Hope College

Financial Report
with Additional Information
June 30, 2020

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, 2020 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, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As described in Note 2 to the financial statements, the COVID-19 pandemic has impacted the operations of the College. 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 $158,790 (in thousands) (37.5 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 4, 2020 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 4, 2020

Statement of Financial Position

June 30, 2020 and 2019
(in thousands)

	2020	2019
Assets		
Cash and cash equivalents	$ 25,504	$ 29,926
Investments	233,491	237,704
Receivables:		
Student accounts and loans receivable - Less allowance for doubtful accounts of $510 and $505 at June 30, 2020 and 2019, respectively	4,272	5,084
Contributions receivable - Net	10,285	7,490
Government grants receivable	1,365	739
Other receivables	5,335	3,627
Inventories and other assets	781	645
Prepaid and deferred expenses	950	912
Beneficial interest in trusts	1,855	2,022
Land, buildings, and equipment - Net	210,111	208,225
Total assets	**$ 493,949**	**$ 496,374**
Liabilities and Net Assets		
Liabilities		
Accounts payable and tax withholdings	$ 6,159	$ 5,831
Deposits	401	409
Obligations under split-interest agreements	5,891	6,198
Accrued liabilities	3,691	2,711
Fair value of interest rate swaps	6,816	4,545
Refundable Federal Perkins Loan advances	4,771	5,515
Accumulated employee postretirement plans	6,534	7,988
Student and other deposits	1,779	1,942
Early retirement benefit	903	1,049
Notes payable	33,930	37,945
Total liabilities	70,875	74,133
Net Assets		
Without donor restrictions	216,236	210,908
With donor restrictions	206,838	211,333
Total net assets	423,074	422,241
Total liabilities and net assets	**$ 493,949**	**$ 496,374**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020
(with comparative totals for 2019)
(in thousands)

	2020			2019
	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 $38,243 and $36,813 in 2020 and 2019, respectively	$ 62,964	$ -	$ 62,964	$ 65,048
Income from auxiliary activities	25,178	-	25,178	32,791
Other student revenue	1,732	-	1,732	1,863
Contributions	7,376	3,764	11,140	5,499
Government and private grants	3,935	2,517	6,452	2,516
Dividend, interest, and other gains on nonendowed activities - Net of fees	(1,524)	2,360	836	929
Other income	2,582	211	2,793	4,329
Net assets released from restrictions	21,386	(21,386)	-	-
Total revenue, gains, and other support	123,629	(12,534)	111,095	112,975
Expenses				
Educational expenses:				
Instruction	38,022	-	38,022	39,414
Research	5,560	-	5,560	6,402
Academic support	10,278	-	10,278	10,698
Student services	18,255	-	18,255	17,027
Institutional support	8,854	-	8,854	7,900
Fundraising	5,786	-	5,786	5,791
Sales and services	2,107	-	2,107	2,499
Auxiliary activities	26,020	-	26,020	29,203
Total expenses	114,882	-	114,882	118,934
Increase (Decrease) in Net Assets - Before nonoperating (loss) income	8,747	(12,534)	(3,787)	(5,959)
Nonoperating Income (Loss)				
Endowment and other restricted contributions	-	7,144	7,144	5,242
Investment (loss) income	(2,037)	1,499	(538)	9,393
Change in value and payments made on split-interest agreements	-	(604)	(604)	(517)
Change in value of swap agreements	(2,271)	-	(2,271)	(1,806)
Change in value of postretirement liability	889	-	889	(685)
Total nonoperating (loss) income	(3,419)	8,039	4,620	11,627
Increase (Decrease) in Net Assets	5,328	(4,495)	833	5,668
Net Assets - Beginning of year	210,908	211,333	422,241	416,573
Net Assets - End of year	**$ 216,236**	**$ 206,838**	**$ 423,074**	**$ 422,241**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	$ 833	$ 5,668
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	10,289	10,045
Amortization of loan issuance costs	23	23
Accumulated postretirement expenses	(1,601)	341
Obligations under split-interest agreements	(87)	(273)
Net appreciation of investments	(675)	(4,673)
Loss on fair value of interest rate swaps	2,271	1,806
Net realized loss (gain) on sale of investments	3,769	(5,027)
Changes in operating assets and liabilities that (used) provided cash:		
Grants receivable	(625)	80
Student receivables	157	(14)
Other receivables - Investment proceeds	(1,837)	1,688
Prepaid and deferred expenses	(39)	516
Inventory and other assets	(137)	(20)
Beneficial interest in trusts	167	824
Contributions receivable - Net of restricted proceeds	(16,966)	(4,730)
Accounts payable, accrued liabilities, and deposits	1,310	2,083
Deferred tuition and fees	(170)	152
Net cash (used in) provided by operating activities	(3,318)	8,489
Cash Flows from Investing Activities		
Purchase of building improvements and equipment	(12,175)	(9,954)
Student loans collected	783	837
Proceeds from sale of investments	78,671	49,534
Purchase of investments	(77,576)	(54,411)
Net cash used in investing activities	(10,297)	(13,994)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment in endowment	7,144	5,242
Proceeds from contributions restricted for investment in land, buildings, and equipment	7,027	2,009
Proceeds under split-interest agreements	50	50
Payments under split-interest agreements	(269)	(355)
Payments on notes payable and long-term debt	(4,015)	(3,905)
Refundable Federal Perkins Loan repayments to the federal government	(744)	(181)
Net cash provided by financing activities	9,193	2,860
Net Decrease in Cash and Cash Equivalents	(4,422)	(2,645)
Cash and Cash Equivalents - Beginning of year	29,926	32,571
Cash and Cash Equivalents - End of year	**$ 25,504**	**$ 29,926**

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, whereby 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, 2020, the College had uninsured deposits totaling $13,516. 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.

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.

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 2020, the College distributed $15,550 for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures in the accompanying financial statements.

Note 2 - Significant Accounting Policies (Continued)

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, 2020 total $2,912.

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. Due to the shelter-at-home guidelines during April and May 2020, the College shifted to a remote online learning environment and sent students home. The College issued room and board refunds to students, refunds of parking and activity fee charges, and postponed events until the guidelines were reduced or removed, which resulted in lost revenue for the College for the year ended June 30, 2020. To offset the financial impact to students and the loses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling $2,164, of which 50 percent was required to be given directly to students. For the year ended June 30, 2020, the College recognized HEERF grant revenue totaling $2,010. 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, 2019, from which the summarized information was derived.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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. In addition, management is currently analyzing the disclosures that will be required with this pronouncement. The provisions of this statement were originally effective for the College's financial statements for the year ended June 30, 2020 and were extended to June 30, 2021 with the issuance of ASU No. 2020-05, *Effective Dates for Certain Entities*. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The College plans to apply the standard using the modified retrospective method. The new standard will require additional disclosures and is not expected to have a significant impact on the timing of the revenue recognition.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard provides optional guidance for a limited period of time to ease the potential burden in accounting for and recognizing the effects of reference rate reform on financial reporting by offering expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform under certain criteria. The updated guidance is effective as of March 12, 2020 through December 31, 2022. The College is currently assessing the impact this new standard will have on its financial statements.

(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 4, 2020, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2019, the College adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The College adopted the new standard on a modified prospective basis, and it impacted the recognition of certain contribution and grant agreements. Government grants now meet the criteria of a nonreciprocal (contribution) transaction, typically with conditions to be met before revenue is recognized. The standard did not require a restatement of prior year amounts.

Note 4 - Liquidity and Availability of Resources

The following reflects the College's financial assets as of June 30, 2020, 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	$ 25,504
Accounts and government grants receivable	7,458
Contributions receivable	10,285
Investment proceeds receivable	3,514
Investments	233,491
Financial assets - At year end	280,252
Less those unavailable for general expenditures within one year due to - Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	196,383
Subject to appropriation and satisfaction of donor restrictions	12,025
Investments held in annuity trust	4,155
Financial assets available to meet cash needs for general expenditures within one year	$ 67,689

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

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

The College also realizes there could be unanticipated liquidity needs and has undrawn available lines of credit in the amount of approximately $12,000 at June 30, 2020, which it could draw upon, used to satisfy general expenditures, if needed, as further described in Note 10.

(all amounts in thousands)

Note 4 - Liquidity and Availability of Resources (Continued)

The College's endowment funds consist of donor-restricted endowments and a quasi endowment totaling $229,197 at June 30, 2020. Included in this amount is $30,992 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 26 percent could be liquidated daily and 7 percent could be liquidated weekly, with an additional 15 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, 2020 are available for the following purposes:

Subject to expenditures for a specified purpose:	
Unexpended funds received and restricted by donor-specified use	$ 12,025
Unexpended funds received for investment in property and equipment	(218)
Total subject to expenditures for a specified purpose	11,807
Subject to the passage of time - Annuity funds	4,155
Subject to the College's spending policy and appropriation - Unspent accumulated earnings on endowment funds	30,992
Held in perpetuity:	
Loan funds	295
Endowment funds	159,589
Total held in perpetuity	159,884
Total net assets with donor restriction	$ 206,838

Note 6 - Investments

The following summarizes the College's investments in securities at June 30, 2020:

	Fair Value	Cost
Money markets and CDs	$ 266	$ 266
Publicly traded securities	70,288	39,656
Corporate bonds	1,201	1,207
Federal and other treasury-related securities	20,366	18,635
Hedge funds	41,032	37,681
Private equity, alternatives, and other	89,091	66,624
Commodities and real assets	11,247	19,486
Total	$ 233,491	$ 183,555

Included in the above securities are investments, generally consisting of hedge funds, limited partnerships, fund of funds, and other private equity securities totaling $158,790 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.

(all amounts in thousands)

Note 6 - Investments (Continued)

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

Total dividends and interest - Net of fees	$	3,392
Net realized and unrealized losses		(3,094)
Total	$	298

Reported as:

Endowment income recognized under spending policy	$	10,985
Dividend, interest, and other gains on nonendowed investments - Net of fees		684
Net losses on investments - Net of endowment income realized under spending policy		(11,371)
Total	$	298

There was $1,839 of fees netted against investment income as of June 30, 2020.

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, 2020 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 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.

(all amounts in thousands)

Note 7 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2020			
	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, 2020
Assets				
Common stocks:				
Domestic stocks	$ 35,570	$ -	$ -	$ 35,570
Global equity (domestic/international)	-	15,053	-	15,053
Fixed income:				
Federal, government, and agency bonds	-	20,366	-	20,366
Corporate bonds	-	1,201	-	1,201
Other:				
Commodities and real assets	-	2,245	-	2,245
Money markets and CDs	-	266	-	266
Beneficial interest in trusts	-	-	1,855	1,855
Total	$ 35,570	$ 39,131	$ 1,855	76,556
Investments measured at NAV:				
Hedge funds				41,032
Commodities and real assets				9,002
Private equity				48,698
Mutual funds - Domestic equity				24,978
Mutual funds - Emerging markets equity				10,911
Mutual funds - International equity				24,169
Total investments measured at NAV				158,790
Total assets				$ 235,346
Liabilities - Interest rate swap agreements	$ -	$ 6,816	$ -	$ 6,816

The College's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period.

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, 2020:

	Fair Value at July 1, 2019	Total Realized Losses	Maturing of Trust	Fair Value at June 30, 2020
Beneficial interest in trusts	$ 2,022	$ 312	$ (479)	$ 1,855

(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, 2020 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	$1,047	Discounted cash flow	Life expectancy risk-free rate	11 - 100 years 4.31% - 7.75%
Beneficial interest in perpetual trusts	$808	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 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.

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

	Investments Held at June 30, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge - Event driven (a)	$ 15,391	$ -	Quarterly - Annually	45 - 90 days
Hedge - Directional equity (b)	20,994	-	Quarterly - Annually	45 - 90 days
Hedge - Fund of hedge funds (c)	4,647	-	Quarterly - Annually	60 - 90 days
Real estate private equity (d)	9,002	6,343	Illiquid	Illiquid
Private equity (e)	48,698	33,392	Illiquid	Illiquid
Mutual funds (f)	60,058	-	Quarterly	60 days
Total	$ 158,790	$ 39,735		

(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:

Less than one year	$ 8,381
One to five years	2,736
Total contributions receivable	11,117
Less unamortized discount	(143)
Less allowance for uncollectibles	(689)
Present value of contributions receivable	$ 10,285

(all amounts in thousands)

Note 9 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of June 30, 2020:

Land and land improvements	$ 25,576
Buildings	278,182
Equipment and other	36,600
Construction in progress	7,400
Total cost	347,758
Less accumulated depreciation	137,647
Net land, buildings, and equipment	$ 210,111

Depreciation expense was $10,289 for the year ended June 30, 2020.

Note 10 - Notes Payable and Long-term Debt

The College has notes payable as of June 30, 2020 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	$ 9,235
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	11,445
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	11,120
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	2,130
Total	$ 33,930

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:

2021	$	2,395
2022		2,450
2023		2,315
2024		2,405
2025		2,495
Thereafter		21,870
Total	$	33,930

Through June 29, 2020, the College had an unsecured line of credit with a bank, which had available borrowings of $8,000. Interest was payable monthly at a rate of LIBOR plus an applicable margin. The line expired on June 29, 2020 with no borrowings outstanding. Subsequent to year end, the College entered into a new line of credit agreement with a bank with available borrowings of $12,000. The agreement is subject to various financial covenants and matures in September 2021.

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, 2020:

	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	$ 19,000	June 17, 2008	3.945%	One-week LIBOR	$ (5,139)	April 3, 2034	JPMorgan
Series 2011	2,130	December 14, 2011	1.699%	80 percent of one-month LIBOR	(43)	April 1, 2022	PNC
Series 2012	11,120	May 1, 2012	2.277%	80 percent of one-month LIBOR	(1,634)	April 1, 2032	PNC

An unrealized loss totaling $2,271 is included as a fair value adjustment to nonoperating revenue for the year ended June 30, 2020. The realized loss in the amount of $627 on the three agreements has been recognized in interest expense for the year ended June 30, 2020.

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 $10,053 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 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 $115 for the year ended June 30, 2020. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trust and amounted to $1,047 as of June 30, 2020.

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 $84 for the year ended June 30, 2020. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trusts and amounted to $808 as of June 30, 2020.

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, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 38,616	$ -	$ 38,616
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	159,589	159,589
Accumulated investment gains	-	30,992	30,992
Total	$ 38,616	$ 190,581	$ 229,197

(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, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 40,579	$ 192,934	$ 233,513
Investment return:			
Investment (loss) income	(2,037)	2,599	562
Depreciation in fair value	-	(741)	(741)
Total investment return	(2,037)	1,858	(179)
Contributions	74	6,775	6,849
Appropriation of endowment assets for expenditure	-	(10,986)	(10,986)
Endowment net assets - End of year	$ 38,616	$ 190,581	$ 229,197

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature exist in 211 donor-restricted endowment funds, which together have an original gift value of $23,490, a current fair value of $22,507, and a deficiency of $983 as of June 30, 2020. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has adopted a policy to utilize a spending rate up to 5.5 percent of the trailing 12-quarter moving average of the fund's marketable securities. For the year ended June 30, 2020, 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.

(all amounts in thousands)

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 $4,542 in 2020. Employees may also make voluntary contributions to the plan up to certain limitations allowed by law. All contributions vest immediately.

Early Retirement Program

An early retirement program is available to tenured faculty members who have reached the age of 60 and have completed at least 10 years of full-time service to the College. A discount rate of 2.91 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 2.91 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, 2020 is as follows:

	Early Retirement Program	Postretirement Benefits Plan
Accumulated benefit costs - July 1, 2019	$ 1,049	$ 7,988
Service costs on benefits earned	48	103
Interest costs on accumulated benefit obligation	26	280
Amortization (deferral) of prior service cost	93	(160)
Recognition of net actuarial gain	(103)	(40)
Net periodic benefit cost	64	183
Expected benefit payments - Net of retiree payments	(324)	(530)
Unrecognized actuarial gain (loss) and other	114	(1,107)
Accumulated benefit costs - June 30, 2020	$ 903	$ 6,534

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.

(all amounts in thousands)

Note 14 - Employee Retirement Plans (Continued)

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

Years Ending	Early Retirement Program	Postretirement Benefits	Total
2021	$ 145	$ 483	$ 628
2022	51	430	481
2023	82	434	516
2024	88	425	513
2025	81	385	466
2026-2030	305	1,876	2,181

The 2020 costs related to the postretirement plan were developed based on the health insurance plan in effect at June 30, 2020. For the year ended June 30, 2020, 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 $736 and a 1 percentage point decrease would decrease the accumulated postretirement benefit obligation by $621.

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, 2020 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 $6,289 for the year ended June 30, 2020. The College has recorded an accrual of $1,597 at June 30, 2020 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 $8,307 for the year ended June 30, 2020.

The College provides tuition grants to employees and dependents of employees under an employee tuition plan. Such individuals must meet certain employment and academic requirements. Benefits under the plan do not vest. Tuition grants related to this plan were $2,991 during 2020.

The College holds investments in its endowment funds that involve investment committee members and other related parties of the College. The investment values totaled $6,981 at June 30, 2020.

Note 17 - Cash Flows

Noncash investing activities during 2020 consisted of noncash gifts and contributions totaling $251. Cash paid for interest during 2020 totaled $1,372.

(all amounts in thousands)

Note 18 - Functional Expenses

	Instruction	Research	Academic Support	Student Services	Auxiliary Activities	Fundraising	Sales and Services	Institutional Support	Total
Salary and benefits	$ 33,032	$ 2,823	$ 7,107	$ 11,757	$ 6,746	$ 4,221	$ 1,393	$ 4,883	$ 71,962
Depreciation	2,622	269	279	1,048	4,626	435	409	601	10,289
Interest	349	36	37	139	617	58	54	80	1,370
Utilities	466	48	145	196	2,020	79	123	107	3,184
Food service	88	72	55	428	8,246	110	2	90	9,091
Travel	160	235	228	708	23	180	7	200	1,741
Supplies	493	274	252	458	404	111	51	119	2,162
Other	812	1,803	2,175	3,521	3,338	592	68	2,774	15,083
Total	$ 38,022	$ 5,560	$ 10,278	$ 18,255	$ 26,020	$ 5,786	$ 2,107	$ 8,854	$ 114,882

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, 2020 and have issued our report thereon dated November 4, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 financial statements as a whole.

Plante & Moran, PLLC

November 4, 2020

Combining Statement of Financial Position

June 30, 2020
(with combined totals for June 30, 2019)
(in thousands)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2019
Assets									
Cash and cash equivalents	$ 3,848	$ 13,111	$ 4,690	$ 1,015	$ 270	$ 954	$ 1,616	$ 25,504	$ 29,926
Investments	11	-	-	223,697	9,783	-	-	233,491	237,704
Receivables:									
Student accounts and loans receivable - Less allowance for doubtful accounts of $510 and $505 at June 30, 2020 and 2019, respectively	498	-	-	-	-	-	3,774	4,272	5,084
Contributions receivable	-	2,303	7,238	744	-	-	-	10,285	7,490
Government grants receivable	-	1,365	-	-	-	-	-	1,365	739
Other receivables	1,747	-	-	3,514	-	74	-	5,335	3,627
Inventories and other assets	781	-	-	-	-	-	-	781	645
Prepaid and deferred expenses	787	-	163	-	-	-	-	950	912
Beneficial interest in trusts	-	1,591	-	264	-	-	-	1,855	2,022
Land, buildings, and equipment - Net	-	-	210,104	-	-	7	-	210,111	208,225
Total assets	**$ 7,672**	**$ 18,370**	**$ 222,195**	**$ 229,234**	**$ 10,053**	**$ 1,035**	**$ 5,390**	**$ 493,949**	**$ 496,374**

Combining Statement of Financial Position (Continued)

June 30, 2020
(with combined totals for June 30, 2019)
(in thousands)

	Current Unrestricted	Current Restricted	Plant	Endowment	Annuities	Agency	Student Loan	Total	2019
Liabilities and Net Assets (Deficiency in Net Assets)									
Liabilities									
Accounts payable and tax withholdings	$ 3,967	$ 527	$ 1,529	$ 37	$ 7	$ 92	$ -	$ 6,159	$ 5,831
Deposits	401	-	-	-	-	-	-	401	409
Obligations under split-interest agreements	-	-	-	-	5,891	-	-	5,891	6,198
Accrued liabilities	2,578	-	1,113	-	-	-	-	3,691	2,711
Fair value of interest rate swaps	-	-	6,816	-	-	-	-	6,816	4,545
Refundable Federal Perkins Loan advances	-	-	-	-	-	-	4,771	4,771	5,515
Accumulated employee postretirement plans	6,534	-	-	-	-	-	-	6,534	7,988
Student and other deposits	936	-	-	-	-	843	-	1,779	1,942
Early retirement benefit	903	-	-	-	-	-	-	903	1,049
Notes payable	-	-	33,930	-	-	-	-	33,930	37,945
Total liabilities	15,319	527	43,388	37	5,898	935	4,771	70,875	74,133
Net Assets (Deficiency in Net Assets)									
Without donor restrictions	(7,647)	5,818	179,025	38,616	-	100	324	216,236	210,908
With donor restrictions	-	12,025	(218)	190,581	4,155	-	295	206,838	211,333
Total net assets (deficiency in net assets)	(7,647)	17,843	178,807	229,197	4,155	100	619	423,074	422,241
Total liabilities and net assets (deficiency in net assets)	**$ 7,672**	**$ 18,370**	**$ 222,195**	**$ 229,234**	**$ 10,053**	**$ 1,035**	**$ 5,390**	**$ 493,949**	**$ 496,374**

Year Ended June 30, 2020
(in thousands)

Ratio	Section	Line item or subsection	Financial element needed to calculate the composite score ratios	Gross Amounts	Net Amounts
Primary Reserve Ratio:					
Expendable Net Assets:					
	Statement of Financial Position	Net assets without donor restrictions	Net assets without donor restrictions		$ 216,236
		Net assets with donor restrictions	Net assets with donor restrictions		206,838
	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)		210,111
	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		7,400
	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		7,437
	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		33,930
	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		5,891
	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		159,821
Total Expenses and Losses:					
	Statement of Activities and Changes in Net Assets	Total expenses	Total expenses without donor restrictions		114,882
		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)		(3,413)
	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, 2020
(in thousands)

Ratio	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		$ 216,236
		Net assets with donor restrictions	Net assets with donor restrictions		206,838
	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		493,949
	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		5,328
Total revenues and gains	Statement of Activities and Changes in Net Assets	Total revenue, gains, and other support	Net assets released from restrictions, total operating revenue and other additions and sale of fixed assets, gains (losses)		111,095