
Hope College

**Federal Awards Supplemental Information
June 30, 2019**

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards* 2-3

Report on Compliance for Each Major Federal Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance 4-5

Schedule of Expenditures of Federal Awards 6-7

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs 9-11

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

Independent Auditor's Report

To the Board of Trustees
Hope College

We have audited the financial statements of the Hope College as of and for the year ended June 30, 2019 and have issued our report thereon dated October 11, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 11, 2019.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

December 5, 2019

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Hope College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hope College (the "College"), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Hope College

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

October 11, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Hope College

Report on Compliance for Each Major Federal Program

We have audited Hope College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the College's major federal program for the year ended June 30, 2019. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

To the Board of Trustees
Hope College

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2019-001, that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit finding is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

December 5, 2019

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Award Number/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number/Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster - U.S. Department of Education:				
William D. Ford Direct Loan Program (2017-2018)	84.268	P269K180228	\$ -	\$ 16,012,877
Federal Pell Grant Program	84.063	P063P100228	-	2,499,140
Federal Work-Study Program (excluding expenditures of \$99,509 paid from matching funds)	84.033	P033A102017	-	298,527
Federal Supplemental Educational Opportunity Grants Program (excluding expenditures of \$80,737 paid from matching funds)	84.007	P007A102017	-	242,212
Federal Perkins Loans Outstanding (Note 3)	84.038	P038A042017	-	5,817,387
Federal TEACH Grants	84.379	P379T180228	-	129,913
Total Student Financial Assistance Cluster			-	25,000,056
Research and Development Cluster:				
National Science Foundation - Direct:				
Engineering	47.041	CMMI-1649403	-	4,474
	47.041	RUI-1662655	-	31,209
	47.041	CBET-1805447	-	57,868
Mathematical and physical sciences	47.049	CHE-1148719	-	15,501
	47.049	PHY-1306074	-	3,633
	47.049	CHE-1508244	-	8,218
	47.049	RUI-1505617	-	20,810
	47.049	RUI-1613188	-	60,331
	47.049	DMR-1608327	-	57,054
	47.049	CHE-1764118	-	62,301
	47.049	AST-1813610	-	32,813
Biological sciences	47.074	MCB-1330734	-	24,027
	47.074	RUI-1616737	-	214,752
	47.074	DUE-1716285	-	77,035
Education and human resources	47.076	DUE-1153600	-	126,124
	47.076	DUE-1524990	-	791
	47.076	DUE-1709278	-	13,686
	47.076	DUE-1650889	-	22,012
	47.076	DUE-1726162	-	79,400
Education and human resources - Passed through University of California	84.116T	A19-2778-S001	-	19,749
Education and human resources - Passed through APS	47.076	EDU-001-2018	-	187,828
Education and human resources - Passed through Dordt College	47.076	1612201	-	2,226
Total National Science Foundation			-	1,121,842

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number/Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters (continued):				
Research and Development Cluster (continued):				
Department of Defense:				
United States Army - Direct	12.431	W911NF-17-1-0059	\$ -	\$ 12,946
Passed through University of Pittsburgh	12.800	FA9550-14-01-0229	-	<u>12,946</u>
Total Department of Defense				25,892
United States Department of Agriculture - Agriculture and Food Research Initiative - Direct	10.310	67016-27616	-	64,800
National Institutes of Health (NIH) - Direct	93.859	1R15GM132853-01	-	26,350
Department of Energy - Direct	81.049	DE-SC0019062	-	21,644
National Aeronautics and Space Administration passed through the University of Michigan - Michigan Space Consortium	43.001	NGT5-40062	-	<u>88,653</u>
Total Research and Development Cluster			-	1,349,181
TRIO Cluster - Upward Bound (excluding expenditures of \$153,127 paid from matching funds) - Direct	84.047	P047A990606-02	-	444,046
Child Nutrition Cluster - Summer Food Service Program for Children - Direct	10.559	N/A	-	2,832
Other federal awards -				
National Endowment for the Arts - Direct	45.024	FY15-2246	-	<u>12,000</u>
Total federal expenditures			<u>\$ -</u>	<u>\$ 26,808,115</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Hope College (the "College") under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The College has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Loans Balances

As part of the Student Financial Assistance Cluster, the College participates in the Federal Perkins Loan Program through the U.S. Department of Education. The outstanding balances on these loans totaled \$5,515,427 as of June 30, 2019. No new loans were issued, and there were no federal or institutional capital contributions to the loan program during the year ended June 30, 2019. The College utilizes the services of Heartland ECSI to administer the repayments of the Federal Perkins loans and perform certain due diligence procedures.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
• Material weakness(es) identified? Yes X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:
• Material weakness(es) identified? Yes X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported
Type of auditor's report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No
Identification of major programs:

Table with 2 columns: CFDA Number, Name of Federal Program or Cluster. Row 1: 84.007, 84.033, 84.038, 84.063, 84.379, and 84.268; Student Financial Assistance Cluster

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

Section II - Financial Statement Audit Findings

Table with 2 columns: Reference Number, Finding. Row 1: Current Year, None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2019-001	<p>CFDA Number, Federal Agency, and Program Name - Student Financial Assistance Cluster - Department of Education - Federal Direct Loan Program (CFDA #84.268), Federal Pell Grant Program (CFDA #84.063), Federal Work-Study Program (CFDA #84.033), Federal Supplemental Educational Opportunity Grant (CFDA #84.007), Federal Perkins Loan Program (CFDA #84.038), Federal TEACH Grant (CFDA #84.379)</p> <p>Federal Award Identification Number and Year - 2019-001</p> <p>Pass-through Entity - None</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - In accordance with the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi)), an institution must explain their information-sharing practices to their customers and safeguard sensitive data by designating an individual to coordinate the information security program, perform a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b), and document safeguards for identified risks.</p> <p>Condition - The College did not designate an individual to coordinate the information security program, perform a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b), or document safeguards for identified risks.</p> <p>Questioned Costs - None</p> <p>Context - The requirements of the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi)) do not include testing of a sample and apply to the total population of students receiving federal financial aid.</p> <p>Cause and Effect - There were no instances of compromised sensitive data under the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi)).</p> <p>Recommendation - The College should designate an individual to be responsible for coordinating the information security program to protect sensitive data. The College should also perform a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b) and also document safeguards for identified risks.</p> <p>Views of Responsible Officials and Corrective Action Plan - The College concurs with the finding and is in the process of developing a team to be responsible for complying with the provisions of the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi)), including identifying an individual to be responsible for coordinating the information security program to protect sensitive data, performing a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b), and documenting safeguards for identified risks.</p>	None