Hope College

Financial Report
with Additional Information
June 30, 2012

Hope College

Contents

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Independent Auditor's Report

To the Board of Trustees
Hope College

We have audited the accompanying statement of financial position of Hope College (the "College") as of and for the year ended June 30, 2012 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the College's 2011 financial statements and, in our report dated November 28, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As explained in Note 2, the financial statements include hedge funds, limited partnerships, and fund of funds investments valued at $91,224,549 (30 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.

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, 2012 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Hope College

In accordance with *Government Auditing Standards,* we have also issued our report dated November 28, 2012 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, and grant agreements. 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 opinions 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* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

November 28, 2012

Hope College

Statement of Financial Position
June 30, 2012
(with comparative totals for June 30, 2011)

	2012	2011
Assets		
Cash and cash equivalents	$ 39,260,331	$ 25,427,120
Receivables:		
Student accounts and loans receivable - Less allowance for doubtful accounts of $470,000 at June 30, 2012 and 2011	6,258,639	6,730,055
Contributions receivable - Net (Note 4)	40,739,477	36,743,201
Government grants receivable	3,052,739	2,881,602
Accrued income receivable	72,021	81,483
Other receivables	3,165,186	9,967,402
Inventories and other assets	775,381	759,372
Prepaid and deferred expenses	910,863	859,231
Note payable issuance costs - Net	703,205	927,666
Investments (Note 2)	158,733,730	157,358,906
Land, buildings, and equipment - Net (Note 5)	153,048,914	150,958,284
Total assets	**$ 406,720,486**	**$ 392,694,322**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 2,550,718	$ 1,871,065
Accrued liabilities	5,268,195	4,978,695
Students' and other deposits	1,153,454	1,249,521
Deferred tuition and fees	686,057	975,508
Obligations under split-interest agreements (Note 8)	9,449,188	9,023,166
Notes payable (Note 6)	64,325,000	62,440,000
Fair value of interest rate swaps (Note 7)	6,803,008	2,261,606
Refundable Federal Perkins Loan advances	6,093,154	6,256,381
Accumulated employee postretirement plans (Note 10)	11,294,429	9,625,972
Total liabilities	107,623,203	98,681,914
Net Assets		
Unrestricted	125,128,683	124,400,006
Temporarily restricted	54,960,793	55,089,434
Permanently restricted	119,007,807	114,522,968
Total net assets	299,097,283	294,012,408
Total liabilities and net assets	**$ 406,720,486**	**$ 392,694,322**

See Notes to Financial Statements.

Hope College

Statement of Activities
Year Ended June 30, 2012
(with comparative totals for year ended June 30, 2011)

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue, Gains, and Other Support					
Tuition and fees - Net of institutional discounts of $28,318,477 and $27,644,720 and other financial aid of $915,387 and $1,472,575 in 2012 and 2011, respectively	$ 55,030,761	$ -	$ -	$ 55,030,761	$ 52,675,406
Other student revenue	2,301,992	-	-	2,301,992	2,120,598
Contributions	1,332,406	12,494,918	-	13,827,324	7,890,086
Government and private grants	2,742,602	1,393,312	-	4,135,914	4,526,807
Dividend, interest, and other gains on nonendowed investments	2,576,986	866,575	-	3,443,561	3,776,930
Income from auxiliary activities	26,450,978	-	-	26,450,978	24,806,972
Other income (expense)	3,490,386	(277,852)	-	3,212,534	5,074,511
Total revenue, gains, and other support	93,926,111	14,476,953	-	108,403,064	100,871,310
Net Assets Released from Restrictions					
Purpose restrictions accomplished for research and various programs	1,318,865	(1,318,865)	-	-	-
Endowment income recognized under spending policy	6,347,617	(6,347,617)	-	-	-
Purpose restrictions accomplished for capital projects	2,307,377	(2,307,377)	-	-	-
Maturity of annuity contract	1,455,471	(1,455,471)	-	-	-
Total net assets released from restrictions	11,429,330	(11,429,330)	-	-	-
Total revenue, gains, other support, and net assets released from restrictions	105,355,441	3,047,623	-	108,403,064	100,871,310
Expenses and Losses					
Instruction	31,722,810	-	-	31,722,810	31,857,727
Research	5,981,220	-	-	5,981,220	6,659,038
Academic support	8,543,461	-	-	8,543,461	8,463,567
Student services	12,301,751	-	-	12,301,751	11,847,221
Institutional support	5,546,862	-	-	5,546,862	5,416,695
Fundraising	4,180,259	-	-	4,180,259	4,354,296
Sales and service	2,647,559	-	-	2,647,559	2,648,959
Auxiliary enterprises	25,353,412	-	-	25,353,412	24,555,743
Total expenses and losses	96,277,334	-	-	96,277,334	95,803,246
Increase in Net Assets - Before endowed gifts and other nonoperating activity	9,078,107	3,047,623	-	12,125,730	5,068,064
Endowed Gifts and Other Nonoperating Activity					
Investment (loss) income	(2,127,043)	(2,896,431)	2,546	(5,020,928)	19,103,445
Change in value of split-interest agreements	-	(279,833)	-	(279,833)	581,487
Change in value of swap agreements	(4,541,402)			(4,541,402)	223,002
Change in value of postretirement liability	(1,680,985)			(1,680,985)	1,284,378
Endowment and other permanently restricted contributions	-	-	4,482,293	4,482,293	2,794,293
Total endowed gifts and other nonoperating (losses) revenue	(8,349,430)	(3,176,264)	4,484,839	(7,040,855)	23,986,605
Increase (Decrease) in Net Assets	728,677	(128,641)	4,484,839	5,084,875	29,054,669
Net Assets - Beginning of year	124,400,006	55,089,434	114,522,968	294,012,408	264,957,739
Net Assets - End of year	**$ 125,128,683**	**$ 54,960,793**	**$ 119,007,807**	**$ 299,097,283**	**$ 294,012,408**

See Notes to Financial Statements.

Hope College

Statement of Cash Flows
Year Ended June 30, 2012
(with comparative totals for year ended June 30, 2011)

	2012	2011
Cash Flows from Operating Activities		
Increase in net assets	$ 5,084,875	$ 29,054,669
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	6,231,940	6,542,153
Loss on disposal of property and equipment	-	504,530
Amortization of loan issuance costs	393,313	179,852
Accumulated postretirement benefits	1,668,457	(1,318,229)
Obligations under split-interest agreements	279,833	(581,487)
Net depreciation (appreciation) of investments	12,617,241	(10,398,081)
Loss (gain) on interest rate swap liability	4,541,402	(223,002)
Net realized loss on sale of investments	5,121,437	1,698,048
Decrease (increase) in assets:		
Accrued income	9,462	(65,344)
Grants receivable	(171,137)	(1,625,120)
Student receivables	(89,775)	1,415,264
Other receivables - Investment proceeds	7,048,583	(7,911,817)
Prepaid and deferred expenses	(51,632)	57,640
Inventory and other assets	(16,009)	(25,000)
Contributions receivable - Net of restricted proceeds	(17,749,669)	(5,719,483)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	969,153	(637,903)
Students' and other deposits	(96,067)	28,061
Deferred tuition and fees	(289,451)	(26,210)
Net cash provided by operating activities	25,501,956	10,948,541
Cash Flows from Investing Activities		
Purchase of building improvements and equipment	(8,322,570)	(3,952,845)
Student loans collected	813,745	748,051
Student loans advanced	(498,921)	(453,210)
Proceeds from sale of investments	80,490,180	70,414,549
Purchase of investments	(99,603,682)	(74,894,915)
Net cash used in investing activities	(27,121,248)	(8,138,370)

Statement of Cash Flows (Continued)
Year Ended June 30, 2012
(with comparative totals for year ended June 30, 2011)

	2012	2011
Cash Flows from Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	$ 4,893,093	$ 2,791,477
Investment in land, buildings, and equipment	8,860,300	3,416,077
Payments on obligations under split-interest agreements	(298,978)	(839,653)
Payments for notes payable issuance costs	(168,852)	(89,253)
Proceeds from new split-interest agreements	445,167	1,140,402
Payments of notes payable and long-term debt	(19,335,000)	(14,635,000)
Proceeds from issuance of notes payable	21,220,000	10,200,000
Refundable Federal Perkins Loan advances - Net of assignments	(163,227)	(101,486)
Net cash provided by financing activities	15,452,503	1,882,564
Net Increase in Cash and Cash Equivalents	13,833,211	4,692,735
Cash and Cash Equivalents - Beginning of year	25,427,120	20,734,385
Cash and Cash Equivalents - End of year	**$ 39,260,331**	**$ 25,427,120**

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Operations - 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.

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. 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, 2012 are available for the following purposes:

Scholarships	$ 70,962,815
General activities of the College	47,668,544
Institutional student loans	376,448
Total permanently restricted net assets	$ 119,007,807

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, 2012 are available for the following purposes:

Annuity and life income funds	$ 2,642,988
Temporarily restricted earnings on endowment funds	18,321,441
Buildings and equipment	28,881,705
Research, scholarships, and other	5,114,659
Total temporarily restricted net assets	$ 54,960,793

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

Cash Equivalents - The College considers all highly liquid investments purchased with a maturity 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 $250,000. As of June 30, 2012, the College had uninsured deposits totaling $2,937,948. 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 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 of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. 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. 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.

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

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.

Land, Buildings, and Equipment - Land, buildings, and equipment are recorded at cost, except for donated land and equipment, which are recorded at fair market value at the date of the gift. Depreciation is computed by the straight-line basis over the estimated useful lives of the assets, which range from 5 to 50 years. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major additions are capitalized.

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 Revised Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and the Compliance Supplement.

During fiscal year 2012, the College distributed $16,710,352 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 2012, the College had a financial aid discount of 34.9 percent as compared to a 35.1 percent discount for 2011.

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.

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 in the financial statements. Accordingly, actual results could differ from those estimates.

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

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, for all financial instruments, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. 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 of $64,325,000 also approximates fair value since all notes payable have variable interest rates.

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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the College and recognize a tax liability if the College has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the College and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2009.

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

Comparative Financial Information - The financial statements include certain summarized comparative information for 2011. Such information does not include information by net asset class or other disclosures in 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, 2011, from which the summarized information was derived.

Reclassification - Certain reclassifications have been made to the 2011 statement of activities to conform to the classifications used in the 2012 statement of activities. These reclassifications affected tuition and fees, government and private grants, contributions, expenses, and nonoperating activities on the statement of activities. The reclassifications were not material and had no impact on net assets or the change in net assets.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including November 28, 2012, which is the date the financial statements were issued.

Note 2 - Investments

The following summarizes the College's securities by type at June 30, 2012:

	2012	
	Fair Value	Cost
Commodities and real assets	$ 30,423,071	$ 31,944,218
Publicly traded securities	51,633,476	44,757,562
Corporate bonds	1,250,358	1,263,088
Hedge funds, limited partnerships, and fund of funds	63,584,854	54,157,331
Federal and other Treasury-related securities	5,975,161	5,059,633
Money markets and CDs	5,866,810	5,866,810
Total securities	$ 158,733,730	$ 143,048,642

Included in money markets and CDs is $5,000,000 of unexpended bond proceeds that are restricted as to use for renovation or construction on student housing facilities and renovation of student dining facilities.

Note 2 - Investments (Continued)

Included in the above securities are investments, generally consisting of hedge funds, limited partnerships, fund of funds, and other private equity securities totaling $91,224,549, 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.

At June 30, 2012, the College has committed to investing additional capital of $6,748,891 in limited partnerships and private equity securities.

Investment income included in the accompanying statement of activities is as follows:

Total dividends and interest - Net of fees	$ 872,975
Net realized and unrealized losses	(2,450,342)
Total	$ (1,577,367)
Reported as:	
Endowment income recognized under spending policy	$ 6,347,617
Dividend, interest, and other gains on nonendowed investments - Net of fees	3,443,561
Net losses on investments - Net of endowment income realized under spending policy	(11,368,545)
Total	$ (1,577,367)

There was $717,962 of fees netted against investment income as of June 30, 2012.

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 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, 2012 and the valuation techniques used by the College to determine those fair values.

Level 1 - In general, 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.

Note 3 - Fair Value Measurements (Continued)

Level 2 - 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 - 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.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2012

	Balance at June 30 , 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets - Investments				
Common stocks:				
Domestic stocks	$ 41,274,237	$ 21,276,905	$ 19,997,332	$ -
Global equity (Domestic/Int'l)	10,359,239	-	10,359,239	-
Fixed income:				
Federal, government, and agency bonds	5,975,161	-	5,975,161	-
Corporate bonds	1,250,358	-	1,250,358	-
Other:				
Hedge funds	42,380,448	-	-	42,380,448
Commodities and real assets	30,423,071	-	2,783,376	27,639,695
Alternatives	21,204,406	-	-	21,204,406
Money markets and CDs	5,866,810	-	5,866,810	-
Total	$ 158,733,730	$ 21,276,905	$ 46,232,276	$ 91,224,549
Liabilities - Fixed rate, variable rate wrap agreement	$ (6,803,008)	$ -	$ (6,803,008)	$ -

Note 3 - Fair Value Measurements (Continued)

Investments categorized as Level 3 assets primarily consist of private equity, hedge, and fund of fund positions. The College estimates the fair value of real estate investments based on appraisals with the current market and other risks involved. The College estimates the fair value of venture capital investments based on valuations provided from fund managers or the general partners.

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

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 investment assets for the year ended June 30, 2012:

	Balance at July 1, 2011	Total Realized Gains Included in Change in Net Assets	Total Unrealized Losses Included in Change in Net Assets	Gross Additions and Purchases	Gross Sales and Maturities	Balance at June 30, 2012
Hedge funds	$ 40,270,891	$ 2,059,901	$ (4,374,184)	$ 13,259,256	$ (8,835,416)	$ 42,380,448
Commodities and real assets	25,779,662	565,442	(1,371,477)	3,467,134	(801,066)	27,639,695
Alternatives	27,359,851	1,912,077	(2,379,583)	1,235,206	(6,923,145)	21,204,406
Total	$ 93,410,404	$ 4,537,420	$ (8,125,244)	$ 17,961,596	$ (16,559,627)	$ 91,224,549

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 and the related strategy are as follows:

Investments Held at June 30, 2012

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Event-driven (a)	$ 22,037,833	$ -	Quarterly to annually	45-90 days
Directional equity (b)	8,476,090	-	Quarterly to annually	45-90 days
Fund of hedge funds (c)	11,866,525	-	Quarterly to annually	60-90 days
Real estate private equity (d)	27,639,695	1,172,856	Illiquid	Illiquid
Private equity - Domestic (e)	21,204,406	5,576,035	Illiquid	Illiquid
Total	$ 91,224,549	$ 6,748,891		

(a) Event-driven - This strategy involves taking a long or short position in any security (stock, bond, 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 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.

Note 3 - Fair Value Measurements (Continued)

(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, though funds will typically specialize in specific industries and regions.

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. The contributions have been made primarily for capital and operating purposes and are expected to be received as follows:

Less than one year	$ 12,252,029
One to five years	31,046,526
Total contributions receivable	43,298,555
Less unamortized discount	1,961,117
Less allowance for uncollectibles	597,961
Present value of contributions receivable	$ 40,739,477

Note 5 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of June 30, 2012:

Land and improvements	$ 19,524,397
Buildings	190,558,914
Equipment and other	25,251,550
Construction in progress	5,107,795
Total	240,442,656
Less accumulated depreciation	87,393,742
Net land, buildings, and equipment	$153,048,914

Depreciation expense was $6,231,940 for the year ended June 30, 2012.

Note 6 - Notes Payable and Long-term Debt

The College has notes payable as follows as of June 30, 2012:

Unsecured Michigan Finance Authority 2012 notes issued in connection with the revenue refunding bonds Series 2002A, 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, 2012 of 3.59 percent). The 2012 bonds mature in fiscal year 2032	$ 11,220,000
Unsecured Economic Development Corporation of Ottawa County 2011 notes issued in connection with the revenue refunding bonds Series 2002A, due serially each April 1 in amounts ranging from $860,000 to $1,075,000, plus interest payable monthly at a variable weekly rate (an all in rate at June 30, 2012 of 2.498 percent). The 2011 bonds mature in fiscal year 2022	9,695,000
Unsecured Michigan Finance Authority 2010 notes issued in connection with the revenue refunding bonds Series 1999, due serially each October 1 in amounts ranging from $1,000,000 to $1,295,000, plus interest payable monthly at a variable weekly rate (an all in rate at June 30, 2012 of 2.70 percent). The 2010 bonds mature in fiscal year 2021	9,200,000

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

Unsecured Michigan Higher Education Facilities Authority (MHEFA) notes issued in connection with the revenue bonds of 2004, 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, 2012 of .17 percent). A total of $10,650,000 of the notes have an associated swap and bear interest at 3.892 percent at June 30, 2012. The remaining $6,705,000 bear interest at the variable weekly rate. The 2004 bonds mature in fiscal year 2034	$ 17,355,000
Unsecured MHEFA notes issued in connection with the revenue bonds of 2002 Series B Bonds, due serially each April 1 in amounts ranging from $575,000 to $1,145,000, plus interest payable monthly at a variable weekly rate (an effective rate at June 30, 2012 of .17 percent). A total of $12,350,000 of the notes have an associated swap and bear interest at 3.892 percent at June 30, 2012. The remaining $4,505,000 bear interest at the variable weekly rate. The 2002 bonds mature in fiscal year 2032	16,855,000
Total	$ 64,325,000

Scheduled minimum principal payments on these notes payable to maturity are as follows:

2013		$ 3,600,000
2014		3,695,000
2015		3,775,000
2016		3,935,000
2017		3,675,000
Thereafter		45,645,000
	Total	$ 64,325,000

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, 2013 and is subject to various financial covenants. There were no borrowings outstanding on this line of credit as of June 30, 2012.

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

Other information concerning the more significant indenture agreements is as follows:

Michigan Finance Authority Notes of 2012 - In March 2012, for the benefit of the College, Michigan Finance Authority issued $11,220,000 in General Revenue and Refunding Variable Rate Demand Bonds. The bonds were used to provide funding for the renovation or construction of student housing facilities, renovation of student dining facilities, as well as the advanced refunding of the remaining portion of the Series 2002A Bonds.

Economic Development Corporation Notes of 2011 - In December 2011, for the benefit of the College, the Economic Development Corporation of Ottawa County issued $10,000,000 in General Revenue and Refunding Variable Rate Demand Bonds. The bonds were used to provide funding for the advanced refunding of a portion of the Series 2002A Bonds.

Michigan Finance Authority Notes of 2010 - In December 2010, for the benefit of the College, Michigan Finance Authority issued $10,200,000 in General Revenue and Refunding Variable Rate Demand Bonds. The bonds were used to provide partial funding for the advanced refunding of $11,745,000 in Series 1999 Bonds.

Michigan Higher Education Facilities Notes of 2004 - In July 2004, for the benefit of the College, MHEFA issued $25,000,000 in General Revenue and Refunding Variable Rate Demand Bonds. The bonds were used to provide funding for the remaining construction on the Martha Miller Center and the construction of the DeVos Fieldhouse as well as the advanced refunding of $4,890,000 Series 1994 Bonds and $8,972,500 of Series 1996B Bonds.

The revenue of the College is pledged as collateral to the debt and, as additional collateral for the 2004 Bonds, the College obtained a letter of credit in the amount of $18,652,158. This letter of credit shall terminate no earlier than July 15, 2015, or the first business day following the conversion of interest to a fixed rate. Due to the remarketing agreement, it is possible, but not expected, that $17,355,000 of this debt may be current if the bonds are not able to be remarketed.

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

Michigan Higher Education Facilities Notes of 2002 - In April 2002, for the benefit of the College, MHEFA issued $18,910,000 in Limited Obligation Revenue Bonds (Series A) and $20,955,000 in Variable Rate Demand Limited Obligation Revenue Bonds (Series B), primarily to provide funding for the addition to the existing Peale Science Center and construction of the Martha Miller Center. The College executed notes payable to MHEFA related to such bonds. The obligations to make repayments on the notes payable related to the 2002 Series A and B Bonds are unsecured general obligations of the College. During the year ended June 30, 2012, the Michigan Finance Authority and the Economic Development Corporation of Ottawa County issued General Revenue and Refunding Variable Rate Demand Bonds. These bonds were used to provide funding for the advanced refunding of the Series 2002A Bonds. As of June 30, 2012, all of the Series 2002A Bonds were refunded.

At the option of the College, the variable rate Series B Bonds can be converted to a fixed rate on any business day of any calendar month, at which time the interest rate would be fixed by the lender at the prevailing market rate; therefore, the College's liability to MHEFA can be converted to a fixed interest rate.

The revenue of the College is pledged as collateral to the debt and, as additional collateral for the 2002 Series B Bonds, the College obtained a letter of credit in the amount of $17,644,890. This letter of credit shall terminate no earlier than June 15, 2013, or the first business day following the conversion of interest to a fixed rate. Due to the remarketing agreement, it is possible, but not expected, that $16,855,000 of this debt may be current if the bonds are not able to be remarketed.

The various debt obligations that the College has outstanding are subject to the following covenants:

- Maintain for each year a liquidity ratio (as defined) equal to or greater than 100 percent (at June 30, 2012, the defined liquidity ratio amounted to 237 percent)

- Establish and maintain income available for debt service (as defined) in an amount sufficient to provide annually sums equal to at least 110 percent of maximum debt service (for the year ended June 30, 2012, income available for debt service was 175 percent of maximum debt service)

- Maintain for each year a minimum cash-to-debt ratio (temporarily restricted and unrestricted cash and investments to debt ratio) of not less than 40 percent (at June 30, 2012, the College's ratio amounted to 143 percent)

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

- Not incur an adjusted annual deficit (as defined) that is equal to or greater than 15 percent of total unrestricted current fund revenue plus cumulative realized and unrealized net gains on investments in any fiscal year, and the sum of adjusted annual deficit percentages in the immediately preceding last three fiscal years minus the sum of adjusted annual surplus percentages in the immediately preceding last three fiscal years shall not equal or exceed 25 percent (for the year ended June 30, 2012, the College did not incur an adjusted annual deficit)

The calculations supporting the various debt covenants at June 30, 2012 and for the year then ended are as follows:

2002B, 2004, 2010, 2011, and 2012 issues - Liquidity ratio:

Market value of endowment fund	$ 150,928,098
Long-term debt	$ 64,325,000
Interest expense paid and accrued	1,786,516
Debt Service Reserve Fund	(2,551,268)
Total long-term debt plus interest less Debt Service Reserve Fund	$ 63,560,248
Liquidity ratio	237%

2002B, 2004, 2010, 2011, and 2012 issues - Debt service coverage:

Current unrestricted fund - Increase in current year net assets	$ 1,595,398
Depreciation	6,231,940
Interest expense paid and accrued	1,786,516
Total income available for debt service	$ 9,613,854
Maximum annual debt service	$ 5,502,073
Percentage of debt service coverage	175%

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

2002B, 2004, 2010, 2011, and 2012 issues - Cash-to-debt ratio (temporarily restricted and unrestricted cash and investments-to-debt ratio):

Cash and cash equivalents	$ 39,260,331
Investment proceeds receivable	293,375
Investments	158,733,730
Less:	
Permanently restricted endowment - Net of pledges	104,965,801
Permanently restricted loan funds	376,449
Agency fund cash	707,790
Temporarily and unrestricted cash and investments	$ 92,237,396
Outstanding debt	$ 64,325,000
Percentage of cash to debt (temporarily restricted and unrestricted cash and investments to debt)	143%

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, which are designated as fair value hedges, are used to manage the risk associated with interest rates on variable rate borrowings.

For fair value hedges, the gain or loss on the derivative instruments is offset against the loss or gain on the related hedged item recognized in current earnings. Generally, the College enters into hedging relationships such that changes in the fair value or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives.

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.

Note 7 - Derivative Financial Instruments (Continued)

Below is a summary of the swaps held by the College as of June 30, 2012:

June 30, 2012							
Associated Bond Issue	Outstanding Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty
Series 2002B and Series 2004	$ 23,000,000	6/17/2008	3.892%	One-week LIBOR	$ (5,458,005)	4/3/2034	JPMorgan
Series 2010	9,200,000	12/17/2010	1.530%	65% of one-month LIBOR	(275,703)	10/1/2019	PNC
Series 2011	9,695,000	12/7/2011	1.418%	70% of one-month LIBOR	(300,845)	4/1/2022	PNC
Series 2012	11,220,000	5/1/2012	1.990%	70% of one-month LIBOR	(768,456)	4/1/2032	PNC
Fair value of interest rates swaps at June 30, 2012					$ (6,803,008)		

An unrealized loss totaling $4,541,402 is included as a fair value adjustment to nonoperating revenue for the year ended June 30, 2012. The realized losses on borrowings of $458,509 on the four agreements have been recognized in interest expense for the year ended June 30, 2012.

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 $12,101,277 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 2.76 percent to 7.00 percent.

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 State of Michigan enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in September 2009. The College has interpreted 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 purpose 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, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (2,978,781)	$ 18,321,441	$ 117,624,764	$ 132,967,424
Board-designated endowment	30,619,663	-	-	30,619,663
Total	$ 27,640,882	$ 18,321,441	$ 117,624,764	$ 163,587,087

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

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2011	$ 29,767,925	$ 23,355,533	$ 113,142,471	$ 166,265,929
Contributions	-	-	4,482,293	4,482,293
Investment income	-	2,361,249	-	2,361,249
Depreciation in fair value	(2,127,043)	(1,049,653)	-	(3,176,696)
Spending draw	-	(6,347,617)	-	(6,347,617)
Other changes	-	1,929	-	1,929
Endowment net assets at June 30, 2012	$ 27,640,882	$ 18,321,441	$ 117,624,764	$ 163,587,087

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. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled $2,978,781 as of June 30, 2012. These deficiencies resulted from unfavorable market fluctuations.

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.

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

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, 2012, 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 as follows:

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 4.25 percent was used to calculate the benefit.

1966 Plan - This is a defined contribution plan covering substantially all regular faculty members, administrative, and other employees. The College contributes 10.5 percent of the regular compensation of covered employees on a monthly basis to the Teachers Insurance and Annuity Association and other approved plans. Total contributions to the plan by the College were $3,492,403 in 2012. 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 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 4.25 percent was used to calculate the liability for this program. This program is in effect until July 31, 2014, at which time it shall terminate, unless it is renewed by the College's board of trustees.

Note 10 - Employee Retirement Plans (Continued)

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 4.25 percent was used to calculate the benefit.

The change in the accumulated postretirement benefit costs for the year ended June 30, 2012 is as follows:

	1949 Plan	Early Retirement Program	Postretirement Benefit Plan	Total
Accumulated benefit costs - July 1, 2011	$ 44,587	$ 1,435,951	$ 8,190,021	$ 9,670,559
Service costs on benefits earned	-	98,630	85,684	184,314
Interest costs on accumulated benefit obligation	11,701	71,829	406,636	490,166
Expected return on plan assets	(5,045)	-	-	(5,045)
Amortization (deferral) of prior service cost	-	93,091	(387,819)	(294,728)
Recognition of net actuarial gain (loss)	28,125	(108,136)	(340,423)	(420,434)
Net periodic benefit cost	34,781	155,414	(235,922)	(45,727)
Expected benefit payments - Net of retiree payments	(46,049)	(148,224)	(444,579)	(638,852)
Unrecognized actuarial gain and other	23,796	113,942	2,227,826	2,365,564
Accumulated benefit costs - June 30, 2012	$ 57,115	$ 1,557,083	$ 9,737,346	$ 11,351,544

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

Note 10 - Employee Retirement Plans (Continued)

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

Year	1949 Plan	Postretirement Benefit Plan	Total
2013	$ 39,162	$ 499,579	$ 538,741
2014	34,522	500,258	534,780
2015	30,087	490,407	520,494
2016	25,924	499,147	525,071
2017	22,068	520,039	542,107
2018-2022	64,977	2,780,251	2,845,228

The 2012 costs were developed based on the health insurance plan in effect at June 30, 2012. For the year ended June 30, 2012, 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 one percentage point increase in each year would increase the accumulated postretirement benefit obligation as of June 30, 2012 by approximately $1,300,000 and the aggregate of the service and interest cost components of net periodic retiree health costs for 2012 by approximately $75,000.

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, 2012 was $200,000, with total exposure limited to approximately $6,942,609. Losses in excess of these limitations are covered by reinsurance. Amounts expensed by the College under the plan were $4,840,905 for the year ended June 30, 2012. The College has recorded an accrual of $1,149,938 at June 30, 2012 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 $2,464,166 during 2012.

The College holds investments in its endowment funds that involve board members, investment committee members, and other related parties of the College. The carrying value of such investments totaled $9,084,486 at June 30, 2012.

Note 13 - Cash Flows

Noncash investing activities during 2012 consisted of noncash gifts and contributions totaling $80,610. Cash paid for interest during 2012 totaled $2,400,554.

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, 2012. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combining statement of financial position - all funds as of June 30, 2012 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

November 28, 2012

	June 30		
	2012		
	Current Unrestricted	Current Restricted	Plant
Assets			
Cash and cash equivalents	$ 4,198,059	$ 4,951,155	$ 18,368,096
Receivables:			
Student accounts and loans receivable - Less allowance for doubtful accounts of $470,000 at June 30 2012 and 2011	513,708	-	-
Contributions receivable - Net	-	4,206,055	23,874,459
Government grants receivable	-	3,052,739	-
Accrued income receivable	71,914	-	107
Other receivables	2,443,590	-	352,000
Inventories and other assets	775,381	-	-
Prepaid and deferred expenses	899,246	-	-
Note payable issuance costs - Net	-	-	703,205
Investments	113,181	-	5,840,226
Land, buildings, and equipment - Net	-	-	153,048,914
Total assets	**$ 9,015,079**	**$ 12,209,949**	**$ 202,187,007**
Liabilities and Net Assets (Deficit)			
Liabilities			
Accounts payable	$ 1,299,055	$ 153,480	$ 1,074,597
Accrued liabilities	3,827,995	190,200	1,250,000
Students' and other deposits	447,393	-	-
Deferred tuition and fees	609,557	-	-
Obligations under split-interest agreements	-	-	-
Notes payable	-	-	64,325,000
Fair value of interest rate swap	-	-	6,803,008
Refundable Federal Perkins Loan advances		-	-
Accumulated employee postretirement benefits	11,294,429	-	-
Total liabilities	17,478,429	343,680	73,452,605
Net Assets (Deficit) - As restated			
Unrestricted (deficit) assets	(8,463,350)	6,751,610	98,846,102
Temporarily restricted	-	5,114,659	28,881,705
Permanently restricted	-	-	1,006,595
Total net assets (deficit)	(8,463,350)	11,866,269	128,734,402
Total liabilities and net assets (deficit)	**$ 9,015,079**	**$ 12,209,949**	**$ 202,187,007**

Combining Statement of Financial Position - All Funds (Continued)
June 30, 2012
(with comparative totals for June 30, 2011)

June 30					
2012					2011
Endowment	Annuities	Agency	Student Loan	Total	Total
$ 9,168,445	$ 787,258	$ 707,790	$ 1,079,528	$ 39,260,331	$ 25,427,120
-	-	-	5,744,931	6,258,639	6,730,055
12,658,963	-	-	-	40,739,477	36,743,201
-	-	-	-	3,052,739	2,881,602
-	-	-	-	72,021	81,483
293,375	-	76,221	-	3,165,186	9,967,402
-	-	-	-	775,381	759,372
-	-	11,617	-	910,863	859,231
-	-	-	-	703,205	927,666
141,466,304	11,314,019	-	-	158,733,730	157,358,906
-	-	-	-	153,048,914	150,958,284
$ 163,587,087	**$ 12,101,277**	**$ 795,628**	**$ 6,824,459**	**$ 406,720,486**	**$ 392,694,322**
$ -	$ 9,101	$ 13,067	$ 1,418	$ 2,550,718	$ 1,871,065
-	-	-	-	5,268,195	4,978,695
-	-	706,061	-	1,153,454	1,249,521
-	-	76,500	-	686,057	975,508
-	9,449,188	-	-	9,449,188	9,023,166
-	-	-	-	64,325,000	62,440,000
-	-	-	-	6,803,008	2,261,606
-	-	-	6,093,154	6,093,154	6,256,381
-	-	-	-	11,294,429	9,625,972
-	9,458,289	795,628	6,094,572	107,623,203	98,681,914
27,640,882	-	-	353,439	125,128,683	124,400,006
18,321,441	2,642,988	-	-	54,960,793	55,089,434
117,624,764	-	-	376,448	119,007,807	114,522,968
163,587,087	2,642,988	-	729,887	299,097,283	294,012,408
$ 163,587,087	**$ 12,101,277**	**$ 795,628**	**$ 6,824,459**	**$ 406,720,486**	**$ 392,694,322**