

October 29, 2025

To the Audit Committee
Henry Ford College

We have audited the financial statements of Henry Ford College (the "College") as of and for the year ended June 30, 2025 and have issued our report thereon dated October 29, 2025. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section I includes information that we are required to communicate to those individuals charged with governance of the College, including significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the College in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

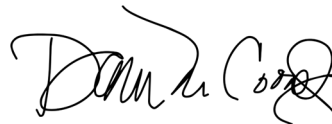
We would like to take this opportunity to thank the College's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the audit committee and management of the College and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Dana M. Coomes
Partner

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 6, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the College's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the College, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 29, 2025 regarding our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 27, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the College are described in Note 1 to the financial statements. As described in Note 1, the College adopted GASB Statements No. 101, *Compensated Absences*, and No. 102, *Certain Risk Disclosures*. Accordingly, these changes have been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimate affecting the financial statements was the following:

- Management estimates the College's proportionate share of the net pension and other postemployment benefits (OPEB) liabilities/assets in the Michigan Public School Employees' Retirement System (MPERS) with a plan measurement date of September 30, 2024. Management also estimates pension and OPEB expense and deferred inflows and outflows related to the plan.

Section I - Required Communications with Those Charged with Governance (Continued)

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.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, 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 our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the College, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2025.

Management 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 College's financial statements or a determination of the type of auditor's 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 the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Other Recommendations and Related Information

During our audit, we noted areas where we believe there are opportunities for the College to further strengthen internal control or to increase operating efficiencies. Our observations on those areas are presented below for your consideration:

Plante Moran Reimagined Client Service Review (RCSR)

Plante & Moran, PLLC (Plante Moran) is excited to introduce our transformative Reimagined Client Service Review. This initiative aims to further strengthen our partnership with you by enhancing our focus on providing more than transactional service delivery and including a more strategic, advisory approach. The RCSR focuses on direct collaboration with you. During this complimentary session, we will bring Plante Moran subject matter experts to meet with select members of your institution to allow you to leverage the comprehensive expertise of our firm. This process encourages Plante Moran to work across service lines, ensuring that meetings are customized to your needs and facilitating brainstorming sessions with our subject matter experts. Clients like you have shared overwhelmingly positive feedback, appreciating the proactive engagement and strategic insights provided during closing meetings. Interested in enhancing your alignment with Plante Moran? Request a Reimagined Client Service Review to get started.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective on October 1, 2024. The guidance clarifies terminology and the applicability of certain requirements. It also includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000 (first effective beginning with September 30, 2025 fiscal year ends)
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after
- Increase the equipment threshold from \$5,000 to \$10,000. This threshold applies to the value of equipment that, at the end of the grant period, may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency.
- Increase the amount of subawards from \$25,000 to \$50,000 for application of indirect rate
- Increase the requirement for preapproval for subawards by federal agency from \$250,000 to \$500,000
- Remove the filing requirement of the DS-2 supporting indirect costs for institutions of higher education

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

One Big Beautiful Bill Act (OBBBA)

Many of the education-focused items included in the One Big Beautiful Bill Act have effective dates of July 1, 2026. The U.S. Department of Education (ED) will draft legislation to implement the provisions and programs in the OBBBA through the following two committees:

The Reimagining and Improving Student Education (RISE) committee will focus on the following:

- The phaseout of Grad PLUS loans
- New annual loan limits for graduate and professional students and parent borrowers and new lifetime borrowing caps
- Two new federal loan repayment plans

Section II - Other Recommendations and Related Information (Continued)

- Institutional flexibility to apply lower annual limits for students/parents for selected programs of study
- Modifications to loan rehabilitation

The Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) committee will address the following:

- Accountability measures, including loss of Direct Loan eligibility programs and the Financial Value Transparency and Gainful Employment rules
- Program eligibility requirements for Workforce Pell
- Pell Grant ineligibility for students receiving grants/scholarships that cover their entire cost of attendance or whose Student Aid Index is twice the maximum Pell award

ED will need to publish the new/revised regulations by November 1, 2025 to take effect July 1, 2026.

Financial Reporting Model Improvements

GASB Statement No. 103 is effective for the year ending June 30, 2026. This standard increases the effectiveness of the financial reporting model by providing information that is essential for decision making and assessing a government's accountability. The standard establishes or modifies existing accounting and financial reporting requirements related to management's discussion and analysis; unusual or infrequent items; presentation of proprietary fund statement of revenue, expenses, and changes in net position; major component unit information; and budgetary comparison information. It is recommended that the institution understand the reporting requirements under this upcoming standard and add reporting capabilities, if necessary, to ensure compliance with standard.

Disclosure of Certain Capital Assets

GASB Statement No. 104 is effective for the year ending June 30, 2026. The standard provides instructions as to how some capital assets should be disaggregated in the notes to financial statements, including the following:

- Lease assets by major class of underlying asset (as already required by Statement 87)
- Public-public partnership assets by major class of underlying asset
- Subscription assets in the aggregate (as already required by Statement 96)
- Other intangible assets by major class of asset

Intangible right-to-use assets should not be disclosed in the same major class as owned assets. The statement also provides guidance on how to report capital assets that a government is planning to sell. Capital assets held for sale are those a government has decided to sell and that are probable of being sold within a year. The standard requires a disclosure of the following for capital assets held for sale by major class of asset: historical cost, depreciation or amortization, and the carrying amount of debt for which the assets are pledged as collateral.

Artificial Intelligence

Artificial intelligence (AI) is rapidly transforming the higher education landscape, bringing both opportunities and significant challenges. Institutions are grappling with how to maintain academic integrity in an era where generative AI tools can produce essays, solve problems, and mimic human writing. Traditional assessment models are under pressure, and educators are being pushed to rethink how learning is measured and validated.

Section II - Other Recommendations and Related Information (Continued)

Beyond the classroom, universities face hurdles in preparing faculty and staff to effectively integrate AI into teaching, research, and operations. Many lack the training or strategic frameworks needed to adopt AI responsibly. At the same time, the influx of AI tools raises serious concerns about data governance, privacy, and compliance with regulations. Without robust systems in place, institutions risk exposing sensitive student and operational data.

Key questions higher education leaders should consider are as follows:

1. Are we strategically aligned to leverage AI in ways that support our mission and values?
2. Do we have the right data governance and ethical frameworks in place?
3. Are our faculty, staff, and students equipped to use AI responsibly and effectively?
4. How will AI impact our operational model?

Plante & Moran, PLLC is uniquely positioned to help higher education institutions navigate these challenges. Through our AI service offerings, our firm provides strategic guidance and hands-on support tailored to the sector. Institutions can begin with Plante Moran's AI Readiness Workshops and Innovation Labs, which help assess current capabilities and chart a path forward. These sessions are designed to align AI adoption with institutional goals while identifying risks and opportunities. For colleges and universities looking to implement AI across departments, Plante Moran offers technology strategy and execution services. These include organization-wide assessments, transformation planning, and support for emerging technologies. Our firm also brings deep expertise in data governance and analytics, helping institutions build secure, compliant frameworks for managing and leveraging data.