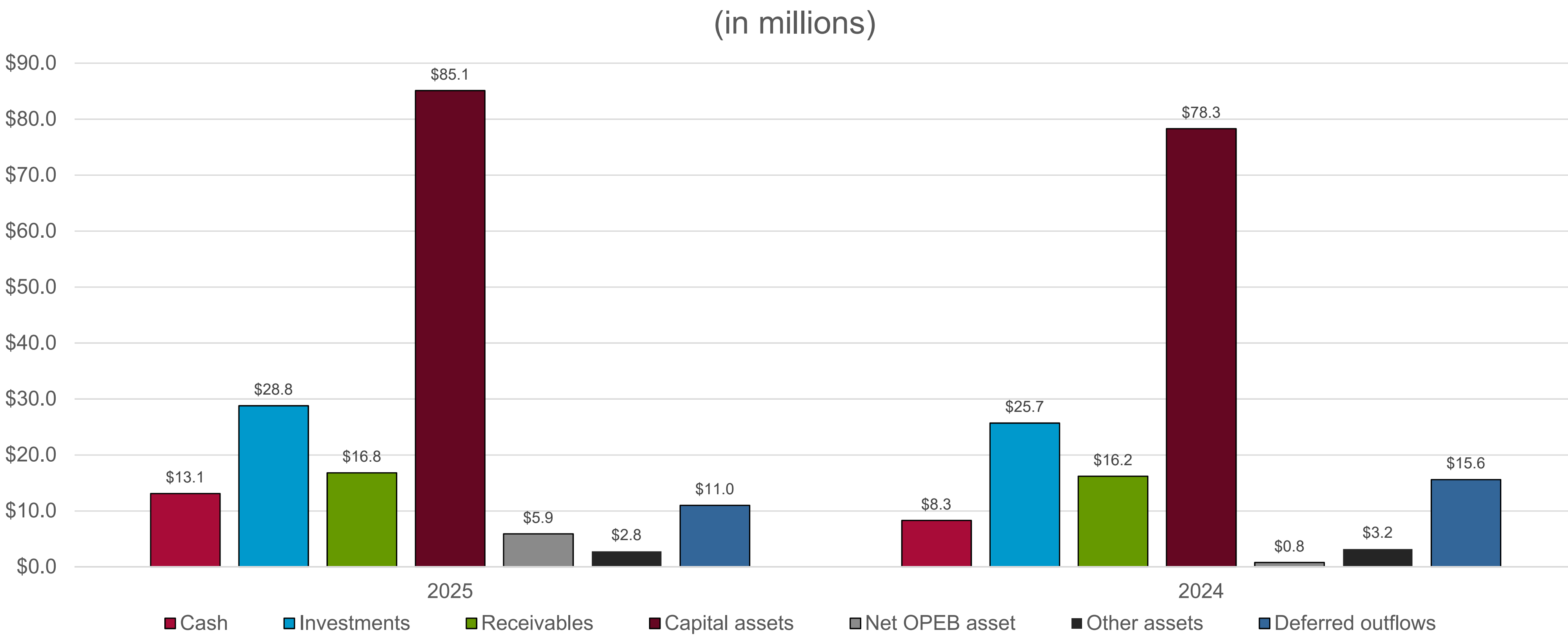
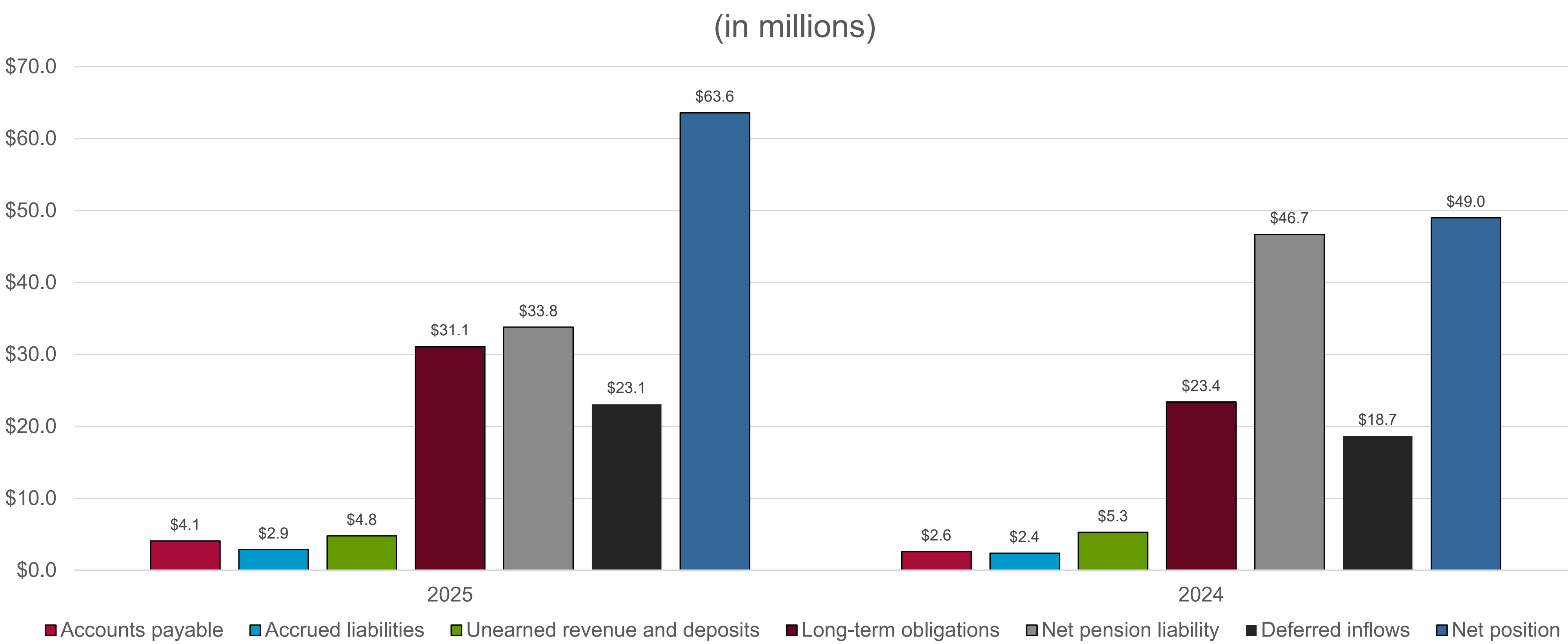
FINANCIAL HIGHLIGHTS

ASSETS

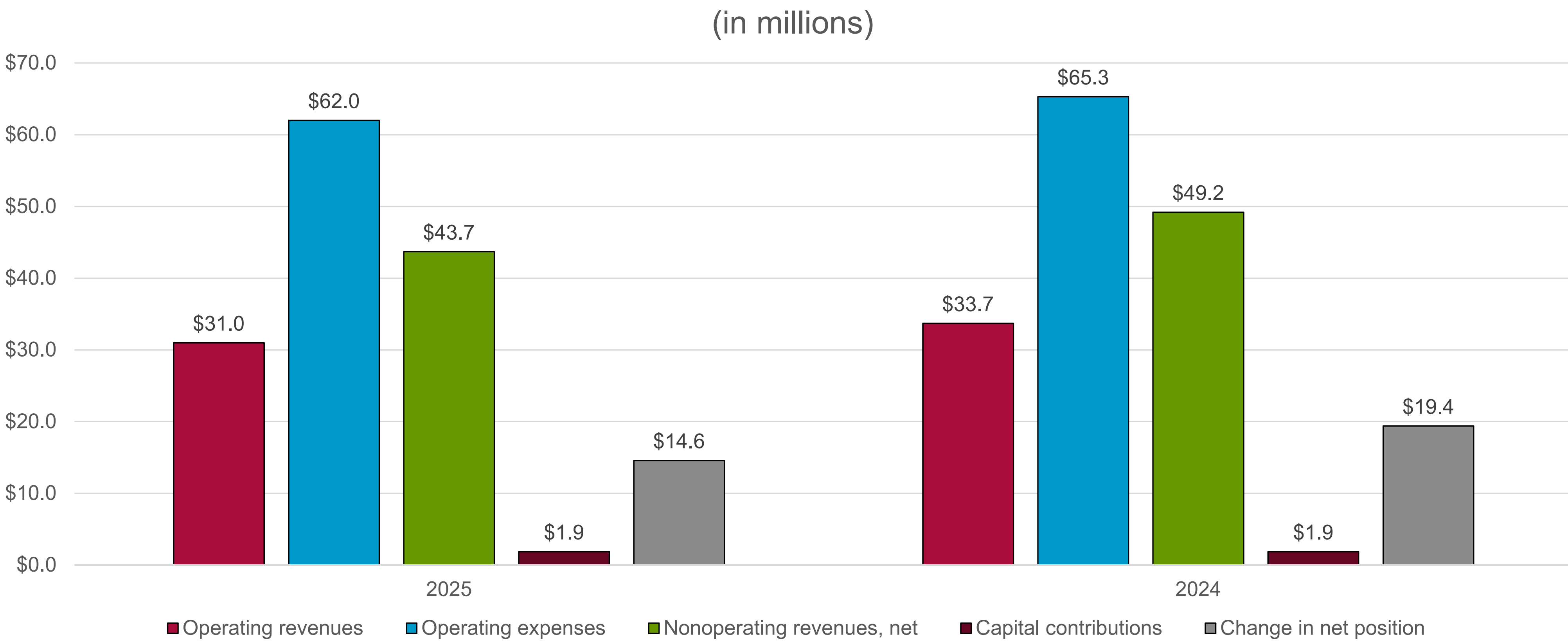
Total assets were: 2025 - $152.5 million, 2024 - $132.5 million



LIABILITIES AND NET POSITION

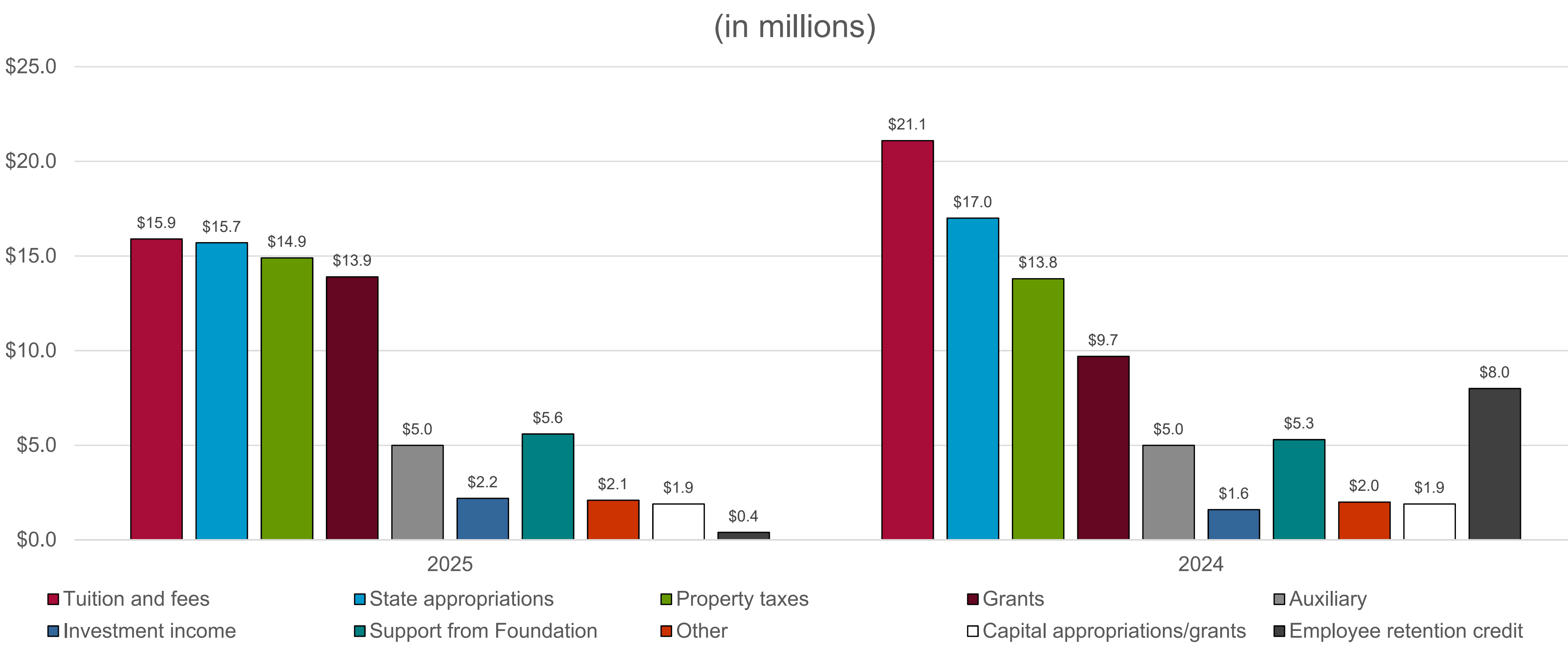


REVENUES, EXPENSES, AND CHANGES IN NET POSITION



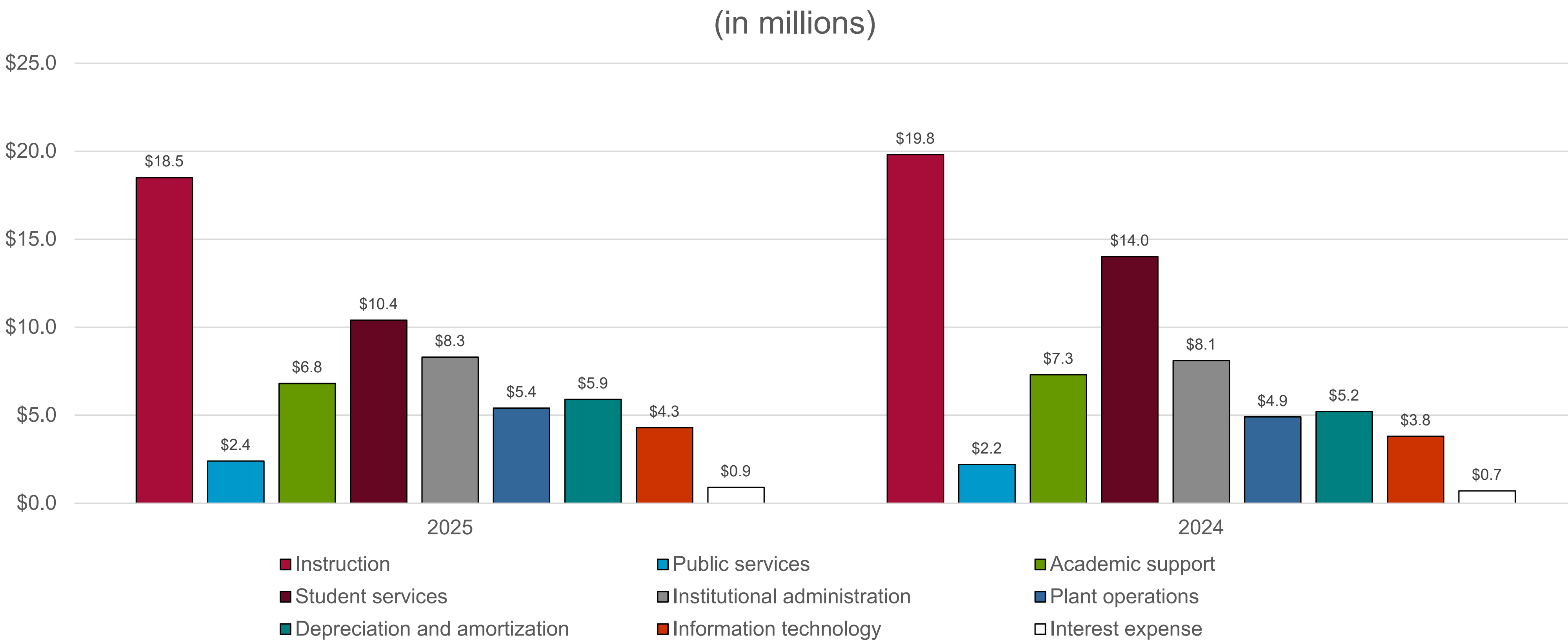
REVENUES AND SUPPORT

Total revenues were: 2025 - $77.6 million, 2024 - $85.4 million



EXPENSES

Total expenses were: 2025 - $62.9 million, 2024 - $66.0 million



THANK YOU!

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