Hope College

Financial Report
with Additional Information
June 30, 2017

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, 2017 and the related statements of activities 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.

To the Board of Trustees
Hope College

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, 2017 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 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As explained in Note 2, the financial statements include hedge funds, limited partnerships, and fund of funds investments valued at $145,654,587 (36.8 percent of net assets) whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017 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

October 13, 2017

Hope College

Statement of Financial Position
June 30, 2017
(with comparative totals for June 30, 2016)

	June 30, 2017	June 30, 2016
Assets		
Cash and cash equivalents	$ 25,103,193	$ 36,220,894
Receivables:		
Student accounts and loans receivable - Less allowance for doubtful account of $505,000 at June 30, 2017 and 2016	5,812,396	5,671,558
Contributions receivable - Net (Note 4)	9,637,042	15,079,609
Government grants receivable	804,061	466,913
Other receivables	2,871,292	2,723,954
Inventories and other assets	753,024	761,660
Prepaid and deferred expenses	1,299,608	2,453,994
Investments (Note 2)	217,643,106	190,007,753
Beneficial interest in trusts (Note 8)	3,115,166	7,936,121
Land, buildings, and equipment - Net (Note 5)	211,897,373	202,442,089
Total assets	**$ 478,936,261**	**$ 463,764,545**
Liabilities and Net Assets		
Liabilities		
Accounts payable and tax withholdings	$ 6,687,213	$ 7,249,888
Accrued liabilities	2,344,356	2,400,806
Students' and other deposits	1,687,821	1,309,791
Deferred tuition and fees	108,071	246,738
Obligations under split-interest agreements (Note 8)	6,988,673	7,368,161
Notes payable (Note 6)	45,412,723	49,064,765
Fair value of interest rate swaps (Note 7)	4,416,683	7,206,147
Refundable Federal Perkins Loan advances	5,737,000	5,755,239
Early retirement benefit (Note 10)	727,946	754,454
Accumulated employee postretirement plans (Note 10)	9,034,175	10,058,877
Total liabilities	83,144,661	91,414,866
Net Assets		
Unrestricted	201,896,556	182,162,933
Temporarily restricted	50,774,569	51,073,938
Permanently restricted	143,120,475	139,112,808
Total net assets	395,791,600	372,349,679
Total liabilities and net assets	**$ 478,936,261**	**$ 463,764,545**

See Notes to Financial Statements.

Hope College

Statement of Activities
Year Ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue, Gains, and Other Support					
Tuition and fees - Net of institutional discounts of $33,047,936 and $34,108,533 and other financial aid of $521,600 and $591,078 in 2017 and 2016, respectively	$ 62,861,190	$ -	$ -	$ 62,861,190	$ 63,640,775
Other student revenue	1,792,934	-	-	1,792,934	1,702,423
Government and private grants	1,834,464	1,358,064	-	3,192,528	3,428,934
Dividend, interest, and other gains (losses) on nonendowed activities - Net of fees	41,673	753,211	-	794,884	(239,262)
Income from auxiliary activities	33,056,655	-	-	33,056,655	32,876,766
Contributions	4,129,482	615,898	-	4,745,380	7,092,143
Other income	2,743,221	1,242,121	-	3,985,342	3,792,502
Total revenue, gains, and other support	106,459,619	3,969,294	-	110,428,913	112,294,281
Net Assets Released from Restrictions					
Purpose restrictions accomplished for research and various programs	3,425,911	(3,425,911)	-	-	-
Endowment income recognized under spending policy net of restricted commitments	7,283,271	(7,283,271)	-	-	-
Purpose restrictions accomplished for capital projects	12,035,756	(12,035,756)	-	-	-
Maturity of annuity contracts	145,515	(145,515)	-	-	-
Total revenue, gains, and other support and net assets released from restrictions	129,350,072	(18,921,159)	-	110,428,913	112,294,281
Expenses					
Instruction	38,408,240	-	-	38,408,240	37,554,429
Research	6,027,812	-	-	6,027,812	5,221,295
Academic support	10,109,867	-	-	10,109,867	10,065,605
Student services	16,381,596	-	-	16,381,596	15,486,108
Institutional support	6,967,494	-	-	6,967,494	6,663,130
Fundraising	5,575,252	-	-	5,575,252	5,549,234
Sales and service	2,523,868	-	-	2,523,868	2,632,312
Auxiliary activities	32,051,806	-	-	32,051,806	31,542,381
Total expenses	118,045,935	-	-	118,045,935	114,714,494
Increase (Decrease) in Net Assets - Before endowed gifts and other nonoperating activity	11,304,137	(18,921,159)	-	(7,617,022)	(2,420,213)
Endowed Gifts and Other Nonoperating Activity					
Investment income (loss)	4,588,812	19,519,046	91,743	24,199,601	(13,763,515)
Change in value and payments made on split-interest agreements	-	(897,256)	-	(897,256)	(519,331)
Change in value of swap agreements	2,789,464	-	-	2,789,464	(2,442,340)
Change in value of postretirement liability	1,051,210	-	-	1,051,210	(703,953)
Endowment and other permanently restricted contributions	-	-	3,915,924	3,915,924	4,036,180
Total endowed gifts and other nonoperating activity	8,429,486	18,621,790	4,007,667	31,058,943	(13,392,959)
Increase (Decrease) in Net Assets	19,733,623	(299,369)	4,007,667	23,441,921	(15,813,172)
Net Assets - Beginning of year	182,162,933	51,073,938	139,112,808	372,349,679	388,162,851
Net Assets - End of year	**$ 201,896,556**	**$ 50,774,569**	**$ 143,120,475**	**$ 395,791,600**	**$ 372,349,679**

Hope College

Statement of Cash Flows
Year Ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Year Ended June 30, 2017	Year Ended June 30, 2016
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 23,441,921	$ (15,813,172)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	9,231,601	8,537,619
Amortization of loan issuance costs	22,958	22,957
Accumulated postretirement (expenses) recoveries	(1,051,210)	703,953
Obligations under split-interest agreements	(897,256)	(519,331)
Net (appreciation) depreciation of investments	(32,436,924)	7,770,928
(Gain) loss on fair value of interest rate swaps	(2,789,464)	2,442,340
Net realized loss on sale of investments	949,652	2,573,162
Changes in operating assets and liabilities which (used) provided cash:		
Grants receivable	(337,148)	50,266
Student receivables	(216,406)	235,848
Other receivables - Investment proceeds	168,134	(836,147)
Prepaid and deferred expenses	1,154,386	(568,987)
Inventory and other assets	8,636	99,596
Beneficial interest in trusts	4,820,955	711,043
Contributions receivable - Net of restricted proceeds	832,933	(955,205)
Accounts payable, accrued liabilities, and deposits	(241,095)	(1,458,042)
Deferred tuition and fees	(138,667)	(53,029)
Net cash provided by operating activities	2,523,006	2,943,799
Cash Flows from Investing Activities		
Purchase of building improvements and equipment	(18,686,885)	(16,009,290)
Student loans collected	887,517	939,022
Student loans advanced	(1,127,421)	(970,460)
Proceeds from sales of investments	156,750,018	130,161,546
Purchase of investments	(152,898,099)	(131,234,176)
Net cash used in investing activities	(15,074,870)	(17,113,358)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	3,764,986	4,085,590
Investment in land, buildings, and equipment	844,648	1,000,295
Proceeds (payments) under split-interest agreements	507,768	(258,840)
Proceeds from new split-interest agreements	10,000	212,476
Payments of notes payable and long-term debt	(3,675,000)	(3,935,000)
Refundable Federal Perkins Loan advances - Net of assignments	(18,239)	(148,208)
Net cash provided by financing activities	1,434,163	956,313
Net Decrease in Cash and Cash Equivalents	(11,117,701)	(13,213,246)
Cash and Cash Equivalents - Beginning of year	36,220,894	49,434,140
Cash and Cash Equivalents - End of year	**$ 25,103,193**	**$ 36,220,894**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

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.

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 as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the College's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Permanently Restricted Net Assets - Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by the College. Permanently restricted net assets at June 30, 2017 are available for the following purposes:

Scholarships	$ 69,984,492
General activities of the College	72,841,001
Institutional student loans	294,982
Total permanently restricted net assets	$ 143,120,475

Temporarily Restricted Net Assets - Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be removed by actions of the College pursuant to those stipulations. Temporarily restricted net assets at June 30, 2017 are available for the following purposes:

Annuity and life income funds	$ 3,700,910
Temporarily restricted earnings on endowment funds	33,571,721
Buildings and equipment	2,669,109
Research, scholarships, and other	10,832,829
Total temporarily restricted net assets	$ 50,774,569

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 $250,000. As of June 30, 2017, the College had uninsured deposits totaling $6,475,553. The College evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments - Investments 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. 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. 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.

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 restricted support. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, 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 recipient(s) under the contract. All other contributions are reported as unrestricted support. The College has adopted the policy of recording temporarily 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 market, determined by the first-in, first-out (FIFO) method.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other revenue from students, is reported net of scholarship discounts and allowances in the statement of activities. 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.

Federal Financial Assistance Programs - The College participates in federally funded Pell grants, SEOG grants, Federal Work-Study, 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called the "Uniform Guidance"), and the Compliance Supplement.

During fiscal year 2017, the College distributed $16,604,212 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 recognized as it is earned through expenditure in accordance with the agreement.

Financial Aid Discount - During 2017, the College had a financial aid discount of 35.7 percent as compared to a 36.1 percent discount for 2016.

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures within the financial statements. 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.

Fair Value of Financial Instruments - The estimated fair value amounts have been determined by the College using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the College could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts. With the exception of long-term debt and interest rate swaps, for all financial instruments, including cash and cash equivalents, accounts receivable and payable, inventory, prepaid expenses, and accrued liabilities, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments, which are Level 2 inputs. All investment securities are carried at fair value in the financial statements and are discussed further in Note 3. The carrying amount of the College's notes payable approximates fair value since all notes payable have variable interest rates, which are Level 2 inputs. The fair value of the interest rate swaps is determined based on the relative values of the fixed and floating portions of the interest rate contracts. The valuation model utilized involves current interest rates, projected yield curves, and volatility factors to determine the fair value of the instruments as of the date of measurement, which are Level 2 inputs.

Accounting for Uncertainty in Income Taxes - The College is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Note 1 - Nature of Business and 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, 2016, from which the summarized information was derived.

Upcoming Accounting Change - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. 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's primary revenue sources are not expected to be significantly impacted by the standard but a complete review of all revenue sources has not yet been completed. In addition, management is currently analyzing the disclosures that will be required with this pronouncement. The new guidance will be effective for the College's year ending June 30, 2019.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the College, including required disclosures about the liquidity and availability of resources. The College is currently evaluating the impact of the standard and will present the two classes of net assets, add the liquidity note, expense matrix, and related disclosures. The new standard is effective for the College's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including October 13, 2017, which is the date the financial statements were issued.

Note 2 - Investments

The following summarizes the College's securities by type at June 30, 2017:

	Fair Value	Cost
Money markets and CDs	$ 1,329,402	$ 1,329,402
Publicly traded securities	58,851,778	46,646,696
Corporate bonds	2,214,082	2,245,490
Federal and other Treasury-related securities	7,634,226	7,185,238
Hedge funds	43,138,829	40,461,524
Private equity, alternatives, and other	83,776,563	51,385,410
Commodities and real assets	20,698,226	27,166,815
Total securities	$ 217,643,106	$ 176,420,575

Included in the above securities are investments, generally consisting of hedge funds, limited partnerships, fund of funds, and other private equity securities totaling $145,654,587 which 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 is as follows:

Total dividends and interest - Net of fees	$ 728,291
Net realized and unrealized gains	24,266,194
Total	$ 24,994,485
Reported as:	
Endowment income recognized under spending policy	$ 8,814,877
Dividend, interest, and other gains on nonendowed investments - Net of fees	794,884
Net gains on investments - Net of endowment income realized under spending policy	15,384,724
Total	$ 24,994,485

There was $878,323 of fees netted against investment income as of June 30, 2017.

Note 3 - 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.

Note 3 - 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, 2017 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.

In instances whereby 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.

As of July 1, 2015, the College implemented new guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy above.

Note 3 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017

	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, 2017
Assets - Investments				
Common stocks:				
Domestic stocks	$ 40,249,092	$ -	$ -	$ 40,249,092
Global equity (domestic/int'l)	-	18,602,686	-	18,602,686
Fixed income:				
Federal, government, and agency bonds	-	7,634,226	-	7,634,226
Corporate bonds	-	2,214,082	-	2,214,082
Other:				
Commodities and real assets	-	1,959,031	-	1,959,031
Money markets and CDs	-	1,329,402	-	1,329,402
Beneficial interest in trusts	-	-	3,115,166	3,115,166
Investments valued using net asset value:				
Hedge funds	-	-	-	43,138,829
Commodities and real assets	-	-	-	18,739,196
Private equity	-	-	-	25,035,980
Mutual funds - Domestic equity	-	-	-	21,983,775
Mutual funds - Emerging Markets equity	-	-	-	5,177,060
Mutual funds - International equity	-	-	-	31,579,747
Total	$ 40,249,092	$ 31,739,427	$ 3,115,166	$ 220,758,272
Liabilities - Fixed rate, variable rate swap agreement	$ -	$ 4,416,683	$ -	$ 4,416,683

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2017 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

	Fair Value at June 30, 2017	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Beneficial interest in lead trusts	$ 2,537,766	Discounted cash flows	Life expectancy Risk-free rate	11 - 100 years 4.31 - 7.75%
Beneficial interest in perpetual trusts	577,400	Present value of estimated distributed income	Market value of underlying assets and distributions	N/A

Note 3 - Fair Value Measurements (Continued)

Investments categorized as Level 3 assets and investments valued at net asset value primarily consist of private equity, hedge, and fund of funds positions. The College has processes in place to select the appropriate valuation technique and unobservable inputs to perform fair value measurements. These processes include quarterly meetings with the College's investment committee for calibration and review of Level 3 and investments valued at net asset value monthly or quarterly fund manager statements and annual audited financial statements. The College cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market. The College utilizes a third-party investment manager to monitor the investments, participate in fund manager calls, and obtain underlying financial information on the Level 3 investments and investments valued at net asset value.

The College's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer.

The following table sets forth a summary of the changes in the fair value of the College's Level 3 assets for the year ended June 30, 2017:

	Fair Value at July 1, 2016	Total Unrealized Losses Included in Change in Net Assets	Maturing of Trust	Fair Value at June 30, 2017
Beneficial interest in trusts	$ 7,936,121	$ (676,485)	$ (4,144,470)	$ 3,115,166

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized losses for these assets presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share

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

Note 3 - Fair Value Measurements (Continued)

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

Investments Held at June 30, 2017

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge - Event-driven (a)	$ 20,490,944	$ -	Quarterly to annually	45-90 days
Hedge - Directional equity (b)	19,369,334	-	Quarterly to annually	45-90 days
Hedge - Fund of hedge funds (c)	3,278,551	-	Quarterly to annually	60-90 days
Real estate private equity (d)	18,739,196	2,983,766	Illiquid	Illiquid
Private equity (e)	25,035,980	16,024,662	Illiquid	Illiquid
Mutual funds - Domestic equity (f)	21,983,775	-	Quarterly	60 days
Mutual funds - Emerging markets equity (f)	5,177,060	-	Quarterly	60 days
Mutual funds - International equity (f)	31,579,747	-	Quarterly	60 days
Total	$ 145,654,587	$ 19,008,428		

(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 which 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.

(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.

Note 3 - Fair Value Measurements (Continued)

(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 4 - 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 2.30 percent to 6.25 percent). The contributions have been made primarily for capital and operating purposes and are expected to be received as follows:

Less than one year	$ 4,566,379
One to five years	6,141,460
Total contributions receivable	10,707,839
Less unamortized discount	(422,320)
Less allowance for uncollectibles	(648,477)
Present value of contributions receivable	$ 9,637,042

Note 5 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of June 30, 2017:

Land and land improvements	$ 24,673,431
Buildings	245,961,071
Equipment and other	34,167,954
Construction in progress	22,963,012
Total cost	327,765,468
Less accumulated depreciation	(115,868,095)
Net land, buildings, and equipment	$ 211,897,373

Note 5 - Land, Buildings, and Equipment (Continued)

Depreciation expense was $9,231,601 for the year ended June 30, 2017.

The College has entered into commitments relating to construction projects totaling approximately $18.7 million, of which $1.7 million remains uncompleted as of June 30, 2017.

Note 6 - Notes Payable and Long-term Debt

The College has notes payable as of June 30, 2017 as follows:

Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2015 - In the amount of $13,940,000, were issued to advance refund the remaining portion of the Series 2004 bonds, due serially each April 1 in amounts ranging from $540,000 to $1,200,000, plus interest payable monthly at a variable weekly rate (an effective rate at June 30, 2017 of 1.07 percent). The 2015 bonds mature in fiscal year 2034	$ 11,910,000
Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2013 - In the amount of $16,225,000, were issued to advance refund the remaining portion of the Series 2002B bonds, due serially each April 1 in amounts ranging from $660,000 to $1,145,000, plus interest payable monthly at a variable weekly rate (an effective rate at June 30, 2017 of 1.13 percent). The 2013 bonds mature in fiscal year 2032	13,650,000
Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2012 - In the amount of $11,220,000, were 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 $10,000 to $1,340,000, plus interest payable monthly at a variable weekly rate (an all-in rate at June 30, 2017 of 3.59 percent). The 2012 bonds mature in fiscal year 2032	11,165,000
Economic Development Corporation of Ottawa County General Revenue and Refunding Variable Rate Demand Bonds, Series 2011 - In the amount of $10,000,000, were issued to advance refund a portion of the Series 2002A bonds, due serially each April 1 in amounts ranging from $930,000 to $1,075,000, plus interest payable monthly at a variable weekly rate (an all-in rate at June 30, 2017 of 2.50 percent). The 2011 bonds mature in fiscal year 2022	5,150,000
Michigan Finance Authority General Revenue and Refunding Variable Rate Demand Bonds, Series 2010 - In the amount of $10,200,000, were issued to advance refund a portion of the Series 1999 bonds, due serially each October 1 in amounts ranging from $1,135,000 to $1,295,000, plus interest payable monthly at a variable weekly rate (an all-in rate at June 30, 2017 of 2.7 percent). The 2010 bonds mature in fiscal year 2020	3,770,000
Note payable issuance costs	(232,277)
Total	$ 45,412,723

Note 6 - Notes Payable and Long-term Debt (Continued)

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.

As of July 1, 2016, the College adopted new guidance related to the presentation of debt issuance costs in its statement of financial position. Under the new guidance, debt issuance costs are reported as a direct deduction from the carrying amount of the related debt. Previously, debt issuance costs were presented as an asset. The new presentation requirements have been applied retrospectively with note payable issuance costs and notes payable in the 2016 statement of financial position reduced by $255,235.

The new guidance does not affect how the debt issuance costs are accounted for after initial recognition, and these amounts continue to be amortized over the term of the related debt. However, the amortization of debt issuance costs is now required to be reported as a component of interest expense; previously, these amounts were reported as amortization. The statement of activities for 2016 does not need to be restated as both amortization and interest expense are allocated to the College's functional expenses.

The balance of the above debt matures as follows:

2018	$ 3,795,000
2019	3,905,000
2020	4,015,000
2021	2,395,000
2022	2,450,000
Thereafter	29,085,000
Total	$ 45,645,000

The College has an unsecured line of credit with a bank, which has available borrowings of $8,000,000. Interest is payable monthly at a rate of LIBOR plus an applicable margin. The line expires on June 29, 2018 and is subject to various financial covenants. There were no borrowings outstanding on this line of credit as of June 30, 2016.

Note 7 - 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.

Note 7 - Derivative Financial Instruments (Continued)

Any gains or losses recognized on derivatives that are not designated as hedging instruments for which the College has elected not to apply hedge accounting are recognized in current year earnings.

Below is a summary of the swaps held by the College as of June 30, 2017:

	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty
Series 2002B and Series 2004	$ 20,500,000	6/17/2008	3.607%	One-week LIBOR	$ (3,898,386)	4/3/2034	JPMorgan
Series 2010	3,770,000	12/17/2010	1.530%	65 percent of one-month LIBOR	4,343	10/1/2019	PNC
Series 2011	5,150,000	12/7/2011	1.418%	70 percent of one-month LIBOR	(33,781)	4/1/2022	PNC
Series 2012	11,165,000	5/1/12	1.990%	70 percent of one-month LIBOR	(488,859)	4/1/2032	PNC

An unrealized gain totaling $2,789,464 is included as a fair value adjustment to nonoperating revenue for the year ended June 30, 2017. The realized loss in the amount of $734,939 on the four agreements has been recognized in interest expense for the year ended June 30, 2017.

Note 8 - Beneficial Interests 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 beneficial interests (market value of assets) related to these agreements total $10,797,566 and are included in cash and cash equivalents and investments.

Net assets related to these agreements are classified as temporarily restricted 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 2.30 percent to 7.00 percent.

Note 8 - Beneficial Interests and Obligations Under Split-interest Agreements (Continued)

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

The College was a named beneficiary of a charitable remainder trust held with a third-party trustee. The trust matured during the year and the assets were distributed to the College in accordance with the trust agreement.

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 monies received from these lead trusts are treated as restricted income. Income distributions, restricted for scholarships and the sciences, received from these trusts totaled approximately $8,000 for the year ended June 30, 2017. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trust and amounted to $2,537,766 as of June 30, 2017.

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 monies received from these irrevocable trusts are treated as restricted income. Income distributions, restricted for scholarships and the sciences, received from these trusts totaled approximately $170,000 for the year ended June 30, 2017. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trusts and amounted to $577,400 as of June 30, 2017.

Note 9 - Donor-restricted and Board-designated Endowments

The College's endowment fund consists of donor-restricted gifts, unrestricted gifts, and other college-established quasi-endowment funds.

Interpretation of Relevant Law

The board of trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the College and the donor-restricted endowment fund
(3) General economic conditions
(4) The expected total return from income and the appreciation of investments
(5) Other resources of the College
(6) The investment policies of the College

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (454,334)	$ 33,571,721	$ 142,825,493	$ 175,942,880
Board-designated endowment	37,305,575	-	-	37,305,575
Total funds	$ 36,851,241	$ 33,571,721	$ 142,825,493	$ 213,248,455

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 32,106,422	$ 22,947,387	$ 138,814,675	$ 193,868,484
Contributions	156,007	-	3,915,924	4,071,931
Investment income	-	413,991	94,894	508,885
Appreciation in fair value	4,588,812	19,025,220	-	23,614,032
Spending policy	-	(8,814,877)	-	(8,814,877)
Endowment net assets - End of year	$ 36,851,241	$ 33,571,721	$ 142,825,493	$ 213,248,455

Funds with Deficiencies

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. In accordance with generally accepted accounting principles (GAAP), deficiencies of this nature that are reported in unrestricted net assets were $454,334 as of June 30, 2017. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions 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, 2017, the College used a rate of 4.5 percent. The College has established an unrestricted endowment fund balance that meets or exceeds any deficiencies in donor-restricted endowments.

Note 10 - Employee Retirement Plans

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

1949 Plan - This noncontributory defined benefit plan was replaced by the 1966 plan. All of the participants are now retired. The pension fund consists of assets segregated for the purpose of meeting obligations under the 1949 plan. The College's policy is to fund the 1949 plan to the extent of required minimum contributions determined actuarially. A discount rate of 4.10 percent was used to calculate the benefit.

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(s). Total contributions to the plan by the College were $4,091,635 in 2017. 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 20 years of full-time service to the College. A discount rate of 4.10 percent was used to calculate the liability for this program. This program is in effect until July 31, 2019, at which time it shall terminate, unless it is renewed by the College's board of trustees.

Postretirement Benefits - The College also provides healthcare 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 4.10 percent was used to calculate the benefit.

Note 10 - Employee Retirement Plans (Continued)

The change in the accumulated postretirement benefit costs and other employee retirement plans for the year ended June 30, 2017 is as follows:

	1949 Plan	Early Retirement Plan	Postretirement Benefit Plan	Total
Accumulated benefit costs - July 1, 2016	$ 3,711	$ 754,454	$ 10,058,877	$ 10,817,042
Service costs on benefits earned	-	47,063	117,826	164,889
Interest costs on accumulated benefit obligation	2,611	23,146	385,557	411,314
Expected return on plan assets	(1,901)	-	-	(1,901)
Amortization (deferral) of prior service cost	-	93,091	(54,353)	38,738
Recognition of net actuarial gain (loss)	8,604	(135,226)	-	(126,622)
Net periodic benefit cost	9,314	28,074	449,030	486,418
Expected benefit payments - Net of retiree payments	(9,733)	-	(655,049)	(664,782)
Unrecognized actuarial loss and other	(26,795)	(54,582)	(818,683)	(900,060)
Accumulated benefit (asset) costs - June 30, 2017	$ (23,503)	$ 727,946	$ 9,034,175	$ 9,738,618

The primary source of actuarial gain (loss) recognized above relates to a change in the actuarial discount rate.

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

Year	1949 Plan	Postretirement Plan	Total
2018	$ 7,476	$ 582,635	590,111
2019	6,503	560,454	566,957
2020	5,554	593,119	598,673
2021	4,655	607,472	612,127
2022	3,826	576,134	579,960
2023-2027	9,837	2,937,471	2,947,308

The 2017 costs were developed based on the health insurance plan in effect at June 30, 2017. For the year ended June 30, 2017, the actuary assumed that retiree medical cost increases would be 3 percent. The healthcare cost trend rate assumption significantly affects the amounts reported. For example, a 1 percentage point increase in each year would increase the accumulated postretirement benefit obligation as of June 30, 2017 by approximately $1,033,000 and the aggregate of the service and interest cost components of net periodic retiree health costs for 2017 by approximately $73,000.

Note 11 - 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, 2017 was $300,000 for the first employee, with $250,000 for each employee thereafter. There is no total exposure limit. Claims paid and amounts expensed by the College under the plan were $5,704,204 for the year ended June 30, 2017. The College has recorded an accrual of $1,019,958 at June 30, 2017 for known claims and estimated claims incurred but not reported.

Note 12 - Related Party Transactions

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 $3,048,331 during 2017.

The College holds investments in its endowment funds that involve board members, investment committee members, and other related parties of the College along with certain rental housing. The investment values and rental housing transactions totaled $7,317,578 at June 30, 2017.

Note 13 - Cash Flows

Noncash investing activities during 2017 consisted of noncash gifts and contributions totaling $183,726. Cash paid for interest during 2017 totaled $1,632,872.

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, 2017 and have issued our report thereon dated October 13, 2017, 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 rather than to present the financial position, results of operations, and cash flows of the College and is 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

October 13, 2017

Hope College

Combining Statement of Financial Position
June 30, 2017
(with combined totals as of June 30, 2016)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Totals 2017	Totals 2016
Assets									
Cash and cash equivalents	$ 4,100,261	$ 10,392,296	$ 6,590,242	$ 2,424,498	$ 280,412	$ 420,450	$ 895,034	$ 25,103,193	$ 36,220,894
Receivables:									
Student accounts and loans receivable - Less allowance for doubtful account of $505,000 at June 30, 2017 and 2016	311,860	-	-	-	-	-	5,500,536	5,812,396	5,671,558
Contribution receivable	-	3,103,776	4,576,328	1,956,938	-	-	-	9,637,042	15,079,609
Government grants receivable	-	804,061	-	-	-	-	-	804,061	466,913
Other receivables	1,912,527	-	-	889,073	-	69,692	-	2,871,292	2,723,954
Inventories and other assets	753,024	-	-	-	-	-	-	753,024	761,660
Prepaid and deferred expenses	1,280,283	-	-	-	-	19,325	-	1,299,608	2,453,994
Investments	12,173	-	1,000	207,210,565	10,419,368	-	-	217,643,106	190,007,753
Beneficial interest in trusts	-	1,470,672	827,653	816,841	-	-	-	3,115,166	7,936,121
Land, buildings, and equipment - Net	-	-	211,897,373	-	-	-	-	211,897,373	202,442,089
Total assets	**$ 8,370,128**	**$ 15,770,805**	**$ 223,892,596**	**$ 213,297,915**	**$ 10,699,780**	**$ 509,467**	**$ 6,395,570**	**$ 478,936,261**	**$ 463,764,545**

Combining Statement of Financial Position (Continued)
June 30, 2017
(with combined totals as of June 30, 2016)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Totals 2017	Totals 2016
Liabilities and Net Assets (Deficit)									
Liabilities									
Accounts payable and tax withholdings	$ 3,840,699	$ 286,784	$ 2,492,904	$ 49,460	$ 10,197	$ 6,529	$ 640	$ 6,687,213	$ 7,249,888
Accrued liabilities	1,197,340	-	1,147,016	-	-	-	-	2,344,356	2,400,806
Students' and other deposits	966,203	-	-	-	-	721,618	-	1,687,821	1,309,791
Deferred tuition and fees	108,071	-	-	-	-	-	-	108,071	246,738
Obligations under split-interest agreements	-	-	-	-	6,988,673	-	-	6,988,673	7,368,161
Notes payable	-	-	45,412,723	-	-	-	-	45,412,723	49,064,765
Fair value of interest rate swaps	-	-	4,416,683	-	-	-	-	4,416,683	7,206,147
Refundable Federal Perkins Loan advances	-	-	-	-	-	-	5,737,000	5,737,000	5,755,239
Early retirement benefit	727,946	-	-	-	-	-	-	727,946	754,454
Accumulated employee postretirement plans	9,034,175	-	-	-	-	-	-	9,034,175	10,058,877
Total liabilities	15,874,434	286,784	53,469,326	49,460	6,998,870	728,147	5,737,640	83,144,661	91,414,866
Net Assets (Deficit)									
Unrestricted	(7,504,306)	4,651,192	167,754,161	36,851,241	-	(218,680)	362,948	201,896,556	182,162,933
Temporarily restricted	-	10,832,829	2,669,109	33,571,721	3,700,910	-	-	50,774,569	51,073,938
Permanently restricted	-	-	-	142,825,493	-	-	294,982	143,120,475	139,112,808
Total net assets (deficit)	(7,504,306)	15,484,021	170,423,270	213,248,455	3,700,910	(218,680)	657,930	395,791,600	372,349,679
Total liabilities and net assets (deficit)	**$ 8,370,128**	**$ 15,770,805**	**$ 223,892,596**	**$ 213,297,915**	**$ 10,699,780**	**$ 509,467**	**$ 6,395,570**	**$ 478,936,261**	**$ 463,764,545**