

Hope College

Federal Awards
Supplemental Information
June 30, 2008

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Independent Auditor's Report

To the Board of Trustees
Hope College

We have audited the basic financial statements of Hope College for the year ended June 30, 2008 and have issued our report thereon dated October 27, 2008. Those basic financial statements are the responsibility of the management of Hope College. Our responsibility was to express an opinion on those basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Hope College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 27, 2008

To the Board of Trustees
Hope College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hope College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of trustees, the audit committee, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 27, 2008



Report on Compliance with Requirements

To the Board of Trustees
Hope College

Internal Control Over Compliance

The management of Hope College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hope College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees, the audit committee, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.



Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity/Project/Grant Number	Federal Expenditures
Clusters:			
Student Financial Aid Cluster - U.S. Department of Education:			
Federal Direct Student Loan Program	84.268	-	\$ 10,121,277
Federal Pell Grant Program	84.063	P063P020228	1,301,687

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Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hope College (the "College") and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the

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Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063, 84.033, 84.007, 84.038, 84.376, and 84.375	Student Financial Aid Cluster
47.049, 47.076, 47.074, 47.070, 47.050, 93.839, 93.847, 93.839, 93.172, 43.001, 20.108, and 45.169	Research and Development Cluster
84.047	TRIO Cluster - Upward Bound

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

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Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Summary Schedule of Prior Audit Findings Year Ended June 30, 2008

Reference Number	Corrective Action Taken
2007-2	<p>Program Name - Research and development cluster - Received directly from National Science Foundation, CFDA #47.049 and #47.074</p> <p>Description - Of the two subrecipients selected for tested, one was not made aware of the compliance requirements by Hope College (the "College") at the time of the award. In addition, the College did not implement proper monitoring during the award year for either of the two subrecipients. The College did not request annual audits and Federal Compliance A-133 reports from each of the subrecipients (both of which expended greater than \$500,000 in federal awards).</p> <p>Status - Corrective action was taken. An agreement letter was developed by the College to send to all subrecipients at the time of the awards which states the federal award information and compliance requirements of the award. Also, the College requested the annual reports and Federal Compliance A-133 reports from each of the subrecipients to properly monitor the subrecipient use of the federal award and ensure that audit requirements of OMB Circular A-133 were met.</p>
2007-3	<p>Program Name - Research and development cluster - Received directly from National Science Foundation, CFDA #47.074</p> <p>Description - The College acquired one item of equipment during the prior year with federal funds, which was recorded and maintained along with all other equipment otherwise acquired. No physical inventories of equipment were taken. Dispositions of equipment acquired under federal funds were unidentifiable due to the College's practice of maintaining the federally funded equipment with the records of otherwise acquired equipment. Therefore, it was unknown whether any items of equipment that were purchased with federal funds were disposed of during the year.</p> <p>Status - Corrective action was taken. The College changed its procedures to individually track assets with a cost greater than \$2,500. Also, the College completed a physical inventory of equipment to identify items that were purchased with federal funds in previous years and are tracking them using bar codes.</p>

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Summary Schedule of Prior Audit Findings (Continued) Year Ended June 30, 2008

Reference Number	Corrective Action Taken
2007-4	<p>Program Name - Research and development cluster - Received directly from National Science Foundation, CFDA #47.074</p> <p>Description - The College acquired one item of equipment during the year with federal funds at a purchase price that exceeded \$25,000 and did not verify that the procurement was made from an entity that was not suspended or debarred or otherwise excluded.</p> <p>Status - Corrective action was taken. The College has implemented a procurement policy that includes requesting from vendors a certification that they are not on the suspension or debarment listing.</p>