

# **Hope College**

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**Federal Awards  
Supplemental Information  
June 30, 2016**

### Independent Auditor's Reports:

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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 basic financial statements of Hope College as of and for the year ended June 30, 2016 and have issued our report thereon dated October 24, 2016, 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 24, 2016.

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 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 24, 2016

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, 2016 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 24, 2016.

**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 24, 2016

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) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. 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 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 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, 2016.

### **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 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Morse, PLLC*

October 24, 2016

# Hope College

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Aid Cluster - U.S. Department of Education:				
William D. Ford Direct Loan Program (2015-2016)	84.268		\$ -	\$ 16,733,409
Federal Pell Grant Program	84.063	P063P100228	-	2,504,735
Federal Work-Study Program	84.033	P033A102017	-	244,955
Federal Supplemental Educational Opportunity Grants Program	84.007	P007A102017	-	242,212
Federal Perkins Loans (Note 3)	84.038	P038A042017	-	6,395,338
Federal TEACH Grants	84.379		-	137,936
Total Student Financial Aid Cluster			-	26,258,585
Research and Development Cluster:				
United States Air Force, passed through the University of Pennsylvania 0037423 (410406-1)	12.800	FA9550-14-01-0229	-	27,524
United States Geological Survey, passed through Michigan State University RC100125Hope	15.805	GI IAP20086	-	3,488
National Science Foundation - Direct:				
Mathematical and physical sciences	47.049	IIP-1523455	-	32,999
	47.049	CHE-0952768	-	(1,401)
	47.049	AST-1009731	-	6,710
	47.049	DMR-1104725	-	4,579
	47.049	CHE-1058981	-	32,157
	47.049	CHE-1148719	-	47,993
	47.049	DMR-1206149	-	5,642
	47.049	CHE-1263097	-	65,173
	47.049	PHY-1306074	-	74,027
	47.049	CHE-1508244	-	22,957
	47.049	RUI-1505617	-	45,628
	47.049	RUI-14613188	-	8,706
Biological sciences	47.074	IOS-1119775	-	90,134
	47.074	DUE-1352042	-	50,606
	47.074	MCB-1330734	-	66,170
Education and human resources	47.076	DUE-0966191	-	120,000
	47.076	DUE-1121464	-	7,558
	47.076	DUE-1153600	-	51,836
	47.076	DUE-1503710	-	13,028
	47.076	DUE-1524990	-	11,512
Education and human resources - passed through Dordt College	47.076	DUE-1323210	-	26,493
Education and human resources - passed through Earlham College	47.076	DUE-1225792	-	22,366
Total National Science Foundation - Direct			-	804,873



# Hope College

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Clusters (Continued):				
Research and Development Cluster (Continued):				
National Institutes of Health -				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	IR15DK096541-01A1	\$ -	\$ 36,544
National Aeronautics and Space Administration:				
Passed through the University of Michigan -				
Michigan Space Consortium	43.001	NGT5-40062	-	37,521
Particle Acceleration and High Energy Pulsar Magnetospheres	43.001	NNX09AQ71G	-	26,865
Total National Aeronautics and Space Administration			-	64,386
Department of Energy:				
Preparing for Harvesting Radioisotopes from FRIB	81.049	SC-0013452	-	218,240
Argonne National Laboratory - Kbase: An Integrated Knowledgebase for Predictive Biology and Environmental Research	81.unknown	DE-AC02-06CH11357	-	95,600
Total Department of Energy			-	313,840
Total Research and Development Cluster			-	1,250,655
Child Nutrition Cluster - U.S. Department of Agriculture passed through the Michigan Department of Agriculture Summer Food Service Program for Children	10.559		-	3,505
TRIO Cluster - Upward Bound (excluding expenditures of Upward Bound)	84.047	P047A990606-02	-	359,592
Other Federal Awards -				
National Endowment for the Arts - Direct The Big Read	45.024	242987	-	16,200
Total federal awards			<u>\$ -</u>	<u>\$ 27,888,537</u>

# Hope College

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

### 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, 2016. The information in this 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 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.

Hope College has elected not to use the 10 percent *de minimus* 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 \$5,289,536 as of June 30, 2016. New loans are financed from the collections of previous loans, interest income, and institutional advances to the fund. The College utilizes the services of Heartland ECSI 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, 2016

### 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  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  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)?

Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063, 84.379 and 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None