Hope College

Financial Report
with Additional Information
June 30, 2009

Hope College

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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 June 30, 2009 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 2008 financial statements and, in our report dated October 27, 2008, 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 $78,118,492 (32 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, 2009 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.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 2, 2009 on our consideration of Hope

Hope College

Statement of Financial Position
June 30, 2009
(with comparative totals for June 30, 2008)

	2009	2008
Cash and cash equivalents	$ 23,708,581	$ 18,454,483
Receivables:		

Statement of Activities
Year Ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

Statement of Cash Flows
Year Ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	2009	2008
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (33,749,365)	$ 17,403,142
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation	6,860,477	6,985,892
Amortization of loan issuance costs	58,386	58,385
Accumulated postretirement benefits	(2,744,596)	688,250
Obligations under split-interest agreements	(1,443,318)	

Statement of Cash Flows (Continued)
Year Ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	2009	2008
Cash Flows from Financing Activities		
Proceeds from contributions restricted for:		
Investment in endowment	$ 5,548,713	$ 9,411,956
Investment in land, buildings, and equipment	7,417,784	15,507,971
Payments on obligations under split-interest agreements	(148,943)	(570,810)
Proceeds from new split-interest agreements	168,666	393,007
Payments of notes payable and long-term debt	(3,070,000)	(2,750,000)
Refundable Federal Perkins Loan advances - Net of assignments	(16,392)	(27,780)
Net cash provided by financing activities	9,899,828	21,964,344
Net Increase in Cash and Cash Equivalents	5,254,098	1,272,130
Cash and Cash Equivalents - Beginning of year	18,454,483	17,182,353
Cash and Cash Equivalents - End of year	**$ 23,708,581**	**$ 18,454,483**

See Notes to Financial Statements.

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, 2009, the College had uninsured deposits totaling $7,654,207. 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 2 - Investments (Continued)

Included in the above securities is $97,825,358 in investments, generally consisting of hedge funds, limited partnerships, fund of funds, and other private equity securities of which $78,118,492 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, 2009, the College has committed to investing additional capital of $26,007,842 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	$ 1,789,995
Net realized and unrealized losses	(37,188,574)
Total	$(35,398,579)
Reported as:	
Endowment income recognized under spending policy	$ 6,458,812
Dividend, interest, and other gains (losses) on nonendowed investments - Net of fees	(2,958,468)
Net losses on investments - Net of endowment income realized under spending policy	(38,898,923)
Total	$(35,398,579)

There was $565,603 of fees netted against investment income as of June 30, 2009.

Note 3 - Fair Value

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 on the next page. The carrying amount of the College's notes payable was $74,055,000 compared to fair values of $75,760,000. The estimated fair values were based on rates available to the College for debt with similar terms and maturities as of June 30, 2009.

As of July 1, 2008, the College adopted Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS 157 are effective prospectively for periods beginning July 1, 2008 for financial assets and liabilities and for periods beginning July 1, 2009 for nonfinancial assets and liabilities as a result of

Note 3 - Fair Value (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Balance at
June 30 , 2009

Note 3 - Fair Value (Continued)

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 tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

The following table sets forth a summary of the changes in the fair value of the Plan's Level 3 investment assets for the year ended June 30, 2009:

	Hedge Funds, Limited Partnerships, and Fund of Funds	Real Estate and Land Contracts	Other
Balance at July 1, 2008	$ 91,179,229	$ 1,923,339	$ 100,000
Total realized and unrealized (losses) gains	(17,261,373)		

Note 5 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of June 30, 2009:

Land and improvements	$ 18,026,909
Buildings	175,014,307
Equipment and other	27,951,282
Construction in progress	7,363,985
Total	228,356,483
Less accumulated depreciation	76,918,382
Net land, buildings, and equipment	$151,438,101

At June 30, 2009, the College had contracts of $2,940,178 outstanding relating to construction in progress.

Depreciation expense was $6,860,477 for the year ended June 30, 2009.

Note 6 - Notes Payable and Long-term Debt

The College has notes payable as follows as of June 30, 2009:

Unsecured 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, 2009 of .32 percent). The 2004 bonds mature in fiscal year 2034	$ 20,470,000
Unsecured Michigan Higher Education Facilities Authority (MHEFA) notes issued in connection with the Revenue Bonds of 2002, due serially each April 1 in amounts ranging from $400,000 to $1,285,000 for the Series A Bonds, plus interest payable semiannually, increasing from 3.4 percent to 5.9 percent per annum, and Series B Bonds due serially each April 1 in amounts ranging from $540,000 to $1,145,000, plus interest payable monthly at a variable weekly rate (an effective rate at June 30, 2009 of 4.25 percent). The 2002 bonds mature in fiscal year 2032	35,720,000
Unsecured MHEFA notes issued in connection with the Revenue Refunding Bonds of 1999, due serially each October 1 in amounts ranging from $860,000 to $1,495,000, plus interest payable semiannually, increasing from 4.50 percent to 4.90 percent per annum. The 1999 bonds mature in fiscal year 2021	13,490,000

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

Unsecured MHEFA notes issued in connection with the Revenue Bonds of 1996, due serially each October 1 in amounts ranging from $400,000 to $645,000 for the Series A Bonds, plus interest payable monthly at a variable weekly rate (an effective rate at June 30, 2009 of 4.90 percent). The 1996 bonds were paid in full subsequent to year end	$ 4,375,000
Total	$ 74,055,000

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

2010	$ 3,205,000
2011	3,330,000
2012	3,480,000
2013	3,650,000
2014	3,810,000
Thereafter	56,580,000
Total	$ 74,055,000

Due to the remarketing agreement related to the 2002B and 2004 bonds, it is possible, but not expected, that $38,995,000 of this amount may be due current if these bonds are not able to be remarketed.

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

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 maximum amount of $22,671,103. This letter of credit shall terminate no earlier than July 15, 2012, or the first business day following the conversion of interest to a fixed rate.

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

Agreements related to the notes require that the College shall:

- Maintain for each year a liquidity ratio (as defined) equal to or greater than 100 percent (at June 30, 2009, the defined liquidity ratio amounted to 181 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, 2009

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

Agreements related to the notes require that the College shall:

- Maintain a Debt Service Reserve Fund or obtain a letter of credit for at least $1,370,470 (at June 30, 2009, the College has a letter of credit in the amount of $1,370,470, which expires on June 15, 2012)
- Maintain for each year a liquidity ratio (as defined) equal to or greater than 100 percent (at June 30, 2009, the defined liquidity ratio amounted to 181 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, 2009, income available for debt service was 199 percent of maximum debt service)
- Not incur an adjusted annual deficit (as defined) that is equal to or greater than 15 percent of total unrestricted current fund revenues 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, 2009 and four preceding years, the College did not incur an adjusted annual deficit)

Michigan Higher Education Facilities Notes of 1999 - In March 1999, for the benefit of the College, the Michigan Higher Education Facilities Authority issued $17,080,000 in Limited Obligation Revenue Refunding Bonds, Series 1999 primarily to advance refund $14,385,000 of previously issued 1994 Series Bonds. The College executed notes payable to MHEFA related to such bonds, and revenues of the College are pledged as collateral for repayment of the bonds.

Substantially all of the proceeds of the 1999 Series Bonds were placed in escrow with a bond trustee and used to purchase State of Michigan and United States Treasury obligations. The future cash flows from bond proceeds placed in escrow are expected to be sufficient to meet the obligations for debt service on the refunded bonds. In connection with the advance refunding, the College has been legally released from its notes to MHEFA associated with the portion of the Series 1994 Bonds to be refunded. As of June 30, 2009, $11,750,000 of the advance refunded bonds, which are considered extinguished, remains outstanding.

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

Agreements related to the notes require that the College shall:

- Maintain a Debt Service Reserve Fund of at least $1,540,653 (at June 30, 2009, the Debt Service Reserve Fund, included within investments in the accompanying statement of financial position, had a balance of $1,540,853)
- Maintain the market value of the marketable securities in its Endowment and Quasi-endowment Fund not pledged to any debt of the College at an amount equal to 2.0 times the sum of the principal outstanding of the Series 1999 Bonds and the Series 1996 Bonds, plus interest due on the Series 1999 Bonds and the Series 1996 Bonds on the next two succeeding interest payment dates, less any monies then on deposit in the Debt Service Reserve Fund and the Reserve Fund for the Series 1996 Bonds (at June 30, 2009, the market value of Endowment and Quasi-endowment Fund marketable securities was $125,293,841, which is $91,292,934 more than the required market value)
- Establish and maintain income available for debt service (as defined) in an amount sufficient to provide annually sums equal to at least 115 percent of maximum annual debt service (for the year ended June 30, 2009, income available for debt service was 199 percent of maximum debt service)
- Not incur an adjusted annual deficit (as defined) that is equal to or greater than 15 percent of total unrestricted revenues 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, 2009 and the four preceding years, the College did not incur an adjusted annual deficit)

Michigan Higher Education Facilities Notes of 1996 - In June 1996, for the benefit of the College, MHEFA issued $7,150,000 in Limited Obligation Federally Taxable Variable Rate Revenue Bonds (Series A), primarily to provide funding for campus expansion and completion of the Haworth Center and Cook Residence Hall. The College executed notes payable to MHEFA related to such bonds. The obligation to make repayments on the notes payable related to the 1996 Series A are unsecured general obligations of the College.

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

At the option of the College, the variable rate Series A 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 1996 Series A Bonds, the College obtained a letter of credit in the maximum amount of $5,108,599.

Subsequent to year end, the College paid off the 1996 bonds and terminated the letter of credit associated with the bonds.

The calculations supporting the various debt covenants at June 30, 2009 and for the year then ended are as follows:

2004 and 2002 Issue - Liquidity ratio:	
Market value of endowment fund	$ 125,293,841
Long-term debt	$ 74,055,000
Interest expense paid and accrued	4,389,915
Debt Service Reserve Fund	(9,367,210)
Total long-term debt plus interest less Debt Service Reserve Fund	$ 69,077,705
Liquidity ratio	181%
2004, 2002, and 1999 Issues - Debt service coverage:	
Current unrestricted fund - Increase in current year net assets	$ 1,286,415
Depreciation	6,860,477
Interest expense paid and accrued	4,389,915
Total income available for debt service	$ 12,536,807
Maximum annual debt service	$ 6,308,029
Percentage of debt service coverage	199%

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

During 2008, the College entered into an interest rate swap agreement maturing in April 2034, in order to convert $25,000,000 of its variable debt disclosed above into a fixed rate of 3.892 percent. The interest rate swap is recognized in the accompanying statement of financial position at fair value. Changes in the fair value of the interest rate swap are recognized as a component of interest expense. An unrealized loss totaling $770,273 has been recognized in 2009. The realized loss recognized as a component of interest expense was $647,634 for 2009.

Note 7 - 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 $12,268,626 and are included in cash and cash equivalents and investments.

Net assets related to these agreements are classified as temporarily and permanently 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 4.25 percent to 7.00 percent.

Note 8 - Donor Restricted and Board Designated Endowments

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

Interpretation of Relevant Law

The board of trustees of the College has interpreted the Uniform Management of Institutional Funds Act (UMIFA) 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 unrestricted net assets unless otherwise specified by the donor. In accordance with UMIFA, the College exercises the standard of ordinary business care and prudence with determining the amount of earnings and gains to appropriate for expenditure or to accumulate within the endowment fund. The College considers the following factors in exercising this standard of care:

(1) The long-term and short-term needs of the College in carrying out its charitable purpose;

(2) The present and anticipated financial requirements of the College;

(3) The expected total return on investments;

(4) Price level trends; and

(5) General economic conditions

Note 8 - Donor and Board Designated Endowments (Continued)

Note 8 - Donor and Board Restricted 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 years ended June 30, 2009 and 2008, 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.

Uniform Prudent Management of Institutional Funds Act (UPMIFA)

Subsequent to year end, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed in to law and will replace the Uniform Management of Institutional Funds Act (UMIFA) in Michigan. The change in this law will require that earnings on endowments be temporarily restricted (as opposed to unrestricted) until spent, and also includes a process for releasing or modifying restrictions on a gift. Management is currently assessing the impact that this law will have on its financial statements for the year ending June 30, 2010. At June 30, 2009, the amount of accumulated earnings on endowments classified as unrestricted is $3,878,394.

Note 9 - 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 6 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 $3,345,618 in 2009. Employees may also make voluntary contributions to the plan up to certain limitations allowed by law. All contributions vest immediately.

Note 9 - Employee Retirement Plans (Continued)

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

	1949 Plan	Postretirement Benefit Plan	Total
2010	$ 59,406	$ 501,797	$ 561,203
2011	52,788	551,815	604,603
2012	46,403	586,091	632,494
2013	40,354	662,095	702,449
2014	34,708	642,405	677,113
2015-2019	106,110	3,812,539	3,918,649

The 2009 costs were developed based on the health insurance plan in effect at June 30, 2009. For the year ended June 30, 2009, the actuary assumed that retiree medical cost increases would be 8 percent in the first year and would gradually decrease each year until the rate of increase was 5 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, 2009 by approximately $1,700,000 and the aggregate of the service and interest cost components of net periodic retiree health costs for 2009 by approximately $183,000.

Note 10 - Self-insurance

During the year, the College entered into a self-insured medical plan covering all of its eligible employees. The College's individual excess risk benefit level per employee for the period ended June 30, 2009 was $75,000, with total exposure limited to approximately $3,780,000. Losses in excess of these limitations are covered by reinsurance. Amounts expensed by the College under the plan were $4,557,751 for the year ended June 30, 2009. The College has recorded an accrual of $1,076,370 at June 30, 2009 for known claims and estimated claims incurred but not reported.

Note 11 - 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 $2,095,944 during 2009.

The investment committee of the board of trustees has authorized the allocation of up to 15 percent of endowment funds to investments that may involve board members or other related parties of the College. The carrying value of such investments totaled $6,198,518 at June 30, 2009.

Note 12 - Cash Flows

Noncash investing activities during 2009 consisted of noncash gifts and contributions totaling $128,702. Cash paid for interest during 2009 totaled $4,152,696.

Note 13 - Net Asset Transfer

Net asset transfers recorded on the statement of activities relate to previously unrestricted pledges that during 2009 were changed by the donor from unrestricted to a restricted designation.

To the Board of Trustees
Hope College

We have audited the financial statements of Hope College for the year ended June 30, 2009. 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, 2009 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

Plante & Moran, PLLC

November 2, 2009

	Current Unrestricted	Current Restricted	Plant
Assets			
Cash and cash equivalents	$ 1,471,545	$ 5,251,189	$ 1,358,163
Receivables:			
Student accounts and loans receivable - Less allowance for doubtful accounts of $490,000 and $370,000 at June 30, 2009 and 2008, respectively	340,007	-	-
Contributions receivable - Net	-	4,692,366	24,522,958
Government grants receivable	-	1,272,090	-
Accrued income receivable	122,427		153
Other receivables	1,720,078	-	530,838
Inventories and other assets	762,402	-	-
Prepaid and deferred expenses	813,714	-	-
Note payable issuance costs - Net	-	-	1,119,550
Investments	2,430,794	-	8,068,479
Land, buildings, and equipment - Net	-	-	151,438,101
Total assets	**$ 7,660,967**	**$ 11,215,645**	**$ 187,038,242**
Liabilities and Net Assets (Deficit)			
Liabilities			
Accounts payable	$ 1,286,958	$ 129,069	$ 1,758,390
Accrued liabilities	3,204,716	(115,763)	1,921,347
Students' and other deposits	436,527	-	

Combining Statement of Financial Position - All Funds
June 30, 2009
(with comparative totals for June 30, 2008)

Endowment	Annuities	Agency	Student Loan	Total	2008 Total
$ 13,903,344	$ 1,727,692	$ 275,787	$ (279,139)	$ 23,708,581	$ 18,454,483
-	-	-	6,985,985	7,325,992	6,828,015
11,115,581	-	-	-	40,330,905	40,140,639
-	-	-	-	1,272,090	955,952
-	12,067	-	-	134,647	222,786
1,200,484	-	201,928	-	3,653,328	2,278,554
-	-	-	-	762,402	729,733
-	-	54,122	-	867,836	572,786
-	-	-	-	1,119,550	1,177,936
110,202,316	10,528,867	300,000	-	131,530,456	180,580,423
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