

Northwestern Michigan College

Single Audit Reporting Package

*Year Ended June 30, 2025*

Northwestern Michigan College

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Independent Auditor's 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*

Board of Trustees  
Northwestern Michigan College  
Traverse City, Michigan

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 financial statements of Northwestern Michigan College (College) and its discretely presented component unit, Northwestern Michigan College Foundation (Foundation), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 15, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 financial statements. 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.

*Andrews Hooper Pavlik PLC*

Grand Rapids, Michigan  
October 15, 2025

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees  
Northwestern Michigan College  
Traverse City, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Northwestern Michigan College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2025.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Northwestern Michigan College and its discretely presented component unit, Northwestern Michigan College Foundation (Foundation), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 15, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Andrews Hooper Paulik PLC*

Grand Rapids, Michigan  
January 26, 2026

Northwestern Michigan College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Project/Grant Number	Federal Expenditures
<b>Major Programs</b>			
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster - Direct Program:			
Federal Supplemental Employment Opportunity Grant (2023-2024)	84.007	P007A232057	\$ 14,706
Federal Supplemental Employment Opportunity Grant (2024-2025)	84.007	P007A242057	120,500
Federal Work-Study Program (2024-2025)	84.033	P033A242057	114,965
Federal Pell Grant Program (2023-2024)	84.063	P063P231647	301,962
Federal Pell Grant Program (2024-2025)	84.063	P063P241647	5,593,145
Federal Direct Student Loan Program (2023-2024)	84.268	P268K241647	275,295
Federal Direct Student Loan Program (2024-2025)	84.268	P268K251647	4,940,068
Total Student Financial Assistance Cluster			11,360,641
<b>U.S. Department of Transportation</b>			
State Maritime Schools	20.806	N/A	1,356,714
<b>U.S. Department of Treasury</b>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Passed through the Michigan Department of Labor and Economic Opportunity:			
ADN to BSN Completion Grant Program	21.027	AND-BSN_NMC FY23	627,973
Academic Catch Up	21.027	SLRFP0127	61,243
Reconnect Expansion Program	21.027	REC21_NMC FY24	750,555
Reconnect Expansion Outreach	21.027	SLRFP0127	9,647
Reconnect Community Action Grant	21.027	E20250121	33,012
MI Reconnect Outreach and Management	21.027	REC_21NMC	5,049
Barrier Removal - Growing Institutional Capacity	21.027	E20240333	31,313
Barrier Removal - Direct to Students	21.027	E20240326	19,028
Total U.S. Department of Treasury			1,537,820
Total major programs			14,255,175
<b>Other Federal Awards</b>			
<b>U.S. Department of Education</b>			
Student Aviation Equipment	84.116Z	P116Z240012	550,000
Passed through the Michigan Department of Career Development:			
Career and Technical Education - Basic Grants to States - Regional Allocation (2023-2024)	84.048A	V048A200024	308,217
Career and Technical Education - Basic Grants to States - Local Administration (2023-2024)	84.048A	V048A200024	9,200
Total U.S. Department of Education			867,417
<b>U.S. Department of Interior</b>			
National Maritime Heritage Grants Program	15.925	N/A	701,280
Natural Resource Stewardship Benthic Habitat Mapping - Hydrographic Surveys and Coastal Studies in GLNP	15.944	P20AC00383	26,337
Total U.S. Department of Interior			727,617
<b>National Endowment for the Humanities</b>			
Promotion of the Humanities Division of Preservation and Access - NEH Preservation Assist	45.149	PG-299807-24	6,888
Total National Endowment for the Humanities			6,888
<b>The Institute of Museum and Library Services</b>			
Museums for America - IMLS Inspire! Grant	45.301	IGSM-252820-OMS-23	10,110
Museums for America - IMLS Inspire! Grant	45.301	IGSM-255596-OMS-24	13,693
Total The Institute of Museum and Library Services			23,803
Total other federal awards			1,625,725
Total expenditures of federal awards			\$ 15,880,900

See Notes to Schedule of Expenditures of Federal Awards.

Northwestern Michigan College

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

**Note 1. Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal grant activity of the Northwestern Michigan College (College) under programs of the federal government for the fiscal year ended June 30, 2025. Expenditures reported on the schedule are reported on the same basis of accounting as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance. In addition, expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, 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, or used, in the preparation of the financial statements.

Because the schedule presents only a selected portion of the operations of Northwestern Michigan College, it is not intended to, and does not present the financial position, changes in net position, or cash flows, of Northwestern Michigan College.

The College's reporting entity is defined in Note 1 to the College's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

**Note 2. Indirect Cost Allocation**

For purposes of charging indirect costs to federal awards, the College has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

Northwestern Michigan College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u>          </u> Yes	<u>      X      </u> No	
Significant deficiency identified not considered to be material weakness?	<u>          </u> Yes	<u>      X      </u> None reported	
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>      X      </u> No	

**Federal Awards**

Internal control over major programs:			
Material weakness identified?	<u>          </u> Yes	<u>      X      </u> No	
Significant deficiency identified not considered to be material weakness?	<u>          </u> Yes	<u>      X      </u> None reported	
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<u>          </u> Yes	<u>      X      </u> No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Cluster and Federal Programs</u>
	Student Financial Aid:
84.007	Federal Supplemental Educational Opportunity Grants Program
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loan Program
20.806	State Maritime Schools
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	<u>          \$750,000          </u>		
Auditee qualified as low-risk auditee?	<u>          </u> Yes	<u>      X      </u> No	

Northwestern Michigan College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Northwestern Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

Prior-Year Finding: 2024-001

Program: 84.268, U.S. Department of Education, Student Financial Assistance Program – Federal Direct Student Loan Program

Type of Finding: Material weakness and material noncompliance with laws and regulations

Prior-Year Condition: The College did not provide notifications to certain students related to direct loan disbursements.

Current-Year Status: Corrected. During 2025, the College adjusted its internal processes to ensure that all students who receive federal loans are sent post-disbursement email notifications by performing weekly review of the report that generates a names list of students that are receiving federal loans. If any names were on the report, a verification was conducted in the student record to be sure the email was sent. No exceptions were noted during the current year.

Prior-Year Finding: 2024-002

Program: 21.027, Coronavirus State and Local Fiscal Recovery Funds, U.S. Department of Treasury, ADN to BSN Completion Grant Program

Type of Finding: Material weakness and material noncompliance with laws and regulations

Prior-Year Condition: The College's internal control in place for manual journal entries did not identify unallowable costs reported in the Schedule of Expenditures of Federal Awards of \$326,781.

Current-Year Status: Corrected. During 2025, the College adjusted the review process over manual journal entries to incorporate additional oversight for any journal entries impacting federal grants. The Controller reviews all manual journal entries impacting federal grants, and the Vice President of Finance provides a second level review of any such entries that equal or exceed \$50,000. No exceptions were noted during current year.