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# Hope College

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**Financial Report  
with Additional Information  
June 30, 2024**

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-22
<b>Additional Information</b>	23
<b>Independent Auditor's Report on Additional Information</b>	24
Combining Statement of Financial Position	25-26
Financial Responsibility Supplemental Schedule	27-28
Notes to the Financial Responsibility Supplemental Schedule	29

## **Independent Auditor's Report**

To the Board of Trustees  
Hope College

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Hope College (the "College"), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As described in Note 6 to the financial statements, the financial statements include hedge funds, limited partnerships, and fund of funds investments totaling \$227,848 (in thousands) (44 percent of net assets) that have been valued at net asset value and are subject to market fluctuation and values determined by third-party investment fund managers and general partners. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees  
Hope College

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the College's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



November 7, 2024

Statement of Financial Position

June 30, 2024 and 2023  
(in thousands)

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 28,569	\$ 30,913
Investments	311,449	292,126
Receivables - Net of allowances:		
Student accounts and loans receivable - Less allowance for credit losses of \$516 and \$620 at June 30, 2024 and 2023, respectively	907	1,255
Contributions receivable	7,384	10,267
Government grants receivable	864	1,317
Other receivables	2,211	5,333
Inventory and other assets	883	887
Prepaid and deferred expenses	1,565	1,274
Beneficial interest in trusts	1,528	1,712
Land, buildings, and equipment - Net	211,910	211,579
	<u>\$ 567,270</u>	<u>\$ 556,663</u>
Total assets		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and tax withholdings	\$ 7,642	\$ 6,356
Obligations under split-interest agreements	6,663	6,360
Accrued liabilities	3,159	3,224
Fair value of interest rate swaps	53	298
Refundable Federal Perkins Loan advances	1,260	1,793
Accumulated employee postretirement plans	2,209	2,526
Student and other deposits	684	2,224
Early retirement benefit	978	1,002
Notes payable	27,899	28,510
	<u>50,547</u>	<u>52,293</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions	234,232	237,834
With donor restrictions	282,491	266,536
	<u>516,723</u>	<u>504,370</u>
Total net assets		
	<u>\$ 567,270</u>	<u>\$ 556,663</u>
Total liabilities and net assets		

## Statement of Activities and Changes in Net Assets

**Year Ended June 30, 2024**  
**(with comparative totals for 2023)**  
**(in thousands)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue, (Losses) Gains, and Other Support</b>				
Tuition and fees - Net of institutional discounts and other financial aid totaling \$61,673 and \$56,624 in 2024 and 2023, respectively	\$ 57,671	\$ -	\$ 57,671	\$ 57,253
Income from auxiliary activities	37,543	-	37,543	35,136
Other student revenue	3,107	-	3,107	3,037
Contributions of cash and other financial assets	7,016	2,917	9,933	5,427
Government and private grants	1,602	3,754	5,356	5,073
Dividends, interest, and other (losses) gains on nonendowed activities - Net of fees	(529)	3,185	2,656	1,797
Other income	3,623	1,186	4,809	3,520
Net assets released from restrictions	21,629	(21,629)	-	-
Total revenue, gains, and other support	131,662	(10,587)	121,075	111,243
<b>Expenses</b>				
Educational expenses:				
Instruction	42,208	-	42,208	39,390
Research	10,116	-	10,116	9,605
Sales and services	2,488	-	2,488	2,304
Academic support	12,639	-	12,639	11,691
Student services	20,842	-	20,842	19,986
Fundraising	7,972	-	7,972	7,137
Institutional support	9,808	-	9,808	9,359
Auxiliary activities	31,269	-	31,269	30,340
Total expenses	137,342	-	137,342	129,812
<b>Decrease in Net Assets - Before nonoperating income</b>	(5,680)	(10,587)	(16,267)	(18,569)
<b>Nonoperating Income (Loss)</b>				
Endowment and other restricted contributions of cash and other financial assets	-	2,939	2,939	7,410
Investment income	1,784	24,968	26,752	21,284
Change in value and payments made on split-interest agreements	-	(1,365)	(1,365)	(766)
Change in value of swap agreements	245	-	245	1,328
Change in value of postretirement liability	49	-	49	890
Total nonoperating income	2,078	26,542	28,620	30,146
<b>(Decrease) Increase in Net Assets</b>	(3,602)	15,955	12,353	11,577
<b>Net Assets - Beginning of year</b>	237,834	266,536	504,370	492,793
<b>Net Assets - End of year</b>	<u>\$ 234,232</u>	<u>\$ 282,491</u>	<u>\$ 516,723</u>	<u>\$ 504,370</u>

Statement of Cash Flows

Years Ended June 30, 2024 and 2023  
(in thousands)

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 12,353	\$ 11,577
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	11,974	10,732
Amortization of loan issuance costs	11	69
Accumulated postretirement expenses	(341)	(1,509)
Obligations under split-interest agreements	600	766
Net appreciation of investments	(4,511)	(810)
Gain on fair value of interest rate swaps	(245)	(1,328)
Net realized and unrealized gain on investments	(30,168)	(15,618)
Changes in operating assets and liabilities that provided (used) cash:		
Student, grants, and other receivables	3,508	(15)
Prepaid and other assets	(287)	(133)
Beneficial interest in trusts	185	130
Contributions receivable - Net of restricted proceeds	(122)	(7,805)
Accounts payable and other accrued liabilities	(320)	(1,988)
Net cash used in operating activities	(7,363)	(5,932)
<b>Cash Flows from Investing Activities</b>		
Purchase of building improvements and equipment	(12,316)	(12,212)
Student loans collected	413	507
Proceeds from (purchase of) investments - Net	15,356	(2,029)
Net cash provided by (used in) investing activities	3,453	(13,734)
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions restricted for investment in endowment	2,939	7,410
Proceeds from contributions restricted for investment in land, buildings, and equipment	67	1,069
Net payments under split-interest agreements	(296)	(761)
Payments on notes payable and long-term debt	(611)	(575)
Refundable Federal Perkins Loan repayments to the federal government	(533)	(709)
Net cash provided by financing activities	1,566	6,434
<b>Net Decrease in Cash and Cash Equivalents</b>	(2,344)	(13,232)
<b>Cash and Cash Equivalents - Beginning of year</b>	30,913	44,145
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 28,569</b>	<b>\$ 30,913</b>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ 1,146	\$ 1,178

June 30, 2024

(all amounts in thousands)

## Note 1 - Nature of Business

Hope College (the "College") is a four-year private residential college located in Holland, Michigan. The College is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

## Note 2 - Significant Accounting Policies

### *Accrual Basis*

The financial statements of the College have been prepared on the accrual basis of accounting.

### *Classification of Net Assets*

Net assets of the College are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objective of the College.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the College or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets with donor restrictions due to restrictions by the donor or by applicable state law.

### *Cash Equivalents*

The College considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

### *Concentration of Credit Risk Arising from Deposit Accounts*

The College maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250. As of June 30, 2024, the College had uninsured deposits totaling \$7,160. The College evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

### *Investments*

Investment in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses reported on the statement of activities and changes in net assets. Investments are stated at current market value based on quoted prices for publicly traded securities. Real estate investments are stated at cost on the date of acquisition or fair market value at the date of receipt in the case of gifts. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Hedge funds and alternatives are recorded at their most recent available valuation and updated for capital contributions and distributions. The net realized and unrealized appreciation (depreciation) in the market value of investments is included in the accompanying statement of activities and changes in net assets. Gains, losses, and investment income are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.



June 30, 2024

(all amounts in thousands)

**Note 2 - Significant Accounting Policies (Continued)**

***Allowance for Current Expected Credit Losses***

The College calculates the allowance on student accounts receivable and student loan receivables using an expected loss model. Each pool is evaluated individually but all consider the pool's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The allowance for credit losses on student accounts and loan receivable balances was approximately \$516 and \$620 as of June 30, 2024 and 2023, respectively. There is no allowance at June 30, 2024 and 2023 related to other notes receivable.

***Contributions***

Contributions, including unconditional promises to give in the future, are measured at fair value and reported as revenue when received. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions with donor-imposed time or purpose restrictions are reported as with donor-restricted support. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipients under the contract. All other contributions are reported as without donor restrictions. The College has adopted the policy of recording restricted contributions as unrestricted if the restriction is met and released in the same accounting period.

***Inventories***

Inventories consist of books, merchandise, and food supplies and are carried at the lower of cost or net realizable value determined by the first-in, first-out (FIFO) method.

***Land, Buildings, and Equipment***

Land, buildings, and equipment are recorded at cost on the date of purchase or at fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 50 years. Costs of maintenance and repairs are charged to expense when incurred.

***Revenue Recognition***

During 2024, the College recognized revenue from tuition and from room and board of \$57,671 and \$27,710, respectively. Revenue for tuition and fees, net of tuition discounts; room and board; and other is recognized ratably over the applicable enrollment period or as earned. The nature, amount, timing, and uncertainty of the College's tuition and room and board revenue varies depending on the following factors:

- Student's in-state, out-of-state, or international status
- Student's enrollment status (e.g., freshman, senior, part-time, or full-time)
- Courses selected
- Scholarship discounts
- Housing assignment
- Meal plan options

For the year ended June 30, 2024, the closing and opening balances of the College's student accounts receivable were \$451 and \$476, respectively.

June 30, 2024

(all amounts in thousands)

**Note 2 - Significant Accounting Policies (Continued)**

**Timing of Satisfaction**

The College typically satisfies its performance obligations over time as services are rendered because students typically obtain the benefits of such services as the services are performed. The College typically uses days elapsed during the semester to measure progress toward completion of performance obligations satisfied over time.

In some cases, the time required to render a service is trivially short; in those cases, the College satisfies its performance obligation upon completion of the service. The service is complete upon transfer of control to the service, which is based upon when the College has the right to payment and the student has accepted the service.

**Significant Payment Terms**

Payment for tuition and fees is typically due by the start of the semester. Invoices become available at least six weeks prior to the start of the semester. Payment for other services is typically due within 30 days after an invoice is sent. Invoices for other services are typically sent as soon as the service is completed. The College does not offer discounts if the student pays some or all of an invoice amount prior to the due date. Payment early in the applicable semester or service period is reflected as a deposit, while payment late in the applicable semester or service period is reflected as contract assets, which may include student accounts receivable.

**Transaction Price**

The transaction price of a contract with a student is the amount of consideration to which the College expects to be entitled in exchange for transferring promised services to the student.

To determine the transaction price of a contract, the College considers its customary business practices and the terms of the contract. For the purpose of determining transaction prices, the College assumes that the services will be transferred to the student as promised in accordance with the existing contracts and that the contracts will not be canceled, renewed, or modified.

For tuition and fees, the amount of consideration to which the College will be entitled is variable as long as a student can withdraw from the semester and receive a refund. The College excludes estimated refunds from the transaction price (and from the disclosure of the amounts of transaction prices allocated to remaining performance obligations). The College also maintains appropriate accounts to reflect the effects of expected refunds on the College's financial position and periodically adjusts those accounts to reflect its actual refund experience. The College estimates refunds using historical and projected refund and enrollment trends.

At the end of each fiscal year, the College updates the estimated transaction prices of contracts having unsatisfied performance obligations. At that time, revenue and related account balances are adjusted to reflect any changes in transaction prices.

**Scholarship Discounts and Allowances**

Student tuition and fee revenue and certain other revenue from students are reported net of scholarship discounts and allowances in the statement of activities and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

June 30, 2024

(all amounts in thousands)

**Note 2 - Significant Accounting Policies (Continued)**

***Federal Financial Assistance Programs***

The College participates in federally funded Pell Grants; SEOG; and Federal Work-Study, federal direct lending, and Perkins Loan programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called the "Uniform Guidance"); and the *Compliance Supplement*.

During fiscal year 2024, the College distributed \$13,370 for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures in the accompanying financial statements.

***Grant Revenue***

Revenue from government grant and contract agreements is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Revenue from private grant agreements with donor-imposed time or purpose restrictions are reported as with donor-restricted support. Grant awards available for which conditions have not yet been met as of June 30, 2024 total \$2,735.

***Measure of Operations***

The College's measure of operations, as presented in the statement of activities and changes in net assets, includes revenue from tuition (net of certain institutional financial aid and discounts) and fees, grants and contracts, auxiliary activities (room and board), contributions for operating programs, and other revenue. Operating expenses are reported on the statement of activities and changes in net assets by functional classification.

The College's nonoperating activity within the statement of activities and changes in net assets includes endowment and other restricted contributions, investment income net of annual endowment spending draw, changes in the fair value of split-interest agreements and interest rate swaps, and long-term benefit plan obligation funding changes. These activities are not considered part of the College's operating cycle.

***Functional Allocation of Expenses***

Program expenses on the statement of activities and changes in net assets are classified as instruction, student services, research, and auxiliary activities. Support and administrative expenses include academic support, institutional support, and sales and services. Fundraising costs have been identified separately on the statement of activities and changes in net assets. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Risks and Uncertainties***

The College invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position.

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

**Note 2 - Significant Accounting Policies (Continued)**

**Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including November 7, 2024, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability of Resources**

The following reflects the College's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position:

Cash and cash equivalents	\$ 28,569
Accounts and government grants receivable	4,489
Contributions receivable	7,384
Investment proceeds receivable	9
Investments	<u>311,449</u>
Financial assets - At year end	351,900
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	266,551
Subject to appropriation and satisfaction of donor restrictions	14,361
Investments held in annuity trust	<u>3,654</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 67,334</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

The College's cash flows have seasonal variations during the year attributable to tuition billing and concentration of contributions received at calendar and fiscal year end. The College manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the College invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The College also realizes there could be unanticipated liquidity needs and has undrawn available lines of credit in the amount of approximately \$12,000 at June 30, 2024, which it could draw upon to satisfy general expenditures, if needed, as further described in Note 9.

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

**Note 3 - Liquidity and Availability of Resources (Continued)**

The College's endowment funds consist of donor-restricted endowments and a quasi endowment totaling \$309,915 at June 30, 2024. Included in this amount is \$75,228 of accumulated investment gains on donor-restricted endowments that is restricted for specific purposes. Currently, these funds are not available for general expenditure; however, the College could access these funds through donor and board approval, if needed, although the College has no immediate plans to do so. Additionally, the College does not intend to spend from its quasi endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process; however, amounts from its quasi endowment could be made available, if necessary. Of the investments held within the quasi endowment and donor-restricted endowments, approximately 22.5 percent could be liquidated daily and 5.5 percent could be liquidated weekly, with an additional 11.5 percent that could be liquidated monthly (see Note 5 for disclosures about the investments).

**Note 4 - Net Assets**

Net assets with donor restrictions as of June 30, 2024 are available for the following purposes:

Subject to expenditures for a specified purpose:	
Unexpended funds received and restricted by donor-specified use	\$ 14,361
Unexpended funds received for investment in property and equipment	456
	<hr/>
Total subject to expenditures for a specified purpose	14,817
Subject to the passage of time - Annuity funds	3,654
Subject to the College's spending policy and appropriation - Unspent accumulated earnings on endowment funds	75,228
Held in perpetuity:	
Loan funds	234
Endowment funds	188,558
	<hr/>
Total held in perpetuity	188,792
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Total net assets with donor restrictions	\$ 282,491
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**Note 5 - Investment Earnings**

Investment gain included in the accompanying statement of activities and changes in net assets is as follows:

Investment fees - Net of dividends and interest	\$ (759)
Net realized and unrealized gains	30,167
	<hr/>
Total	\$ 29,408
	<hr/> <hr/>

Investment gain is reported as the following:

Endowment income recognized under spending policy	\$ 14,719
Dividend, interest, and other losses on nonendowed investments - Net of fees	893
Net gain on investments - Net of endowment income realized under spending policy	13,796
	<hr/>
Total	\$ 29,408
	<hr/> <hr/>

There was \$5,582 of fees netted against investment income for the year ended June 30, 2024.

June 30, 2024

(all amounts in thousands)

### Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the College has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

Note 6 - Fair Value Measurements (Continued)

The following table presents information about the College's assets and liabilities measured at fair value on a recurring basis at June 30, 2024 and the valuation techniques used by the College to determine those fair values:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
<b>Assets</b>				
Common stocks:				
Domestic stocks	\$ 25,560	\$ -	\$ -	\$ 25,560
Global equity (domestic/international)	45,291	-	-	45,291
Fixed income:				
Federal, government, and agency bonds	-	11,504	-	11,504
Corporate bonds	-	1,246	-	1,246
Other - Beneficial interest in trusts	-	-	1,528	1,528
<b>Total</b>	<b>\$ 70,851</b>	<b>\$ 12,750</b>	<b>\$ 1,528</b>	<b>85,129</b>
Investments measured at NAV:				
Hedge funds				46,438
Commodities and real assets				9,448
Private equity				108,201
Mutual funds - Domestic equity				39,589
Mutual funds - Emerging markets equity				5,993
Mutual funds - International equity				18,179
<b>Total investments measured at NAV</b>				<b>227,848</b>
<b>Total assets</b>				<b>\$ 312,977</b>
<b>Liabilities - Interest rate swap agreements</b>	<b>\$ -</b>	<b>\$ 53</b>	<b>\$ -</b>	<b>\$ 53</b>

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

**Note 6 - Fair Value Measurements (Continued)**

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2024 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs):

	Fair Value at June 30, 2024	Valuation Technique	Unobservable Inputs	Ranges of Inputs
Assets:				
Beneficial interest in lead trusts	\$713	Discounted cash flow	Life expectancy	20 - 100 years
		Present value of estimated distributed income	Risk-free rate	5.25% - 7.75%
Beneficial interest in perpetual trusts	\$815		Market value of underlying assets and distributions	N/A

**Investments in Entities that Calculate Net Asset Value per Share**

The College holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge - Event driven (a)	\$ 5,838	\$ -	Quarterly - Annually	45 - 90 days
Hedge - Directional equity (b)	32,683	-	Quarterly - Annually	45 - 90 days
Hedge - Fund of hedge funds (c)	7,917	-	Quarterly - Annually	60 - 90 days
Real estate private equity (d)	9,448	5,146	Illiquid	Illiquid
Private equity (e)	108,201	42,845	Illiquid	Illiquid
Mutual funds (f)	63,761	-	Quarterly	60 days
<b>Total</b>	<b>\$ 227,848</b>	<b>\$ 47,991</b>		

- a) Event driven - This strategy involves taking a long or short position in any security (stock, bond, or loan) of a corporation that is undergoing some corporate event. Events include merger, acquisition, spinoff, bankruptcy, and restructuring. For instance, in a merger or acquisition, event-driven managers usually buy the stock of the company that is being acquired and sell short the stock of the company that it is acquiring, a trade that makes money if and when the two companies consummate their merger. In other types of corporate events, such as bankruptcy, event-driven managers usually use the bankruptcy to purchase the bonds or loans of the bankrupt company in order to profit from the company's restructuring, either through price appreciation of the security purchased, or through actively working with the company to restructure.
- b) Directional equity - This strategy involves buying stock long and selling stock short in order to produce a portfolio that is exposed to far less market exposure than traditional long-only portfolios of stocks. Managers make decisions on which stocks to buy long and which to sell short by using any number of multiple styles, including computer models to model the fundamental health and technical stock movement of companies and traditional fundamental analysis of a company's value and growth prospects.



## Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

### Note 6 - Fair Value Measurements (Continued)

- c) Fund of hedge funds - This strategy involves generating returns through diversified portfolios of hedge funds and hedge fund strategies. It should be expected that this asset class will have varying levels of exposure to all of the various hedge fund strategies previously identified. The investments in this asset class will be made in securities of offshore corporations and will have an identifiable, although thinly traded, market for liquidity.
- d) Real estate private equity - This strategy involves generating returns predominately through the identification of undervalued or mispriced real estate assets or real estate-related companies. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure and will generally be maintaining a long exposure to direct real estate assets or real estate-related companies and securities. Additionally, it is not expected that these assets would be held as marketable securities with an active or easily identifiable market; however, the asset class overall would be expected to generate some level of current income. This exposure is obtained primarily through investments in long-dated limited partnership vehicles and is considered illiquid.
- e) Private equity - Domestic - This strategy involves making investments through limited partnership structures and is illiquid in nature. Investments are typically made in unlisted companies (companies not traded on public exchanges), or, in some cases, listed companies are purchased and taken private. Private equity encompasses a broad array of strategies and securities. Buyout, growth equity, and venture capital strategies purchase equity in private companies at different stages of the company's life cycle. Other strategies, such as mezzanine or special situations, will invest in debt, preferred equity, or other parts of a company's capital structure. Investments may be in any sector of the economy or geography in the United States, although funds will typically specialize in specific industries and regions.
- f) Mutual funds - This strategy is to provide endowment funds and nonprofit organizations long-term capital growth. These funds invest in a portfolio of equity investments in small capitalization issuers domiciled in the U.S. and internationally or whose securities are principally traded in the U.S. and internationally. The equity investments may include common stock, preferred stock, securities convertible into common stock, warrants, rights, and American and international depositary receipts. In addition, such investments may include futures, options, swaps, and other instruments with similar economic exposures.

### Note 7 - Contributions Receivable

Contributions receivable are recorded at their net present value using a discount rate equal to the 30-year Treasury bond rate on June 30 of the year in which the gift was received (ranging from 1.41 percent to 4.50 percent). The contributions have been made primarily for capital and operating purposes and are expected to be received as follows as of June 30, 2024:

Gross promises to give before unamortized discount	\$ 7,827
Less allowance for uncollectible contributions	(302)
Less allowance for net present value discount	(141)
	<u>7,384</u>
Net contributions receivable	<u>\$ 7,384</u>
Amounts due in:	
Less than one year	\$ 4,442
One to five years	<u>3,385</u>
Total	<u>\$ 7,827</u>

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

**Note 8 - Land, Buildings, and Equipment**

Land, buildings, and equipment consist of the following as of June 30, 2024:

Land and land improvements	\$ 25,751
Buildings	305,522
Equipment and other	42,094
Construction in progress	<u>7,440</u>
Total cost	380,807
Less accumulated depreciation	<u>168,897</u>
Net land, buildings, and equipment	<u><u>\$ 211,910</u></u>

Depreciation expense was \$11,974 for the year ended June 30, 2024.

**Note 9 - Notes Payable and Long-term Debt**

The College has notes payable as of June 30, 2024 as follows:

<b>Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2015</b> - In the amount of \$13,940, issued to advance refund the remaining portion of the Series 2004 bonds, due serially each April 1 in amounts ranging from \$590 to \$795, plus interest payable monthly at a variable weekly rate. The 2015 bonds mature in fiscal year 2034	\$ 6,980
<b>Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2023</b> - In the amount of \$20,940, issued to advance refund the remaining portion of the Series 2012 and 2013 bonds, due serially each March 1 in amounts ranging from \$21 to \$1,845, plus interest payable monthly at a variable rate. The 2023 bonds mature in fiscal year 2048	<u>20,919</u>
Total	<u><u>\$ 27,899</u></u>

The above debt is unsecured, and the revenue of the College is pledged as collateral to the debt. The bonds are subject to various financial covenants.

The balance of the above debt matures as follows:

2025	\$ 631
2026	647
2027	723
2028	736
2029	764
Thereafter	<u>24,398</u>
Total	<u><u>\$ 27,899</u></u>

The College had an unsecured line of credit with a bank, which had available borrowings of \$12,000. Interest was payable monthly at a rate of SOFR plus 1.75 percent, with a floor of 2 percent. The line expires on March 31, 2025, with no borrowings outstanding.

**Note 10 - Derivative Financial Instruments**

The College is exposed to certain risks in the normal course of its business operations. The main risks are those relating to the variability of future earnings and cash flows, which are managed through the use of derivatives. All derivative financial instruments are reported in the statement of financial position at fair value.

June 30, 2024

(all amounts in thousands)

**Note 10 - Derivative Financial Instruments (Continued)**

In particular, interest rate swaps are used to manage the risk associated with interest rates on variable-rate borrowings.

Any gains or losses recognized on derivatives are recognized in current year earnings.

Below is a summary of the swaps held by the College as of June 30, 2024:

	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty
Series 2002B and Series 2004, refunded by Series 2013 and Series 2015	\$ 18,000	March 1, 2023	3.8845%	SOFR	\$ 449	April 1, 2034	JPMorgan Chase
Series 2012	11,090	March 1, 2023	2.195%	80% of SOFR	(396)	April 1, 2032	PNC Bank

An unrealized gain totaling \$245 is included as a fair value adjustment to nonoperating revenue for the year ended June 30, 2024. The realized loss in the amount of \$252 has been recognized in interest expense for the year ended June 30, 2024.

**Note 11 - Beneficial Interest and Obligations Under Split-interest Agreements**

The College is party to split-interest agreements with certain donors. These agreements include contracts entered into with certain donors and trust agreements from which the College benefits (matching unitrusts, pooled life revenue funds, and irrevocable trusts). Under each agreement, the donor has contributed funds to be held in trust, with the College as the beneficiary. As a condition of accepting the gift, the College is required to pay a specified amount each year to the donor or a designated beneficiary until his or her death. Upon death of the beneficiaries, the remaining funds become the property of the College. The market value of assets related to these agreements totals \$10,310 and is included in cash and cash equivalents and investments.

Net assets related to these agreements are classified as with donor restrictions based on donor stipulations.

Obligations under split-interest agreements represent the present value of future payments to beneficiaries required under the agreements. The present value is computed based on the normal life expectancy of the beneficiaries using discount rates ranging from 1.41 percent to 7.00 percent.

The College is also named as the beneficiary on certain charitable remainder trusts, lead trusts, and perpetual trusts.

The assets of the lead trusts are held with third-party trustees, and the College is designated as a beneficiary to receive distributions from the trusts for a designated period of time. The moneys received from these lead trusts are treated as restricted income. Income distributions restricted for scholarships and the sciences received from these trusts totaled approximately \$117 for the year ended June 30, 2024. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trust and amounted to \$713 as of June 30, 2024.

The assets of the perpetual trusts are held with third-party trustees, and the College is designated as a beneficiary to receive distributions from the earnings of the trusts at least annually. The moneys received from these irrevocable trusts are treated as restricted income. Income distributions restricted for scholarships and the sciences received from these trusts totaled approximately \$83 for the year ended June 30, 2024. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trusts and amounted to \$815 as of June 30, 2024.

June 30, 2024

(all amounts in thousands)

**Note 12 - Donor-restricted and Board-designated Endowments**

The College's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The College is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the College had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The College has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

Endowment Net Asset Composition by Type of Fund  
as of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 34,082	\$ -	\$ 34,082
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	188,558	188,558
Accumulated investment gains	12,047	75,228	87,275
Total	<u>\$ 46,129</u>	<u>\$ 263,786</u>	<u>\$ 309,915</u>

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 45,618	\$ 251,031	\$ 296,649
Investment return:			
Investment loss	-	(51)	(51)
Appreciation in fair value	1,784	24,833	26,617
Total investment return	1,784	24,782	26,566
Contributions	-	2,956	2,956
Appropriation of endowment assets for expenditure	(1,273)	(14,983)	(16,256)
Endowment net assets - End of year	\$ 46,129	\$ 263,786	\$ 309,915

**Underwater Endowment Funds.**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature exist in 21 donor-restricted endowment funds, which together have an original gift value of \$5,499, a current fair value of \$5,385, and a deficiency of \$114 as of June 30, 2024. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees.

**Return Objectives and Risk Parameters**

The College has adopted a policy to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the funds and at the same time provide a dependable source of support for current projects of the College.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The College has adopted a policy to utilize a spending rate up to 5.5 percent of the trailing 12-quarter moving average of the fund's marketable securities. For the year ended June 30, 2024, the College used a rate of 5.1 percent. The College has established an unrestricted endowment fund balance that meets or exceeds any deficiencies in donor-restricted endowments.

June 30, 2024

(all amounts in thousands)

**Note 13 - Employee Retirement Plans**

The College has the following employee retirement benefit plans that cover substantially all nonstudent employees:

**1966 Plan**

This is a defined contribution plan covering substantially all regular faculty members, administrative employees, and other employees. The College contributes 10.5 percent of the regular compensation of covered employees after each payroll to TransAmerica Retirement Solutions, which then allocates those dollars to each employee's designated investment choice. Total contributions to the plan by the College were \$4,903 in 2024. Employees may also make voluntary contributions to the plan up to certain limitations allowed by law. All contributions vest immediately.

**Early Retirement Program**

An early retirement program is available to tenured faculty members who have reached the age of 60 and have completed at least 10 years of full-time service to the College. A discount rate of 5.20 percent was used to calculate the liability for this program. This program is in effect until July 31, 2025, at which time it shall terminate unless it is renewed by the College's board of trustees.

**Postretirement Benefits**

The College also provides health care benefits to faculty who retire after attaining age 60 with 10 years of service and to all retirees beginning at age 65. Effective April 1995, this plan was amended to discontinue offering postemployment health insurance to new employees hired after June 1, 1995. Employees hired after June 1, 1995 can receive retiree health insurance but will be required to pay 100 percent of the monthly premiums. Effective January 1, 2005, the plan was further amended to include a level of retiree contribution by employees hired before June 1, 1995 based upon years of service and employment date. A discount rate of 5.20 percent was used to calculate the benefit.

The change in the accumulated postretirement benefit costs and other employee retirement plans for the year ended June 30, 2024 is as follows:

	Early Retirement Program	Postretirement Benefits Plan
Accumulated benefit costs - July 1, 2023	\$ 1,002	\$ 2,526
Service costs on benefits earned	65	54
Interest costs on accumulated benefit obligation	41	110
Deferral of prior service cost	-	(216)
Recognition of net actuarial gain	(25)	(273)
Net periodic benefit cost	81	(325)
Expected benefit payments - Net of retiree payments	(78)	(210)
Unrecognized actuarial (loss) gain	(27)	218
Accumulated benefit costs - June 30, 2024	\$ 978	\$ 2,209

The primary source of actuarial (loss) gain recognized above relates to a change in the actuarial discount rate. The service cost on the benefit earned in the above table is included in operating expenses. The remaining components of the postretirement benefit expense are included as nonoperating.

Notes to Financial Statements

June 30, 2024

(all amounts in thousands)

**Note 13 - Employee Retirement Plans (Continued)**

The expected benefits to be paid in the next fiscal years are as follows:

Years Ending	Early Retirement Program	Postretirement Benefits	Total
2025	\$ 177	\$ 343	\$ 520
2026	57	282	339
2027	65	210	275
2028	72	184	256
2029	91	177	268
2030-2034	473	901	1,374

The 2024 costs related to the postretirement plan were developed based on the health insurance plan in effect at June 30, 2024. For the year ended June 30, 2024, the actuary assumed that retiree medical cost increases would be 3 percent. The health care cost trend rate assumption significantly affects the amounts reported. For example, a 1 percentage point increase would increase the accumulated postretirement benefit obligation by \$182, and a 1 percentage point decrease would decrease the accumulated postretirement benefit obligation by \$149.

**Note 14 - Self-insurance**

The College has a self-insured medical plan covering all of its eligible employees. The College's individual excess risk benefit level per employee for the year ended June 30, 2024 was \$350 for the first employee, with \$300 for each employee thereafter. There is no total exposure limit. Claims paid and amounts expensed by the College under the plan were \$8,598 for the year ended June 30, 2024. The College has recorded an accrual of \$1,257 at June 30, 2024 for known claims and estimated claims incurred but not reported.

**Note 15 - Functional Expenses**

	Instruction	Research	Academic Support	Student Services	Auxiliary Activities	Fundraising	Sales and Services	Institutional Support	Total
Salary and benefits	\$ 35,923	\$ 4,131	\$ 7,815	\$ 13,678	\$ 7,919	\$ 6,124	\$ 1,697	\$ 5,747	\$ 83,034
Depreciation	2,926	299	327	1,527	5,268	492	456	679	11,974
Interest	280	29	31	146	504	47	44	65	1,146
Utilities	517	53	167	277	2,341	89	91	122	3,657
Food service	125	129	95	615	11,067	137	1	116	12,285
Travel	1,172	449	777	1,538	212	279	10	120	4,557
Supplies	739	710	1,177	751	687	116	72	110	4,362
Other	526	4,316	2,250	2,310	3,271	688	117	2,849	16,327
<b>Total</b>	<b>\$ 42,208</b>	<b>\$ 10,116</b>	<b>\$ 12,639</b>	<b>\$ 20,842</b>	<b>\$ 31,269</b>	<b>\$ 7,972</b>	<b>\$ 2,488</b>	<b>\$ 9,808</b>	<b>\$ 137,342</b>

Expenses are presented by functional classification in accordance with the overall service mission of Hope College. Hope College's primary program service is academic instruction, which includes instruction, student services, auxiliary, and research. Expenses reported as fundraising, academic support, sales and services, and institutional support are incurred in support of this primary program activity. Depreciation, interest, and utilities expenses are allocated to program and supporting activities based upon periodic assessment of facilities usage. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

June 30, 2024

(all amounts in thousands)

**Note 16 - Related Party Transactions**

The College has a 45 percent interest in Creative Dining Services, Inc., which is reported under the equity method and included in the investments of the College. Creative Dining Services, Inc. provides dining and catering services to the west Michigan area and several other Midwestern states. Services acquired from Creative Dining Services, Inc. totaled \$11,158 for the year ended June 30, 2024.

The College provides tuition grants to employees and dependents of employees under an employee tuition plan. Such individuals must meet certain employment and academic requirements. Benefits under the plan do not vest. Tuition grants related to this plan were \$2,471 during 2024.

The College holds investments in its endowment funds that involve investment committee members and other related parties of the College that are involved in investment management for the College. The investment values totaled \$7,917 at June 30, 2024.



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## Additional Information

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## **Independent Auditor's Report on Additional Information**

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, 2024 and have issued our report thereon dated November 7, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The combining statement of financial position is presented for the purpose of additional analysis and is not a required part of the financial statements. Additionally, the financial responsibility supplemental schedule and notes to the financial responsibility schedule are also presented for the purpose of additional analysis, as required by Title 34 U.S. Code of Federal Regulations (CFR) Section 668.172, Department of Education Financial Ratios, and are also 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*

November 7, 2024

Combining Statement of Financial Position

June 30, 2024

(with combined totals for June 30, 2023)

(in thousands)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2023
<b>Assets</b>									
Cash and cash equivalents	\$ 2,500	\$ 16,817	\$ 1,294	\$ 5,713	\$ 450	\$ 813	\$ 982	\$ 28,569	\$ 30,913
Investments	-	-	-	301,589	9,860	-	-	311,449	292,126
Receivables - Net of allowances:									
Student accounts and loans receivable - Less allowance for credit losses of \$516 and \$620 at June 30, 2024 and 2023, respectively	104	-	-	-	-	-	803	907	1,255
Contributions receivable	-	3,827	652	2,905	-	-	-	7,384	10,267
Government grants receivable	-	864	-	-	-	-	-	864	1,317
Other receivables	2,186	-	-	9	11	5	-	2,211	5,333
Inventory and other assets	883	-	-	-	-	-	-	883	887
Prepaid and deferred expenses	1,350	-	215	-	-	-	-	1,565	1,274
Beneficial interest in trusts	-	1,340	-	188	-	-	-	1,528	1,712
Land, buildings, and equipment - Net	-	-	211,910	-	-	-	-	211,910	211,579
<b>Total assets</b>	<b>\$ 7,023</b>	<b>\$ 22,848</b>	<b>\$ 214,071</b>	<b>\$ 310,404</b>	<b>\$ 10,321</b>	<b>\$ 818</b>	<b>\$ 1,785</b>	<b>\$ 567,270</b>	<b>\$ 556,663</b>

Combining Statement of Financial Position (Continued)

**June 30, 2024**  
**(with combined totals for June 30, 2022)**  
**(in thousands)**

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2023
<b>Liabilities and Net Assets</b>									
<b>(Deficiency in Net Assets)</b>									
<b>Liabilities</b>									
Accounts payable and tax withholdings	\$ 5,257	\$ 433	\$ 1,287	\$ 489	\$ 4	\$ 170	\$ 2	7,642	\$ 6,356
Obligations under split-interest agreements	-	-	-	-	6,663	-	-	6,663	6,360
Accrued liabilities	2,064	-	1,095	-	-	-	-	3,159	3,224
Fair value of interest rate swaps	-	-	53	-	-	-	-	53	298
Refundable Federal Perkins Loan advances	-	-	-	-	-	-	1,260	1,260	1,793
Accumulated employee postretirement plans	2,209	-	-	-	-	-	-	2,209	2,526
Student and other deposits	36	-	-	-	-	648	-	684	2,224
Early retirement benefit	978	-	-	-	-	-	-	978	1,002
Notes payable	-	-	27,899	-	-	-	-	27,899	28,510
<b>Total liabilities</b>	<b>10,544</b>	<b>433</b>	<b>30,334</b>	<b>489</b>	<b>6,667</b>	<b>818</b>	<b>1,262</b>	<b>50,547</b>	<b>52,293</b>
<b>Net Assets (Deficiency in Net Assets)</b>									
Without donor restrictions	(3,521)	8,054	183,281	46,129	-	-	289	234,232	237,834
With donor restrictions	-	14,361	456	263,786	3,654	-	234	282,491	266,536
<b>Total net assets (deficiency in net assets)</b>	<b>(3,521)</b>	<b>22,415</b>	<b>183,737</b>	<b>309,915</b>	<b>3,654</b>	<b>-</b>	<b>523</b>	<b>516,723</b>	<b>504,370</b>
<b>Total liabilities and net assets (deficiency in net assets)</b>	<b>\$ 7,023</b>	<b>\$ 22,848</b>	<b>\$ 214,071</b>	<b>\$ 310,404</b>	<b>\$ 10,321</b>	<b>\$ 818</b>	<b>\$ 1,785</b>	<b>\$ 567,270</b>	<b>\$ 556,663</b>

Ratio	Cross-reference to the financial statement line or note disclosure		Financial element needed to calculate the composite score ratios	Gross Amounts	Net Amounts
	Section	Line item or subsection			
<b>Primary Reserve Ratio:</b>					
Expendable Net Assets:					
	Statement of Financial Position	Net assets without donor restrictions	Net assets without donor restrictions		\$ 234,232
	N/A	Net assets with donor restrictions	Net assets with donor restrictions		282,491
	N/A	N/A	Secured and Unsecured related party receivable		
	N/A	N/A	Unsecured related party receivable		80
	Statement of Financial Position	Land, buildings, and equipment - Net	Property, plant, and equipment, net (including construction in progress)	380,807	211,910
	N/A	Notes to SI	Property, plant, and equipment, net - Pre-implementation less any construction in progress		161,200
	N/A	Notes to SI	Property, plant, and equipment, net - Post-implementation less any construction in progress without outstanding debt for original purchase		43,270
	Financial Statement Footnotes	Note 8 - Construction in progress	Construction in progress		7,440
	N/A	N/A	Lease right-of-use asset		-
	N/A	N/A	Lease right-of-use asset - Pre-implementation		-
	N/A	N/A	Lease right-of-use asset - Post-implementation		-
	N/A	N/A	Intangible assets		-
	Statement of Financial Position	Accumulated employee postretirement plan and Early retirement benefit	Post-employment and defined pension plan liabilities		3,187
	N/A	N/A	Long-term debt - For long-term purposes and construction in process debt		-
	Statement of Financial Position	Notes payable	Long-term debt for long-term purposes - Pre-implementation		27,899
	N/A	N/A	Qualified long-term debt for long-term purposes - Post-implementation for purchase of property, plant, and equipment		-
	N/A	N/A	Line of credit for construction in process		-
	N/A	N/A	Lease right-of-use asset liability		-
	N/A	N/A	Pre-implementation right-of-use asset liability		-
	N/A	N/A	Post-implementation right-of-use asset liability		-
	Statement of Financial Position	Obligations under split-interest agreements	Annuities with donor restrictions		6,663
	N/A	N/A	Term endowments with donor restrictions		-
	N/A	N/A	Life income funds with donor restrictions		-
	Financial Statement Footnotes	Note 4 - Net Assets, Total held in perpetuity	Net assets with donor restrictions: restricted in perpetuity		188,558
<b>Total Expenses and Losses:</b>					
	Statement of Activities and Changes in Net Assets	Total expenses	Total expenses without donor restrictions		137,342
	N/A	Change in value and payments made on split-interest agreements	Non-operating and net investment (loss)		(1,365)
	N/A	N/A	Net investment losses		-
	N/A	N/A	Pension-related changes other than net periodic costs		-

Ratio	Cross-reference to the financial statement line or note disclosure		Financial element needed to calculate the composite score ratios	Gross Amounts	Net Amounts
	Section	Line item or subsection			
<b>Equity Ratio:</b>					
Modified Net Assets:					
	Statement of Financial Position	Net assets without donor restrictions	Net assets without donor restrictions	\$	234,232
	N/A	Net assets with donor restrictions	Net assets with donor restrictions		282,491
	N/A	N/A	Intangible assets		-
	N/A	N/A	Secured and Unsecured related party receivable		-
			Unsecured related party receivable		80
Modified Assets:					
	Statement of Financial Position	Total assets	Total assets		567,270
	N/A	N/A	Lease right-of-use asset - Pre-implementation		-
	N/A	N/A	Pre-implementation right-of-use liability		-
	N/A	N/A	Intangible assets		-
	N/A	N/A	Secured and Unsecured related party receivable		-
	N/A	N/A	Unsecured related party receivable		80
<b>Net Income Ratio:</b>					
Change in Net Assets Without Donor Restrictions	Statement of Activities and Changes in Net Assets	Decrease in Net Assets Without Donor Restrictions	Change in net assets without donor restrictions		(3,602)
Total revenues and gains	Statement of Activities and Changes in Net Assets	Total operating revenue, gains and other support; change in value of swap agreements; change in value of postretirement liability	Net assets released from restrictions, total operating revenue and other additions and sale of fixed assets, gains (losses)		121,369

Notes to the Financial Responsibility Supplemental Schedule

Year Ended June 30, 2024  
(in thousands)

The accompanying Financial Responsibility Supplemental Schedule (the "Schedule") includes the information necessary to calculate the financial responsibility score required by the Department of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 34 CFR 668.172 Department of Education Financial Ratios. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclose certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases.

**Property, Plant, and Equipment, net**

1 Pre-implementation property, plant, and equipment, net (PP&E, net)	
a. Beginning pre-implementation property, plant and equipment, net as of beginning of year	\$ 171,622
b. Less subsequent depreciation and amortization	(10,422)
c. Less subsequent disposals	-
d. Ending pre-implementation property, plant, and equipment, net as of end of year	<u>161,200</u>
2 Post-implementation property, plant, and equipment, net acquired without debt	
a. Beginning post-implementation property, plant, and equipment, net as of beginning of year	34,807
b. Long-lived assets acquired without use of debt	5,697
d. Transfer of post-implementation construction in progress placed into service (4c below)	4,329
e. Less subsequent depreciation and disposals	(1,563)
f. Ending post-implementation property, plant, and equipment, net as of end of year	<u>43,270</u>
3 Post-implementation construction in progress, acquired without debt:	
a. Beginning post-implementation construction in progress as of beginning of year	5,150
b. Construction in progress acquired without use of debt	6,619
c. Transfer construction in progress put into service (2d above)	(4,329)
d. Ending post-implementation construction in progress as of end of year	<u>7,440</u>
4 Total property, plant, and equipment, net as of end of year	<u>\$ 211,910</u>