Hope College

Financial Report
with Additional Information
June 30, 2021

Contents

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Independent Auditor's Report

To the Board of Trustees
Hope College

Report on the Financial Statements

We have audited the accompanying financial statements of Hope College (the "College"), which comprise the statement of financial position as of June 30, 2021 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope College as of June 30, 2021 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.

Report on Summarized Comparative Information

We have previously audited Hope College's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As described in Note 3 to the financial statements, the College adopted the provisions of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as of July 1, 2020. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Hope College

As described in Note 7 to the financial statements the financial statements include hedge funds, limited partnerships, and fund of funds investments valued at $194,378 (in thousands) (37.9 percent of net assets) whose fair values have been estimated by management in absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of Hope 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 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 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 Hope College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 18, 2021

Statement of Financial Position

June 30, 2021 and 2020
(in thousands)

	2021	2020
Assets		
Cash and cash equivalents	$ 45,737	$ 25,504
Investments	295,167	233,491
Receivables - Net of allowances		
Student accounts and loans receivable - Less allowance for doubtful accounts of $600 and $510 at June 30, 2021 and 2020, respectively	3,050	4,272
Contributions receivable	19,571	10,285
Government grants receivable	927	1,365
Other receivables	1,731	5,335
Inventory and other assets	770	781
Prepaid and deferred expenses	974	950
Beneficial interest in trusts	1,962	1,855
Land, buildings, and equipment - Net	210,667	210,111
Total assets	**$ 580,556**	**$ 493,949**
Liabilities and Net Assets		
Liabilities		
Accounts payable and tax withholdings	$ 10,631	$ 6,159
Deposits	396	401
Obligations under split-interest agreements	5,938	5,891
Accrued liabilities	3,135	3,691
Fair value of interest rate swaps	4,764	6,816
Refundable Federal Perkins Loan advances	3,677	4,771
Accumulated employee postretirement plans	4,009	6,534
Student and other deposits	2,052	1,779
Early retirement benefit	1,058	903
Notes payable	31,535	33,930
Total liabilities	67,195	70,875
Net Assets		
Without donor restrictions	235,295	216,236
With donor restrictions	278,066	206,838
Total net assets	513,361	423,074
Total liabilities and net assets	**$ 580,556**	**$ 493,949**

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021
(with comparative totals for 2020)
(in thousands)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Tuition and fees - Net of institutional discounts and other financial aid totaling $44,211 and $38,243 in 2021 and 2020, respectively	$ 62,079	$ -	$ 62,079	$ 62,964
Income from auxiliary activities	24,593	-	24,593	25,178
Other student revenue	2,497	-	2,497	1,732
Contributions	4,778	7,463	12,241	11,140
Government and private grants	6,899	1,609	8,508	6,452
Dividends, interest, and other gains on nonendowed activities - Net of fees	(1,760)	4,217	2,457	836
Other income	2,707	162	2,869	2,793
Net assets released from restrictions	19,883	(19,883)	-	-
Total revenue, gains, and other support	121,676	(6,432)	115,244	111,095
Expenses				
Educational expenses:				
Instruction	35,211	-	35,211	38,022
Research	8,232	-	8,232	5,560
Academic support	10,077	-	10,077	10,278
Student services	17,356	-	17,356	18,263
Institutional support	13,645	-	13,645	8,854
Fundraising	5,522	-	5,522	5,786
Sales and services	2,015	-	2,015	2,107
Auxiliary activities	25,121	-	25,121	26,020
Total expenses	117,179	-	117,179	114,890
Increase (Decrease) in Net Assets - Before nonoperating income (loss)	4,497	(6,432)	(1,935)	(3,795)
Nonoperating Income (Loss)				
Endowment and other restricted contributions	-	14,822	14,822	7,144
Investment income (loss)	10,568	63,890	74,458	(538)
Change in value and payments made on split-interest agreements	-	(1,052)	(1,052)	(596)
Change in value of swap agreements	2,051	-	2,051	(2,271)
Change in value of postretirement liability	1,943	-	1,943	889
Total nonoperating income	14,562	77,660	92,222	4,628
Increase in Net Assets	19,059	71,228	90,287	833
Net Assets - Beginning of year	216,236	206,838	423,074	422,241
Net Assets - End of year	**$ 235,295**	**$ 278,066**	**$ 513,361**	**$ 423,074**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	$ 90,287	$ 833
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	10,446	10,289
Amortization of loan issuance costs	14	23
Accumulated postretirement expenses	(2,370)	(1,601)
Obligations under split-interest agreements	868	(87)
Net appreciation of investments	(499)	(675)
(Gain) loss on fair value of interest rate swaps	(2,051)	2,271
Net realized and unrealized (gain) loss on investments	(64,966)	3,769
Changes in operating assets and liabilities that provided (used) cash:		
Student, grants, and other receivables	4,220	(2,305)
Prepaid and other assets	(13)	(176)
Beneficial interest in trusts	(107)	167
Contributions receivable - Net of restricted proceeds	(28,833)	(16,966)
Accounts payable and other accrued liabilities	4,185	1,140
Net cash provided by (used in) operating activities	11,181	(3,318)
Cash Flows from Investing Activities		
Purchase of building improvements and equipment	(11,018)	(12,175)
Student loans collected	1,045	783
Proceeds from sale of investments	96,884	78,671
Purchase of investments	(93,095)	(77,576)
Net cash used in investing activities	(6,184)	(10,297)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment in endowment	14,822	7,144
Proceeds from contributions restricted for investment in land, buildings, and equipment	4,725	7,027
Net payments under split-interest agreements	(821)	(219)
Payments on notes payable and long-term debt	(2,395)	(4,015)
Refundable Federal Perkins Loan repayments to the federal government	(1,095)	(744)
Net cash provided by financing activities	15,236	9,193
Net Increase (Decrease) in Cash and Cash Equivalents	20,233	(4,422)
Cash and Cash Equivalents - Beginning of year	25,504	29,926
Cash and Cash Equivalents - End of year	**$ 45,737**	**$ 25,504**

See notes to financial statements.

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 objectives 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 purchased with a maturity date of three months or less 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, 2021, the College had uninsured deposits totaling $27,749. 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.

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made.

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 2021, the College recognized revenue from tuition and from room and board of $62,079 and $20,892, respectively. Revenue for tuition and fees, net of tuition discounts, room and board, and other revenue, 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, 2021, the closing and opening balances of the College's student accounts receivable were $868 and $838, respectively.

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 towards 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 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 those times, 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.

Note 2 - Significant Accounting Policies (Continued)

Federal Financial Assistance Programs

The College participates in federally funded Pell grants, SEOG and Federal Work-Study and Federal Direct Lending, and Perkins Loans 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 2021, the College distributed $14,404 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, 2021 total $3,725.

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 spilt-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 service. 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.

Note 2 - Significant Accounting Policies (Continued)

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventive or protective actions, such as temporary closures of nonessential businesses and shelter-at-home guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. The College shifted to a remote online learning environment, sent students home during 2020, delayed tuition rate increases, and postponed events, which resulted in lost revenue for the College for the years ended June 30, 2020 and 2021. Additionally, the College incurred significant costs related to the pandemic, including testing of employees and students, quarantine and isolation expenses, and additional supplies used to mitigate the spread of COVID-19. These expenses are reflected in institutional support in the statement of activities and changes in net assets. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief, primarily from the federal government stimulus packages that were passed. From these stimulus packages, the College was allocated Higher Education Emergency Relief Fund (HEERF) grants.

During the year ended June 30, 2020, the College was allocated HEERF grants totaling $2,164, of which 50 percent was required to be given directly to students. Of this amount, the College recognized HEERF grant revenue of $2,010.

During the year ended June 30, 2021, the College recognized grant revenue for the remaining $154 of HEERF grants that were allocated to the College during 2020 and was allocated additional HEERF grants totaling $8,739 in two subsequent awards, of which $3,878 is required to be given directly to students. Of the HEERF grants allocated to the College during 2021, the College recognized HEERF grant revenue totaling $3,254. The College anticipates recognizing the remaining HEERF grant revenue in 2022.

The severity of the continued impact due to COVID-19 on the College’s financial condition, results of operations, or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

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, 2020, from which the summarized information was derived.

Upcoming Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the College’s year ending June 30, 2022 and will be applied using the retrospective method.

(all amounts in thousands)

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 18, 2021, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2020, the College adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The College adopted the new standard using the modified retrospective method to all contracts effective July 1, 2020 and is using a portfolio approach to group contracts with similar characteristics including tuition and housing contracts. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of retained earnings at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU did not significantly impact the College's reported historical revenue.

Note 4 - Liquidity and Availability of Resources

The following reflects the College's financial assets as of June 30, 2021, 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	$ 47,737
Accounts and government grants receivable	5,003
Contributions receivable	19,571
Investment proceeds receivable	705
Investments	295,167
Financial assets - At year end	368,183
Less those unavailable for general expenditures within one year due to - Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	261,336
Subject to appropriation and satisfaction of donor restrictions	15,923
Investments held in annuity trust	5,443
Financial assets available to meet cash needs for general expenditures within one year	$ 85,481

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.

(all amounts in thousands)

Note 4 - Liquidity and Availability of Resources (Continued)

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, 2021, which it could draw upon to satisfy general expenditures, if needed, as further described in Note 10.

The College's endowment funds consist of donor-restricted endowments and a quasi endowment totaling $307,167 at June 30, 2021. Included in this amount is $83,306 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 28.4 percent could be liquidated daily and 6.6 percent could be liquidated weekly, with an additional 12.3 percent that could be liquidated monthly (see Note 6 for disclosures about the investments).

Note 5 - Net Assets

Net assets with donor restrictions as of June 30, 2021 are available for the following purposes:

Subject to expenditures for a specified purpose:	
Unexpended funds received and restricted by donor-specified use	$ 15,923
Unexpended funds received for investment in property and equipment	(1,489)
Total subject to expenditures for a specified purpose	14,434
Subject to the passage of time - Annuity funds	5,443
Subject to the College's spending policy and appropriation - Unspent accumulated earnings on endowment funds	83,306
Held in perpetuity:	
Loan funds	275
Endowment funds	174,608
Total held in perpetuity	174,883
Total net assets with donor restriction	$ 278,066

Note 6 - Investments

The following summarizes the College's investments in securities at June 30, 2021:

	Fair Value	Cost
Money markets and CDs	$ 275	$ 275
Publicly traded securities	110,640	86,241
Corporate bonds	1,096	1,067
Federal and other treasury-related securities	10,318	9,748
Hedge funds	45,073	34,896
Private equity, alternatives, and other	114,405	60,805
Commodities and real assets	13,360	14,360
Total	$ 295,167	$ 207,392

(all amounts in thousands)

Note 6 - Investments (Continued)

Included in the above securities are investments, generally consisting of hedge funds, limited partnerships, fund of funds, and other private equity securities totaling $194,378 that do not have readily determinable fair market values and, consequently, have been recorded at their estimated fair market value based upon the most recent available valuation.

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

Total dividends and interest - Net of fees	$ 11,949
Net realized and unrealized gains	64,966
Total	$ 76,915

Reported as:

Endowment income recognized under spending policy	$ 11,478
Dividend, interest, and other gains on nonendowed investments - Net of fees	1,648
Net gain on investments - Net of endowment income realized under spending policy	63,789
Total	$ 76,915

There was $3,901 of fees netted against investment income as of June 30, 2021.

Note 7 - 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.

The following table presents information about the College's assets and liabilities measured at fair value on a recurring basis at June 30, 2021 and the valuation techniques used by the College to determine those fair values.

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.

As of July 1, 2020, the College adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820)*, which removed disclosure requirements related to transfers between Levels 1 and 2, the reconciliation of beginning to ending balances for Level 3 assets and liabilities, and disclosures of the changes in unrealized gains and losses for recurring Level 3 fair value measurements described below. The standard did not require a restatement of prior year amounts.

(all amounts in thousands)

Note 7 - Fair Value Measurements (Continued)

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.

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021			
	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, 2021
Assets				
Common stocks:				
Domestic stocks	$ 40,466	$ -	$ -	$ 40,466
Global equity (domestic/international)	-	46,243	-	46,243
Fixed income:				
Federal, government, and agency bonds	-	10,318	-	10,318
Corporate bonds	-	1,096	-	1,096
Other:				
Commodities and real assets	-	2,391	-	2,391
Money markets and CDs	-	275	-	275
Beneficial interest in trusts	-	-	1,962	1,962
Total	$ 40,466	$ 60,323	$ 1,962	102,751
Investments measured at NAV:				
Hedge funds				45,073
Commodities and real assets				10,969
Private equity				70,925
Mutual funds - Domestic equity				32,992
Mutual funds - Emerging markets equity				6,576
Mutual funds - International equity				27,843
Total investments measured at NAV				194,378
Total assets				$ 297,129
Liabilities - Interest rate swap agreements	$ -	$ 4,764	$ -	$ 4,764

(all amounts in thousands)

Note 7 - Fair Value Measurements (Continued)

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2021 for assets and liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs):

	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs	Range of Inputs
Assets:				
Beneficial interest in lead trusts	$1,155	Discounted cash flow	Life expectancy risk-free rate	11 - 100 years 4.31% - 7.75%
Beneficial interest in perpetual trusts	$807	Present value of estimated distributed income	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 the 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, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge - Event driven (a)	$ 16,198	$ -	Quarterly - Annually	45 - 90 days
Hedge - Directional equity (b)	23,038	-	Quarterly - Annually	45 - 90 days
Hedge - Fund of hedge funds (c)	5,837	-	Quarterly - Annually	60 - 90 days
Real estate private equity (d)	10,969	5,331	Illiquid	Illiquid
Private equity (e)	70,925	37,684	Illiquid	Illiquid
Mutual funds (f)	67,411	-	Quarterly	60 days
Total	$ 194,378	$ 43,015		

(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, spin-off, 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.

(all amounts in thousands)

Note 7 - 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 8 - 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 5.25 percent). The contributions have been made primarily for capital and operating purposes and are expected to be received as follows as of June 30, 2021:

Less than one year	$ 14,630
One to five years	6,031
Total contributions receivable	20,661
Less unamortized discount	(292)
Less allowance for uncollectibles	(798)
Present value of contributions receivable	$ 19,571

(all amounts in thousands)

Note 9 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of June 30, 2021:

Land and land improvements	$	25,576
Buildings		287,518
Equipment and other		37,786
Construction in progress		3,569
Total cost		354,449
Less accumulated depreciation		143,782
Net land, buildings, and equipment	$	210,667

Depreciation expense was $10,446 for the year ended June 30, 2021.

Note 10 - Notes Payable and Long-term Debt

The College has notes payable as of June 30, 2021 as follows:

Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2015 - 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 $540 to $795, plus interest payable monthly at a variable weekly rate. The 2015 bonds mature in fiscal year 2034	$	8,695
Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2013 - In the amount of $16,225, issued to advance refund the remaining portion of the Series 2002B bonds, due serially each April 1 in amounts ranging from $785 to $1,145, plus interest payable monthly at a variable weekly rate. The 2013 bonds mature in fiscal year 2032		10,660
Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2012 - In the amount of $11,220, issued to provide funding for the renovation or construction of student housing facilities; the renovation of student dining facilities; and to advance refund the remaining portion of the Series 2002A bonds, due serially each April 1 in amounts ranging from $15 to $1,340, plus interest payable monthly at a variable weekly rate. The 2012 bonds mature in fiscal year 2032		11,105
Economic Development Corporation of Ottawa County General Revenue and Refunding Variable Rate Demand Bonds, Series 2011 - In the amount of $10,000, issued to advance refund a portion of the Series 2002A bonds, due serially each April 1 in amounts ranging from $1,055 to $1,075, plus interest payable monthly at a variable weekly rate. The 2011 bonds mature in fiscal year 2022		1,075
Total	$	31,535

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

(all amounts in thousands)

Note 10 - Notes Payable and Long-term Debt (Continued)

The balance of the above debt matures as follows:

2022	$	2,450
2023		2,315
2024		2,405
2025		2,495
2026		2,590
Thereafter		19,280
Total	$	31,535

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 LIBOR plus 1.50 percent, with a floor of 2 percent. The line expires on September 15, 2023 with no borrowings outstanding.

Note 11 - 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.

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, 2021:

	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	$ 18,500	June 13, 2008	3.9445%	One-week LIBOR	$ (3,729)	April 3, 2034	JP Morgan Chase
Series 2011	1,075	December 14, 2011	1.699%	80 percent of one-month LIBOR	(13)	April 1, 2022	PNC Bank
Series 2012	11,105	May 1, 2012	2.277%	80 percent of one-month LIBOR	(1,022)	April 1, 2032	PNC Bank

An unrealized gain totaling $2,051 is included as a fair value adjustment to nonoperating revenue for the year ended June 30, 2021. The realized loss in the amount of $646 on the three agreements has been recognized in interest expense for the year ended June 30, 2021.

Note 12 - 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 $11,392 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 $129 for the year ended June 30, 2021. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trust and amounted to $1,155 as of June 30, 2021.

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 $84 for the year ended June 30, 2021. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trusts and amounted to $807 as of June 30, 2021.

Note 13 - 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.

(all amounts in thousands)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

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, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	$ 49,253	$ -	$ 49,253
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	174,608	174,608
Accumulated investment gains	-	83,306	83,306
Total	$ 49,253	$ 257,914	$ 307,167

(all amounts in thousands)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 38,616	$ 190,581	$ 229,197
Investment return:			
Investment income	-	12,003	12,003
Appreciation in fair value	10,568	52,100	62,668
Total investment return	10,568	64,103	74,671
Contributions	69	14,708	14,777
Appropriation of endowment assets for expenditure	-	(11,478)	(11,478)
Endowment net assets - End of year	$ 49,253	$ 257,914	$ 307,167

As of June 30, 2021, there were no funds with deficiencies.

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, 2021, the College used a rate of 4.9 percent. The College has established an unrestricted endowment fund balance that meets or exceeds any deficiencies in donor-restricted endowments.

Note 14 - 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 $4,533 in 2021. Employees may also make voluntary contributions to the plan up to certain limitations allowed by law. All contributions vest immediately.

(all amounts in thousands)

Note 14 - Employee Retirement Plans (Continued)

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 3.25 percent was used to calculate the liability for this program. This program is in effect until July 31, 2022, 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 3.25 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, 2021 is as follows:

	Early Retirement Program	Postretirement Benefits Plan
Accumulated benefit costs - July 1, 2020	$ 903	$ 6,534
Service costs on benefits earned	51	95
Interest costs on accumulated benefit obligation	22	176
Amortization (deferral) of prior service cost	93	(154)
Recognition of net actuarial gain	(93)	(92)
Net periodic benefit cost	73	25
Expected benefit payments - Net of retiree payments	(175)	(398)
Unrecognized actuarial gain (loss) and other	257	(2,152)
Accumulated benefit costs - June 30, 2021	$ 1,058	$ 4,009

The primary source of actuarial gain (loss) 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.

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

Years Ending	Early Retirement Program	Postretirement Benefits	Total
2022	$ 353	$ 368	$ 721
2023	79	374	453
2024	76	354	430
2025	67	287	354
2026	39	271	310
2027-2031	283	1,185	1,468

(all amounts in thousands)

Note 14 - Employee Retirement Plans (Continued)

The 2021 costs related to the postretirement plan were developed based on the health insurance plan in effect at June 30, 2021. For the year ended June 30, 2021, 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 $380, and a 1 percentage point decrease would decrease the accumulated postretirement benefit obligation by $326.

Note 15 - 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, 2021 was $300 for the first employee, with $250 for each employee thereafter. There is no total exposure limit. Claims paid and amounts expensed by the College under the plan were $5,531 for the year ended June 30, 2021. The College has recorded an accrual of $1,680 at June 30, 2021 for known claims and estimated claims incurred but not reported.

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 $8,065 for the year ended June 30, 2021.

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 $3,045 during 2021.

The College holds investments in its endowment funds that involve investment committee members and other related parties of the College. The investment values totaled $8,687 at June 30, 2021.

Note 17 - Cash Flows

Noncash investing activities during 2021 consisted of noncash gifts and contributions totaling $769. Cash paid for interest during 2021 totaled $1,273.

Note 18 - Functional Expenses

	Instruction	Research	Academic Support	Student Services	Auxiliary Activities	Fundraising	Sales and Services	Institutional Support	Total
Salary and benefits	$ 30,447	$ 3,330	$ 6,891	$ 11,417	$ 6,264	$ 4,384	$ 1,233	$ 5,055	$ 69,021
Depreciation	2,660	273	283	1,063	4,699	442	416	610	10,446
Interest	324	33	35	130	573	54	51	73	1,273
Utilities	480	52	151	200	2,103	80	114	111	3,291
Food service	18	57	6	196	7,895	18	-	75	8,265
Travel	57	41	4	252	7	26	4	31	422
Supplies	497	465	205	466	363	78	48	352	2,474
Other	728	3,981	2,502	3,632	3,217	440	149	7,338	21,987
Total	$ 35,211	$ 8,232	$ 10,077	$ 17,356	$ 25,121	$ 5,522	$ 2,015	$ 13,645	$ 117,179

Note 18 - Functional Expenses (Continued)

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.

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, 2021 and have issued our report thereon dated November 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2021 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 is 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 is 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 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 2021 financial statements as a whole.

Plante & Moran, PLLC

November 18, 2021

Combining Statement of Financial Position

June 30, 2021
(with combined totals for June 30, 2020)
(in thousands)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2020
Assets									
Cash and cash equivalents	$ 6,355	$ 14,951	$ 10,214	$ 11,548	$ 74	$ 959	$ 1,636	$ 45,737	$ 25,504
Investments	-	-	-	283,849	11,318	-	-	295,167	233,491
Receivables:									
Student accounts and loans receivable - Less allowance for doubtful accounts of $600 and $510 at June 30, 2021 and 2020, respectively	439	-	-	-	-	-	2,611	3,050	4,272
Contributions receivable	-	6,351	2,356	10,864	-	-	-	19,571	10,285
Government grants receivable	-	927	-	-	-	-	-	927	1,365
Other receivables	945	-	-	704	-	82	-	1,731	5,335
Inventory and other assets	770	-	-	-	-	-	-	770	781
Prepaid and deferred expenses	825	-	149	-	-	-	-	974	950
Beneficial interest in trusts	-	1,667	-	295	-	-	-	1,962	1,855
Land, buildings, and equipment - Net	-	-	210,661	-	-	6	-	210,667	210,111
Total assets	**$ 9,334**	**$ 23,896**	**$ 223,380**	**$ 307,260**	**$ 11,392**	**$ 1,047**	**$ 4,247**	**$ 580,556**	**$ 493,949**

Combining Statement of Financial Position (Continued)

June 30, 2021
(with combined totals for June 30, 2020)
(in thousands)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2020
Liabilities and Net Assets (Deficiency in Net Assets)									
Liabilities									
Accounts payable and tax withholdings	$ 5,392	$ 3,178	$ 1,818	$ 93	$ 11	$ 129	$ 10	$ 10,631	$ 6,159
Deposits	396	-	-	-	-	-	-	396	401
Obligations under split-interest agreements	-	-	-	-	5,938	-	-	5,938	5,891
Accrued liabilities	2,026	-	1,109	-	-	-	-	3,135	3,691
Fair value of interest rate swaps	-	-	4,764	-	-	-	-	4,764	6,816
Refundable Federal Perkins Loan advances	-	-	-	-	-	-	3,677	3,677	4,771
Accumulated employee postretirement plans	4,009	-	-	-	-	-	-	4,009	6,534
Student and other deposits	1,235	-	-	-	-	817	-	2,052	1,779
Early retirement benefit	1,058	-	-	-	-	-	-	1,058	903
Notes payable	-	-	31,535	-	-	-	-	31,535	33,930
Total liabilities	14,116	3,178	39,226	93	5,949	946	3,687	67,195	70,875
Net Assets (Deficiency in Net Assets)									
Without donor restrictions	(4,782)	4,795	185,643	49,253	-	101	285	235,295	216,236
With donor restrictions	-	15,923	(1,489)	257,914	5,443	-	275	278,066	206,838
Total net assets (deficiency in net assets)	(4,782)	20,718	184,154	307,167	5,443	101	560	513,361	423,074
Total liabilities and net assets (deficiency in net assets)	**$ 9,334**	**$ 23,896**	**$ 223,380**	**$ 307,260**	**$ 11,392**	**$ 1,047**	**$ 4,247**	**$ 580,556**	**$ 493,949**

Ratio	Section	Line item or subsection	Financial element needed to calculate the composite score ratios	Gross Amounts	Net Amounts
	Cross-reference to the financial statement line or note disclosure				
Primary Reserve Ratio:					
Expendable Net Assets:					
	Statement of Financial Position	Net assets without donor restrictions	Net assets without donor restrictions		$ 235,295
		Net assets with donor restrictions	Net assets with donor restrictions		278,066
	N/A	N/A	Secured and Unsecured related party receivable		
	N/A	N/A	Unsecured related party receivable		-
	Statement of Financial Position	Land, buildings, and equipment - Net	Property, plant, and equipment, net (including construction in progress)		210,667
	N/A	N/A	Property, plant, and equipment, net - Pre-implementation less any construction in progress		-
	N/A	N/A	Property, plant, and equipment, net - Post-implementation less any construction in progress with outstanding debt for original purchase		-
	N/A	N/A	Property, plant, and equipment, net - Post-implementation less any construction in progress without outstanding debt for original purchase		-
	Financial Statement Footnotes	Note 9 - Construction in progress	Construction in progress		3,569
	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		5,067
	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		31,535
	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		5,938
	N/A	N/A	Term endowments with donor restrictions		-
	N/A	N/A	Life income funds with donor restrictions		-
	Financial Statement Footnotes	Note 5 - Net Assets, Total held in perpetuity	Net assets with donor restrictions: restricted in perpetuity		174,883
Total Expenses and Losses:					
	Statement of Activities and Changes in Net Assets	Total expenses	Total expenses without donor restrictions		117,179
		Nonoperating Income (Loss); Investment (loss) income, Change in value and payments made on split-interest agreements, and Change in value of swap agreements	Non-operating and net investment (loss)		-
	N/A	N/A	Net investment losses		-
	N/A	N/A	Pension-related changes other than net periodic costs		-

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2021
(in thousands)

Ratio	Cross-reference to the financial statement line or note disclosure: Section	Line item or subsection	Financial element needed to calculate the composite score ratios	Gross Amounts	Net Amounts
Equity Ratio:					
Modified Net Assets:					
	Statement of Financial Position	Net assets without donor restrictions	Net assets without donor restrictions		$ 235,295
		Net assets with donor restrictions	Net assets with donor restrictions		278,066
	N/A	N/A	Intangible assets		-
	N/A	N/A	Secured and Unsecured related party receivable		
	N/A	N/A	Unsecured related party receivable		-
Modified Assets:					
	Statement of Financial Position	Total assets	Total assets		580,556
	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		-
Net Income Ratio:					
Change in Net Assets Without Donor Restrictions	Statement of Activities and Changes in Net Assets	Increase in Net Assets Without Donor Restrictions	Change in net assets without donor restrictions		19,059
Total revenues and gains	Statement of Activities and Changes in Net Assets	Total revenue, gains, and other support; total nonoperating income	Net assets released from restrictions, total operating revenue and other additions and sale of fixed assets, gains (losses), total nonoperating income		207,466