SCRIPPS

THE WOMEN'S COLLEGE • CLAREMONT

FINANCIAL REPORT 2017–2018

THE PARAMOUNT

OBLIGATION OF A COLLEGE

IS TO DEVELOP IN ITS STUDENTS

THE ABILITY TO THINK CLEARLY

AND INDEPENDENTLY,

AND THE ABILITY

TO LIVE CONFIDENTLY,

COURAGEOUSLY, AND

HOPEFULLY.

ELLEN BROWNING SCRIPPS

Covers:
Front: Holden Court, Bowling Green and Elizabeth Monroe Wood Steps
Back: Nan Elizabeth Walsh Schow Hall

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

2018 and 2017

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Report of Independent Auditors

The Board of Trustees
Scripps College

Report on the Financial Statements

We have audited the accompanying financial statements of Scripps College, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scripps College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
November 1, 2018

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash	$ 1,715,641	$ 537,476
Accounts receivable, net	1,663,631	1,451,635
Prepaid expenses, deposits, and other	1,384,737	1,450,417
Notes receivable, net	3,714,201	3,841,710
Contributions receivable, net	19,489,855	21,263,343
Investments	393,914,838	361,827,408
Investments held as a reserve for depreciation	12,843,256	10,274,289
Collections	20,246,853	20,116,324
Plant facilities, net	138,223,162	130,818,795
Total assets	$ 593,196,174	$ 551,581,397
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 4,804,532	$ 6,684,620
Deposits and deferred revenue	4,550,949	2,186,378
Life income and annuities payable	3,645,390	3,591,066
Bonds and note payable	86,549,383	74,331,448
Government advances for student loans	265,160	434,139
Funds held in trust for others	92,585	92,585
Asset retirement obligation	1,011,926	965,958
Total liabilities	100,919,925	88,286,194
Net assets		
Unrestricted	118,871,574	117,131,121
Temporarily restricted	195,551,704	176,806,354
Permanently restricted	177,852,971	169,357,728
Total net assets	492,276,249	463,295,203
Total liabilities and net assets	$ 593,196,174	$ 551,581,397

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018
Revenues and releases of net assets:				
Tuition, room and board	$ 71,849,281	$ -	$ -	$ 71,849,281
Less financial aid	17,921,693	-	-	17,921,693
Net student revenues	53,927,588	-	-	53,927,588
Contributions	5,230,977	1,593,422	8,455,195	15,279,594
Federal grants and contracts	521,218	-	-	521,218
Spending policy income	14,334,904	1,654,471	-	15,989,375
Other investment income (loss), net	389,517	5,689	58,200	453,406
Other revenue	1,091,759	4,661	-	1,096,420
Release of restricted net assets:				
Operations	2,591,173	(2,591,173)	-	-
Annuity and life income	66,154	(66,154)	-	-
Total revenues and release of net assets	78,153,290	600,916	8,513,395	87,267,601
Expenses:				
Academic program	34,079,958	-	-	34,079,958
Co-curricular program	21,152,480	-	-	21,152,480
Marketing	8,021,799	-	-	8,021,799
Administrative and general	7,960,922	-	-	7,960,922
Total expenses	71,215,159	-	-	71,215,159
Operating surplus	6,938,131	600,916	8,513,395	16,052,442
Other changes in net assets:				
Redesignation of net assets	(54,121)	(21,207)	75,328	-
Gain of disposal of plant assets	62,085	-	-	62,085
Loss on bond defeasance	(1,202,903)	-	-	(1,202,903)
Net realized and unrealized gains (losses) on investments net of allocation to operations	(3,874,455)	18,290,092	25,323	14,440,960
Other gain (loss)	-	(197,004)	(290,999)	(488,003)
Actuarial adjustment	110,018	72,553	172,196	354,767
Transfer to other Colleges	(238,302)	-	-	(238,302)
Total other changes in net assets	(5,197,678)	18,144,434	(18,152)	12,928,604
Change in net assets	1,740,453	18,745,350	8,495,243	28,981,046
Net assets, beginning of year	117,131,121	176,806,354	169,357,728	463,295,203
Net assets, end of year	$ 118,871,574	$ 195,551,704	$ 177,852,971	$ 492,276,249

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
Revenues and releases of net assets:				
Tuition, room and board	$ 67,310,595	$ -	$ -	$ 67,310,595
Less financial aid	16,291,421	-	-	16,291,421
Net student revenues	51,019,174	-	-	51,019,174
Contributions	3,779,640	2,566,775	5,340,342	11,686,757
Federal grants and contracts	524,319	-	-	524,319
Spending policy income	14,749,959	1,639,179	44,795	16,433,933
Other investment income (loss), net	(93,362)	3,338	59,606	(30,418)
Other revenue	1,246,324	3,810	-	1,250,134
Release of restricted net assets:				
Operations	2,387,562	(2,387,562)	-	-
Annuity and life income	107,493	(107,493)	-	-
Total revenues and release of net assets	73,721,109	1,718,047	5,444,743	80,883,899
Expenses:				
Academic program	33,049,320	-	-	33,049,320
Co-curricular program	19,510,520	-	-	19,510,520
Marketing	8,044,629	-	-	8,044,629
Administrative and general	7,237,161	-	-	7,237,161
Total expenses	67,841,630	-	-	67,841,630
Operating surplus	5,879,479	1,718,047	5,444,743	13,042,269
Other changes in net assets:				
Redesignation of net assets	(5,436)	(2,503,913)	2,509,349	-
Gain of disposal of plant assets	15,000	-	-	15,000
Net realized and unrealized gains (losses) on investments net of allocation to operations	3,362,184	25,923,379	48,809	29,334,372
Actuarial adjustment	62,445	2,322,831	1,422,795	3,808,071
Transfer to other Colleges	(94,300)	-	-	(94,300)
Total other changes in net assets	3,339,893	25,742,297	3,980,953	33,063,143
Change in net assets	9,219,372	27,460,344	9,425,696	46,105,412
Net assets, beginning of year	107,911,749	149,346,010	159,932,032	417,189,791
Net assets, end of year	$ 117,131,121	$ 176,806,354	$ 169,357,728	$ 463,295,203

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 53,968,317	$ 51,355,653
Gifts, grants and contracts	5,675,863	4,107,568
Investment income	2,142,754	865,164
Other revenue	1,066,497	1,338,881
Payments for interest on debt	(2,146,092)	(2,855,979)
Payments to employees and suppliers	(61,870,584)	(63,142,550)
Net cash (used in) operating activities	(1,163,245)	(8,331,263)
Cash flows from investing activities:		
Purchase of collections	(25,210)	(41,692)
Purchase of plant facilities	(14,121,711)	(15,406,162)
Proceeds from sale of investments	274,359,231	196,437,945
Purchase of investments	(281,841,882)	(188,794,165)
Loans made to students and faculty	(212,822)	(246,031)
Collection of student and faculty loans	288,340	750,274
Net cash (used in) investing activities	(21,554,054)	(7,299,831)
Cash flows from financing activities:		
Payments to life income beneficiaries	(318,531)	(281,419)
Investment income on life income contracts	254,625	221,095
Proceeds from borrowings	87,131,108	4,154,893
Principal payments on debt	(75,020,943)	(1,914,057)
Contributions restricted for endowment	8,992,850	9,551,031
Contributions restricted for life income contracts	281,538	1,175,000
Contributions restricted for plant expenditures	869,081	962,985
Contributions for other restricted purposes	1,874,715	1,158,465
Change in advances for student loans	(168,979)	(303,131)
Net cash provided by financing activities	23,895,464	14,724,862
Net increase (decrease) in cash	1,178,165	(906,232)
Cash at beginning of year	537,476	1,443,708
Cash at end of year	$ 1,715,641	$ 537,476

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2018 and 2017

	2018	2017
Reconciliation of change in net assets to cash flows from operating activities:		
Change in net assets	$ 28,981,046	$ 46,105,412
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	6,717,344	5,982,227
Gifts in kind	(105,319)	(498,954)
Realized (gains) losses on sale of investments	(21,986,891)	(11,642,589)
Unrealized (gains) losses on investments	(6,754,096)	(33,231,921)
Amortization of asset retirement obligation, bond discount and cost of issuance	153,738	73,782
Gain on plant facilities	(62,085)	(15,000)
(Gain) loss on bond defeasance	1,202,903	-
Adjustment of actuarial liability for life income agreements	(354,767)	(3,244,024)
Changes in operating assets and liabilities		
Accounts receivable	160,005	256,145
Contributions receivable	-	(91,369)
Prepaid expenses, deposits, and other	65,680	(73,051)
Accounts payable and accrued liabilities	(1,880,088)	(4,656,846)
Deposits and deferred revenue	2,364,571	612,906
Contributions for long-term investments	(9,665,286)	(7,907,981)
Net cash (used in) operating activities	(1,163,245)	$ (8,331,263)

The accompanying notes are an integral part of these statements.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Founded in 1926, Scripps College (the "College") is an independent, liberal arts college for women with a distinctive interdisciplinary core curriculum offering instruction in the humanities, fine arts, and the natural and social sciences. The College had an enrollment of approximately 1,050 students as of June 30, 2018. The campus is listed on the National Register of Historic Places.

It's mission is to educate women to develop their intellect and talents through active participation in a community of scholars, so that as graduates they may contribute to society through public and private lives of leadership, service, integrity and creativity.

Scripps College is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. The following accounting policies of the College are in accordance with those generally accepted for colleges and universities.

Basis of Presentation:
The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Categories:
The accompanying financial statements present information regarding the College's financial position and activities according to three categories of net assets: unrestricted, temporarily restricted, and permanently restricted. The three categories are differentiated by donor restrictions.

Unrestricted Net Assets:
Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets:
Net assets that are subject to donor-imposed restrictions that either lapse or can be satisfied.

Permanently Restricted Net Assets:
Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors permit the College to use all or part of the earnings on these assets for general or specific purposes.

Revenue and Expense Recognition:
Tuition and Fees – Student tuition and fees are recorded as revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues. Collectability of student accounts and notes receivable is reviewed both individually and in the aggregate. Allowances have been established based on experience, and balances deemed uncollectible are written off through a charge to bad debt expense or the provision for doubtful accounts and a credit to accounts receivable. The College follows federal guidelines for determining when student loans are delinquent or past due for both federal and institutional loans.

Grants and Contracts - Revenue from grants and contracts are reported as increases in unrestricted net assets, as allowable expenditures under such agreements are incurred.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue and Expense Recognition, Continued:
Contributions – Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution are included in unrestricted net assets. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received in future periods are discounted to net present value at an appropriate discount rate. Individual uncollectable accounts are written off against the allowance when collection of the individual contributions receivable appears doubtful.

Investment Return – Investment income and gains and losses on investments and changes in other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Expenses – Expenses are generally reported as decreases in unrestricted net assets. The financial statements present expenses by functional classification in accordance with the overall educational and research mission of the College.

Operating Revenues and Expenses:
The College reports operating revenues and expenses in the unrestricted net asset section of the Statements of Activities. Operations are those annual activities which support the core mission of the College.

Operating revenues include charges for tuition, room and board, net of financial aid, gifts and grants, spending policy income, other investment income, releases of temporarily restricted net assets for operations and unrestricted annuity and life income, and miscellaneous income.

Unrestricted gifts and bequests in excess of $500,000 each are considered non-operating, as are gifts in kind. Gifts in kind, due to their non cash nature, are not available to pay for operating expenses.

Operating expenses (for which the operating revenues are used) include salaries and benefits, departmental expenses, depreciation, amortization and interest. These expenses are classified into four cost centers called; Academic Program, Co-curricular Program, Marketing, and Administrative and General.

Operating Expense Categories and Allocation of Certain Expenses:
The Statements of Activities present expenses by four functional categories. Academic Program includes expenses for instruction and related academic support departments such as libraries, the Dean of Faculty and Registrar’s Offices. Co-curricular Program includes expenses associated with the residential life operation of the College and related support departments such as Dean of Students Office and Career Planning and Research. Marketing includes expenses for revenue development for College departments such as Admission/Financial Aid, Public Relations, Alumnae Relations and the Advancement Office. Administrative and General includes expenses such as planning, institutional research, liability insurance, legal and audit fees, and the President and Treasurer’s Offices.

Depreciation, interest expense and the cost for the operation and maintenance of the physical plant are allocated to the four functional categories based on building square footage dedicated to that specific function. Computing costs are allocated based upon estimated use.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Expiration of Donor-Imposed Restrictions:
The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction substantially expires. At that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The College follows the policy of reporting donor-imposed restricted contribution and endowment income whose restrictions are met in the same period as received as unrestricted support. It is also the College's policy to recognize the fulfillment of the restrictions on contributions of cash or other assets received for the acquisitions of long-lived assets when the long-lived assets are placed into service.

Cash:
For the purposes of reporting cash flows, cash includes demand deposit bank accounts.

Concentration of Credit Risk:
Financial instruments that potentially subject the College to concentrations of credit risk consists principally of cash deposits at financial institutions and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits.

Investments:
Cash Equivalents – Resources invested in money market funds are classified as cash equivalents, including any such investments held by external investment managers. Resources invested in money market funds for loan programs are classified as short term investments.

Marketable Securities and Other Investments – Marketable securities are reported at fair value, except for trust deed loans, certain real estate investments, and other miscellaneous assets which are stated at cost. The cost of securities sold is determined by the average cost method and is used to compute realized gains and losses. Unrealized gains and losses reflect the changes in the market values of investments from the prior year. The date of record for investments is the trade date.

At June 30, 2018 and 2017, the College held beneficial interests in outside trusts of approximately $11,361,000 and $11,346,000, respectively. These trusts are administered by outside trustees, with the College deriving income and/or a residual interest from the assets. When an irrevocable trust is established or the College is notified of its existence, the College recognizes its beneficial interest in the trust as a contribution at fair value, which is measured as the present value of the estimated expected future benefits to be received when the trust assets are distributed. The contribution revenue recognized is classified as an increase in either temporarily or permanently restricted net assets based on the time or use restrictions placed by the donor upon the College's beneficial interest in the assets. Periodic adjustments to the beneficial interest to reflect changes in the fair value, life expectancy of 4.2 years, and discount rate of 4.1% are recognized as actuarial gains or losses. The discount rates used are commensurate with the risks associated with the contribution.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Investments, Continued:

Alternative Investments – Venture capital investments are stated at fair value as of the most recent valuation date at or prior to year-end. Diversified limited partnership interests are invested in both publicly and privately owned securities. The fair values of private investments are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of similar investments and other pertinent information. The private investments have a high concentration of pre-initial public offering securities, subjecting these investments to market value volatility.

Due to the risks associated with certain investments and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially effect account balances and the amounts reported in the Statements of Financial Position.

The College reviews and evaluates the values provided by the investment managers and believes the valuation methods and assumptions used in determining the fair value of the alternative investments are appropriate. Net realized and unrealized gains (losses) from alternative investments, on the Statements of Activities, for the years ended June 30, 2018 and 2017 are approximately $28,690,000 and $46,180,000, respectively.

Management of Pooled Investments:

The College follows an investment policy, which anticipates a greater long-term return through investing for capital appreciation, and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Trustees has adopted a spending policy for pooled investments whereby the amount of investment return available for current operations is determined by applying 4.90% and 5.24% to the twenty-quarter average fair value of pooled investments for the years ended June 30, 2018 and 2017, respectively. If the ordinary income of pooled investments is insufficient to provide the full amount of investment return specified, the balance may be appropriated from the available cumulative realized gains of the pooled investments. Cumulative net realized gains and transfers of ordinary income in excess of the spending policy ("cumulative gains") are recorded as changes in unrestricted and temporarily restricted net assets and are available for appropriation under the College's spending policy.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Endowment Funds:
The Board of Trustees of the College interprets the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) to state that the College, in the absence of explicit donor stipulations to the contrary, may appropriate for expenditure or accumulate so much of an endowment as the College determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Therefore, the College classifies as permanently restricted net assets the original value of gifts to the endowment and the accumulations made in accordance with the donor intent. The remaining portion of the donor-restricted endowment fund 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 California UPMIFA which includes the:

(1) Duration and preservation of the fund
(2) Mission of the College and purpose endowment fund
(3) General economic conditions
(4) Possible effects of inflation and deflation
(5) Expected total return from income and appreciation of investments
(6) Other resources of the College
(7) Investment policy of the organization.

Funds with Deficiencies:
From time to time declines in the market value of the investment pool have created a situation where the fair value of certain endowments is less than the historical cost basis of the original gift(s). Deficiencies of this nature have been recorded as decreases in unrestricted net assets.

Fair Value Measurement of Financial Instruments:
A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding the fair value of financial instruments have been derived using external market sources, estimates using present value or other valuation techniques. Determination of the fair value of loan fund receivables, which are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms and subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs.

The College carries most investments and its beneficial interest in trusts held by a third party at fair value in accordance with applicable standards. Fair value is defined as the price that would be received to sell an asset (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date;
Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active;
Level 3 – Inputs that are unobservable.

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:
Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the College uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the College's perceived risk of that investment.

The investments in cash equivalents, money market, certain domestic and international equities, and domestic fixed income funds are valued based on quoted market prices, and are therefore typically classified within Level 1.

The investments in domestic fixed income, certain real properties, assets whose use is limited, and other assets are valued based on quoted market prices of comparable assets, and are therefore typically classified within Level 2.

The investment in beneficial interest in trusts held by third parties are valued utilizing unobservable inputs, and therefore classified within Level 3. These assets are presented in the accompanying financial statements at fair value.

The investment in certain equity securities, fixed income funds, hedge funds, and private equity are measured at net asset value (NAV), and are therefore classified under NAV per share (or equivalent). For these investments, the College has determined, through its monitoring activities, to rely on the fair value as determined by the investment managers. The College's determination of fair value is based upon the best available information provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the College's proportionate share of the capital of the investment as reported by their general partners and hedge fund. The balance of unfunded commitments, remaining life of finite investments and the terms for redeeming from investment funds including any restrictions are disclosed in Note 5.

The general partners and managers of the underlying investments generally value their investments at fair value in accordance with appropriate standards. Investments with non-readily available market are generally valued at estimated fair value by referring to meaningful third-party transactions, comparable public market valuations and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

Although the College uses its best judgment in determining the fair value, there are inherent limitations in any methodology. Therefore, the values presented herein are not necessarily indicative of the amount that the College could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon liquidation of the investments.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Collections:
The College capitalizes its collections of works of art and rare books at their appraised or estimated current market value upon date of gift. In some cases, collection items held solely for their potential educational value or historic significance, or where the cost to establish the current fair value was deemed to exceed the benefit, were not assigned value for the purpose of capitalization. Purchased collections are valued at cost.

Plant Facilities:
Plant facilities consists of property, plant and equipment and are stated at cost, representing the original purchase price or fair value at the date of the gift, less accumulated depreciation. Plant purchases with a useful life of five years or more and a cost equal to or greater than $25,000 for land improvements, $50,000 for large buildings (10,000 square feet), $25,000 for other buildings and $15,000 for non- computing equipment and $10,000 for computing equipment are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, generally, 25 years for land improvements, 60 years for buildings, 30 years for major renovations, 15 years for infrastructure equipment, 4 years for computing equipment and 7 years for other equipment. Depreciation expense is funded through operations and contributions. The cost and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains or losses are included in the Statements of Activities. Asset retirement obligations are recorded based on estimated settlement dates and methods.

During the years ended June 30, 2018 and 2017, no equipment or property was acquired with restricted assets where title may revert to another party, and there were no disposals of equipment or property purchased with federal funds.

Annuity and Life Income Contracts and Agreements:
The College has legal title to annuity and life income contracts and agreements subject to life interests of beneficiaries. No significant financial benefit is now being or can be realized until the contractual obligations are met. However, the costs of managing these contracts and agreements are included in operating expenditures. The College uses the actuarial method of recording annuity and life income contracts and agreements. Under this method, the asset is recorded at fair value when a gift is received. The present value of the aggregate annuity payable is recorded as a liability, based upon life expectancy tables, and the remainder is recorded as a contribution in the appropriate net assets category. Investment income and gains are credited, and annuity payments and investment losses are charged, to the liability accounts, with periodic adjustments made between the liability and the net assets to record actuarial gains or losses. The actual liability is based on the present value of future payments discounted at rates ranging from 3.4% to 7.5% and 3.8% to 8.0% over estimated lives according to the 2012 Unisex Mortality Tables at June 30, 2018 and 2017, respectively.

On December 2, 1998, the Insurance Commission Chief Counsel granted the College permission to invest its reserves for California annuities pursuant to Insurance Code Section 11521.2(b). This approval is subject to the following conditions: (1) maintain a Nationally Recognized Statistical Rating Organization (NRSRO) bond rating of “A” or better and (2) maintain an endowment to gift annuity reserve ratio of at least 10:1.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Income Taxes:
The objective of the College is to maintain and conduct a 501(c)(3) nonprofit educational institution. The primary purpose of accounting and reporting is the recording of resources received and applied rather than the determination of net income. The College had no uncertain tax positions and/or obligations at June 30, 2018 and 2017. The College has no unrecognized tax benefits as of June 30, 2018 and 2017.

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2018 and 2017 are as follows:

	2018	2017
Student accounts	$ 258,114	$ 205,462
Federal and private grants and contracts	99,598	23,265
Other Claremont Colleges	722,679	704,561
Travel advances	129,100	154,193
Other	514,895	387,031
	1,724,386	1,474,512
Less allowance for doubtful accounts	(60,755)	(22,877)
Total accounts receivable, net	$ 1,663,631	$ 1,451,635

Notes receivable at June 30, 2018 and 2017 are as follows:

	2018	2017
Student notes	$ 3,805,862	$ 4,219,222
Faculty loans	175,645	130,459
	3,981,507	4,349,681
Less allowance for doubtful student notes	(267,306)	(507,971)
Total notes receivable, net	3,714,201	3,841,710
Less current portion	(493,346)	(504,243)
Non-current notes receivable	$ 3,220,855	$ 3,337,467

June 30, 2018 and 2017

NOTE 3 - CONTRIBUTIONS RECEIVABLE:

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are initially recorded at fair value, by discounting to the present value of future cash flows at rates ranging from 2.7% to 5.1%.

Unconditional promises to give at June 30, 2018 and 2017 are expected to be realized in the following periods:

	2018	2017
Within one year	$ 3,388,471	$ 4,230,400
Between one year and five years	4,549,826	5,209,977
More than five years	12,347,061	12,706,772
	20,285,358	22,147,149
Less discount	(529,695)	(571,048)
Less allowance for doubtful contributions receivable	(265,808)	(312,758)
	19,489,855	21,263,343
Less current portion, net of discount	(3,373,071)	(4,053,248)
Contributions receivable, net	$ 16,116,784	$ 17,210,095

Contributions receivable at June 30, 2018 and 2017 are intended for the following uses:

	2018	2017
Endowment	$ 5,843,032	$ 6,461,658
Beneficial interest in trusts held by a third party	11,360,839	11,346,297
Other	2,285,984	3,455,388
Total	$ 19,489,855	$ 21,263,343

The contributions receivable due from one donor was 47% and 41% at June 30, 2018 and 2017, respectively.

June 30, 2018 and 2017

NOTE 4 - INVESTMENTS:

Where permitted by gift agreement and/or applicable government regulations, investments are pooled. Pooled investments and allocation of pooled investment income are accounted for on a unit value method. The following is a summary of data pertaining to this method for the years ended June 30, 2018 and 2017:

	2018	2017
Unit market value at end of year	$ 562.36	$ 540.08
Units owned:		
Unrestricted	75,664	71,009
Temporarily restricted	24,187	21,202
Permanently restricted	563,836	548,154
Total	663,687	640,365

Investment income related to College investments, net of management and custody fees of $1,548,257 and $1,395,114 for the years ended June 30, 2018 and 2017, respectively, is as follows:

	2018	2017
Pooled investments income	$ 1,943,972	$ 1,115,631
Pooled investments gains (losses) appropriated	14,300,027	15,540,136
Total spending policy income and gains (losses)	16,243,999	16,655,767
Less amounts allocated to annuity and life income contracts/agreements	(254,624)	(221,834)
Total spending policy income	15,989,375	16,433,933
Other investment income	395,052	139,006
Other investment gains (losses)	84,791	163,379
Less amounts allocated to annuity and life income contracts/agreements	(26,437)	(332,803)
Total other investment income (loss)	453,406	(30,418)
Realized gains (losses) on investments	21,986,891	11,642,589
Unrealized gains (losses) on investments	6,754,096	33,231,919
Pooled investment gains appropriated	(14,300,027)	(15,540,136)
Net realized and unrealized gains (losses) on investments net of allocation to operations	14,440,960	29,334,372
Total investment return	$ 30,883,741	$ 45,737,887

June 30, 2018 and 2017

NOTE 4 - INVESTMENTS, CONTINUED:

It is the College's policy to invest and maintain a diversified investment portfolio. The following schedule summarizes investments at June 30:

Investment by program:	2018	2017
Investment pool	$ 373,229,665	$ 345,850,991
Separate investments	33,528,429	26,250,706
Total by program	$ 406,758,094	$ 372,101,697

Investment by asset type:	2018	2017
Cash equivalents	$ 9,177,571	$ 10,779,365
Money market	27,546,443	25,711,150
Domestic equities	66,260,025	71,571,670
International equities	110,641,097	95,140,752
Private equity	105,005,641	86,740,254
Domestic fixed income	22,628,122	22,619,606
International fixed income	8,825,086	8,889,544
Real properties	630,000	1,705,000
Growth oriented hedge funds	7,266,377	13,317,788
Diversifying hedge funds	48,256,700	34,638,126
Assets whose use is limited	-	491,402
Other assets	521,032	497,040
Total by asset type	$ 406,758,094	$ 372,101,697

Investments by category:	2018	2017
Endowment and funds functioning as endowment	$ 362,045,500	$ 336,706,779
Annuity and life income funds	8,519,931	8,007,889
Reserve for depreciation	12,843,256	10,274,289
Other	23,349,407	17,112,740
Total by category	$ 406,758,094	$ 372,101,697

The College holds certain investments at the original appraisal value and does not revalue the assets on a recurring basis. Investments held at cost were $6,695 at June 30, 2018 and 2017.

June 30, 2018 and 2017

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following tables present the investments and beneficial interest in trusts held by third parties carried at fair value on the Statements of Financial Position by level within the valuation hierarchy as of June 30, 2018 and 2017:

	Level 1	Level 2	Level 3	Assets Measured Using NAV	2018
Cash equivalents	$ 9,177,571	$ -	$ -	$ -	$ 9,177,571
Money market	27,546,443	-	-	-	27,546,443
Domestic equities	41,870,586	-	-	24,389,439	66,260,025
International equities	14,583,360	-	-	96,057,737	110,641,097
Private equity	-	-	-	105,005,641	105,005,641
Domestic fixed income	950,509	21,677,613	-	-	22,628,122
International fixed income	-	-	-	8,825,086	8,825,086
Real properties	-	630,000	-	-	630,000
Growth oriented hedge funds	-	-	-	7,266,377	7,266,377
Diversifying hedge funds	-	-	-	48,256,700	48,256,700
Other assets	-	521,032	-	-	521,032
Total investments	94,128,469	22,828,645	-	289,800,980	406,758,094
Beneficial interest in trusts held by third parties	-	-	11,360,839	-	11,360,839
Total	$ 94,128,469	$ 22,828,645	$ 11,360,839	$ 289,800,980	$ 418,118,933

	Level 1	Level 2	Level 3	Assets Measured Using NAV	2017
Cash equivalents	$ 10,779,365	$ -	$ -	$ -	$ 10,779,365
Money market	25,711,150	-	-	-	25,711,150
Domestic equities	49,056,523	-	-	22,515,147	71,571,670
International equities	20,838,028	-	-	74,302,724	95,140,752
Private equity	-	-	-	86,740,254	86,740,254
Domestic fixed income	816,403	21,803,203	-	-	22,619,606
International fixed income	-	-	-	8,889,544	8,889,544
Real properties	-	1,705,000	-	-	1,705,000
Growth oriented hedge funds	-	-	-	13,317,788	13,317,788
Diversifying hedge funds	-	-	-	34,638,126	34,638,126
Assets whose use is limited	-	491,402	-	-	491,402
Other assets	-	497,040	-	-	497,040
Total investments	107,201,469	24,496,645	-	240,403,583	372,101,697
Beneficial interest in trusts held by third parties	-	-	11,346,297	-	11,346,297
Total	$ 107,201,469	$ 24,496,645	$ 11,346,297	$ 240,403,583	$ 383,447,994

June 30, 2018 and 2017

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, CONTINUED:

The following table includes a rollforward of the amounts for the years ended June 30, 2018 and 2017 for the assets classified within Level 3:

	Beneficial Interest in Trusts
Balance at July 1, 2016	$ 10,220,504
Actuarial Adjustment	1,125,793
Balance at June 30, 2017	11,346,297
Actuarial Adjustment	14,542
Balance at June 30, 2018	$ 11,360,839

The College's policy is to recognize transfers in and transfers out of Level 1, Level 2 and Level 3 at the beginning of the reporting period.

Private equity funds' unfunded commitments are estimated to be callable as follows:

Fiscal Years Ending June 30,	Amount
2019	$ 17,759,890
2020	13,756,890
2021	11,805,807
2022	9,944,807
2023 and thereafter	15,017,720
	$ 68,285,114

June 30, 2018 and 2017

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, CONTINUED:

The following table presents fair value measurements of investments that calculate net asset value per share (or its equivalent) as of June 30, 2018:

		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments:					
Domestic equities	(i)(j)	$ 24,389,439	$ -	Daily, monthly, quarterly, annually	60-90 days
International equities	(j)	96,057,737	-	Daily, weekly, monthly, quarterly, triennially	3-90 days
International fixed income	(j)	8,825,086	-	Monthly	10 days
Hedge funds:					
Diversifying	(a)(e)	48,256,700	-	Daily, semi-monthly, monthly, quarterly, annually	45-180 days
Growth oriented	(a)(b)(c)(f)	7,266,377		Quarterly, annually	60-90 days
Private equity:					
Real properties	(d)(g)	2,344,840	6,977,013	n/a	n/a
All others	(d)(h)	102,660,801	61,308,101	n/a	n/a
Total		$ 289,800,980	$ 68,285,114		

(a) Includes side pockets which are illiquid and redeemed when the underlying investments are liquidated.
(b) Includes funds which are subject to a gate of 25% per quarter.
(c) Includes a fund that has a quarterly liquidity after a one year lockup.
(d) Redemption terms do not apply to private equities as distributions are received when the underlying investments are liquidated.
(e) Absolute return strategy seeks to achieve capital appreciation employing event driven investment strategies that generate attractive risk adjusted returns.
(f) A long/short equity strategy seeks to outperform the broader market averages while minimizing volatility and risk by investing in businesses trading at attractive valuations and short selling stocks in poorly performing, overvalued businesses.
(g) Private equity real properties - opportunistic strategy targets office redevelopments, residential land developments, hotels and resorts, involving some level of repositioning, refinancing or use change.
(h) Private equity others - diversified investments in various portfolio companies at different stages, industries or regions, providing venture capital and/or restructuring expertise and subsequently selling the company to generate returns.
(i) Includes a fund that has annual liquidity after a five year lock up.
(j) The college holds marketable securities such as domestic and international equities, as well as U.S. Treasuries, and global municipal, government and corporate bonds. Marketable security fair values are based on quoted market prices. If a price is not available, fair value is determined using the quoted market price for similar securities.

June 30, 2018 and 2017

NOTE 6 - PLANT FACILITIES:

Plant facilities are recorded at cost or estimated fair value at the date of donation, and at June 30, 2018 and 2017 consists of the following:

	2018	2017
Land and land improvements	$ 17,770,769	$ 17,656,168
Buildings	169,986,799	159,751,994
Equipment and furnishings	15,351,341	12,726,230
Property held for future use	5,514,908	3,610,222
Construction in progress	6,926,974	7,684,467
	215,550,791	201,429,081
Less accumulated depreciation	(77,327,629)	(70,610,286)
Net plant facilities	$ 138,223,162	$ 130,818,795

NOTE 7 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $3,645,390 and $3,591,066 at June 30, 2018 and 2017, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

NOTE 8 - BONDS AND NOTE PAYABLE:

At June 30, 2018 and 2017, bonds and note payable were comprised of the following:

	2018	2017
California Municipal Finance Authority (CMFA) 2017 Tax-exempt Loan	$ 87,131,108	$ -
Bonds - California Educational Facilities Authority (CEFA) Series 2007	-	26,055,000
California Municipal Finance Authority (CMFA) 2013 Tax-exempt Loan	-	48,965,943
	87,131,108	75,020,943
Plus unamortized cost of issuance	(232,593)	(575,992)
Less unamortized discount	(349,132)	(113,503)
Bonds and note payable, net	$ 86,549,383	$ 74,331,448
Current portion	$ 1,802,520	$ 2,089,424
Long-term portion	84,746,863	72,242,024
Bonds and note payable, net	$ 86,549,383	$ 74,331,448

In October 2007, the College issued unsecured CEFA Revenue Bonds Series 2007 in the aggregate principal amount of $30,555,000 due in November 2037. The bonds are due in annual installments ranging from $70,000 to $2,305,000, and bear interest rates ranging from 3.25% to 5.0%. Bonds maturing on or after November 1, 2018 are subject to optional redemption at par plus accrued interest.

June 30, 2018 and 2017

NOTE 8 - BONDS AND NOTE PAYABLE, CONTINUED:

In June 2013, the College signed an unsecured CMFA Tax-exempt Loan agreement not to exceed $50,000,000 that matures July 2043. Interest rates range from 3.25% to 3.50% per annum.

In October 2017, the College entered into an agreement through CMFA to refund the outstanding CEFA Revenue Bonds Series 2007 and existing CMFA 2013 Tax-Exempt Loan, with unsecured Tax-Exempt refinancing. The agreement provides the College the opportunity to draw periodic advances from this facility through November 1, 2018, with an interest rate fixed at 2.5%, up to a maximum of $90 million. The note requires monthly interest only payments through November 2018 and monthly principal and interest payments beginning December 2018, with a maturity date of November 1, 2040. The CEFA Revenue Bonds Series 2007 were refunded and the CMFA 2013 Tax-exempt Loan was refinanced through the issuance of the CMFA 2017 Tax-exempt Loan.

Interest expense was $2,299,830 and $2,929,760 for the years ended June 30, 2018 and 2017, respectively. Interest expense includes amortized discount (premium) and cost of issuance of $25,586 and $29,909 for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018, the loan maturities were as follows:

Fiscal Years Ending June 30,	Principal
2019	$ 1,802,520
2020	3,136,622
2021	3,223,075
2022	3,305,727
2023	3,390,498
Thereafter	72,272,666
	$ 87,131,108

The CMFA 2017 Tax-exempt Loan contains various restrictive covenants which include the maintenance of certain financial ratios, as defined in the agreement.

The College has a secured $5,000,000 line of credit with a bank. Any borrowings on the line would bear interest at either a fluctuating rate per annum equal to the Prime Rate as published in the Wall Street Journal less 1% or, if the Prime Rate is not available, a Substituted Index comparable to the Prime Rate. There were no borrowings outstanding on the line at June 30, 2018 and 2017.

The estimated fair value of the College's CEFA bonds payable was approximately $26,319,000 at June 30, 2017. The fair value was estimated based upon the discounted amount of future cash outflows based on current rates available to the College for debt of the same remaining maturities. The College determined these CEFA bonds to be Level 2 measurements in the fair value hierarchy.

June 30, 2018 and 2017

NOTE 9 - ASSET RETIREMENT OBLIGATION:

The College has recorded asset retirement obligation related to plant facilities, primarily for disposal of regulated materials upon eventual retirement of the assets.

The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2018 and 2017:

	2018	2017
Accretion expense	$ 45,968	$ 43,873
Beginning balance	965,958	922,085
Ending balance	$ 1,011,926	$ 965,958

NOTE 10 - NET ASSETS:

At June 30, 2018 and 2017, net assets consists of the following:

	2018	2017
Unrestricted:		
For operations	$ 37,619,513	$ 26,823,377
For designated purposes	6,659,312	3,640,560
Funds functioning as endowment	31,512,392	33,368,341
Plant facilities	43,080,357	53,298,843
Total unrestricted	$ 118,871,574	$ 117,131,121
Temporarily Restricted:		
Restricted for specific purposes	$ 11,008,428	$ 11,428,912
Endowment	178,590,601	160,125,934
Plant facilities	3,283,778	2,812,018
Annuity and life income contracts and agreements	2,668,897	2,439,490
Total temporarily restricted	$ 195,551,704	$ 176,806,354
Permanently restricted:		
Endowment	$ 157,785,539	$ 149,672,168
Loans	6,583,707	6,407,878
Annuity and life income contracts and agreements	13,483,725	13,277,682
Total permanently restricted	$ 177,852,971	$ 169,357,728

June 30, 2018 and 2017

NOTE 10 - NET ASSETS, CONTINUED:

At June 30, 2018 and 2017, endowment net assets consists of the following:

	2018	2017
Unrestricted endowment		
Funds functioning as endowment	$ 31,524,711	$ 33,417,313
Funds with deficiencies	(12,319)	(48,972)
Total unrestricted endowment funds	31,512,392	33,368,341
Temporarily restricted endowment		
Term endowment	434,899	405,252
Quasi endowment	1,613,397	2,745,562
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	162,507,284	143,699,978
With purpose restriction	14,035,021	13,275,142
Total temporarily restricted endowment funds	178,590,601	160,125,934
Permanently restricted endowment	157,785,539	149,672,168
Total endowment net assets	$ 367,888,532	$ 343,166,443

June 30, 2018 and 2017

NOTE 11 - ENDOWMENT:

The net assets of the College include permanent endowment and funds functioning as endowment. Permanent endowments are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized as provided for under the California Uniform Prudent Management of Institutional Funds Act. While funds functioning as endowment have been established by the Board of Trustees to function as endowment, any portion of such funds may be expended.

For the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018
Investment returns:				
Earned income	$ 1,689,348	$ -	$ -	$ 1,689,348
Change in net appreciation of investments	10,379,531	18,136,905	23,156	28,539,592
	12,068,879	18,136,905	23,156	30,228,940
Endowment returns distributed	(15,989,375)	-	-	(15,989,375)
Net investment returns	(3,920,496)	18,136,905	23,156	14,239,565
Other changes in endowed equity:				
Contributions	2,054,567	19,030	8,355,195	10,428,792
Redesignation of net assets	9,980	308,732	(40,135)	278,577
Other transfers of endowments	-	-	66,154	66,154
Adjustments on contributions receivable	-	-	(290,999)	(290,999)
Total other changes in endowed equity	2,064,547	327,762	8,090,215	10,482,524
Net change in endowed equity	(1,855,949)	18,464,667	8,113,371	24,722,089
Endowed equity, beginning year	33,368,341	160,125,934	149,672,168	343,166,443
Endowed equity, ending year	$ 31,512,392	$ 178,590,601	$ 157,785,539	$ 367,888,532

Endowed equity is composed of the following assets at June 30, 2018:

Contributions receivable, net	$ -	$ -	$ 5,843,032	$ 5,843,032
Investments	31,512,392	178,590,601	151,942,507	362,045,500
Total endowed equity	$ 31,512,392	$ 178,590,601	$ 157,785,539	$ 367,888,532

June 30, 2018 and 2017

NOTE 11 - ENDOWMENT, CONTINUED:

For the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017
Investment returns:				
Earned income	$ 1,056,023	$ 3,125	$ 33,549	$ 1,092,697
Change in net appreciation of investments	18,342,205	25,915,896	48,809	44,306,910
Investment returns	19,398,228	25,919,021	82,358	45,399,607
Endowment returns distributed	(16,433,933)	-	-	(16,433,933)
Net investment returns	2,964,295	25,919,021	82,358	28,965,674
Other changes in endowed equity:				
Contributions	-	5,070	5,293,739	5,298,809
Redesignation of net assets	(6,171)	-	4,887	(1,284)
Other releases	-	-	2,573,657	2,573,657
Total other changes in endowed equity	(6,171)	5,070	7,872,283	7,871,182
Net change in endowed equity	2,958,124	25,924,091	7,954,641	36,836,856
Endowed equity, beginning year	30,410,217	134,201,843	141,717,527	306,329,587
Endowed equity, ending year	$ 33,368,341	$ 160,125,934	$ 149,672,168	$ 343,166,443
Endowed equity is composed of the following assets at June 30, 2017:				
Contributions receivable, net	-	-	$ 6,461,658	$ 6,461,658
Investments	33,368,341	160,125,934	143,210,510	336,704,785
Total endowed equity	$ 33,368,341	$ 160,125,934	$ 149,672,168	$ 343,166,443

NOTE 12 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2018 and 2017 consist of the following:

	2018	2017
Tuition and fees	$ 56,984,151	$ 53,424,447
Room and board	14,865,130	13,886,148
	71,849,281	67,310,595
Less:		
Student aid	(17,921,693)	(16,291,421)
Net student revenues	$ 53,927,588	$ 51,019,174

June 30, 2018 and 2017

NOTE 13 - FUNDRAISING EXPENSE:

Included in marketing expense in the Statements of Activities are approximately $3,543,000 and $3,770,000 of fundraising expenses for the years ended June 30, 2018 and 2017, respectively.

NOTE 14 - OPERATING LEASES:

The College leases various office equipment with lease terms that expire through 2022. Annual lease payments range from approximately $2,300 to $23,000. The lease payments for the years ended June 30, 2018 and 2017 were approximately $66,000 and $51,700, respectively. The following is a summary of future minimum rental payments for operating leases that have initial or remaining non-cancelable terms in excess of one year as of June 30, 2018:

Fiscal Years Ending June 30,	Lease Payments
2019	$ 50,155
2020	45,057
2021	45,057
2022	35,584
	$ 175,853

NOTE 15 - RELATED PARTIES:

Trustees support the College with contributions to the College. Total contributions from trustees during fiscal years ended June 30, 2018 and 2017, totaled approximately $3,696,000 and $1,976,000 respectively. At June 30, 2018 and 2017, trustee contributions receivable, net of discount, totaled approximately $751,000 and $2,840,000, respectively.

NOTE 16 - EMPLOYEE BENEFIT PLANS:

The College participates in a defined contribution retirement plan which provides retirement benefits for academic employees and certain administrative personnel through Teachers Insurance and Annuity Association, The College Retirement Equity Fund, and Fidelity and Vanguard Mutual Funds. Under this defined contribution plan, College and participant contributions are used to purchase individual annuity contracts and investments equivalent to retirement benefits earned. Vesting provisions are full and immediate. Benefits commence upon retirement, and pre-retirement survivor death benefits are provided. College contributions to the plan for the years ended June 30, 2018 and 2017 totaled approximately $2,593,000 and $2,560,000, respectively.

NOTE 17 - AFFILIATED INSTITUTIONS:

The College is a member of an affiliated group of colleges known as The Claremont Colleges. Each college is a separate corporate entity governed by its own board of trustees. The Claremont Colleges Services, Inc., a member of this group, is the central coordinating institution that provides common student and administrative services, including certain central facilities utilized by all The Claremont Colleges. The members of the group share the costs of these services and facilities. Amounts paid by the College for such services and use of facilities for the years ended June 30, 2018 and 2017 totaled approximately $4,829,000 and $4,385,000, respectively.

June 30, 2018 and 2017

NOTE 18 - COMMITMENTS AND CONTINGENCIES:

Contracts

The College has remaining commitments on contracts to renovate various buildings totaling approximately $3,363,000 at June 30, 2018.

Litigation

Occasionally, the College is involved in lawsuits arising in the ordinary course of its operations. In the opinion of management, the ultimate resolution of these lawsuits is not expected to have a material effect on the College's financial position or change in net assets.

Federal

Certain federal grants including financial aid which the College administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the College expects such amounts, if any, would not have a significant impact on the financial position of the College.

Federally sponsored loans are funded by advances to the College under the Federal Perkins Loan Program. As of October 1, 2017, under Federal law, the College may no longer award new Perkins Loans to undergraduate students and may not make subsequent disbursements to undergraduate students after June 30, 2018.

NOTE 19 - SUBSEQUENT EVENTS:

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The College recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The College's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The College has evaluated subsequent events through November 1, 2018, which is the date the financial statements are available for issuance, and concluded that there were no additional events or transactions that need to be disclosed.


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