SCRIPPS
THE WOMEN'S COLLEGE • CLAREMONT

Financial Report 2019–2020

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: Honnold Gate
Back: Ellen Browning Scripps Residence Hall

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

June 30, 2020 and 2019

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The accompanying notes are an integral part of these statements.

MOSSADAMS

Report of Independent Auditors

To 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, 2020 and 2019, 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, 2020 and 2019, 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
October 30, 2020

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	$ 940,471	$ 1,352,991
Accounts receivable, net	4,184,221	1,126,726
Prepaid expenses, deposits, and other	429,154	395,897
Notes receivable, net	3,153,685	3,412,485
Contributions receivable, net	18,711,858	19,830,899
Investments	394,535,498	401,829,136
Investments held as a reserve for depreciation	14,109,392	22,905,986
Collections	20,937,195	20,863,272
Plant facilities, net	160,456,033	140,689,277
Total assets	$ 617,457,507	$ 612,406,669
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 8,031,292	$ 4,338,954
Deposits and deferred revenue	3,594,754	2,372,712
Life income and annuities payable	3,488,930	3,595,252
Bond payable, net	84,533,813	87,643,119
Government advances for student loans	206,139	317,961
Funds held in trust for others	96,049	95,389
Asset retirement obligation	1,110,559	1,060,092
Total liabilities	101,061,536	99,423,479
Net assets		
Without donor restrictions	132,353,439	129,531,045
With donor restrictions	384,042,532	383,452,145
Total net assets	516,395,971	512,983,190
Total liabilities and net assets	$ 617,457,507	$ 612,406,669

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
Revenues and releases of net assets:			
Net student revenues	$ 55,605,541	$ -	$ 55,605,541
Contributions	2,256,867	5,189,575	7,446,442
Federal grants and contracts	1,086,662	-	1,086,662
Spending policy income	14,923,701	1,962,186	16,885,887
Other investment income (loss), net	901,095	18,311	919,406
Other revenue	2,602,079	6,626	2,608,705
Release of restricted net assets:			
Operations	2,906,571	(2,906,571)	-
Total revenues and release of net assets	80,282,516	4,270,127	84,552,643
Expenses:			
Academic program	35,856,229	-	35,856,229
Co-curricular program	22,690,006	-	22,690,006
Marketing	8,481,955	-	8,481,955
Administrative and general	10,208,304	-	10,208,304
Total expenses	77,236,494	-	77,236,494
Operating surplus	3,046,022	4,270,127	7,316,149
Other changes in net assets:			
Release of restricted net assets for plant	185,823	(185,823)	-
Redesignation of net assets	195,365	(195,365)	-
Loss on contribution receivable	-	(366,965)	(366,965)
Net realized and unrealized gains (losses) on investments net of allocation to operations	(484,509)	(4,308,655)	(4,793,164)
Actuarial adjustment	-	1,377,068	1,377,068
Transfer to other Colleges	(120,307)	-	(120,307)
Total other changes in net assets	(223,628)	(3,679,740)	(3,903,368)
Change in net assets	2,822,394	590,387	3,412,781
Net assets, beginning of year	129,531,045	383,452,145	512,983,190
Net assets, end of year	$ 132,353,439	$ 384,042,532	$ 516,395,971

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2019
Revenues and releases of net assets:			
Net student revenues	$ 56,033,876	$ -	$ 56,033,876
Contributions	3,441,143	9,591,671	13,032,814
Federal grants and contracts	531,819	-	531,819
Spending policy income	14,813,056	1,647,705	16,460,761
Other investment income (loss), net	815,991	(93,264)	722,727
Other revenue	1,083,781	-	1,083,781
Release of restricted net assets:			
Operations	2,558,298	(2,558,298)	-
Total revenues and release of net assets	79,277,964	8,587,814	87,865,778
Expenses:			
Academic program	34,051,600	-	34,051,600
Co-curricular program	22,445,869	-	22,445,869
Marketing	7,943,856	-	7,943,856
Administrative and general	8,240,873	-	8,240,873
Total expenses	72,682,198	-	72,682,198
Operating surplus	6,595,766	8,587,814	15,183,580
Other changes in net assets:			
Redesignation of net assets	196,921	(196,921)	-
Loss on contribution receivable	-	(347,289)	(347,289)
Net realized and unrealized gains (losses) on investments net of allocation to operations	6,085,789	826,648	6,912,437
Actuarial adjustment	(19,910)	1,177,218	1,157,308
Transfer to other Colleges	(2,199,095)	-	(2,199,095)
Total other changes in net assets	4,063,705	1,459,656	5,523,361
Change in net assets	10,659,471	10,047,470	20,706,941
Net assets, beginning of year	118,871,574	373,404,675	492,276,249
Net assets, end of year	$ 129,531,045	$ 383,452,145	$ 512,983,190

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 56,589,785	$ 56,524,220
Gifts, grants and contracts	3,455,929	3,343,116
Investment income	1,432,392	2,441,450
Other revenue	2,413,738	1,068,319
Payments for interest on debt	(2,205,498)	(2,058,768)
Payments to employees and suppliers	(66,924,455)	(68,509,519)
Net cash (used in) operating activities	(5,238,109)	(7,191,182)
Cash flows from investing activities:		
Purchase of collections	(50,557)	(7,600)
Proceeds from sale of plant assets	-	13,781
Purchase of plant facilities	(26,908,113)	(9,900,569)
Proceeds from sale of investments	361,103,728	229,671,054
Purchase of investments	(333,465,255)	(224,595,380)
Loans made to students and faculty	(439,497)	(516,009)
Collection of student and faculty loans	698,297	817,725
Net cash provided by (used in) investing activities	938,603	(4,516,998)
Cash flows from financing activities:		
Payments to life income beneficiaries	(342,158)	(313,315)
Investment income on life income contracts	333,671	320,188
Proceeds from borrowings	-	2,868,892
Principal payments on debt	(3,136,468)	(1,802,318)
Contributions restricted for endowment	3,708,746	6,209,619
Contributions restricted for life income contracts	20,000	160,489
Contributions restricted for plant expenditures	1,340,180	1,639,472
Contributions for other long-term restricted purposes	2,074,837	2,209,702
Change in advances for student loans	(111,822)	52,801
Net cash provided by financing activities	3,886,986	11,345,530
Net (decrease) increase in cash	(412,520)	(362,650)
Cash at beginning of year	1,352,991	1,715,641
Cash at end of year	$ 940,471	$ 1,352,991

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2020 and 2019

		2020		2019
Reconciliation of change in net assets to cash flows from operating activities:				
Change in net assets	$	3,412,781	$	20,706,941
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation expense		7,141,357		7,420,673
Gifts in kind		(23,366)		(608,819)
Realized and unrealized (gains) losses on sale of investments		(11,579,737)		(21,795,228)
Amortization of asset retirement obligation, bond discount and cost of issuance		77,629		75,328
Loss on contributions receivable		366,965		347,289
Adjustment of actuarial liability for life income agreements		(1,377,068)		(1,177,218)
Changes in operating assets and liabilities				
Accounts receivable		(3,057,495)		536,905
Prepaid expenses, deposits, and other		(33,257)		38,434
Accounts payable and accrued liabilities		3,692,338		(2,802,766)
Deposits and deferred revenue		1,222,042		158,951
Contributions for long-term investments		(5,080,298)		(10,091,672)
Net cash (used in) operating activities	$	(5,238,109)	$	(7,191,182)

The accompanying notes are an integral part of these statements.

June 30, 2020 and 2019

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 1,080 students as of June 30, 2020. The campus is listed on the National Register of Historic Places.

Its 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 two categories of net assets: without and with donor restrictions. The two categories are differentiated by donor restrictions.

Net assets without donor restrictions:

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

Net assets with donor restrictions:

Net assets that are subject to donor-imposed restrictions that either lapse from the passage of time or can be satisfied by actions of the College or subject to donor-imposed restrictions that they be maintained in perpetuity 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:

Net student revenues – Student tuition, room, board and fees are recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a semester. Revenue recognition occurs once a student starts attending a semester. 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.

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. 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, expense, and gains and losses on investments and changes in other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue and Expense Recognition, Continued:

Grants and Contracts - Revenue from grants and contracts have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. The revenue is recognized like a conditional contribution when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant or contract are determined to be allowable and all other significant conditions of the grant or contract are met. The transactions are then recognized as unconditional and recorded as increases in net assets without donor restrictions, as allowable expenditures under such agreements are incurred.

Other Revenue - The College receives revenue from the rental of its real properties and facilities, catering, and programing activites from outside organization for educational purposes. Revenue is recognized in the period the activity occurs or is completed.

Expenses – Expenses are generally reported as decreases in net assets without donor restrictions. 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 net assets without donor restrictions 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 net investment income, releases of net assets with donor restrictions for operations and annuity and life income, and miscellaneous income.

Contributions and bequests without donor restrictions 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 functional categories, Academic Program, Co-curricular Program, Marketing, and Administrative and General. 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.

Allocation of Certain Expenses:

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. Other expenses are recorded to their respective functional category based on their relative direct cost.

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 net assets without donor restrictions. 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 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.

June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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.

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.

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 affect account balances and the amounts reported in the Statements of Financial Position.

The College reviews and evaluates 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.

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 4.70% and 4.80% to the twenty-quarter average fair value of pooled investments for the years ended June 30, 2020 and 2019, respectively. If 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 net assets without and with donor restrictions and are available for appropriation under the College's spending policy.

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 perpetual endowments is less than the historical cost basis of the original gift(s). Deficiencies of this nature have been recorded as decreases in net assets with donor restrictions. These deficiencies, which the College believes are temporary, resulted from unfavorable market fluctuations. The Board of Trustees determined that continued appropriation to these endowments, during fiscal years ended June 30, 2020 and 2019 was prudent.

June 30, 2020 and 2019

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. The College classifies perpetual endowment funds as net assets with donor restrictions, the original value of gifts to the endowment and the accumulations made in accordance with the donor intent 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 College

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.

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, mutual funds, certain domestic and international equities, other assets and certain domestic fixed income funds are valued based on quoted market prices.

The investments in certain domestic fixed income, certain real properties, and other assets are valued based on quoted market prices of comparable assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:

Beneficial interest in trusts held by third parties are valued based on the discounted present value of future cash flows utilizing current Internal Revenue Service yield rates plus a 2.0% risk adjustment.

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 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 given to financial condition and operating results of the investment, the amount the investment partnerships can reasonably expect to realize upon the sale of 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.

Collections:

The College capitalizes its collections of works of art and rare books at their appraised or estimated fair 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) and major building renovations, $25,000 for other buildings, $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.

The College reviews long-lived assets, include: collections and plant facilities for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There were no such losses for the years ended June 30, 2020 and 2019.

June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Plant Facilities, continued:

During the years ended June 30, 2020 and 2019, 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 actuarial liability is based on the present value of future payments discounted at rates ranging from 3.4% to 7.5% over estimated lives according to the 2012 Unisex Mortality Tables at June 30, 2020 and 2019, 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. As of June 30, 2020 and 2019 reserve requirements were approximately, $218,000 and $210,000, respectively.

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.

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, 2020 and 2019. The College has no unrecognized tax benefits as of June 30, 2020 and 2019.

Reclassifications:

Certain 2019 amounts have been reclassified to conform to 2020 presentation.

June 30, 2020 and 2019

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2020 and 2019 are as follows:

	2020	2019
Student accounts	$ 277,386	$ 247,500
Federal and private grants and contracts	250,613	163,582
Other Claremont Colleges	3,710,800	721,724
Travel advances	8,735	64,570
Other	140,346	110,750
	4,387,880	1,308,126
Less allowance for doubtful accounts	(203,659)	(181,400)
Total accounts receivable, net	$ 4,184,221	$ 1,126,726

Notes receivable at June 30, 2020 and 2019 are as follows:

	2020	2019
Student notes	$ 3,490,399	$ 3,669,783
Faculty loans	74,312	220,321
	3,564,711	3,890,104
Less allowance for doubtful student notes	(411,026)	(477,619)
Total notes receivable, net	$ 3,153,685	$ 3,412,485

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 2.2% to 4.6%.

Unconditional promises to give at June 30, 2020 and 2019 are expected to be realized in the following periods:

	2020	2019
Within one year	$ 2,085,881	$ 2,933,743
Between one year and five years	3,351,580	4,926,660
More than five years	13,736,895	12,620,682
	19,174,356	20,481,085
Less discount	(262,629)	(450,317)
Less allowance for doubtful contributions receivable	(199,869)	(199,869)
Contributions receivable, net	$ 18,711,858	$ 19,830,899

Contributions receivable at June 30, 2020 and 2019 are intended for the following uses:

	2020	2019
Endowment	$ 2,731,726	$ 4,094,657
Beneficial interest in trusts held by a third party	13,332,157	12,034,067
Other	2,647,975	3,702,175
Total	$ 18,711,858	$ 19,830,899

Contributions receivable due from one donor was 60.9% and 52.4% at June 30, 2020 and 2019, respectively.

The College has also received a conditional promise to give totaling $500,000. This promise to give is contingent upon raising funds from other sources. As of June 30, 2020, the College raised approximately $332,000 and received total payments of $200,000.

June 30, 2020 and 2019

NOTE 4 - INVESTMENTS:

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:	2020	2019
Investment pool	$ 386,362,564	$ 387,455,176
Separate investments	22,282,326	37,279,946
Total by program	$ 408,644,890	$ 424,735,122

Investment by asset type:	2020	2019
Cash equivalents	$ 5,176,156	$ 9,571,539
Money market	19,532,919	31,210,171
Mutual funds	947,232	950,406
Domestic equities	38,193,626	58,623,016
International equities	125,651,078	110,763,256
Private equity	126,733,222	118,122,113
Domestic fixed income	26,087,813	25,326,727
International fixed income	10,330,865	9,696,341
Real properties	741,497	676,497
Growth oriented hedge funds	18,161,247	18,509,249
Diversifying hedge funds	36,457,041	40,664,018
Other assets	632,194	621,789
Total by asset type	$ 408,644,890	$ 424,735,122

Investments by category:	2020	2019
Endowment and funds functioning as endowment	$ 374,862,269	$ 375,584,840
Annuity and life income funds	8,722,359	8,929,804
Reserve for depreciation	14,109,392	22,905,986
Other	10,950,870	17,314,492
Total by category	$ 408,644,890	$ 424,735,122

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 and $6,694 at June 30, 2020 and 2019, respectively.

June 30, 2020 and 2019

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, 2020 and 2019:

	Level 1	Level 2	Level 3	Assets Measured Using NAV	2020
Cash equivalents	$ 5,176,156	$ -	$ -	$ -	$ 5,176,156
Money market	19,532,919	-	-	-	19,532,919
Mutual funds	947,232	-	-	-	947,232
Domestic equities	30,730,278	-	-	7,463,348	38,193,626
International equities	21,423,552	-	-	104,227,526	125,651,078
Private equity	-	-	-	126,733,222	126,733,222
Domestic fixed income	-	26,087,813	-	-	26,087,813
International fixed income	-	-	-	10,330,865	10,330,865
Real properties	-	735,000	-	-	735,000
Growth oriented hedge funds	-	-	-	18,161,247	18,161,247
Diversifying hedge funds	-	-	-	36,457,041	36,457,041
Other assets	85,801	546,195	-	-	631,996
Total investments	77,895,938	27,369,008	-	303,373,249	408,638,195
Beneficial interest in trusts	-	-	13,332,157	-	13,332,157
Total fair value	$ 77,895,938	$ 27,369,008	$ 13,332,157	$ 303,373,249	$ 421,970,352

	Level 1	Level 2	Level 3	Assets Measured Using NAV	2019
Cash equivalents	$ 9,571,539	$ -	$ -	$ -	$ 9,571,539
Money market	31,210,171	-	-	-	31,210,171
Mutual funds	950,406	-	-	-	950,406
Domestic equities	40,058,796	-	-	18,564,220	58,623,016
International equities	14,897,668	-	-	95,865,588	110,763,256
Private equity	-	-	-	118,122,113	118,122,113
Domestic fixed income	933,260	24,393,467	-	-	25,326,727
International fixed income	-	-	-	9,696,341	9,696,341
Real properties	-	670,000	-	-	670,000
Growth oriented hedge funds	-	-	-	18,509,249	18,509,249
Diversifying hedge funds	-	-	-	40,664,018	40,664,018
Other assets	88,392	533,200	-	-	621,592
Total investments	97,710,232	25,596,667	-	301,421,529	$ 424,728,428
Beneficial interest in trusts	-	-	12,034,067	-	12,034,067
Total fair value	$ 97,710,232	$ 25,596,667	$ 12,034,067	$ 301,421,529	$ 436,762,495

The following table includes a rollforward of the amounts for the years ended June 30, 2020 and 2019 for assets classified within Level 3:

	Balance at June 30, 2019	Additions/ Maturities	Actuarial Adjustment	Balance at June 30, 2020
Beneficial interest in trusts held by third parties	$ 12,034,067	$ -	$ 1,298,090	$ 13,332,157

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

	Balance at June 30, 2018	Additions/ Maturities	Actuarial Adjustment	Balance at June 30, 2019
Beneficial interest in trusts held by third parties	$ 11,360,839	$ -	$ 673,228	$ 12,034,067

The following table presents fair value measurements of investments that calculate net asset value per share (or its equivalent) as of June 30, 2020:

Investments:	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equities (j)	$ 7,463,348	$ -	Daily, monthly, quarterly	60-90 days
International equities (k)	104,227,526	-	Daily, weekly, monthly, quarterly	5-60 days
Private equity:				
Real properties (d)(g)	1,020,356	1,957,454	n/a	n/a
All others (d)(h)	125,712,866	66,582,066	n/a	n/a
International fixed income (k)	10,330,865	-	Monthly	10 days
Hedge funds:				
Diversifying (a)(b)(c)(e)(i)	36,457,041	-	Daily, semi-monthly, monthly, quarterly, annually	2-180 days
Growth oriented (a)(b)(f)	18,161,247	-	Monthly, quarterly, annually	45-90 days
Total	$ 303,373,249	$ 68,539,520		

(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 10% fund level gate.

(d) Redemption terms do not apply 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 with a 3-year lockup.

(j) Includes a U.S. micro-cap strategy that aims to invest in high quality companies as well as a strategy focused on natural resource companies.

(k) Includes bottom-up benchmark agnostic, discounted closed-end fund, and quantitative data driven strategies.

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

Fiscal Years Ending June 30,	Amount
2021	$ 26,274,000
2022	15,006,000
2023	13,166,000
2024	11,558,000
2025	2,535,520
	$ 68,539,520

June 30, 2020 and 2019

NOTE 6 - PLANT FACILITIES:

At June 30, 2020 and 2019, plant facilities consists of the following:

	2020	2019
Land and land improvements	$ 22,059,933	$ 18,305,796
Buildings	186,572,500	181,258,758
Equipment	17,910,477	16,653,189
Property held for future use	5,547,355	5,547,355
Construction in progress	20,250,307	3,667,362
	252,340,572	225,432,460
Less accumulated depreciation	(91,884,539)	(84,743,183)
Net plant facilities	$ 160,456,033	$ 140,689,277

NOTE 7 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $3,488,930 and $3,595,252 at June 30, 2020 and 2019, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

NOTE 8 - BOND PAYABLE:

At June 30, 2020 and 2019, bond payable was comprised of the following:

	2020	2019
California Municipal Finance Authority (CMFA) 2017 Tax-exempt Loan	$ 85,061,213	$ 88,197,682
Less unamortized cost of issuance	(210,872)	(221,733)
Less unamortized discount	(316,528)	(332,830)
Bond payable, net	$ 84,533,813	$ 87,643,119

In October 2017, the College entered into an agreement through CMFA to refund outstanding California Educational Facilities Authority (CEFA) Revenue Bonds Series 2007 and existing CMFA 2013 Tax-Exempt Loan, with Tax-Exempt refinancing. The agreement provides the College the opportunity to draw periodic advances 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, thereafter, monthly principal and interest payments through maturity on November 1, 2040. The loan is collateralized by all types of bank accounts the College holds at First Republic Bank (the bank) and any other property or assets of the College identified as collateral by the College and the bank. The loan contains various restrictive

Interest expense was $2,021,752 and $2,242,513 for the years ended June 30, 2020 and 2019, respectively. Amortized discount and cost of issuance were $27,162 for the years ended June 30, 2020 and 2019.

At June 30, 2020, the principal loan maturities were as follows:

Fiscal Years Ending June 30,	Principal
2021	$ 3,223,075
2022	3,305,727
2023	3,390,498
2024	3,472,353
2025	3,566,488
Thereafter	68,103,072
	$ 85,061,213

The College has a secured $5,000,000 line of credit with a bank. Any borrowings on the line bear interest at either a fluctuating rate per annum equal to the Prime Rate 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, 2020 and 2019.

June 30, 2020 and 2019

NOTE 9 - ASSET RETIREMENT OBLIGATION:

The College has recorded an 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, 2020 and 2019:

	2020	2019
Beginning balance	$ 1,060,092	$ 1,011,926
Accretion expense	50,467	48,166
Ending balance	$ 1,110,559	$ 1,060,092

NOTE 10 - NET ASSETS:

At June 30, 2020 and 2019, net assets consists of the following:

	2020	2019
Net assets without donor restrictions:		
For operations	$ 44,095,303	$ 47,549,782
For designated purposes	11,662,952	8,645,489
Board designated endowment	38,102,161	38,451,310
Plant facilities	38,493,023	34,884,464
Total net assets without donor restrictions	$ 132,353,439	$ 129,531,045
Net assets with donor restrictions:		
Restricted for specific purposes	$ 11,783,931	$ 11,357,641
Plant facilities	7,783,384	7,057,456
Loans	6,503,616	6,502,717
Annuity and life income contracts and agreements	18,479,767	17,306,144
Endowment	339,491,834	341,228,187
Total net assets with donor restrictions	$ 384,042,532	$ 383,452,145

At June 30, 2020 and 2019, endowment net assets consists of the following:

	2020	2019
Endowment net assets without donor restrictions		
Board designated endowment	$ 38,102,161	$ 38,451,310
Total endowment net assets without donor restrictions	38,102,161	38,451,310
Endowment net assets with donor restrictions		
Term endowment	330,299	326,094
Quasi endowment	3,110,722	3,110,722
Perpetual endowments	164,398,740	161,812,229
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	46,220,437	47,199,459
With purpose restriction	125,431,636	128,779,683
Total endowment net assets with donor restrictions	339,491,834	341,228,187
Total endowment net assets	$ 377,593,995	$ 379,679,497

June 30, 2020 and 2019

NOTE 11 - ENDOWMENT:

The endowment net assets of the College include term, perpetual, and board designated endowments. Perpetual 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, 2020:

	Without Donor Restrictions	With Donor Restrictions	2020
Investment returns:			
Earned income	$ 1,638,598	$ 14,563,999	$ 16,202,597
Change in net depreciation of investments	(426,122)	(4,308,753)	(4,734,875)
Investment returns	1,212,476	10,255,246	11,467,722
Endowment returns distributed	(1,466,644)	(14,549,872)	(16,016,516)
Net investment loss	(254,168)	(4,294,626)	(4,548,794)
Other changes in endowed equity:			
Contributions	-	2,633,315	2,633,315
Redesignation of net assets and other releases	(94,981)	212,458	117,477
Adjustments on contributions receivable	-	(287,500)	(287,500)
Total other changes in endowed equity	(94,981)	2,558,273	2,463,292
Net change in endowed equity	(349,149)	(1,736,353)	(2,085,502)
Endowed equity, beginning year	38,451,310	341,228,187	379,679,497
Endowed equity, ending year	$ 38,102,161	$ 339,491,834	$ 377,593,995
Endowed equity is composed of the following assets at June 30, 2020:			
Contributions receivable, net	$ -	$ 2,731,726	$ 2,731,726
Investments	38,102,161	336,760,108	374,862,269
Total endowed equity	$ 38,102,161	$ 339,491,834	$ 377,593,995

For the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	2019
Investment returns:			
Earned income	$ 1,757,946	$ 14,555,978	$ 16,313,924
Change in net appreciation of investments	6,141,219	832,060	6,973,279
Investment returns	7,899,165	15,388,038	23,287,203
Endowment returns distributed	(1,463,797)	(14,550,098)	(16,013,895)
Net investment returns	6,435,368	837,940	7,273,308
Other changes in endowed equity:			
Contributions	500,000	3,989,591	4,489,591
Redesignation of net assets and other releases	3,550	52,864	56,414
Adjustments on contributions receivable	-	(28,348)	(28,348)
Total other changes in endowed equity	503,550	4,014,107	4,517,657
Net change in endowed equity	6,938,918	4,852,047	11,790,965
Endowed equity, beginning year	31,512,392	336,376,140	367,888,532
Endowed equity, ending year	$ 38,451,310	$ 341,228,187	$ 379,679,497

June 30, 2020 and 2019

NOTE 11 - ENDOWMENT, CONTINUED:

	Without Donor Restrictions	With Donor Restrictions	2019
Endowed equity is composed of the following assets at June 30, 2019:			
Contributions receivable, net	$ -	$ 4,094,657	$ 4,094,657
Investments	38,451,310	337,133,530	375,584,840
Total endowed equity	$ 38,451,310	$ 341,228,187	$ 379,679,497

As of June 30, 2020 and 2019, the amount by which the College's donor restricted endowments funds were underwater was calculated as follows:

	2020	2019
Aggregate original gift amount	$ 2,007,592	$ 339,405
Aggregate fair value	1,959,981	334,211
Aggregate deficiency	$ 47,612	$ 5,194

NOTE 12 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2020 and 2019 consist of the following:

	2020	2019
Tuition and fees	$ 62,926,571	$ 58,512,387
Room and board	12,393,156	15,060,822
	75,319,727	73,573,209
Less student aid	(19,714,186)	(17,539,333)
Net student revenues	$ 55,605,541	$ 56,033,876

NOTE 13 - FUNDRAISING EXPENSE:

Included in marketing expense in the Statements of Activities are approximately $4,215,000 and $3,337,000 of fundraising expenses for the years ended June 30, 2020 and 2019, respectively.

NOTE 14 - FUNCTIONAL CLASSIFICATION OF EXPENSES:

Expenses by functional classification for the years ended June 30, 2020 and 2019 consist of the following:

	Academic Program	Co-Curricular Program	Marketing	Administrative and General	2020 Total
Salaries and benefits	$ 18,645,298	$ 8,348,580	$ 6,050,695	$ 4,365,555	$ 37,410,128
Facilities	3,486,460	8,241,951	190,552	1,296,394	13,215,357
Services	7,822,690	3,417,235	1,238,013	3,839,200	16,317,138
Supplies, travel and other	5,901,781	2,682,240	1,002,695	707,155	10,293,871
	$ 35,856,229	$ 22,690,006	$ 8,481,955	$ 10,208,304	$ 77,236,494

	Academic Program	Co-Curricular Program	Marketing	Administrative and General	2019 Total
Salaries and benefits	$ 18,222,188	$ 7,902,563	$ 5,517,761	$ 3,654,217	$ 35,296,729
Facilities	3,172,530	8,440,557	307,106	1,136,114	13,056,307
Services	7,669,612	3,447,850	1,367,117	3,297,267	15,781,846
Supplies, travel and other	4,987,270	2,654,899	751,872	153,275	8,547,316
	$ 34,051,600	$ 22,445,869	$ 7,943,856	$ 8,240,873	$ 72,682,198

June 30, 2020 and 2019

Note 15 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure were:

	2020	2019
Financial Assets:		
Cash and cash equivalents	$ 940,471	$ 1,352,991
Accounts receivable, net	4,184,221	1,126,726
Short-term investments	24,709,075	40,781,710
Funds functioning as endowment	38,102,161	38,451,310
Subsequent year's endowment payout	20,925,652	16,779,190
Total financial assets available within one year	88,861,580	98,491,927
Liquidity resources:		
Bank line of credit	5,000,000	5,000,000
Total financial assets available within one year	$ 93,861,580	$ 103,491,927

The College's cash flows have seasonal variations during the year to manage liquidity the College maintains a line of credit that may be drawn upon as needed during the year.

NOTE 16 - RELATED PARTIES:

Trustees support the College with contributions. Total contributions from trustees during fiscal years ended June 30, 2020 and 2019 totaled approximately $1,861,000 and $1,524,000, respectively. At June 30, 2020 and 2019, trustee contributions receivable, net of discount, totaled approximately $851,000 and $1,501,000, respectively.

NOTE 17 - 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, 2020 and 2019 totaled approximately $3,158,000 and $3,739,000, respectively.

NOTE 18 - 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, 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, 2020 and 2019 totaled approximately $5,236,000 and $5,033,000, respectively.

NOTE 19 - COMMITMENTS AND CONTINGENCIES:

Contracts

The College has remaining commitments on contracts for control system improvements and campus COVID-19 measures totaling approximately $3,643,000 at June 30, 2020.

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.

June 30, 2020 and 2019

NOTE 19 - COMMITMENTS AND CONTINGENCIES, CONTINUED:

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.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 (the Virus) a global pandemic. This contagious disease outbreak has continued to spread and has adversely affected workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses including ours. The administration has been closely monitoring the impact of COVID -19 on our educational institutions' operations including the impact on our students and employees. It is impossible to predict all the effects and the ultimate impact of the COVID-19 pandemic, as the situation is rapidly evolving. The duration of the pandemic may impact student enrollment and housing decisions due to financial constraints and other effects related to the economic and health impacts of COVID-19. The College transitioned almost all its employees to remote work beginning in mid-March. The State of California and LA County Public Health officials must approve plans for bringing employees and students back to in-person instruction. Restrictions on the student housing have had the most significant impact on future revenues thus far.

NOTE 20 - 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 October 30, 2020, 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.

On October 20th 2020, the college entered into an agreement with CMFA to refinance the existing 2017 tax-exempt loan with tax-exempt refinancing for a principal sum of $100,000,000. The new tax-exempt loan refinances $85,526,722.02 of the 2017 loan and associated costs and offers $14,473,277.98 in new money. The funds were drawn down in full at close, with a fixed interest rate of 2.6% and a maturity date of October 1, 2050.


ELLEN BROWNING