

FY2019 FINANCIAL STATEMENT AUDIT SCOPE

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The Board of Trustees (Board), upon the recommendation of the Audit Committee, appointed Plante & Moran (P&M) as its independent auditor for FY2019.

One of the responsibilities of the Audit Committee, as stated in the *Charter of the Audit Committee of the Oakland University Board of Trustees*, is to:

- Review the independent auditors' University-wide, written audit plan prior to the commencement of the audit and discuss audit scope, staffing, locations, and reliance upon Management, internal audit and general audit approach with the Audit Committee.

P&M's April 8, 2019 Audit Scope Letter is attached (Attachment A) and will be presented to the Audit Committee by representatives of P&M.

Also attached are the April 8, 2019 Financial Statement Audit Engagement Letter (Attachment B), April 8, 2019 NCAA Agreed-Upon Procedures Engagement Letter (Attachment C) and April 8, 2019 Form 990-T Tax Review Letter (Attachment D).

3. **Previous Board Action:** As a result of a competitive bid process, at its February 13, 2017 Formal Meeting, the Board appointed P&M as the Board's independent auditor to conduct annual audits of the University's financial accounting records. At the April 9, 2018, and the April 8, 2019 Formal Meetings, the Board reappointed P&M as the University's independent public accounting firm for FY2018 and FY2019, respectively.

4. **Budget Implications:** The annual financial audits are budgeted for in the General Fund. No budget variances have occurred or are expected.

5. **Educational Implications:** None.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** The Audit Scope Letter, Financial Statement Engagement Letter, NCAA Agreed-Upon Procedures Letter and Form 990-T Tax Review Letter were prepared by P&M, and reviewed by the Assistant Vice President and Controller, and Vice President for Finance and Administration.

8. Board Action to be Requested:

RESOLVED, that the Board of Trustees' Audit Committee approves the April 8, 2019 Audit Scope Letter, April 8, 2019 Financial Statement Engagement Letter, April 8, 2019 NCAA Agreed-Upon Procedures Letter, and April 8, 2019 Form 990-T Tax Review Letter as relates to P&M's appointment as the Board of Trustees' independent auditor for FY2019.

9. Attachments:

- A. April 8, 2019 Audit Scope Letter
- B. April 8, 2019 Financial Statement Audit Engagement Letter
- C. April 8, 2019 NCAA Agreed-Upon Procedures Engagement Letter
- D. April 8, 2019 Form 990-T Tax Review Letter

Submitted by Vice President for Finance and Administration
and Treasurer John W. Beaghan:


(Please initial)

Reviewed by Secretary Victor A. Zambardi:


(Please initial)

Reviewed by President Ora Hirsch Pescovitz, M.D.:


(Please initial)



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April 8, 2019

Audit Committee of the Board of Trustees
Oakland University
201 Meadow Brook Road, Room 13
Rochester, MI 48309-4401
Dear Members of the Audit Committee:

We are in the process of planning for the audit of the financial statements of Oakland University (the "University") for the year ended June 30, 2019.

An important aspect of planning for the audit is communication with those who have responsibility for overseeing the strategic direction of the University and obligations related to the accountability of the University. At Oakland University, these responsibilities and obligations are held by the Audit Committee, collectively and individually; therefore, it is important for us to communicate with each of you in your role as a member of the Audit Committee.

As part of this communication process, we have spoken at length with Mr. John W. Beaghan, Vice President for Finance & Administration and Treasurer to the Board of Trustees regarding our responsibilities under U.S. generally accepted auditing standards and the planned scope and timing of our audit. The purpose of this letter and our meeting on April 15, 2019 is to provide each of you with a summary of those discussions and to provide you with the opportunity to communicate with us on matters that may impact our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter addressed to Ms. Melissa Stolicker and dated April 8, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the University's 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 University's financial statements does not relieve you or management of your respective responsibilities.

In accordance with Generally Accepted Government Auditing Standards (GAO Standards), we are required to communicate all noncompliance with provisions of laws, regulations, contracts or grants that have a material effect on the financial statements that come to our attention. GAO standards also require that we report any instances of abuse identified during that audit that could be quantitatively or qualitatively material to the financial statements.

Overview of the Planned Scope and Timing of the Audit

Our audit fieldwork will include three phases. The planning and preliminary information gathering phase will occur during May 2019; the risk assessment phase in May and June 2019; and the rest of our audit procedures will be performed during August 2019.

To plan an effective audit we must identify significant risks of misstatement in the University's financial statements and design procedures to address those risks. We have attached a listing of identified areas where risk of misstatement is significant and included our testing in response to those areas.

April 8, 2019

We will gain an understanding of accounting processes and key internal controls through a review of the Accounting Procedures Questionnaires and Control Procedures Questionnaires prepared by management. We will confirm through observation and inspection procedures that accounting procedures and controls included in the questionnaires have been implemented. We will not express an opinion on the effectiveness of internal control over financial reporting, however, we will communicate to you significant deficiencies and material weaknesses identified in connection with our audit.

The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the University's financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote.

Information from You Relevant to Our Audit

An important aspect of this communication process is the opportunity for us to obtain from you, information that is relevant to our audit. Your views about any of the following are relevant to our audit:

- The areas of risks that may result in material misstatements
- Matters you consider warrant particular attention during the audit, and any areas where you want to request additional procedures be undertaken
- Concerns about the University's internal control and its importance to the University, including how those charged with governance oversee the effectiveness of internal control and the detection or possibility of fraud
- Significant communications with regulators
- The actions of management and those charged with governance in response to developments in accounting standards, regulations, laws, previous communications from us and other related matters

If you have any information to communicate to us regarding the above or any other matters you believe are relevant to the audit, or if you would like to discuss the audit in more detail please call me at (586) 416-4913 or e-mail me at Dana.Coomes@plantemoran.com as soon as possible.

Thank you for your time and consideration in this important aspect of the audit process. You can expect to hear from us again after the completion of our audit when we will report to you the significant findings from the audit.

Very truly yours,

Plante & Moran, PLLC



Dana M. Coomes
Partner

Attachment

General Audit Approach

AREA	AUDIT APPROACH
Cash	Testing of the bank reconciliation and confirmation of balances.
Investments	Analysis of the valuation of investments to independent sources.
Student accounts receivable and related allowances	Systems testing; cut-off testing; analytical procedures; review the methodology of the allowance calculation; consideration of historical experience.
Pledges receivable	Review of payments; consider confirming significant amounts; consideration of historical experience.
Property, plant and equipment	Test carry forward of prior years' balances; vouch additions; limited depreciation testing for consistency and appropriateness; testing of disposals; review status of construction projects.
Accounts payable/ Accrued compensation and other liabilities	Search for unrecorded liabilities, examine and test schedules or other support. Review of third party valuation of GASB 75 OPEB Liability.
Long-term debt obligations	Confirmations, review documents and supporting schedules, review debt covenant calculations to ensure compliance
Interest rate swap derivative	Reconciliation of SWAP agreement to independent valuation sources; review accounting treatment related to deferred inflow and outflows
Federal grants	Single audit - Student Financial Aid selected as a major program
Tuition and fees (including unearned revenue)	Systems testing; analytical testing of revenue and deferred revenue based on enrollment data from the registrar's office
Expenditures	Systems testing; tests of transactions; tie out specific amounts (e.g. depreciation and interest); analytical procedures, including comparisons to prior year and budget amounts
Net position	Test carry forward balances; review documents and supporting schedules; review of net position classifications



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April 8, 2019

Ms. Melissa Stolicker
 Oakland University
 201 Meadow Brook Road, Room 13
 Rochester, MI 48309

Dear Ms. Stolicker:

Thank you for your selection of Plante & Moran, PLLC ("PM") to assist you. We are sending this letter and the accompanying Professional Services Agreement, which is hereby incorporated as part of this engagement letter, to confirm our understanding of the nature, limitations, and terms of the services we will provide to Oakland University ("University").

Scope of Services

We will audit University's basic financial statements and federal awards as of and for the year ended June 30, 2019.

In addition, we will serve as a component auditor for the purposes of the audit of the State of Michigan. In connection with that audit, we will subject the University's crosswalk, which reconciles financial information from the University's financial statements to the State of Michigan CAFR, to the auditing procedures applied in our audit of the University's financial statements. We will then update subsequent events to a date chosen by the State of Michigan.

In connection with our audit engagement, we will assist you in drafting your data collection form online with the federal clearinghouse. This assistance is considered a non-audit service; you agree to the contemporaneous provision of these audit and non-audit services.

If you determine that you need additional services, including accounting, consulting, or tax assistance, PM can be available to provide such additional services if and to the extent provided for in a separate, signed engagement agreement.

Timing of Services

We expect to begin fieldwork and complete our on-site audit work with our report issuance dates for each as follows:

Audit/Procedures to be Performed	Estimate Date Fieldwork Begins	Estimated Date Fieldwork Ends	Estimated Report Issuance Date
Financial Statement Audit	May 27, 2019	August 30, 2019	October 11, 2019
Federal Program Audit	May 27, 2019	August 30, 2019	October 11, 2019
Review of Crosswalks for State of Michigan CAFR	October 4, 2019	October 15, 2019	November 26, 2019

Fees and Payment Terms

Our fee for this engagement will be based on the value of the services provided, which is primarily a function of the time that PM staff expend at our current hourly rates. We estimate that our fee for this engagement will be as follows:

Scope of Services	Fee
University Audit	\$62,000
Single Audit	\$18,000
Crosswalks for the State of Michigan CAFR	\$2,900

Our fees include out-of-pocket and travel expenses which we anticipate will be nominal. Invoices for audit services will be rendered to reflect this payment schedule. Invoices will be rendered as services are provided and are due when received. In the event an invoice is not paid timely, a late charge in the amount of 1.25 percent per month will be added, beginning 30 days after the date of the invoice.

If you are in agreement with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

Thank you for the opportunity to serve you.

Very truly yours,

Plante & Moran, PLLC



Dana M. Coomes

Ms. Melissa Stolicker
Oakland University

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April 8, 2019

Agreed and Accepted

We accept this engagement letter and the accompanying Professional Services Agreement, which set forth the entire agreement between Oakland University and Plante & Moran, PLLC with respect to the services specified in the Scope of Services section of this engagement letter.

Oakland University

Ms. Melissa Stolicker

Date

Board of Trustees Audit Committee Chair
Title

Professional Services Agreement – Audit Services Addendum to Plante & Moran, PLLC Engagement Letter

This Professional Services Agreement (referred to herein as "Agreement") is part of the engagement letter for audit services dated April 8, 2019 between Plante & Moran, PLLC (referred to herein as "PM") and Oakland University (referred to herein as "University").

1. **Financial Statements** – The financial statements of University being audited by PM are to be presented in accordance with accounting principles generally accepted in the United States of America (GAAP).
2. **Management Responsibilities** – University management is responsible for the preparation and fair presentation of these financial statements, the schedule of federal awards, and the data collection form in accordance with the applicable financial reporting framework, including compliance with the requirements of accounting principles generally accepted in the United States of America when required, and the completeness and accuracy of the information presented and disclosed therein. Management is also responsible for the capability and integrity of University personnel responsible for University's underlying accounting and financial records.

University personnel will provide PM, in a timely and orderly manner, with access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, the schedule of federal awards, and the data collection form, such as records, documentation, and other matters and additional information that the auditor may request from management for the purpose of the audit.

This includes providing assistance and information PM requests during the course of its audit, including retrieval of records and preparation of schedules, analyses of accounts, and confirmations. A written request for information to be provided will be submitted under separate cover and supplemented by additional written and oral requests as necessary during the course of PM's audit. In addition, University will provide PM access to all information in its possession that has a material impact on any material transaction ("material" herein means that the expected effect on the financial statements of the University would exceed \$500,000 individually or in the aggregate) and that information will be complete, truthful, and accurate. University will allow PM unrestricted access to personnel within University from whom PM determines it necessary to obtain audit evidence.

University represents and warrants that any and all information that it transmits to PM will be done so in full compliance with all applicable federal, state, and foreign privacy and data protection laws, as well as all other applicable regulations and directives, as may be amended from time to time (collectively, "Data Privacy Laws"). University shall not disclose personal data of data subjects who are entitled to certain rights and protections afforded by applicable federal, state, and foreign privacy and data protection laws ("Personal Data") to PM without prior notification to PM. University shall make reasonable efforts to limit the disclosure of Personal Data to PM to the minimum necessary to accomplish the intended purpose of the disclosure to PM.

Management is responsible for making all management decisions and performing all management functions relating to the financial statements, supplementary financial information related notes, schedule of federal awards, and data collection form. Management accepts full responsibility for such decisions, even if PM provides advice as to the application of accounting principles or assists in drafting the financial statements, supplementary financial information, related notes, schedule of federal awards, or data collection form. Management is ultimately responsible for the submission of the data collection form to the Federal Audit Clearinghouse. University has designated Mr. John W. Beaghan, Vice President for Finance and Administration and Treasurer to the Board of Trustees to oversee financial statement and federal awards reporting related services PM provides. Management will be required to acknowledge in the management representation letter that it has reviewed and approved the financial statements, supplementary financial information, and related notes prior to their issuance and have accepted responsibility for the adequacy of the financial statements.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing PM about all known or suspected fraud affecting University involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing PM of its knowledge of any allegations of fraud or suspected fraud affecting University received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

3. **Objective of an Audit of Financial Statements** – The objective of PM's audit is the expression of an opinion on the University financial statements specified in the accompanying engagement letter. PM offers no guarantee, express or implied, that its opinion will be unmodified or that it will be able to form an opinion about these financial statements in the event that University's internal controls or accounting and financial records prove to be unreliable or otherwise not auditable. If PM's opinion is to be modified, PM will discuss the reasons with University management in advance of the issuance of its audit report. If, for any reason, PM is prevented from completing its

Professional Services Agreement – Audit Services

audit or is unable to form an opinion on these financial statements, PM may terminate the engagement and decline to issue a report.

4. **Supplementary Information** – In any document that contains supplementary information to the basic financial statements that indicates that the auditor has reported on such supplementary information, management agrees to include the auditor's report on that supplementary information. In addition, management agrees to present the supplementary information with the audited financial statements or to make the audited financial statements readily available no later than the date of issuance by University of the supplementary information and the auditor's report thereon.
5. **Internal Controls** – University is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including controls established for the purpose of preventing or detecting errors in financial reporting, preventing fraud or misappropriation of assets, and identifying and complying with applicable laws and regulations, including those applicable to federal awards, and with the provisions of contracts and grant agreements. PM, in making its risk assessments, will consider internal control relevant to University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. PM's audit will not be designed to provide assurance on the design or operating effectiveness of University's internal controls or to identify all conditions that represent significant deficiencies in those internal controls. PM will communicate all significant deficiencies and material weaknesses in internal controls relevant to the audit of the financial statements, instances of fraud, or misappropriation of assets that come to PM's attention.
6. **Audit Procedures and Limitations** – PM's audit of the financial statements will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include examination, on a test basis, of evidence supporting the amounts and disclosures in the University financial statements specified in this engagement letter. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. An audit in accordance with GAAS involves judgment about the number of transactions to be tested and the overall approach to testing in each area. As a result, PM's audit can only be designed to provide reasonable rather than absolute assurance that these financial statements are free from material misstatement. In addition, an audit in accordance with GAAS is not designed to detect errors or fraud that are immaterial to the financial statements. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected always exists, even in an audit properly planned and performed in accordance with GAAS. In recognition of these limitations, University acknowledges that PM's audit cannot guarantee that all instances of error or fraud will be identified.
7. **Government Auditing Standards** – Under *Government Auditing Standards*, PM will make some assessments of University's compliance with laws, regulations, and contract provisions. While those assessments will not be sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, PM will communicate all noncompliance conditions that come to PM's attention.

PM's audit of University's federal awards will be made in accordance with auditing standards generally accepted in the United States of America; the standards applicable for 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)*.

Management is responsible for corrective action on all audit findings, including preparation of a schedule of prior audit findings and corrective action plans, if necessary.

In accordance with *Government Auditing Standards*, a copy of PM's most recent peer review report is included as an attachment to this Agreement.

8. **Auditor Communications** – PM is obligated to communicate certain matters related to the audit to those responsible for governance of University, including instances of error or fraud and significant deficiencies and material weaknesses in internal control that PM identifies during its audit. PM will communicate these matters to the members of University's governing board, and University acknowledges and agrees that communication in this manner is sufficient for University's purposes.

Communication to Group Auditor – In instances where PM has been engaged as a component auditor for the purposes of a Group Audit, the terms of the engagement may include communication of certain matters related to the audit to the Group Auditor. University permits such communication. PM will discuss matters being communicated with those responsible for governance of University.

Professional Services Agreement – Audit Services

Under *Government Auditing Standards* PM is obligated to communicate instances of fraud, noncompliance or abuse that is material to the financial statements to those responsible for governance of University. In certain situations, *Government Auditing Standards* require disclosure of instances of known or likely fraud, noncompliance, or abuse directly to applicable governmental agencies. If such acts are detected during PM's audit, PM will make required disclosures regarding these acts to applicable government agencies.

- 9. Accounting and Financial Records** – University agrees that it is responsible for providing PM with accounting and financial records that are closed, complete, accurate, and in conformity with the requirements of GAAP, for providing schedules and analyses of accounts that PM requests, and for making all University financial records and related information available to PM for purposes of PM's audit. Where PM has provided estimates of the timing of its work and completion of PM's engagement and issuance of PM's report, those estimates are dependent on University providing PM with all such accounting and financial records, schedules, and analyses on the date PM's work commences. PM will assess the condition of University's accounting and financial records, schedules, and analyses of accounts prior to commencing its work. In the event that such records, schedules, and analyses are not closed, complete, accurate, or in conformity with GAAP, PM may have to reschedule its work, including the dates on which PM expects to complete its on-site procedures and issue its audit report.

In any circumstance where PM's work is rescheduled due to University's failure to provide information as described in the preceding paragraph, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of the audit work or issuance of its audit report. Because rescheduling audit work imposes additional costs on PM, in any circumstance where PM has provided estimated fees, those estimated fees may be adjusted for the additional time PM incurs as a result of rescheduling its work. These fee adjustments will be determined in accordance with the Fee Adjustments provision of this Agreement.

- 10. Audit Adjustments** – PM will recommend adjustments to University's accounting records that PM believes are appropriate. University management is responsible for adjusting University accounting records and financial statements to correct material misstatements and for affirming to PM in writing that the effects of any unrecorded adjustments identified during PM's audit are immaterial, both individually and in the aggregate, to the University financial statements specified in this Agreement.

- 11. Management Representations** – University is responsible for the financial statements and federal awards being audited and the implicit and explicit representations and assertions regarding the recognition, measurement, presentation, and disclosure of information therein. During the course of the audit, PM will request information and explanations from University officers, management, and other personnel regarding accounting and financial matters, including information regarding internal controls, operations, future plans, and the nature and purpose of specific transactions. PM will also require that management make certain representations to PM in writing as a precondition to issuance of PM's report.

PM's audit procedures will be significantly affected by the representations and assertions PM receives from management and, accordingly, false representations could cause material error or fraud to go undetected by PM's procedures. Accordingly, University acknowledges and agrees that it will instruct each person providing information, explanations, or representations to an auditor to provide true and complete information, to the best of his or her knowledge, information, and belief. It is also agreed that any deliberate misrepresentation by any director, officer, or member of management, or any other person acting under the direction thereof ("Client Personnel"), intended to influence, coerce, manipulate, or mislead PM in the conduct of its audit of the financial statements will be considered a material breach of this Agreement.

- 12. Use of Report** – PM's report on the financial statements must be associated only with the financial statements that were the subject of PM's audit engagement. University may make copies of the audit report, but only if the entire financial statements (including related footnotes and supplemental information, as appropriate) are reproduced and distributed with that report. University agrees not to reproduce or associate PM's audit report with any other financial statements, or portions thereof, that are not the subject of this engagement.

If PM's report on the financial statements being audited is to be published in any manner or if University intends to make reference to PM in a publication of any type, University agrees to submit proofs of the publication to PM for review prior to such publication and cooperate with PM in PM's performance of any additional audit procedures PM deems necessary in the circumstances, the nature and extent of which will be at PM's sole discretion. University acknowledges and agrees that additional fees for such work will be determined in accordance with the Fee Adjustments provision of this Agreement. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on University's Internet website, University understands that electronic sites are a means to distribute information and, therefore, PM is not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional Services Agreement – Audit Services

- 13. Securities Offerings** – PM's audit does not contemplate, and does not include, any services in connection with any offering of securities, whether registered or exempt from registration. In the event University elects to incorporate or make reference to PM's report in connection with any offering of debt or equity securities and request PM's consent to such incorporation or reference, University understands that PM must perform additional procedures, the nature and extent of which will be at PM's sole discretion and agrees that additional fees for such work will be determined based on the actual time that PM staff expend at current hourly rates, and that payment for all such additional fees will be made in accordance with the payment terms provided in this Agreement.

If University incorporates or makes reference to PM's report in connection with any offering of debt or equity securities without obtaining consent from PM as described above, University agrees to include the following provision in the offering document:

Plante & Moran, PLLC, our independent auditor, has not performed or been engaged to perform any services in connection with the offering of securities. Nor has Plante & Moran, PLLC performed or been engaged to perform any procedures on the financial statements of University since the date of the Plante & Moran, PLLC report included herein. Plante & Moran, PLLC also has not performed any procedures relating to this offering document.

- 14. Tax Return Preparation** – This engagement does not include preparation of any tax returns or filings. If University requires tax services, including tax consulting or preparation of tax returns, those services will be detailed in a separate engagement letter.
- 15. Confidentiality, Ownership, and Retention of Workpapers** – During the course of this engagement, PM and PM staff may have access to proprietary information of University, including, but not limited to, information regarding general ledger balances, financial transactions, trade secrets, business methods, plans, or projects. PM acknowledges that such information, regardless of its form, is confidential to University, and PM will not use such information for any purpose other than its audit or disclose such information to any other person or entity without the prior written consent of University.

In the interest of facilitating PM's services to University, PM may communicate or exchange data by internet, e-mail, facsimile transmission, or other electronic method. While PM will use its best efforts to keep such communications and transmissions secure in accordance with PM's obligations under applicable laws and professional standards, University recognizes and accepts that PM has no control over the unauthorized interception of these communications or transmissions once they have been sent, and consents to PM's use of these electronic devices during this engagement.

Professional standards require that PM create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of PM. PM will maintain the confidentiality of all such workpapers as long as they remain in PM's possession.

Both University and PM acknowledge, however, that PM may be required to make its workpapers available to regulatory authorities or by court order or subpoena in a legal, administrative, arbitration, or similar proceeding in which PM is not a party. Further, in compliance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, PM's working papers will be made available to federal award program representatives at PM offices during normal business hours during the audit and for a period of three years after the issuance of the report. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this Agreement. In the event that a request for any confidential information or workpapers covered by this Agreement is made by regulatory authorities or pursuant to a court order or subpoena, PM agrees to inform University in a timely manner of such request and to cooperate with University should it attempt, at University's cost, to limit such access. This provision will survive the termination of this Agreement. PM's efforts in complying with such requests will be deemed billable to University as a separate engagement. PM shall be entitled to compensation for its time and reasonable reimbursement of its expenses (including legal fees) in complying with the request.

PM reserves the right to destroy, and it is understood that PM will destroy, workpapers created in the course of this engagement in accordance with PM's record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. PM has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon University's written request, PM may, at its sole discretion, allow others to view any workpapers remaining in its possession if there is a specific business purpose for such a review. PM will evaluate each written request independently. University acknowledges and agrees that PM will have no obligation to provide such access or to provide copies of PM's workpapers, without regard to whether access had been granted with respect to any prior requests.

Professional Services Agreement – Audit Services

16. Consent to Disclosures to Service Providers – In some circumstances, PM may use third-party service providers to assist with its services. In those circumstances, PM will require any such third-party service provider to: (i) maintain the confidentiality of any information furnished; and (ii) not use any information for any purpose unrelated to assisting with PM's services for University. In order to enable these service providers to assist PM in this capacity, University, by its duly authorized signature on the accompanying engagement letter, consents to PM's disclosure of all or any portion of University's information to such service providers to the extent such information is relevant to the services such third-party service providers may provide and agrees that PM's disclosure of such information for such purposes shall not constitute a breach of the provisions of this Agreement. University's consent shall be continuing until the services provided for this engagement are completed.

17. Fee Quotes – In any circumstance where PM has provided estimated fees, fixed fees, or not-to-exceed fees ("Fee Quotes"), these Fee Quotes are based on information provided by University regarding the nature and condition of its accounting, financial, and tax records; the nature and character of transactions reflected in those records; and the design and operating effectiveness of its internal controls. University acknowledges that the following circumstances may result in an increase in fees:

- Failure by University to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure by University to complete the audit preparation work by the applicable due dates;
- Significant unanticipated or undisclosed transactions, audit issues, or other such unforeseeable circumstances;
- Delays by University causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances, or report disclosures that impact the current year engagement;
- An excessive number of audit adjustments.

PM will advise University in the event these circumstances occur, however it is acknowledged that the exact impact on the Fee Quote may not be determinable until the conclusion of the engagement. Such fee adjustments will be determined in accordance with the Fee Adjustments provision of this Agreement.

18. Payment Terms – PM's invoices for professional services are due upon receipt unless otherwise specified in the engagement letter. In the event any of PM's invoices are not paid in accordance with the terms of this Agreement, PM may elect, at PM's sole discretion, to suspend work until PM receives payment in full for all amounts due or terminate this engagement. In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of PM's audit work or issuance of PM's audit report upon resumption of PM's work. University agrees that in the event PM stops work or terminates this Agreement as a result of University's failure to pay fees on a timely basis for services rendered by PM as provided in this Agreement, or if PM terminates this Agreement for any other reason, PM shall not be liable for any damages that occur as a result of PM ceasing to render services.

19. Fee Adjustments – Any fee adjustments for reasons described elsewhere in this Agreement will be determined based on the actual time expended by PM staff at PM's current hourly rates, and included as an adjustment to PM's invoices related to this engagement. University acknowledges and agrees that payment for all such fee adjustments will be made in accordance with the payment terms provided in this Agreement.

20. Indemnifications – The University releases PM from any Consequential Damages to the University that result from the audit services, audit reports and other related reports prepared by PM, except such Consequential Damages that result from PM's willful misconduct or fraudulent behavior. The University releases, indemnifies and holds PM harmless from any Direct Damages and Consequential Damages that result from a material misstatement of the University's financial statements, when the cause of the material misstatement was the willful misconduct or fraudulent behavior of Client Personnel. However, nothing in this Agreement is intended to or may be deemed to create a waiver of governmental immunity by the University.

PM releases, indemnifies and holds the University and Client Personnel harmless from any Direct Damages and Consequential Damages that result from or arise out of sickness, bodily injury or death of any person, or damage to or loss or destruction of any real or tangible or intangible personal property, when the cause of the personal or property loss was the willful or negligent act or omission of PM.

Professional Services Agreement – Audit Services

"Direct Damages" herein mean those liabilities, losses, costs and expenses, including reasonable attorney and expert witness fees that follow immediately and directly from an act or omission. "Consequential Damages" herein mean those indirect, lost profits, punitive, or other special damages, including reasonable attorney and expert witness fees that follow remotely from some of the consequences or effects of an act or omission. Direct Damages and Consequential Damages are those amounts determined judicially, by verdict, by settlement or by mutually agreed upon alternate dispute resolution, in legal claims, demands, actions or suits in tort, contract or otherwise.

- 21. Receipt of Legal Process** – In the event PM is required to respond to a subpoena, court order, or other legal process (in a matter involving University but not PM) for the production of documents and/or testimony relative to information PM obtained and/or prepared during the course of this engagement, University agrees to compensate PM for the affected PM staff's time at such staff's current hourly rates, associated with PM's response unless otherwise reimbursed by a third party.
- 22. Subsequent Discovery of Facts** – After the date of PM's report on the financial statements, PM has no obligation to make any further or continuing inquiry or perform any other auditing procedures with respect to the audited financial statements covered by PM's report, unless new information that may affect the report comes to PM's attention. If PM becomes aware of information that relates to these financial statements but was not known to PM at the date of its report, and that is of such a nature and from such a source that PM would have investigated it had it come to PM's attention during the course of the audit, PM will, as soon as practicable, undertake to determine whether the information is reliable and whether the facts existed at the date of PM's report. In this connection, PM will discuss the matter with University and request cooperation in whatever investigation and modification of the financial statements that may be necessary. Additional fees for such work will be determined based on the actual time that PM staff expend at PM's current hourly rates, and University acknowledges and agrees that payment for all such additional fees will be made in accordance with the payment terms provided in this Agreement.
- 23. Termination of Engagement** – This Agreement may be terminated by either party upon written notice. Upon notification of termination, PM's services will cease and PM's engagement will be deemed to have been completed. University will be obligated to compensate PM for all time expended through the date of termination of this engagement.
- 24. Entire Agreement** – This Agreement is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties regarding the subject matter hereof. Any material changes or additions to the terms set forth in this Agreement will only become effective if evidenced by a written amendment to this Agreement, signed by all of the parties.
- 25. Severability** – If any provision of this engagement Agreement (in whole or part) is held to be invalid or otherwise unenforceable by a court of competent jurisdiction, the other provisions shall remain in full force and effect.
- 26. Force Majeure** – Neither party shall be deemed to be in breach of this Agreement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, acts of God, war or other violence, or epidemic (each individually a "Force Majeure Event"). University acknowledges and agrees that a Force Majeure Event shall not excuse any payment obligation relating to fees or costs incurred prior to any such Force Majeure Event.
- 27. Signatures** – Any electronic signature transmitted through DocuSign or manual signature on this Agreement transmitted by facsimile or by electronic mail in portable document format may be considered an original signature.
- 28. Governing Law** – This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, and jurisdiction over any action to enforce this Agreement, or any dispute arising from or relating to this Agreement shall reside exclusively within the State of Michigan.

End of Professional Services Agreement – Audit Services



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

System Review Report

To the Partners of
Plante & Moran, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 18, 2016



Plante & Moran, PLLC
Suite 300
19176 Hall Road
Clinton Township, MI 48038
Tel: 586.416.4900
Fax: 586.416.4901
plantemoran.com

April 8, 2019

Ms. Melissa Stolicker
Oakland University
201 Meadow Brook Road, Room 13
Rochester, MI 48309

Dear Ms. Stolicker:

Thank you for your selection of Plante & Moran, PLLC to assist you. We are sending this letter and the accompanying Professional Services Agreement, which is hereby incorporated as part of this engagement letter, to confirm our understanding of the nature, limitations, and terms of the services we will provide for Oakland University ("University" or "Institution").

Scope of Services

We will apply the agreed-upon procedures listed in Attachment A that University has determined to be necessary. The procedures will be applied to evaluate whether University's Intercollegiate Athletics Program Statement of Revenues and Expenses prepared by management is in compliance with the National Collegiate Athletics Association ("NCAA"), Bylaw 3.2.4.15 for Division I for the year ended June 30, 2019, prepared in accordance with standards established by the American Institute of Certified Public Accountants. Our engagement to apply the agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and National Collegiate Athletic Association Financial Audit Guidelines. The sufficiency of the procedures is solely the responsibility of University. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Because the agreed-upon procedures specified in the attached schedule do not constitute an examination or review, we will not express an opinion or conclusion on University's Intercollegiate Athletics Program Statement of Revenues and Expenses. In addition, we have no obligation to perform any procedures beyond those specified in the attached schedule.

If in the course of the engagement we believe other or additional procedures may be appropriate, we will notify you. If you determine that you need additional services, including accounting, consulting, or tax assistance, Plante Moran can be available to provide such additional services if and to the extent provided for in a separate, signed engagement agreement.

At the completion of our procedures, we will submit a report listing the procedures performed and our findings. The report is intended solely for the use of University and should not be used by anyone other than the University and the NCAA. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported.

April 8, 2019

Timing of Services

We expect to begin fieldwork for this engagement at your offices on September 6, 2019. We anticipate that our on-site procedures work will end on approximately September 27, 2019 and that our report will be issued by January 15, 2020.

Fees and Payment Terms

Our fee for this engagement, subject to the terms and conditions of the accompanying Professional Services Agreement, will be \$9,000.

If you are in agreement with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

Thank you for the opportunity to serve you.

Very truly yours,

Plante & Moran, PLLC



Dana M. Coomes
Partner

Agreed and Accepted

We accept this engagement letter, including its Attachment, and the accompanying Professional Services Agreement, which set forth the entire agreement between Oakland University and Plante & Moran, PLLC with respect to the services specified in the Scope of Services section of this engagement letter.

Oakland University

Ms. Melissa Stolicker

Date

Board of Trustees Audit Committee Chair
Title

PROCEDURES TO BE PERFORMED

We will perform the following agreed-upon procedures:

Internal Control Structure

A. Related to the institution's internal control structure, we will:

- 1) Meet with the Director of Intercollegiate Athletics and inquire about the general control environment over intercollegiate athletic finances, the level of control consciousness in the institution, the competence of personnel and the protection of records and equipment.
- 2) Obtain the audited financial statements for the year ending June 30, 2019 and any additional reports regarding internal controls if the institution is audited independent of these agreed-upon procedures and any corrective action taken in response to comments concerning internal control structure (if any).
- 3) Obtain any documentation of the accounting systems and procedures unique to the intercollegiate athletics department.

If the control environment and accounting systems are (a) unique to the intercollegiate athletics and (b) have not been addressed in connection with the audit of the institution's financial statements then the following procedures will be performed:

- i. We will select 3 games and test the ticket collection receipting process by comparing the total receipts for such games to the reconciliation and documentation of the related cash deposit amount with the bank.

NCAA Reporting

- B. We will obtain the Financial Report Submission to the NCAA, including the financial data detailing operating revenues, expenses and capital related to the institution's intercollegiate athletics program that will be submitted to the NCAA, and will compare the amounts to the Intercollegiate Athletics Program Statement of Revenues and Expenses (the "Statement") included in the agreed-upon procedures for the reporting period.
- C. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the AUP report.
- D. Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.
- E. For Pell Grants: Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all

Attachment A

student-athlete Pell Grants. Note: individual student-aid file testing in step L1 below should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.

Notes, Disclosures, and Other Procedures

- F. We will obtain and describe the institution's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets, and will include in the notes to the statement. We will obtain a schedule of athletics-related capital expenditures made by athletics, the institution, and affiliated organizations during the period. We will agree the schedule to the institution's general ledger.
- G. We will obtain repayment schedules for all outstanding intercollegiate athletics debt maintained by the institution during the reporting period. We will recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained and agree the total annual maturities to supporting documentation and the institution's general ledger, as applicable. The repayment schedule(s) shall be included in the notes to the statement. We will agree the total outstanding institutional debt to supporting documentation and the institutions audited financial statements, if available, or the institution's general ledger.
- H. Changes in loan, endowment or plant funds related to intercollegiate athletics shall not be included in the Statement.
 - 1) We will obtain significant additions to restricted funds related to intercollegiate athletics, as well as significant changes to endowment and plant funds, and disclose separately in the notes to the statement. Significant is defined as exceeding 10 percent of total contributions.
 - 2) We will obtain and disclose the value of endowments at the fiscal year-end that are dedicated to the sole support of athletics. We will agree the fair market value of the schedule(s) to supporting documentation, the general ledger(s) and the audited financial statements, if available. We will agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.
 - 3) We will obtain and disclose the value of all pledges at the fiscal year-end that support athletics.
 - 4) We will obtain and disclose the athletics department fiscal year-end fund balance.

Statement of Revenues and Expenses

- I. We will obtain the Intercollegiate Athletics Program Statement of Revenues and Expenses for the reporting period, prepared by management, and agree all amounts back to the institution's general ledger.
- J. We will agree each revenue and expense amount from the statement to prior year amounts and budget estimates. We will compare each revenue and expense account over 10 percent of total revenues and expenses, respectively, to prior period amounts and budget estimates. We will obtain and document any variations exceeding 10 percent of total revenues or expenses. We will report the analysis as a supplement to the final AUP report.
- K. We will perform additional procedures on the following revenue and expense categories unless the specific reporting category is less than 4 percent of total revenues or expenses.

Revenues

- L. We will agree each revenue category reported in the statement during the reporting period to supporting schedules provided by the institution.

We will perform the following procedures for the indicated revenue category unless the specific category is less than 4 percent of total revenue:

- 1) Ticket Sales – We will compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and related attendance figures and recalculate totals.
- 2) Student Fees – We will compare and agree student fees reported by the institution in the statement for the reporting period to student enrollments during the same reporting period. We will obtain the institution's methodology for allocating student fees to intercollegiate athletics programs, and recalculate totals.
- 3) Direct Institutional Support – We will compare the direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.
- 4) Indirect Institutional Support – We will compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail, and/or other corroborative supporting documentation and recalculate totals.
- 5) Guarantees – We will select a sample of one settlement report for away games during the reporting period and agree each selection to the institution's general ledger and/or the statement. We will select a sample of one contractual agreement pertaining to revenues derived from guaranteed contests during the reporting period and agree each selection to the institution's general ledger and/or the statement, and recalculate totals.
- 6) Contributions – We will obtain supporting documentation for each contribution of moneys, goods or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency or group of individuals that constitute 10 percent or more in aggregate of all contributions received for intercollegiate athletics during the reporting period. We will disclose the source and dollar value of these contributions in the AUP report.
- 7) Media Rights – We will obtain and inspect available agreements related to the institution's total media (broadcast, television, radio) rights received by the institution or through their conference offices. We will compare the media right revenues recorded to a summary statement of all media rights identified. We will compare related revenues to the institution's general ledger and/or the statement, and recalculate totals.
- 8) NCAA Distributions – We will compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.
- 9) Conference Distributions – We will obtain and inspect available agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We will compare the related revenues to the institution's general ledger, and/or the statement.

Attachment A

- 10) Program Sales, Concessions, Novelty Sales, and Parking – We will compare the amount recorded in the revenue reporting category to general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.
- 11) Royalties, Licensing, Advertisements, and Sponsorships – We will obtain and inspect agreements related to the institution's participation in revenues from royalties, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We will compare the related revenues to the institution's general ledger and/or the statement, and recalculate totals.
- 12) Sports Camp Revenues – We will obtain and inspect sports-camp contract(s) between the institution and person(s) conducting the institutional sports-camps or clinics during the reporting period and obtain an understanding of the institution's methodology for recording revenues from sports-camps. We will obtain schedules of camp participants. We will select a sample of 1 individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the institution's general ledger and/or the statement, and recalculate totals.
- 13) Athletics Restricted Endowment and Investment Income – We will obtain and inspect endowment agreements (if any) to gain an understanding of the relevant terms and conditions. We will compare the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement, and recalculate totals.
- 14) Other – We will compare other revenues to the institution's general ledger, and/or the statement, and recalculate totals.

Expenses

- M. We will agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution.

We will perform the following procedures for the indicated Expense category unless the specific category is less than 4 percent of total expenses:

- 1) Athletic Student Aid – We will select a sample of 10% students from the listing of institutional student aid recipients during the reporting period (10% of the total student athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail, with a maximum sample size of 40, and 20% of total student athletes for institutions who have not, with a maximum sample size of 60). We will obtain individual student-account detail for each selection and compare total aid in the institution's student system to student detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.
 - a. We will perform a check of each student selected to ensure that their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
 - i. The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should

already be calculated on that CRDE report labeled "Revenue Distribution Equivalent Award".

- ii. A student-athlete can only be included in one sport. NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution per sport hierarchy listed in the division I manual.
 - iii. All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.
 - iv. The full grant amount should be the full cost of tuition for an academic year, not semester. The "Period of Award" column on the NCAA Compliance Assistance squad list can identify those student-athletes receiving aid for a particular semester.
 - v. If a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes.
 - vi. Student-athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.
 - vii. Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and FBS football should be included in the calculations.
 - viii. If a selected student received a Pell Grant, ensure that the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
 - ix. If a selected student received a Pell Grant, ensure that the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.
 - x. Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).
 - xi. Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07).
 - xii. Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
 - xiii. The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1)
- b. Recalculate totals for each sport and overall.

- 2) Guarantees – We will obtain and inspect away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statement. We will obtain contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. We will compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and/or the statement and recalculate totals.
- 3) Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities – We will obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. We will select a sample of 3 coaches' contracts that must include football, and men's and women's basketball from the above listing. We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period, and recalculate totals. We will compare and agree the totals recorded to any employment contracts executed for the sample selected.
- 4) Coaching Other Compensation and Benefits Paid by a Third Party – We will obtain and inspect a listing of coaches employed by third parties during the reporting period. We will select a sample of 3 coaches employed by third parties during the reporting period that must include football, and men's and women's basketball. We will compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the statement during the reporting period. We will obtain and inspect payroll summary registers for each selection. We will compare and agree related payroll summary registers to the coaching other compensation and benefits paid by a third party expenses recorded by the institution in the statement during the reporting period, and recalculate totals.
- 5) Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the institution and Related Entities – We will select a sample of 3 support staff/administrative personnel employed by the institution and related entities during the reporting period. We will obtain and inspect payroll summary registers for each selection. We will agree related payroll summary registers to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period, and recalculate totals.
- 6) Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party – We will select a sample of 3 support staff/administrative personnel employed by the third parties during the reporting period. We will obtain and inspect payroll summary registers for each selection. We will agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statement during the reporting period, and recalculate totals.
- 7) Direct Overhead and Administrative Support – We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of 1 transaction to validate existence of the transaction and accuracy of recording, and recalculate totals.
- 8) Severance Payments – We will select a sample of 1 employees receiving severance payments by the institution during the reporting period and agree each severance

payment to the related termination letter or employment contract and recalculate totals.

- 9) Recruiting – We will obtain the institution’s recruiting expense policies. We will compare and agree to NCAA-related policies. We will obtain general ledger detail and compare to the total expenses reported.
- 10) Team Travel – We will obtain the institution’s team travel policies. We will agree to NCAA-related policies. We will obtain general ledger detail and compare to the total expenses reported.
- 11) Equipment, Uniforms, and Supplies – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 12) Game Expenses – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 13) Fund Raising, Marketing, and Promotion – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 14) Sports Camp Expenses – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 15) Spirit Groups – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 16) Athletic Facility Debt Service, Leases, and Rental Fees – We will obtain a listing of debt service schedules, lease payments and rental fees for athletic facilities for the reporting year. We will compare a sample of 2 facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). We will compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.
- 17) Indirect Institutional Support – We will test this with the revenue section, Indirect Institutional Support.
- 18) Medical Expenses and Medical Insurance – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transactions to validate existence of the transaction and accuracy of recording and recalculate totals.
- 19) Student-Athlete Meals (non-travel) – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of one transaction to validate existence of the transaction and accuracy of recording and recalculate totals.
- 20) Membership and Dues – We will obtain general ledger detail and compare to the total expenses reported. We will agree a sample of 1 transaction to validate existence of the transaction and accuracy of recording and recalculate totals.
- 21) Other Operating Expenses – We will compare other expenses to the institution’s general ledger, and/or the statement, and recalculate totals.

Related to affiliated and outside organizations not under the Institution’s accounting control:

N. In preparation for our procedures related to affiliated and outside organizations:

- 1) We will inquire of management as to whether they have identified any affiliated or outside organizations that meet any of the following criteria:
 - i. Booster organizations established by or on behalf of an intercollegiate athletics program.
 - ii. Independent or affiliated foundations or other organizations that have as a principal purpose, generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments or other moneys, goods or services to be used entirely or in part by the intercollegiate athletics program.
 - iii. Alumni organizations that have as one of its principal purposes the generating of moneys, goods or services for or on behalf of an intercollegiate athletics programs and that contribute moneys, goods or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.
 - 2) We will obtain documentation on the institution's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We will inquire of management on the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the institution's intercollegiate athletic program.
 - 3) We will obtain and inspect audited financial statements of the organization and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the control environment. We will perform the following supplemental procedures:
- O. For expenses on or on behalf of intercollegiate athletic programs by affiliated and outside organizations not under the institution's accounting control, we will obtain those organization's statements for the reporting period. We will compare and agree the amounts reported in the statement to the organization's general ledger confirm the revenue and expenses directly with the responsible official of the organization.
- 1) We will obtain a summary of revenue and expenses for or on behalf of the organization and will include it with the AUP report.
 - 2) We will agree a sample of 3 operating-revenue categories reported in the organization's statement during the reporting period to supporting schedules provided by the organization.
 - 3) We will agree a sample of 3 operating-revenue receipts obtained from the above operating revenue schedule to supporting documentation.
 - 4) We will agree each operating expense category reported in the organization's statement during the reporting period to supporting schedules provided by the organization.
 - 5) We will agree a sample of 3 operating expenses obtained from the above operating expense supporting schedules to supporting documentation.
 - 6) We will directly confirm cash balances recorded at the end of the reporting period by the organization and agree to the related year-end bank reconciliation(s).
 - 7) We will obtain and inspect minutes of the organization's governing bodies during the reporting period and select a sample of 3 financial transactions discussed in the minutes.
 - 8) We will select a sample of 3 financial transactions discussed in the minutes and agree each selection to the organization's accounting records, as applicable.

- 9) We will obtain and inspect documentation of the internal controls in place surrounding revenues and expenses related to the organization.

Professional Services Agreement – Agreed-Upon Procedures Addendum to Plante & Moran, PLLC Engagement Letter

This Professional Services Agreement is part of the engagement letter for agreed-upon procedure services dated April 8, 2019 between Plante & Moran, PLLC (referred to herein as "PM") and Oakland University (referred to herein as "University"). University and National Collegiate Athletic Association (the "NCAA") are deemed to be the "Specified Parties" for whom the agreed-upon procedures will be performed.

1. **Agreed-Upon Procedures** – PM will apply agreed-upon procedures as outlined in Attachment A to the engagement letter. PM's engagement to apply the agreed-upon procedure will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and National Collegiate Athletic Association Financial Audit Guidelines. PM's responsibility in an agreed-upon procedures engagement is to perform the procedures and report the findings as agreed to by the University. If, for any reason, PM is unable to complete the procedures, PM will describe any restrictions on the performance of the procedures in PM's report, or PM will not issue a report as a result of this engagement.

Due to the limited nature of the specific procedures to be performed, PM's engagement cannot be relied upon to identify or disclose instances of known or suspected fraud or noncompliance with laws and regulations. However, PM will inform the appropriate level of management of any evidence of information that comes to PM's attention during the performance of the engagement that indicates fraud or noncompliance with laws and regulations may have occurred.

University acknowledges and understands that there is little likelihood that PM's engagement will detect any fraud or non-compliance with laws or regulations that may exist. University acknowledges and agrees that the nature and extent of the agreed upon procedure services PM will provide, as outlined in this agreement, are sufficient for University's purposes.

2. **Management Responsibilities** – University is responsible for University's Intercollegiate Athletics Program Statement of Revenues and Expenses prepared by management, and determining the nature and extent of procedures to be performed. The sufficiency of the procedure is solely the responsibility of the University. Consequently, PM makes no representation regarding the sufficiency of the procedure described in the Attachment A either for the purpose for which this report has been requested or for any other purpose.

University is responsible for all management decisions and management functions; for evaluating the adequacy and results of the services PM will provide and accepting responsibility for the results of those services; and for establishing and maintaining internal controls, including monitoring ongoing activities, in connection with PM's engagement. Further, University acknowledges that it is responsible for designating an individual with suitable skill, knowledge, and/or experience to oversee any attest services PM provides; and for evaluating the adequacy and results of those services and accepting responsibility for them.

University personnel will provide PM with information that PM may request from management for the purpose of this engagement, in a timely and orderly manner. This includes access to all information of which management is aware that is relevant to the procedures being performed, such as records, documentation, and other information and unrestricted access to persons within University from which PM determines it is necessary to obtain information. This includes retrieval of records and, if applicable, preparation of schedules and analyses. A written request for information to be provided will be submitted under separate cover and supplemented by additional written and oral requests as necessary during the course of PM's engagement.

University represents and warrants that any and all information that it transmits to Plante Moran will be done so in full compliance with all applicable federal, state, and foreign privacy and data protection laws, as well as all other applicable regulations and directives, as may be amended from time to time (collectively, "Data Privacy Laws"). University shall not disclose personal data of data subjects who are entitled to certain rights and protections afforded by applicable federal, state, and foreign privacy and data protection laws ("Personal Data") to PM without prior notification to PM. University shall make reasonable efforts to limit the disclosure of Personal Data to PM to the minimum necessary to accomplish the intended purpose of the disclosure to PM.

At the conclusion of PM's engagement, PM will request certain written representations from University management that will confirm management's responsibility for the subject matter of the agreed-upon procedures.

3. **Confidentiality, Ownership, and Retention of Workpapers** – During the course of this engagement, PM and PM staff may have access to proprietary information of University, including, but not limited to, information regarding general ledger balances, financial transactions, trade secrets, business methods, plans, or projects. PM acknowledges that such information, regardless of its form, is confidential to University, and PM will not use such information for any purpose other than this engagement or disclose such information to any other person or entity without the prior written consent of University.

Professional Services Agreement – Agreed-Upon Procedures

In the interest of facilitating PM's services to University, PM may communicate or exchange data by internet, e-mail, facsimile transmission, or other electronic method. While PM will use its best efforts to keep such communications and transmissions secure in accordance with PM's obligations under applicable laws and professional standards, University recognizes and accepts that PM has no control over the unauthorized interception of these communications or transmissions once they have been sent, and consents to PM's use of these electronic devices during this engagement.

Professional standards require that PM create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of PM. PM will maintain the confidentiality of all such workpapers as long as they remain in PM's possession.

Both University and PM acknowledge, however, that PM may be required to make its workpapers available to regulatory authorities or by court order or subpoena in a legal, administrative, arbitration, or similar proceeding in which PM is not a party. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this agreement. In the event that a request for any confidential information or workpapers covered by this agreement is made by regulatory authorities or pursuant to a court order or subpoena, PM agrees to inform University in a timely manner of such request and to cooperate with University should it attempt, at University's cost, to limit such access. This provision will survive the termination of this agreement. PM's efforts in complying with such requests will be deemed billable to University as a separate engagement. PM shall be entitled to compensation for its time and reasonable reimbursement of its expenses (including legal fees) in complying with the request.

PM reserves the right to destroy, and it is understood that PM will destroy, workpapers created in the course of this engagement in accordance with PM's record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. PM has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon University's written request, PM may, at its sole discretion, allow others to view any workpapers remaining in its possession if there is a specific business purpose for such a review. PM will evaluate each written request independently. University acknowledges and agrees that PM will have no obligation to provide such access or to provide copies of PM's workpapers, without regard to whether access had been granted with respect to any prior requests.

4. **Consent to Disclosures to Service Providers** – In some circumstances, PM may use third-party service providers to assist with its services. In those circumstances, PM will require any such third-party service provider to: (i) maintain the confidentiality of any information furnished; and (ii) not use any information for any purpose unrelated to assisting with PM's services for University. In order to enable these service providers to assist PM in this capacity, University, by its duly authorized signature on the accompanying engagement letter, consents to PM's disclosure of all or any portion of University's information to such service providers to the extent such information is relevant to the services such third-party service providers may provide and agrees that PM's disclosure of such information for such purposes shall not constitute a breach of the provisions of this agreement. University's consent shall be continuing until the services provided for this engagement agreement are completed.
5. **Fee Quotes** – In any circumstance where PM has provided estimated fees, fixed fees, or not-to-exceed fees ("Fee Quotes"), these Fee Quotes are based on information provided by University and the planned assistance to be received as described under "Management's Responsibilities" above. In the event that undisclosed or unforeseeable facts regarding these matters causes the actual work required for this engagement to vary from those estimates, or if requested information is not provided in an accurate and timely manner, PM's estimated fees will be adjusted for the additional time PM incurs as a result. PM will advise University in the event these circumstances occur, however it is acknowledged that the exact impact on the Fee Quote may not be determinable until the conclusion of the engagement. Such fee adjustments will be in accordance with the Fee Adjustments provision of this Agreement.
6. **Payment Terms** – PM's invoices for professional services are due upon receipt unless otherwise specified in the engagement letter. In the event any of PM's invoices are not paid in accordance with the terms of this Agreement, PM may elect, at PM's sole discretion, to suspend work until PM receives payment in full for all amounts due or terminate this engagement. In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of PM's agreed-upon procedures upon resumption of PM's work. University agrees that in the event PM stops work or terminates this Agreement as a result of University's failure to pay fees on a timely basis for services rendered by PM as provided in this Agreement, or if PM terminates this Agreement for any other reason, PM shall not be liable for any damages that occur as a result of PM ceasing to render services.

Professional Services Agreement – Agreed-Upon Procedures

7. **Fee Adjustments** – Any fee adjustments for reasons described elsewhere in this agreement will be determined based on the actual time expended by PM staff at PM's current hourly rates, and included as an adjustment to PM's invoices related to this engagement. University acknowledges and agrees that payment for all such fee adjustments will be made in accordance with the payment terms provided in this agreement.
8. **Indemnifications** – The University releases PM from any Consequential Damages to the University that result from the audit services, audit reports and other related reports prepared by PM, except such Consequential Damages that result from PM's willful misconduct or fraudulent behavior. The University releases, indemnifies and holds PM harmless from any Direct Damages and Consequential Damages that result from a material misstatement of the University's financial statements, when the cause of the material misstatement was the willful misconduct or fraudulent behavior of Client Personnel. However, nothing in this Agreement is intended to or may be deemed to create a waiver of governmental immunity by the University.

PM releases, indemnifies and holds the University and Client Personnel harmless from any Direct Damages and Consequential Damages that result from or arise out of sickness, bodily injury or death of any person, or damage to or loss or destruction of any real or tangible or intangible personal property, when the cause of the personal or property loss was the willful or negligent act or omission of PM.

"Direct Damages" herein mean those liabilities, losses, costs and expenses, including reasonable attorney and expert witness fees that follow immediately and directly from an act or omission. "Consequential Damages" herein mean those indirect, lost profits, punitive, or other special damages, including reasonable attorney and expert witness fees that follow remotely from some of the consequences or effects of an act or omission. Direct Damages and Consequential Damages are those amounts determined judicially, by verdict, by settlement or by mutually agreed upon alternate dispute resolution, in legal claims, demands, actions or suits in tort, contract or otherwise.
9. **Receipt of Legal Process** – In the event PM is required to respond to a subpoena, court order, or other legal process (in a matter involving University but not PM) for the production of documents and/or testimony relative to information PM obtained and/or prepared during the course of this engagement, University agrees to compensate PM for the affected PM staff's time at such staff's current hourly rates, and to reimburse PM for all of PM's out-of-pocket costs incurred associated with PM's response unless otherwise reimbursed by a third party.
10. **Termination of Engagement** – This Agreement may be terminated by either party upon written notice. Upon notification of termination, PM's services will cease and PM's engagement will be deemed to have been completed. University will be obligated to compensate PM for all time expended through the date of termination of this engagement.
11. **Entire Agreement** – This engagement agreement is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties regarding the subject matter hereof. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this agreement, signed by all of the parties.
12. **Severability** – If any provision of this engagement agreement (in whole or part) is held to be invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
13. **Force Majeure** – Neither party shall be deemed to be in breach of this engagement agreement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, acts of God, war or other violence, or epidemic (each individually a "Force Majeure Event"). University acknowledges and agrees that a Force Majeure Event shall not excuse any payment obligation relating to fees or costs incurred prior to any such Force Majeure Event.
14. **Signatures** – Any electronic signature transmitted through DocuSign or manual signature on this Agreement transmitted by facsimile or by electronic mail in portable document format may be considered an original signature.
15. **Governing Law** – This agreement shall be governed by and construed in accordance with the laws of the State of Michigan, and jurisdiction over any action to enforce this agreement, or any dispute arising from or relating to this agreement shall reside exclusively within the State of Michigan.

End of Agreement – Agreed-Upon Procedures



Plante & Moran, PLLC
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plantemoran.com

April 8, 2019

Audit Committee of the Board of Trustees
Oakland University
201 Meadow Brook Road, Room 13
Rochester, MI 48309

Dear Members of the Audit Committee:

Thank you for your selection of Plante & Moran, PLLC ("PM") to assist you. We are sending this letter and the accompanying Professional Services Agreement, which is hereby incorporated as part of this engagement letter, to confirm our understanding of the nature, limitations and terms of the services we will provide to Oakland University ("the University").

Scope of Tax Services

We will perform a limited review of your internally-prepared Form 990-T. This review will be limited to a review of the form on its face; we will not review underlying workpapers or other documents to determine the correctness of the figures or information entered on the return. We will discuss with you any items that we identify during our review that appear to be inconsistent or obviously incorrect. Plante & Moran will not sign the Form 990-T, as our review will not rise to the level that we will be considered the preparer of the return for this purpose.

If you determine that you need additional services, including accounting, consulting or tax assistance, PM can be available to provide such additional services if and to the extent provided for in a separate, signed engagement letter.

We provide all tax consulting services in a manner that we believe assists in the substantiation of the tax treatment of the transactions involved. We endeavor to follow IRS statutes, regulations and related published guidance. However, the practical application of that guidance may require interpretations of how tax laws are applied in certain situations, considering all available sources of law and statutory requirements, as well as any relevant facts pertaining to the University's situation. With any tax consulting and/or planning, there is a risk that the IRS or other taxing authorities may challenge the positions taken because the law and specific industry applications may not be fully developed. PM provides no guarantee, express or implied, that 1) the advice provided and conclusions reached based on mutually agreed-upon facts and representations; or 2) positions taken in reliance on same mutually agreed-upon facts and representations, will be ultimately upheld upon examination by the IRS or other taxing authorities.

In the event that the above transaction is selected for examination by the IRS or other taxing authority, we are available to represent you at an additional charge and pursuant to a separate agreement. This engagement and our fee for the analysis of the above transaction does not include representation in any examination or responding to other inquiries by taxing authorities.

Timing of Services

We expect to begin and end our review in November 2019.

April 8, 2019

Fees and Payment Terms

Our fee for this engagement, subject to the terms and conditions of the accompanying Professional Services Agreement, will be based on the value of services provided, which is primarily a function of the time that Plante & Moran staff expend at our current hourly rates. We estimate that our fee for this engagement will be \$900.

Invoices for other services will be rendered as services are provided and are due when received. In the event an invoice is not paid timely, a late charge in the amount of 1.25 percent per month will be added, beginning 30 days after the date of the invoice.

Our fees for this engagement are based on and depend on timely access to information and personnel required to complete the services described above.

If you are in agreement with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

Thank you for the opportunity to serve you.

Very truly yours,

Plante & Moran, PLLC



Dana M. Coomes

Agreed and Accepted

We accept this engagement letter and the accompanying Professional Services Agreement, which set forth the entire Agreement between Oakland University and Plante & Moran, PLLC with respect to the services specified in the Scope of Tax Services section of this engagement letter.

Oakland University

Ms. Melissa Stolicker

Date

Board of Trustees Audit Committee Chair
Title

Professional Services Agreement – Tax Consulting Services Addendum to Plante & Moran, PLLC Engagement Letter

This Professional Services Agreement is part of the engagement letter for tax consulting services dated April 8, 2019 between Plante & Moran, PLLC (referred to herein as "PM") and Oakland University (referred to herein as "the University").

1. **Nature of Consulting Services** – PM's tax consulting services will be based on information and records provided to PM by the University. PM will rely on such underlying information and records and its analysis will not include audit or verification of the information and records provided to PM in connection with PM's analysis. If any information that the University provides appears to be incomplete or unsatisfactory, PM will request additional or revised information to be provided to PM on a timely basis. If PM is unable to obtain the necessary additional or revised information, PM may cease work or withdraw from this engagement.

PM's analysis will be limited solely to Review of Form 990-T tax matters related to the transactions outlined within the engagement letter ("Subject Transactions"). PM's analysis will not include any investment advice or recommendations. As a result, PM's analysis will not represent and should not be construed to represent advice or recommendations regarding the advisability of the Subject Transactions for investment or any other purposes.

2. **Management Responsibilities** – The consulting services PM will provide are advisory in nature. The University is solely responsible for all management decisions, management functions, and implementation activities in connection with PM's services and PM's engagement to provide these services. PM's responsibility is to provide the consulting services based on information the University provides. PM may advise the University about possible tax positions or elections, but all final decisions about such matters are the University's responsibility. The University recognizes and acknowledges that the University has the final responsibility for its tax returns, and the tax positions taken therein. Further, the University acknowledges that the University is responsible for evaluating the adequacy of the services PM will provide and accepting responsibility for the results of those services; and for establishing and maintaining internal controls, including monitoring ongoing activities, in connection with this engagement. The University has designated Mr. John W. Beaghan, Vice President for Finance and Administration and Treasurer to the Board of Trustees, to oversee the services PM will provide.

The University represents and warrants that any and all information that it transmits to PM will be done so in full compliance with all applicable federal, state, and foreign privacy and data protection laws, as well as all other applicable regulations and directives, as may be amended from time to time (collectively, "Data Privacy Laws"). The University shall not disclose personal data of data subjects who are entitled to certain rights and protections afforded by applicable federal, state, and foreign privacy and data protection laws ("Personal Data") to PM without prior notification to PM. The University shall make reasonable efforts to limit the disclosure of Personal Data to PM to the minimum necessary to accomplish the intended purpose of the disclosure to PM.

3. **Scope Limitations** – PM will not determine the completeness or accuracy of the information supplied by the University and PM's services pursuant to this Agreement are not to be construed and should not be relied on as an oversight function, in any respect, of the University's accounting system. Accordingly, PM's analysis will not constitute a compilation, review, or audit of the University's financial statements or other financial information and the University represents and agrees that it will not make reference to PM in connection with any offering document or in any communication with any third party regarding financial statements or other financial information of the University. If the University requires financial statements or other financial information for third party use, a separate Agreement detailing any such additional services shall be required before PM shall have any responsibility, obligation, or duty of care with respect to any such additional services.

This engagement also will not include preparation or review of any tax returns. Accordingly, while PM may request prior years' returns to facilitate the rendering of the consulting services that are the subject of this engagement, PM shall not be responsible for identifying errors or omissions in any prior years' returns. The University also recognizes and acknowledges that PM's consulting services do not include any assessment or evaluation of internal controls, which are the responsibility of management, and cannot be relied upon to detect or disclose any fraud, defalcation, or other irregularities that may exist.

The services provided by PM pursuant to this engagement are not intended to confer any benefit on any third party and the liability of PM to any third party is expressly disclaimed.

4. **Use of Summary of Conclusions** – At the conclusion of PM's analysis, PM will provide the University with a summary of PM's conclusions regarding the tax ramifications of the transaction outlined in the engagement letter. PM's summary will be restricted solely to use by management of the University and the University agrees that PM's summary will not be distributed to any outside parties for any purpose other than to carry out legal responsibilities of the University. PM will have no responsibility to update its summary for any events or circumstances that occur or become known subsequent to the date of that summary.

Professional Services Agreement – Tax Consulting Services

5. **Tax Records** – The University management is responsible for establishing and maintaining appropriate documentation and substantiation of deductions and tax positions in accordance with the requirements of applicable taxing authorities. The University acknowledges that taxing authorities may impose additional tax, interest, or penalties if the University fails to establish and maintain required documentation and agrees that PM assumes no responsibility for any such assessments, interest or penalties. The University should retain all documents and other data that form the basis of income and deductions, including documents and data that support conclusions from PM's analysis during this engagement. This documentation may be necessary to prove the accuracy and completeness of the tax returns in the event that they are selected for an examination by a taxing authority.
6. **Taxing Authority Audits** – The University's tax returns and filings may be subject to audit by applicable taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. PM provides no guarantee, express or implied, of the outcome of any audit or any other determination by a taxing authority with respect to the tax matters related to transactions outlined within the accompanying engagement letter. In the event that tax returns and filings that include the tax matters related to transactions outlined within the accompanying engagement letter are selected for examination by a taxing authority, PM is available to represent the University in such an examination at an additional charge. PM's fee for the tax consulting services covered by this Agreement does not include representation in any examination or responding to other inquiries by taxing authorities.
7. **Disclosure of Tax Positions** – Tax laws require that certain tax positions be disclosed unless there is, at minimum, substantial authority for such positions. Failure to disclose these tax positions may result in accuracy-related penalties. PM will recommend disclosures that, in PM's professional judgment, are required by the tax laws when preparing the tax returns. However, the University acknowledges that it has final responsibility for tax positions (disclosed or otherwise) on its tax returns.
8. **Reportable Transactions** – The Internal Revenue Service (IRS) and some states have promulgated "tax shelter" rules that require taxpayers to disclose their participation in "reportable transactions" by attaching a disclosure form to their federal and/or state income tax returns and, when necessary, by filing a copy with the IRS and/or the applicable state agency. These rules impose significant requirements to disclose transactions and such disclosures may encompass many transactions entered into in the normal course of business. Disclosures required by or made pursuant to the tax shelter rules are separate and distinct from other disclosures that might be required to be made with the University's tax returns. Failure to make such disclosures could result in substantial penalties. The University is responsible for ensuring that it has properly disclosed all "reportable transactions."

If you feel that you need assistance in identifying whether or not a particular transaction is required to be disclosed under the "reportable transaction" rules, PM is available to assist the University with the analysis of the subject transaction(s) at an additional charge. PM's fee for the tax consulting services covered by this Agreement does not include identification or analysis of transactions under the "reportable transaction" rules. PM will not be liable for any penalties resulting from the University's failure to accurately or timely make any required disclosures.
9. **"Economic Substance" Doctrine** – Congress has enacted legislation that formally incorporates the economic substance doctrine into the Internal Revenue Code. Such legislation provides both a definition of economic substance, and a penalty that may apply if a taxpayer enters into a transaction that fails to have economic substance. If a transaction is found to lack "economic substance," then some or all of the tax benefits (including tax credits and deductions) may be disallowed. In addition, either a 20 percent penalty will apply if the transaction is disclosed on the taxpayer's tax return or a 40 percent penalty will apply if it is not disclosed. Disclosure of the transaction on the tax return will be at the sole discretion of the University. The University acknowledges that it understands the risk associated with the potential applicability of the "economic substance" doctrine to the transactions that are the subject of this engagement letter and that such risk can be mitigated by disclosure of the transaction on its tax return.
10. **Confidentiality, Ownership, and Retention of Workpapers** – During the course of this engagement, PM and PM staff may have access to proprietary information of the University, including, but not limited to, information regarding trade secrets, business methods, plans, or projects. PM acknowledges that such information, regardless of its form, is confidential and proprietary to the University, and PM will not use such information for any purpose other than its consulting engagement or disclose such information to any other person or entity without the prior written consent of the University.

In the interest of facilitating PM's services to the University, PM may communicate or exchange data by internet, e-mail, facsimile transmission or other electronic method. While PM will use its best efforts to keep such communications and transmissions secure in accordance with PM's obligations under applicable laws and professional standards, the University recognizes and accepts that PM has no control over the unauthorized interception of these communications or transmissions once they have been sent, and consents to PM's use of these electronic devices during this engagement.

Professional Services Agreement – Tax Consulting Services

Professional standards require that PM create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of PM. PM will maintain the confidentiality of all such workpapers as long as they remain in PM's possession.

Both the University and PM acknowledge, however, that PM may be required to make its workpapers available to regulatory authorities or by court order or subpoena in a legal, administrative, arbitration, or similar proceeding in which PM is not a party. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this Agreement. In the event that a request for any confidential information or workpapers covered by this Agreement is made by regulatory authorities or pursuant to a court order or subpoena, PM agrees to inform the University in a timely manner of such request and to cooperate with the University should it attempt, at the University's cost, to limit such access. This provision will survive the termination of this Agreement. PM's efforts in complying with such requests will be deemed billable to the University as a separate engagement. PM shall be entitled to compensation for its time and reasonable reimbursement of its expenses (including legal fees) in complying with the request.

PM reserves the right to destroy, and it is understood that PM will destroy, workpapers created in the course of this engagement in accordance with PM's record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. PM has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon the University's written request, PM may, at its sole discretion, allow others to view any workpapers remaining in its possession if there is a specific business purpose for such a review. PM will evaluate each written request independently. The University acknowledges and agrees that PM will have no obligation to provide such access or to provide copies of PM's workpapers, without regard to whether access had been granted with respect to any prior requests.

11. **Consent to Disclosures to Service Providers** – In some circumstances, PM may use third-party service providers to assist with PM's services. In those circumstances, PM will require any such third-party service providers to: (i) maintain the confidentiality of any information furnished to such third-party service provider; and (ii) not use any information for any purpose unrelated to assisting with PM's services for the University. In order to enable these service providers to assist PM in this capacity, the University, by its duly authorized signature on the accompanying engagement letter, consents to PM's disclosure of all or any portion of the University's tax return information to such service providers to the extent such tax return information is relevant to the services such third-party service providers may provide and agrees that PM's disclosure of such information for such purposes shall not constitute a breach of the provisions of this Agreement. The University's consent shall be continuing until the services provided for this Agreement are completed.
12. **Fee Quotes** – In any circumstance where PM has provided estimated fees, fixed fees, or not-to-exceed fees ("Fee Quotes"), these Fee Quotes, are based on information provided by the University regarding the nature and condition of its accounting, financial, and tax records; the nature and character of transactions reflected in those records; and the design and operating effectiveness of its internal controls. The University acknowledges that the following circumstances may result in an increase in fees:
 - Failure by the University to provide the required tax information by the applicable due dates;
 - Significant unanticipated or undisclosed transactions, new tax issues, or other such unforeseeable circumstances;
 - Delays by the University causing scheduling changes or disruption of the planned timing of the consulting services;
 - Circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the consulting services;
 - Issues with the prior accounting firm or prior year tax returns that impact the current engagement.

PM will endeavor to advise the University in the event these circumstances occur, however it is acknowledged that the exact impact on the Fee Quote may not be determinable until the conclusion of the engagement. Such fee adjustments will be determined in accordance with the Fee Adjustments provision of this Agreement.

13. **Payment Terms** – PM's invoices for professional services are due upon receipt unless otherwise specified in the engagement letter. In the event any of PM's invoices are not paid in accordance with the terms of this Agreement, PM may elect, at PM's sole discretion, to suspend work until PM receives payment in full for all amounts due or terminate this engagement. In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, PM offers no guarantee, express or implied, that PM will be able to meet any previously established deadlines related to the completion of services upon resumption of PM's work. The University agrees that in the event PM stops work or terminates this Agreement as a result of the University's failure to pay fees on

Professional Services Agreement – Tax Consulting Services

a timely basis for services rendered by PM as provided in this Agreement, or if PM terminates this Agreement for any other reason, PM shall not be liable for any damages that occur as a result of PM ceasing to render services.

- 14. Fee Adjustments** – Any fee adjustments for reasons described elsewhere in this Agreement will be determined based on the actual time that PM staff expend at PM's current hourly rates, and included as an adjustment to PM's invoices related to this engagement. The University acknowledges and agrees that payment for all such fee adjustments will be made in accordance with the payment terms provided in this Agreement.
- 15. Subsequent Discovery of Facts** – After the date PM completes its tax consulting services and presents its conclusions to the University, PM has no obligation to make any further or continuing inquiry or perform any other procedures with respect to the transactions that were analyzed. If information becomes available that relates to these transactions and such information was not provided to or known by PM at the time the consulting services were performed, the University may request to have the transactions reanalyzed. The cost of performing the tax consulting services again resulting from information not provided to or known by PM and the time of services are not covered by this Agreement. Additional tax consulting services will be considered a separate engagement and additional fees for such work will be determined based on the actual time that PM staff expend at PM's current hourly rates, and the University acknowledges and agrees that payment for all such additional fees will be made in accordance with the payment terms provided in this Agreement.
- 16. Termination of Engagement** – This Agreement may be terminated by either party upon written notice. Upon notification of termination, PM's services will cease and PM's engagement will be deemed to have been completed. The University will be obligated to compensate PM for all time expended through the date of termination of this engagement.
- 17. Exclusion of Certain Damages** – In recognition of the relative risks and benefits of this engagement to both the University and PM, and a fair allocation of risk between them, the University agrees, to the fullest extent permitted by law, to limit the liability of PM or any of PM's officers, directors, partners, members, managers, employees, affiliated, parent or subsidiary entities, and approved third party service providers (collectively, "PM Persons"), to the University for any and all claims, losses, costs, and damages of any nature whatsoever so that the total aggregate liability of PM and/or the PM Persons to the University shall not exceed one (1) times the total fee paid to PM for the services provided in connection with this engagement letter. In no event shall PM or the PM Persons be liable to the University, whether a claim be in tort, contract, or otherwise, for any consequential, indirect, punitive, exemplary, lost profits or similar damages relating to PM's services provided under this engagement. None of the above limitations of PM's liability shall limit PM's liability for willful misconduct or any other liability which cannot be lawfully limited or excluded.
- 18. Defense, Indemnification, and Hold Harmless** – As a condition of PM's willingness to perform the services provided for in this Agreement, the University agrees to defend, indemnify and hold PM and the PM Persons harmless against any claims by third parties for losses, claims, damages, or liabilities, to which PM or the PM Persons may become subject in connection with or related to the services performed in the engagement, unless a court having jurisdiction shall have determined in a final judgment that such loss, claim, damage, or liability resulted primarily from the willful misconduct or gross negligence of PM, or one of the PM Persons. This defense, indemnity and hold harmless obligation includes the obligation to reimburse PM and/or the PM Persons for any legal or other expenses incurred by PM or the PM Persons, as incurred, in connection with investigating or defending any such losses, claims, damages, or liabilities.
- 19. Receipt of Legal Process** – In the event PM is required to respond to a subpoena, court order or other legal process (in a matter involving the University but not PM) for the production of documents and/or testimony relative to information PM obtained and/or prepared during the course of this engagement, the University agrees to compensate PM for the affected PM staff's time at such staff's current hourly rates associated with PM's response.
- 20. Conflicts of Interest** – PM's engagement acceptance procedures include a check as to whether any conflicts of interest exists that would prevent PM's acceptance of this engagement. No such conflicts have been identified. The University understands and acknowledges that PM may be engaged to provide professional services, now or in the future, unrelated to this engagement to parties whose interests may not be consistent with interests of the University.
- 21. Entire Agreement** – This Agreement is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties regarding the subject matter hereof. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this Agreement, signed by all of the parties.
- 22. Severability** – If any provision of this Agreement (in whole or part) is held to be invalid or otherwise unenforceable by a competent jurisdiction, the other provisions shall remain in full force and effect.

Professional Services Agreement – Tax Consulting Services

- 23. Force Majeure** – Neither party shall be deemed to be in breach of this Agreement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, acts of God, war or other violence, or epidemic (each individually a "Force Majeure Event"). The University acknowledges and agrees that a Force Majeure Event shall not excuse any payment obligation relating to fees or costs incurred prior to any such Force Majeure Event.
- 24. Signatures** – Any electronic signature transmitted through DocuSign or manual signature on this engagement letter transmitted by facsimile or by electronic mail in portable document format may be considered an original signature.
- 25. Governing Law** – This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, and jurisdiction over any action to enforce this Agreement, or any dispute arising from or relating to this Agreement shall reside exclusively within the State of Michigan.

End of Agreement – Tax Consulting Services