

# **Hope College**

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**Federal Awards  
Supplemental Information  
June 30, 2008**

Independent Auditor's Report	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-9
Summary Schedule of Prior Audit Findings	10-11



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## Independent Auditor's Report

To the Board of Trustees  
Hope College

We have audited the basic financial statements of Hope College for the year ended June 30, 2008 and have issued our report thereon dated October 27, 2008. Those basic financial statements are the responsibility of the management of Hope College. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Hope College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 27, 2008

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*

To the Board of Trustees  
Hope College

We have audited the financial statements of Hope College as of and for the year ended June 30, 2008 and have issued our report thereon dated October 27, 2008. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Hope College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hope College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

To the Board of Trustees  
Hope College

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hope College's financial statements are free of 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*.

This report is intended solely for the information and use of the board of trustees, the audit committee, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 27, 2008



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Report on Compliance with Requirements Applicable to Each Major Program  
and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees  
Hope College

**Compliance**

We have audited the compliance of Hope College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The major federal programs of Hope College are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hope College's management. Our responsibility is to express an opinion on Hope College's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Hope 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. Our audit does not provide a legal determination on Hope College's compliance with those requirements.

In our opinion, Hope College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

To the Board of Trustees  
Hope College

### **Internal Control Over Compliance**

The management of Hope College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hope College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees, the audit committee, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

March 9, 2009

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity/Project/Grant Number	Federal Expenditures
<b>Clusters:</b>			
Student Financial Aid Cluster - U.S. Department of Education:			
Federal Direct Student Loan Program	84.268	-	\$ 10,121,277
Federal Pell Grant Program	84.063	P063P020228	1,301,687
Federal Work-Study Program (excluding expenditures of \$78,858 paid from matching funds)	84.033	P033A032017	252,347
Federal Supplemental Educational Opportunity Grants Program (excluding expenditures of \$80,737 paid from matching funds)	84.007	P007A042017	242,212
Federal Perkins Loan Program (Note 2)	84.038	P038A002017	76,027
National Science and Mathematics Access to Retain Talent Grant Program	84.376	P376S060228	70,000
Academic Competitiveness Grant Program	84.375	P375A060228	<u>119,550</u>
Total Student Financial Aid Cluster			12,183,100
<b>Research and Development Cluster:</b>			
National Science Foundation:			
Mathematical and physical sciences	47.049	Various	337,705
Education and human resources	47.076	Various	168,623
Biological sciences	47.074	Various	178,823
Computer and information sciences	47.070	Various	75,078
Geosciences	47.050	Various	<u>179</u>
Total National Science Foundation			760,408
U.S. Department of Health and Human Services:			
Specificity of the Interaction Between Gata-1 and DNA	93.839	1 R15 HL 66009-01A1	31,285
Diabetes, Endocrinology, and Metabolism Research	93.847	1 K01 DK066238-01A1	6,916
Blood Diseases and Resources Research	93.839	2 R15 HL066009-04	32,342
Alternative Sample Designs for Genetic Association Studies Research	93.172	1 R15 HG004543-01	<u>34,187</u>
Total U.S. Department of Health and Human Services			104,730
National Aeronautics and Space Administration passed through the University of Michigan - Mich. Space Consortium	43.001	NGT5-40062	47,694
Federal Aviation Administration	20.108	04-G-025	59,240
National Endowment for the Humanities	45.169	HD-50194-07	<u>17,537</u>
Total Research and Development Cluster			989,609
TRIO Cluster - Upward Bound (excluding expenditures of \$139,006 paid from matching funds)	84.047	P047A040426-07	366,723
Other federal awards - U.S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants passed through the City of Holland, Community Development Block Grant	14.218	B94MC260036	<u>5,000</u>
Total expenditures of federal awards			<b><u>\$ 13,544,432</u></b>

# Hope College

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hope College (the "College") and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Loans Outstanding

The amount presented for the Federal Perkins Loan program represents the administrative and collections costs. The outstanding loan balance as of June 30, 2008 is \$5,884,076, which includes new loans issued during the year of \$1,193,348. The new loans were financed from the collections of previous loans and interest income. There were no federal or institutional capital contributions to the loan program during the year ended June 30, 2008. The College utilizes the services of University Accounting Services, Inc. to administer the repayments of the Federal Perkins loans and perform certain due diligence procedures.

### Note 3 - Subrecipient Awards

During the year ended June 30, 2008, the College disbursed \$25,947 to subrecipients. These disbursements related to research and development awards and expenditures included on the schedule of expenditures of federal awards.

<u>Program Title/Project Number/Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipient</u>
National Science Foundation - Education and human resouces - Mission College	47.076	\$ 23,460
National Science Foundation - Mathematical and physical sciences - Georgia State University	47.049	<u>2,487</u>
Total federal awards provided to subrecipients		<u>\$ 25,947</u>

# Hope College

## Schedule of Findings and Questioned Costs Year Ended June 30, 2008

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

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 No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified?        \_\_\_ Yes    X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?    \_\_\_ Yes    X None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?        \_\_\_ Yes    X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063, 84.033, 84.007, 84.038, 84.376, and 84.375	Student Financial Aid Cluster
47.049, 47.076, 47.074, 47.070, 47.050, 93.839, 93.847, 93.839, 93.172, 43.001, 20.108, and 45.169	Research and Development Cluster
84.047	TRIO Cluster - Upward Bound

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        X Yes    \_\_\_ No

# Hope College

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

## Summary Schedule of Prior Audit Findings Year Ended June 30, 2008

Reference Number	Corrective Action Taken
2007-2	<p><b>Program Name</b> - Research and development cluster - Received directly from National Science Foundation, CFDA #47.049 and #47.074</p> <p><b>Description</b> - Of the two subrecipients selected for tested, one was not made aware of the compliance requirements by Hope College (the "College") at the time of the award. In addition, the College did not implement proper monitoring during the award year for either of the two subrecipients. The College did not request annual audits and Federal Compliance A-133 reports from each of the subrecipients (both of which expended greater than \$500,000 in federal awards).</p> <p><b>Status</b> - Corrective action was taken. An agreement letter was developed by the College to send to all subrecipients at the time of the awards which states the federal award information and compliance requirements of the award. Also, the College requested the annual reports and Federal Compliance A-133 reports from each of the subrecipients to properly monitor the subrecipient use of the federal award and ensure that audit requirements of OMB Circular A-133 were met.</p>
2007-3	<p><b>Program Name</b> - Research and development cluster - Received directly from National Science Foundation, CFDA #47.074</p> <p><b>Description</b> - The College acquired one item of equipment during the prior year with federal funds, which was recorded and maintained along with all other equipment otherwise acquired. No physical inventories of equipment were taken. Dispositions of equipment acquired under federal funds were unidentifiable due to the College's practice of maintaining the federally funded equipment with the records of otherwise acquired equipment. Therefore, it was unknown whether any items of equipment that were purchased with federal funds were disposed of during the year.</p> <p><b>Status</b> - Corrective action was taken. The College changed its procedures to individually track assets with a cost greater than \$2,500. Also, the College completed a physical inventory of equipment to identify items that were purchased with federal funds in previous years and are tracking them using bar codes.</p>

# Hope College

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## Summary Schedule of Prior Audit Findings (Continued) Year Ended June 30, 2008

Reference Number	Corrective Action Taken
2007-4	<p><b>Program Name</b> - Research and development cluster - Received directly from National Science Foundation, CFDA #47.074</p> <p><b>Description</b> - The College acquired one item of equipment during the year with federal funds at a purchase price that exceeded \$25,000 and did not verify that the procurement was made from an entity that was not suspended or debarred or otherwise excluded.</p> <p><b>Status</b> - Corrective action was taken. The College has implemented a procurement policy that includes requesting from vendors a certification that they are not on the suspension or debarment listing.</p>