

# MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS



October 22, 2020

The management of the University of Michigan (the "University") is responsible for the preparation, integrity and fair presentation of the consolidated financial statements. The consolidated financial statements, presented on pages 46 to 86, have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates made by management.

The consolidated financial statements have been audited by the independent accounting firm PricewaterhouseCoopers LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Regents. The University believes that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers' audit opinion is presented on pages 25-26.

The University maintains a system of internal controls over financial reporting designed to provide reasonable assurance to the University's management and Board of Regents regarding the preparation of reliable financial statements. These controls are maintained by the establishment and communication of accounting and financial policies and procedures, by the selection and training of qualified personnel and by an internal audit program designed to identify internal control weaknesses, in order to permit management to take appropriate corrective action on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal controls, including the possibility of human error and the circumvention of controls.

The Board of Regents, through its Finance, Audit and Investment Committee, is responsible for engaging the independent auditors and meeting regularly with management, internal auditors and the independent auditors to ensure that each is carrying out their responsibilities, and to discuss auditing, internal control and financial reporting matters. Both the internal auditors and independent auditors have full and free access to the Finance, Audit and Investment Committee.

Based on the above, I certify that the information contained in the accompanying consolidated financial statements fairly presents, in all material respects, the financial position, changes in financial position and cash flows of the University.

Kevin P. Hegarty  
Executive Vice President and Chief Financial Officer