

# **Hope College**

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**Federal Awards  
Supplemental Information  
June 30, 2015**

### Independent Auditor's Reports:

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Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Trustees  
Hope College

We have audited the basic financial statements of Hope College as of and for the year ended June 30, 2015 and have issued our report thereon dated October 23, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 23, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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*

October 23, 2015

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 basic statement of financial position as of June 30, 2015 and the related basic 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 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hope 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.

To Management and 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 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*.

### **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 & Moran, PLLC*

October 23, 2015

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance

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) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. Hope 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hope 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hope College's compliance.

To the Board of Trustees  
Hope College

**Opinion on Each Major Federal Program**

In our opinion, Hope College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of Hope 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 Hope 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 OMB Circular A-133, 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 23, 2015

# Hope College

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters:			
Student Financial Aid Cluster - U.S. Department of Education:			
William D. Ford Direct Loan Program (2014-2015)	84.268		\$ 16,802,186
Federal Pell Grant Program	84.063	P063P100228	2,867,199
Federal Work-Study Program (excluding expenditures of \$73,617 paid from matching funds)	84.033	P033A102017	235,575
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 4)	84.038	P038A042017	5,360,073
Federal TEACH Grants	84.379		<u>168,181</u>
Total Student Financial Aid Cluster			25,675,426
Research and Development Cluster:			
United States Air Force, passed through the University of Pennsylvania 0037423 (410406-1)	12.800	FA9550-14-01-0229	6,444
United States Geological Survey, passed through Michigan State University RC100125Hope	15.805	G11AP20086	1,563
National Science Foundation - Direct:			
Mathematical and physical sciences	47.049	IIP-1523455	14,849
	47.049	CHE-0952768	68,386
	47.049	PHY-1004811	5,426
	47.049	PHY-969058	985
	47.049	AST-1009731	18,179
	47.049	CHE-1039925	51,817
	47.049	DMR-1104725	32,063
	47.049	CHE-1058981	31,529
	47.049	CHE-1126462	1,790
	47.049	CHE-1148719	61,394
	47.049	DMR-1206149	27,341
	47.049	CHE-1263097	54,072
	47.049	PHY-1306074	101,615
	47.049	CHE-1508244	12,106
Biological sciences	47.074	IOS-1119775	134,598
	47.074	DBI-1229585	2,273
	47.074	DUE-1352042	148,281
	47.074	MCB1330734	76,169
Education and human resources	47.076	DUE-0966191	134,497
	47.076	DUE-1121464	1,441
	47.076	DUE-1153600	31,076
	47.076	DUE-1245814	22,280
Education and human resources - passed through Dordt College	47.076	DUE-1323210	<u>13,815</u>
Total National Science Foundation - Direct			1,045,982



# Hope College

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Research and Development Cluster (Continued):			
National Institutes of Health -			
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	IR15DK096541-01A1	\$ 96,258
National Aeronautics and Space Administration:			
Passed through the University of Michigan -			
Michigan Space Consortium	43.001	NGT5-40062	28,818
Particle Acceleration and High Energy Pulsar Magnetospheres	43.001	NNX09AQ71G	<u>23,759</u>
Total National Aeronautics and Space Administration			52,577
Department of Energy:			
Preparing for Harvesting Radioisotopes from FRIB	81.049	DE-SC0007352	94,657
Preparing for Harvesting Radioisotopes from FRIB	81.049	SC-0013452	102,922
Argonne National Laboratory - Kbase: An Integrated Knowledgebase for Predictive Biology and Environmental Research	81.unknown	DE-AC02-06CHI1357	<u>35,250</u>
Total Department of Energy			<u>232,829</u>
Total Research and Development Cluster			1,435,653
Other Federal Awards:			
Child Nutrition Cluster - U.S. Department of Agriculture passed through the Michigan Department of Agriculture Summer Food Service Program for Children			
	10.559		9,542
National Endowment for the Arts - Direct The Big Read			
	45.024	242987	16,000
TRIO Cluster - Upward Bound (excluding expenditures of Upward Bound (excluding expenditures of \$183,192 paid from matching funds)			
	84.047	P047A990606-02	358,370
Health and Human Services, Substance Abuse & Mental Health Services Administration, passed through the University of Southern California 201120402-09			
	93.239	5H79AE000100-03	<u>15,056</u>
Total federal awards			<u><b>\$ 27,510,047</b></u>

# Hope College

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Hope College under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Hope College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Hope College.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### Note 3 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
National Science Foundation - Mathematical and Physical Sciences - Grand Rapids Community College	47.049	\$ 3,454
Department of Energy - Office of Energy Research - Washington University (St. Louis)	81.049	<u>17,982</u>
	Total	<u>\$ 21,436</u>

# Hope College

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### Note 4 - Loans Outstanding

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 are disclosed in the schedule of expenditures of federal awards. The loans issued during the year totaled \$971,880. 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, 2015. The College utilizes the services of Educational Computer Systems, Inc. to administer the repayments of the Federal Perkins loans and perform certain due diligence procedures.

# Hope College

## Schedule of Findings and Questioned Costs Year Ended June 30, 2015

### 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  No

#### 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? \_\_\_\_\_ Yes  X  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 510(a) of Circular A-133?

\_\_\_\_\_ Yes  X  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.268, 84.063, 84.033, 84.007, 84.038, 84.379	Student Financial Aid Cluster

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

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes  X  No

# **Hope College**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015**

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

None

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

None