AUDIT COMMUNICATION LETTER

To the Board of Directors
Blue Water Community Action
Port Huron, Michigan

We have audited the financial statements of Blue Water Community Action (the "Agency") for the year ended September 30, 2025 and have issued our report thereon dated February 24, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated November 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. There were no changes to significant accounting policies during the year. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate for depreciation, which is based on historical data and estimated useful lives.
>
> Management's estimates for administrative allocation are based on the percentage of hours worked, number of transactions, or square footage of the building space utilized.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually, and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Summary of Auditor's Results Related to the Single Audit

The program tested as a major program is:

Assistance listing # 81.042	Weatherization Assistance Program

In the Independent Auditor's Report on Compliance For the Major Federal Program and On Internal Control Over Compliance Required by the Uniform Guidance, there were no noted deficiencies that we consider to be material weakness or significant deficiencies and no compliance findings were disclosed.

In the Report on Internal Control Over Financial Reporting and On Compliance and Other Matters, which is presented in the Agency's single audit, there were no noted deficiencies that we consider to be material weaknesses or significant deficiencies.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles. The method of preparing it has not changed from the prior period and the information is fairly stated, in all material respects, in relation to the financial statements as a whole. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of Blue Water Community Action and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Blue Water Community Action.

UHY LLP

Port Huron, Michigan
February 24, 2026

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: **Blue Water Community Action**

Financial Statement Date: **September 30, 2025**

	Financial Statements Effect Amount of Over (Under) Statement of				
Description of Misstatement	Assets	Liabilities	Fund Equity	Revenues	Expenditures/ Expenses
Unrecorded postage machine lease	(5,814)	(5,814)	-	-	-
Unrecorded accrued interest	-	(3,251)	3,251	-	(3,251)
Unrecorded copier machine lease	(9,242)	(9,242)	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-		-		-
Total Current Year Unadjusted Amount	(15,056)	(18,307)	3,251	-	(3,251)
Unadjusted Amount From Prior Year				-	8,499
Total Unadjusted Amount	(15,056)	(18,307)	3,251	-	5,248

We believe the unrecorded possible adjustments listed above are immaterial to the financial statement, both individually and in the aggregate.

Executive Director