SCRIPPS

THE WOMEN'S COLLEGE • CLAREMONT

Financial Report 2007-2008

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, east elevation of the Sallie Tiernan Field House, which opened in September 2008; back, south elevation of the field house, with views of the 25-meter swimming pool and stretching porches. Photography by Ian Bradshaw.

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

2008 and 2007

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SCRIPPS
THE WOMEN'S COLLEGE
• CLAREMONT •

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October 21, 2008

Dear Members of the Board of Trustees and Friends of Scripps College:

This letter highlights the financial results of operations for fiscal 2007-08 and provides other information on the state of the College. The accompanying financial statements have been audited by our independent accountants, Moss Adams LLP.

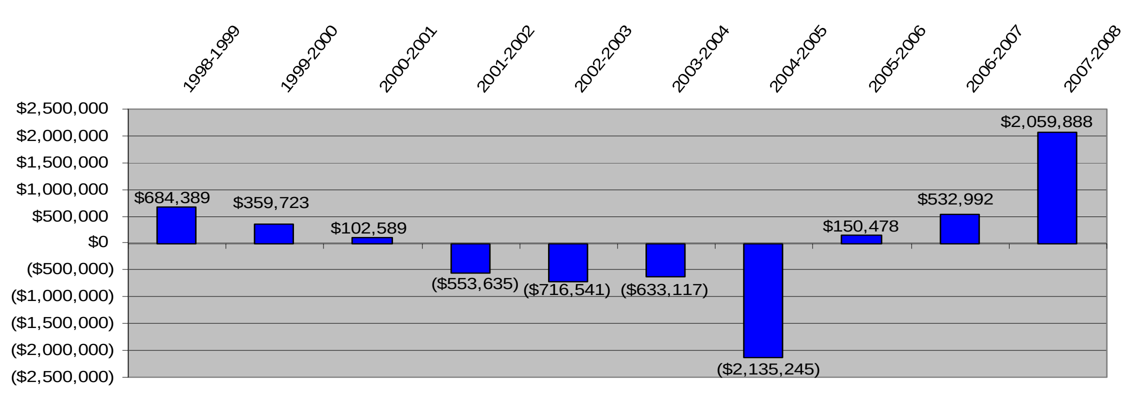
FINANCES

Total assets increased by $11 million to an all time high of $422 million. Liabilities increased $17 million, principally due to the issuance of California Educational Facilities Authority Bonds in October of 2007 in the amount of $30.6 million. Approximately $13 million of the proceeds were used for facilities projects with the balance refinancing previous issues at a more favorable rate. The College enjoys a Moody's A-1 bond rating. This issue's rating was enhanced to AAA through the purchase of bond insurance from MBIA. The funds were used for Balch Hall improvements, including an elevator, and for the parking garage adjacent to the Tiernan Field House.

Net assets decreased $6 million, due primarily to the decline in the market value of the endowment.

Results of operations were positive, with over a $2 million operating surplus. This is a remarkable turn around from the $2 million operating deficit just three years ago in 2004-05.

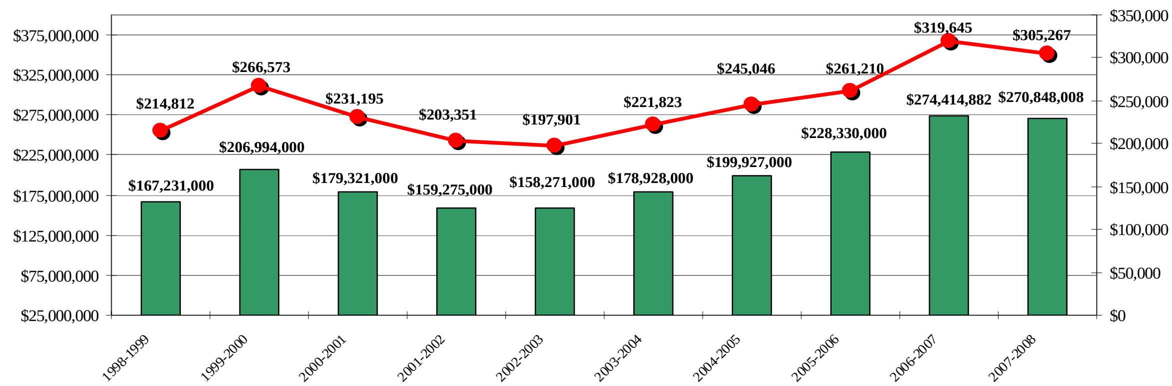
STATEMENT OF ACTIVITIES
OPERATING SURPLUS/ (DEFICIT)
1999-2008



Additional revenues were provided by 21.5 more students than planned and an increase in endowment spending policy income. Operating expenses also increased, but not at the same rate. Thanks to a $10 million anonymous pledge that was received in May 2007 for faculty salary support, the College began implementation of the strategic plan goal to increase faculty salaries for recruitment and retention of the best faculty.

The Statements of Change in Endowed Equity on page 11 tells the endowment story. The total return of 1.07% was modest in comparison to last year's return of over 20%. Nevertheless, this positive return puts Scripps well above the median investment return performance of endowments as measured by Cambridge Associates. Gifts to endowment were also down, from almost $15 million (including contributions receivable) in 2006-07 to slightly less than $1 million in the current year. The table below shows this endowment market value and endowment per student numbers over the past 10 years.

ENDOWMENT MARKET VALUE AND ENDOWMENT PER STUDENT 1999-2008



BUILDINGS AND GROUNDS

As we closed the year, our contractor was putting the finishing touches on the College's most ambitious facility project in its history. The Sallie Tiernan Field House, NCAA Soccer /Lacrosse Field and parking garage cost almost $25 million. The lead gift for the 23,000 square foot Field House was provided by the Seaver Institute. It includes an aerobics studio, yoga room, three machine/weight rooms and changing facilities to support the Field House as well as the field and swimming pool.

The field is built over a 233 space parking garage. This "green roof" structure is constructed using an elaborate water proofing and drainage system under gravel and amended sand to nourish a Bermuda grass field. The natural grass is deemed superior to artificial turf in terms of playability of the surface for the athletes and sustainability of the planet with oxygen producing plant material.

Another major change in the campus was the reconstruction of Elm Tree Lawn. This signature landscape statement has been the site for commencement each May and for meditation during the rest of the year. After expending every effort to save the American elm trees, the trustees concluded in 2004 that they were nearing the end of their lifecycle. At that time the College imported bare root Princeton elm saplings from Georgia and contracted with Valley

Crest Nursery to grow them. After four years of cultivation they arrived this summer in 60-inch boxes ready for planting. The before and after pictures are shown below.

In addition to these two major changes on the campus, the usual infrastructure upgrades and major facilities maintenance summer projects were addressed. Edwards Humanities Building received an electrical upgrade plus the Auditorium was remodeled and the building was re-carpeted and painted inside and out.

The Routt Frankel Dining Room building (most recently used for an exercise and fitness facility) was remodeled into a student services facility which includes offices for SCORE (Scripps Communities of Resources and Empowerment), CLORGS (student clubs and organizations), the Writing Haven and offices for other activities.

SUMMARY

As I write these words, the financial markets are in disarray, experiencing unprecedented volatility. The College has seen the market value of its investment pool decline 9.03% through the end of the September quarter. The *commonfund's* short term investment fund was frozen when the trustee resigned amid bankruptcy – leaving Scripps and some other 1,000 colleges and universities scrambling to manage its cash flows. Anyone who claims to know how this will play out in the future is not credible.

With strong enrollments and substantial financial resources in quasi-endowment, Scripps is positioned better than most to ride out this storm. We take nothing for granted however. The cash flow management for this fiscal year and the budgeting for next will require great effort. It is a task that will challenge all elements of the Scripps community. How we respond to this challenge will determine the future of the College for many years to come.

Respectfully Submitted,

James H. Manifold

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Scripps College

We have audited the accompanying statements of financial position of Scripps College (the "College") as of June 30, 2008 and 2007, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule included on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams, LLP

Los Angeles, California
October 21, 2008

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash	$ 132,376	$ 282,053
Accounts Receivable (Note 2)	418,759	397,113
Notes receivable, net (Note 2)	466,525	448,367
Contributions receivable (Note 3)	4,025,796	3,546,557
Prepaid expenses, deposits, and other	1,484,763	1,199,360
Investments (Note 4)	3,148,169	4,986,439
Assets whose use is limited (Note 4)	5,278,894	3,410,817
Total current assets	14,955,282	14,270,706
Non current assets		
Notes receivable, net (Note 2)	4,453,018	4,259,994
Contributions receivable, net (Note 3)	10,665,556	14,054,976
Investments (Note 4)	288,607,272	294,065,180
Investments held as a reserve for depreciation (Note 4)	3,123,924	1,943,753
Collections (Note 1)	16,972,179	16,586,170
Plant facilities		
Land and land improvements	4,573,872	4,573,872
Buildings	79,898,859	78,091,886
Equipment and furnishings	5,586,621	5,559,069
Property held for future use	1,274,368	1,274,368
Construction in progress	24,252,356	6,457,716
Accumulated depreciation	(31,870,100)	(29,554,878)
Net plant facilities	83,715,976	66,402,033
Total assets	$ 422,493,207	$ 411,582,812

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

	Endowment	Invested in plant and other	2008	2007
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities			$ 5,860,612	$ 3,843,515
Current portion of bonds payable (Note 6)			575,000	460,000
Deposits and deferred revenue			2,565,086	1,721,109
Total current liabilities			9,000,698	6,024,624
Non current liabilities				
Life income and annuities payable (Note 5)			4,914,364	5,381,030
Payable to Claremont University Consortium			17,682	28,096
Liability for staff retirement plan			326,378	291,411
Bonds payable (Note 6)			37,519,963	23,276,437
Government advances for student loans			1,631,282	1,653,050
Funds held in trust for others (Note 7)			58,696	58,696
Asset retirement obligation (Note 8)			660,710	630,807
Total liabilities			54,129,773	37,344,151
Net assets (Note 9)				
Unrestricted	$ 185,390,979	$ 59,182,582	244,573,561	252,399,459
Temporarily restricted	2,846,655	21,634,363	24,481,018	23,906,595
Permanently restricted	87,772,632	11,536,223	99,308,855	97,932,607
Total net assets	$ 276,010,266	$ 92,353,168	368,363,434	374,238,661
Total liabilities and net assets			$ 422,493,207	$ 411,582,812

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2008 and 2007

	2008	2007
Unrestricted Net Assets		
Revenues and releases of net assets:		
Tuition, room and board	$ 41,480,754	$ 37,538,611
Less financial aid	9,974,572	9,156,545
Net student revenues (Note 10)	31,506,182	28,382,066
Contributions to operations	2,991,182	2,454,109
Federal gifts and contracts	429,711	337,279
Spending policy income	9,780,963	8,427,774
Other investment income, net	622,169	949,841
Other revenue	669,266	667,674
Gifts and endowment payout for non-budgetary items	1,000,752	702,397
Release of temporarily restricted net assets:		
Operations	783,714	1,303,426
Annuity and life income	22,980	-
Total revenues and release of net assets	47,806,919	43,224,566
Expenses:		
Academic program	23,469,074	21,680,209
Co-curricular program	12,382,503	11,343,310
Marketing	5,720,085	5,716,452
Administrative and general	4,175,369	3,951,606
Total expenses	45,747,031	42,691,577
Operating surplus (Note 13)	2,059,888	532,989
Other changes in unrestricted net assets:		
Non-operating bequests and gifts in kind	410,620	86,292
Non-operating payments	(712,860)	(167,687)
Release of temporarily restricted net assets - plant	11,806	410,942
Redesignation of net assets	(691)	27,309
Net realized and unrealized gains (losses) on investments net of allocation to operations	(8,340,887)	37,131,146
Other comprehensive pension (expense) income	(245,207)	(165,678)
Gain (loss) on bond defeasance	(1,008,567)	-
Transfer to Claremont University Consortium	-	(4,888)
Total other changes in unrestricted net assets	(9,885,786)	37,317,436
Change in unrestricted net assets	(7,825,898)	37,850,425
Unrestricted net assets, beginning of year	252,399,459	214,549,034
Unrestricted net assets, end of year	$ 244,573,561	$ 252,399,459

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2008 and 2007

	2008	2007
Temporarily Restricted Net Assets		
Revenues:		
Contributions	$ 1,462,219	$ 2,119,929
Spending policy income	654,747	584,636
Other investment income, net	36,323	(3,066)
Adjustments on contributions receivable	(1,496)	(7,253)
Total revenues	2,151,793	2,694,246
Other changes in temporarily restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	(601,461)	598,293
Other	101,320	295,151
Release of temporarily restricted net assets:		
Operations	(783,714)	(1,303,426)
Annuity and life income	(65,805)	-
Plant	(11,806)	(410,942)
Redesignation of net assets	(215,904)	(38,101)
Change in temporarily restricted net assets	574,423	1,835,221
Temporarily restricted net assets, beginning of year	23,906,595	22,071,374
Temporarily restricted net assets, end of year	$ 24,481,018	$ 23,906,595
Permanently Restricted Net Assets		
Revenues:		
Contributions	$ 1,158,055	$ 16,725,012
Other investment income, net	82,389	114,817
Adjustments on contributions receivable	-	(593,955)
Other revenue	6,322	13,748
Total revenues	1,246,766	16,259,622
Other changes in permanently restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	(129,938)	1,047,463
Release of permanently restricted net assets for annuity and life income	42,825	-
Redesignation of net assets	216,595	10,792
Change in permanently restricted net assets	1,376,248	17,317,877
Permanently restricted net assets, beginning of year	97,932,607	80,614,730
Permanently restricted net assets, end of year	$ 99,308,855	$ 97,932,607
Total change in net assets:		
Total net assets, beginning of year	$ 374,238,661	$ 317,235,138
Total year to date change in net assets	(5,875,227)	57,003,523
Total net assets, end of year	$ 368,363,434	$ 374,238,661

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 32,332,381	$ 29,031,792
Gifts, grants and contracts	3,652,121	3,421,436
Investment income	3,833,244	4,433,529
Other revenue	893,584	953,286
Payments for interest on debt	(1,711,391)	(1,284,014)
Payments to employees and suppliers	(40,331,011)	(37,699,035)
Net cash (used in) operating activities (Notes 13 and 14)	(1,331,072)	(1,143,006)
Cash flows from investing activities:		
Purchase of plant facilities	(20,055,575)	(6,120,447)
Proceeds from sale of investments	183,640,291	267,358,169
Purchase of investments	(180,658,082)	(269,502,122)
Loans made to students and faculty	(652,878)	(513,194)
Collection of student and faculty loans	439,027	470,075
Net cash (used in) provided by investing activities	(17,287,217)	(8,307,519)
Cash flows from financing activities:		
Payments to life income beneficiaries	(613,098)	(616,773)
Investment income on life income investments	747,447	937,082
Proceeds from borrowings	29,546,433	-
Principal payments on debt	(16,320,000)	(435,000)
Contributions restricted for loans	100	9,881
Contributions restricted for endowment	4,130,131	7,273,353
Contributions restricted for life income contracts	300,010	361,310
Contributions restricted for plant expenditures	249,459	1,683,593
Contributions for other restricted purposes	449,898	373,967
Change in advances for student loans	(21,768)	(32,171)
Net cash provided by financing activities	18,468,612	9,555,242
Net increase (decrease) in cash	(149,677)	104,717
Cash at beginning of year	282,053	177,336
Cash at end of year	$ 132,376	$ 282,053

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
SUPPLEMENTAL SCHEDULE
STATEMENTS OF CHANGES IN ENDOWED EQUITY

For the years ended June 30, 2008 and 2007

	2008	2007
Pooled investment return:		
Earned income	$ 3,216,796	$ 3,484,916
Change in realized and unrealized		
net appreciation of investments	(292,770)	42,904,043
Net investment return	2,924,026	46,388,959
Endowment returns distributed for operations	(9,780,963)	(8,427,774)
Endowment returns distributed for non-budgetary items	(561,174)	(555,784)
Endowment returns distributed for temporarily restricted net assets	(654,747)	(584,636)
Net investment returns reinvested	(8,072,858)	36,820,765
Other changes in endowed equity:		
Contributions	960,676	14,931,842
Other, net		
Transfers to quasi endowment	-	782,000
Redesignation of net assets	-	32,486
Matured annuity and life income agreements	427,775	1,176,457
Adjustments on contributions receivable	-	(593,955)
Total other changes in endowed equity	1,388,451	16,328,830
Net change in endowed equity	(6,684,407)	53,149,595
Endowed equity, beginning of year	282,694,673	229,545,078
Endowed equity, end of year	$ 276,010,266	$ 282,694,673
Endowed equity is composed of the following assets at June 30,		
Contributions receivable, net of discount (Note 3)	$ 5,162,258	$ 8,279,791
Investments (Note 4)	270,848,008	274,414,882
	$ 276,010,266	$ 282,694,673

See report of independent auditors.

June 30, 2008 and 2007

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 has an enrollment of approximately 900 students. The campus is 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 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 income earned 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. Collectibility 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.

June 30, 2008 and 2007

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 at an appropriate discount rate.

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; "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."

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 $1 million each are considered non-operating, as are gifts in kind. The Board of Trustees designates unrestricted gifts in excess of $1 million for the benefit of the College. Gifts in kind, due to their non cash nature, are not available to pay for operating expenditures.

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.

The costs associated with the presidential transition are considered non operational. They include executive search firm fees, travel and entertainment of the search committee, personnel costs and other associated expenses.

Operating Expense Categories and Allocation of Certain Expenses:

The Statements of Activities presents 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 expenses for revenue development for the College include departments such as Admission/Financial Aid, Public Relations, Alumnae Relations and the Development Office. Administrative and General includes expenses such as administrative computing, planning, institutional research, liability insurance, legal and audit fees, and the President and Treasurer's Offices.

June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Operating Expense Categories and Allocation of Certain Expenses, Continued:

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.

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 (SPIC).

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 - Marketable securities are reported at fair market 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 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.

June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Investments, Continued:

The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Net realized and unrealized gains from alternative investments, on the Statements of Activities, for the years ended June 30, 2008 and 2007 are approximately $7,990,000 and $28,751,000, respectively.

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 values of the alternative investments, on the Statements of Financial Position, for the years ended June 30, 2008 and 2007 are approximately $168,608,000 and $148,161,000, 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 5.00% to the average market value of pooled investments for the years ended June 30, 2008 and 2007, 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 non-operating changes in unrestricted net assets and are available for appropriation under the College’s spending policy. At June 30, 2008 and 2007, these cumulative gains totaled approximately $120,992,000 and $110,444,000, respectively.

Assets Whose Use is Limited:

Indenture requirements of bond financing (see Note 6, “Note and Bonds Payable”) provide for the establishment and maintenance of various accounts with trustees. The indenture terms limit the use of these funds to the construction of plant facilities and payment of principal and interest to bond holders. Assets whose use is limited are comprised of cash equivalents, government and corporate securities and are recorded at cost, which approximates fair value.

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 market value was deemed to exceed the benefit, were not assigned value for the purpose of capitalization.

June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Plant Facilities:

Plant facilities consists of property, plant and equipment and are stated at cost, representing the original purchase price or fair market 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 $50,000 for land improvements, $100,000 for large buildings (10,000 square feet), $50,000 for other buildings and $25,000 for equipment are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives the assets, generally, 25 years for land improvements, 40 years for buildings, 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 fiscal years ended June 30, 2008 and 2007, no equipment or property was acquired with federal funds or 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 4.6% to 7.5% and over estimated lives according to the 2000 Group Annuity Mortality Tables in June 30, 2008 and 2007.

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, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value 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.

New Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The changes to current practice resulting from the application of SFAS No. 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB deferred the implementation of the provisions of SFAS No. 157 relating to nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. Management is currently evaluating the impact that SFAS 157 may have on the College's results of operations, financial position, and cash flow.

In July 2008, the FASB released SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115” (“SFAS 159”). SFAS 159 permits companies to measure many financial instruments and certain other assets and liabilities at fair value on an instrument by instrument basis. SFAS 159 also establishes presentation and disclosure requirements to facilitate comparisons between companies that select different measurement attributes for similar types of assets and liabilities. SFAS 159 was effective for the College on July 1, 2008. The College is currently evaluating the potential impact on the Statement of Financial Position, Statement of Activities and related cash flow statements of adopting SFAS 159.

In August 2008, the FASB released FASB Staff Position – FAS 117-1 (“FSP-FAS117-1”). FSP-FAS 117-1 will provide for an update of Statement of Financial Accounting Standards 117 relating to the treatment of permanently restricted net assets to be consistent with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) legislation, which was passed in California in October 2008 and will be effective January 1, 2009. The implementation date of FSP-FAS 117-1 is for fiscal years ending after December 15, 2008. The College is currently evaluating the impact of the UPMIFA legislation and FSP-FAS 117-1.

The College adopted the provisions of Financial Accounting Standards Board Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes", on July 1, 2007. The College had no unrecognized tax benefits which would have required an adjustment to the July 1, 2007 beginning balance of net assets and no unrecognized tax benefits at July 1, 2007 and at June 30, 2008.

Reclassifications:

Certain 2007 amounts have been reclassified to conform to 2008 presentation.

June 30, 2008 and 2007

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2008 and 2007 are as follows:

	2008	2007
Student accounts	$ 51,376	$ 51,606
Federal and private grants and contracts	30,029	10,620
Other Claremont Colleges	167,375	128,305
Due from broker	23,342	56,523
Travel advances	74,855	69,252
Other	88,702	93,292
	435,679	409,598
Less allowance for doubtful accounts	(16,920)	(12,485)
Total accounts receivable, net	$ 418,759	$ 397,113

Notes receivable at June 30, 2008 and 2007 are as follows:

	2008	2007
Student notes	$ 4,963,303	$ 4,740,133
Faculty loans	192,642	200,870
	5,155,945	4,941,003
Less allowance for doubtful student notes	(236,402)	(232,642)
Total notes receivable, net	4,919,543	4,708,361
Less current portion	(466,525)	(448,367)
Non current notes receivable	$ 4,453,018	$ 4,259,994

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 recorded after discounting to the present value of future cash flows at rates ranging from 2.8 to 5.1%.

Unconditional promises to give at June 30, 2008 and 2007 are expected to be realized in the following periods:

	2008	2007
Within one year	$ 4,025,796	$ 3,571,012
Between one year and five years	929,256	4,026,712
More than five years	12,808,893	13,246,403
	17,763,945	20,844,127
Less discount	(760,034)	(1,038,483)
Less allowance for doubtful contributions receivable	(2,312,559)	(2,204,111)
	14,691,352	17,601,533
Less current portion, net of discount	(4,025,796)	(3,546,557)
Contributions receivable, net	$ 10,665,556	$ 14,054,976

Contributions receivable at June 30, 2008 and 2007 are intended for the following uses:

	2008	2007
Endowment	$ 5,162,258	$ 8,279,791
Non-trustee charitable remainder unitrusts	8,183,768	8,739,278
Other	1,345,326	582,464
Total	$ 14,691,352	$ 17,601,533

At June 30, 2008, 61.0% of contributions receivable is due from two donors.

June 30, 2008 and 2007

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, 2008 and 2007:

	2008	2007
Unit market value at end of year	$ 555.64	$ 572.14
Units owned:		
Unrestricted	56,287	54,017
Temporarily restricted	22,896	23,338
Permanently restricted	427,661	418,000
Total	506,844	495,355

Investment income related to College investments, net of management and custody fees of $1,263,577 and $1,153,769 for the years ended June 30, 2008 and 2007, respectively, is as follows:

	2008	2007
Pooled investments income	$ 3,390,930	$ 3,690,103
Pooled investments gains appropriated	7,901,849	6,162,336
Total spending policy income and gains	11,292,779	9,852,439
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	(857,069)	(840,029)
Total spending policy income	10,435,710	9,012,410
Other investment income	494,414	1,183,848
Other investment gains	282,658	31,108
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	(36,191)	(153,364)
Total other investment income	740,881	1,061,592
Realized gains on pooled investments	18,450,076	32,959,222
Unrealized gains on pooled investments	(18,889,114)	10,334,260
Pooled investment gains appropriated	(7,901,849)	(6,162,336)
Net realized and unrealized losses on investments net of allocation to operations	(8,340,887)	37,131,146
Total investment return	$ 2,835,704	$ 47,205,148

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:	2008	2007
	Fair Value	Fair Value
Investment pool	$ 281,641,312	$ 283,411,285
Separate investments	18,516,947	20,994,904
Total by program	$ 300,158,259	$ 304,406,189

June 30, 2008 and 2007

NOTE 4 - INVESTMENTS, CONTINUED:

Investment by asset type:	2008 Fair Value	2007 Fair Value
Cash equivalents	$ 19,776,682	$ 16,569,814
Short term investments	2,709,686	3,335,382
Domestic equities	40,832,552	55,794,910
International equities	43,319,595	61,915,442
Private equity	90,525,110	65,085,796
Domestic fixed income	32,229,400	32,199,558
International fixed income	96,651	190,119
Real properties	537,498	671,498
Long/short hedge funds	27,942,260	25,847,226
Absolute return hedge funds	35,523,307	41,502,600
Assets whose use is limited	5,796,535	500,591
Other assets	868,983	793,253
Total by asset type	$ 300,158,259	$ 304,406,189

Investments by category:	2008 Fair Value	2007 Fair Value
Endowment and funds functioning as endowment	$ 270,848,008	$ 274,414,882
Annuity and life income funds	12,210,903	13,056,621
Reserve for depreciation	3,123,924	1,943,753
Other	13,975,424	14,990,933
Total by category	$ 300,158,259	$ 304,406,189

NOTE 5 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $4,914,364 and $5,381,030 at June 30, 2008 and 2007, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

NOTE 6 - NOTE AND BONDS PAYABLE:

At June 30, 2008 and 2007, bonds payable were comprised of the following:

	2008	2007
Bonds - California Educational Facilities Authority ("CEFA") Series 1997C	$ 1,845,000	$ 2,045,000
Bonds - CEFA Series 1999	-	9,610,000
Bonds - CEFA Series 2001	5,715,000	12,225,000
Bonds - CEFA Series 2007	30,555,000	-
	38,115,000	23,880,000
Less unamortized discount	(20,037)	(143,563)
Less current portion	(575,000)	(460,000)
	$ 37,519,963	$ 23,276,437

June 30, 2008 and 2007

NOTE 6 - NOTE AND BONDS PAYABLE, CONTINUED:

The CEFA Series 1997C bonds are due in 2015. Annual installments range from $231,100 in March 2008 to $327,400 in March 2015. Interest is payable semi-annually at rates ranging from 5.0% to 5.5%. Bonds maturing after March 1, 2007 with principal balances totaling $2,197,000 are subject to redemption at prices ranging from 102% to 100%. The CEFA Series 1997C bonds are collateralized by a CEFA Series 1990 loan agreement, due in annual installments ranging from $200,000 in March 2007 to $320,000 in March 2015 at a rate of 7.0%. The total principal and interest payments made by the College under the CEFA Series 1990 loan agreement fund the CEFA Series 1997C bond payments.

The CEFA Series 2001 bonds are due in 2031. Annual installments range from $25,000 in August 2007 to $1,675,000 in August 2031, and bear interest at rates ranging from 5.00% to 5.25%. Bonds maturing after August 1, 2011 with principal balances totaling $12,070,000 are subject to optional redemption at a price equal to the principal amount redeemed.

In October 2007, the College issued CEFA Revenue Bonds Series 2007 in the aggregate principal amount of $30,555,000. The bonds are due in annual installments ranging from $70,000 in November 2030 to $2,305,000 in November 2037, and bear interest rates ranging from 4.0% to 5.0%. Bonds maturing on or after November 1, 2018 with principal balances totaling $25,135,000 are subject to optional redemption at par plus accrued interest. The bonds were issued for the purpose of financing and refinancing the acquisition, construction, improvement, rehabilitation, renovation, and equipping of certain educational facilities. Refunding proceeds of approximately $16,695,000 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the CEFA Series 1999 and a portion of the CEFA Series 2001 bonds; as a result, the bonds have been legally defeased and the liability for these bonds have been removed from the Statement of Financial Position.

Interest expense (net of capitalized interest of $116,660) was $1,321,076 and $1,305,963 for the years ended June 30, 2008 and 2007, respectively. Interest expense includes amortized discount (premium) and cost of issuance of $26,842 and $34,271 in June 30, 2008 and 2007, respectively.

At June 30, 2008, the bond maturities were as follows:

Fiscal Years Ending June 30,	Principal Amount
2009	$ 575,000
2010	610,000
2011	640,000
2012	675,000
2013	715,000
Thereafter	34,900,000
	$ 38,115,000

The CEFA Series 2007, 2001 and 1997C bond agreements contain various restrictive covenants which include the maintenance of certain financial ratios, as defined in the agreement. At June 30, 2008 and 2007, the College was in compliance with all bond covenants.

The College has an unsecured $3,000,000 line of credit with a bank. Any borrowings on the line would bear interest at either a fluctuating rate per annum of 0.50% below the bank's prime rate or a fixed rate per annum determined by the bank to be 1.50% above LIBOR in effect on the first day of the applicable fixed rate. There were no borrowings outstanding on the line at June 30, 2008 and 2007.

The estimated fair value of the College's bonds payable was approximately $36,933,000 and $24,363,000 at June 30, 2008 and 2007, respectively. 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.

June 30, 2008 and 2007

NOTE 7 - FUNDS HELD IN TRUST FOR OTHERS:

Included in funds held in trust for others is a non-interest bearing loan of $58,696 for both June 30, 2008 and 2007, which was made to the College by the Weingart Foundation. The College is required to use the funds to make non-interest-bearing loans to qualified students.

NOTE 8 - ASSET RETIREMENT OBLIGATION:

The College has recorded asset retirement obligations under Statement of Financial Accounting Standards No. 143 related to plant facilities, primarily for disposal of regulated materials upon eventual retirment of the assets.

The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2008 and 2007:

	2008	2007
Obligations incurred	$ -	$ -
Obligations settled	-	-
Accretion expense	29,903	28,544
Revisions in estimated cash flows	-	-
	29,903	28,544
Beginning balance	630,807	602,263
Ending balance	$ 660,710	$ 630,807

NOTE 9 - NET ASSETS:

At June 30, 2008 and 2007, net assets consists of the following:

	2008	2007
Unrestricted:		
For operations	$ 5,029,568	$ 15,815,483
For designated purposes	3,275	6,482
Funds functioning as endowment	185,390,979	193,466,536
Plant facilities	54,149,739	43,110,958
Total unrestricted	$ 244,573,561	$ 252,399,459
Temporarily Restricted:		
Restricted for specific purposes	$ 3,180,111	$ 2,142,466
Endowment	2,846,655	3,004,494
Plant facilities	8,358,321	7,976,576
Annuity and life income contracts and agreements	10,095,931	10,783,059
Total temporarily restricted	$ 24,481,018	$ 23,906,595
Permanently restricted:		
Endowment	$ 87,772,632	$ 86,223,643
Loans	6,151,845	6,077,145
Annuity and life income contracts and agreements	5,384,378	5,631,819
Total permanently restricted	$ 99,308,855	$ 97,932,607

June 30, 2008 and 2007

NOTE 10 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2008 and 2007 consist of the following:

	2008	2007
Tuition and fees	$ 33,428,636	$ 30,171,379
Room and board	8,052,118	7,367,232
	41,480,754	37,538,611
Less:		
Sponsored student aid	(3,163,654)	(2,691,845)
Unsponsored student aid	(6,810,918)	(6,464,700)
Net student revenues	$ 31,506,182	$ 28,382,066

"Sponsored" student aid consists of funds provided by endowment and external entities, whereas "unsponsored" aid consists of funds provided by the College.

NOTE 11 - FUND RAISING EXPENSE:

Included in marketing expense in the Statements of Activities are approximately $2,805,000 and $2,730,000 of fund raising expenses for the years ended June 30, 2008 and 2007, respectively.

NOTE 12 - OPERATING LEASES:

The College leases various office equipment with lease terms that expire through 2013. Annual lease payments range from approximately $3,700 to $20,800. The College also has two vehicles leases with terms that expire through 2009. Annual lease payments are approximately $900. The lease payments for the years ended June 30, 2008 and 2007 were approximately $58,300 and $52,700, respectively. The following is a summary of future minimum rental payments for operating leases that have initial or remaining no cancelable terms in excess of one year as of June 30, 2008:

Fiscal Years Ending June 30,	Lease Payments
2009	$ 85,668
2010	62,034
2011	59,348
2012	58,483
2013	30,551
	$ 296,084

NOTE 13 - CASH USED IN OPERATING ACTIVITIES:

Consistent with the College's investment policy, lower current yields from dividends and interest are supplemented by appropriation from realized gains to provide the full amount of investment return specified for operations. Approximately $7,902,000 and $6,162,000 for the years ended June 30, 2008 and 2007, respectively, have been appropriated for operations and are reported in the Statements of Cash Flows as proceeds from the sale of investments in cash flows from investing activities. A reconciliation of net cash used in operations on the Statements of Cash Flows to the operating deficits on the Statements of Activities for the years ended June 30, 2008 and 2007 are as follows:

June 30, 2008 and 2007

NOTE 13 - CASH USED IN OPERATING ACTIVITIES, CONTINUED:

	2008	2007
Net cash used in operations	$ (1,331,072)	$ (1,143,006)
Depreciation expense	(2,741,632)	(2,800,171)
Pooled investment gains appropriated	7,901,849	6,162,336
Gains (losses) on separate investments	-	39,656
Temporarily and permanently restricted spending policy income	(654,747)	(584,636)
Temporarily and permanently restricted other investment income, net	(82,991)	(120,299)
Temporarily and permanently restricted other income	(107,642)	(308,899)
Release of temporarily restricted net assets to operations	806,699	1,303,426
Non-operating payments	712,860	167,687
Transfer to Claremont University Consortium	-	4,888
Expensed gifts in kind	(24,611)	(1,288)
(Increase) decrease in unrestricted receivables, prepaid expenses, deposits and other	831,826	(176,974)
Increase (decrease) in accounts payable and other accrued liabilities	(2,406,674)	(1,340,224)
Increase (decrease) in deposits and deferred revenue	(843,977)	(669,504)
Operating surplus	$ 2,059,888	$ 532,992

NOTE 14 - CASH FLOW RECONCILIATION:

The change in the College's net assets is reconciled to net cash provided by operations for the years ended June 30, 2008 and 2007 as follows:

	2008	2007
Change in net assets	$ (5,875,227)	$ 57,003,523
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	2,741,632	2,800,171
Gifts in kind	(386,009)	(85,004)
Realized (gains) losses on sale of investments	(18,486,996)	(32,990,333)
Unrealized gains on investments	18,889,115	(10,334,260)
Amortization of bond discount and cost of issuance	(37,944)	34,271
Amortization of asset retirement obligation	29,903	28,544
(Gain) loss on bond defeasance	1,008,567	-
Comprehensive pension (income) expense	(245,207)	(165,678)
Adjustment of actuarial liability for life income agreements	731,399	(1,645,756)
Adjustment on contributions receivable	1,496	601,208
Decrease (increase) in accounts and notes receivable	(18,257)	97,104
Decrease in contributions receivable	-	338,180
Increase in prepaid expenses and deposits	(123,936)	(257,300)
(Decrease) increase in accounts payable and other accrued liabilities	2,006,682	1,395,147
Increase in deposits and deferred revenue	843,977	669,504
Defined benefit plan contributions (over)/under expense	280,174	213,618
Contributions for long-term investments	(2,690,441)	(18,845,945)
Net cash (used in) operating activities	$ (1,331,072)	$ (1,143,006)

June 30, 2008 and 2007

NOTE 15 - RELATED PARTIES:

Trustee support of the College consists of contributions to the College. Total contributions from trustees during fiscal years ended June 30, 2008 and 2007 totaled approximately $1,281,000 and $11,409,000 respectively. At June 30, 2008 and 2007 trustee contributions receivable, net of discount, totaled approximately $10,060,000 and $13,598,000, respectively.

Two College Trustees are board representatives of an investment counsel firm which performs accounting, tax reporting, and investment management of the College's Charitable Remainder Trust program. At June 30, 2008, the market value of the program totaled approximately $5,057,000. Payments to the firm during fiscal year ended, June 30, 2008 totaled approximately $65,000.

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, 2008 and 2007 totaled approximately $1,693,000 and $1,566,000, respectively.

The Claremont University Consortium administers a defined benefit plan ("The Plan") covering substantially all non-academic employees of the College, along with those of the other Claremont Colleges (Note 17). The Plan is in accordance with the Employer Retirement Income Security Act of 1974. The benefits are based on years of service, career average compensation, and amount of employee contributions. Plan assets are invested in a diversified group of equity and fixed-income securities in an insurance company's separate and general accounts. The College's allocation of the net pension (credit) cost for the years ended June 30, 2008 and 2007 was approximately $(8,000) and $(20,000), respectively. The Plan was curtailed in the current year subsequent to the Plan's measurement date and plan participants were moved to the defined contribution retirement plan. The impact of the curtailment freezes the vested benefit obligation as of June 30, 2005. Additional information on the Plan can be obtained from the 2004-2005 report which includes the audited financial statements of the Claremont University Consortium.

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. Claremont University Consortium, 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, 2008 and 2007 totaled approximately $3,343,000 and $3,291,000, respectively.

NOTE 18 - COMMITMENTS AND CONTINGENCIES:

Contracts

The College has made investment commitments to thirty-eight limited partnerships totaling $178,900,000. At June 30, 2008, the College has a remaining outstanding commitment of approximately $51,035,000.

June 30, 2008 and 2007

NOTE 18 - COMMITMENTS AND CONTINGENCIES, CONTINUED:

Contracts, continued

The College has remaining commitments on contracts to complete the construction of a recreational athletic facility, fabrication and installation of stone cast columns, office improvements and development of a master plan totaling approximately $4,902,000 at June 30, 2008.

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 Funding

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.

NOTE 19 - SUBSEQUENT EVENTS:

Common Fund Short Term Investments

Effective September 29, 2008, Wachovia Bank, N.A., as Trustee of the Common Fund for Short Term Investments (the "Short Term Fund") annouced its decision to terminate and liquidate the Short Term Fund. No additional contributions to the Short Term Fund will be accepted. Under the liquidation plan, investors in the Short Term Fund will be allowed to withdraw balances based on their proportional interest in the Short Term Fund as assets mature or are sold. The College's balance in the Short Term Fund as of June 30, 2008 is approximately $6,773,000. As of October 14, 2008, approximately 38.0% of Short Term Fund assets were available for withdrawal. The value of the liquidation proceeds received by the College is not expected to vary significantly from the fair value carried on the College's books based on the current net asset value of the Short Term Fund. However, the realization of this value will depend upon market conditions including the liquidity of the Short Term Fund's assets during the liquidation period.

Global Financial Markets

The College is aware there are significant pressures in the current global financial markets. The College is vigilantly monitoring the developments in the markets and believes that it is positioned to deal with these developments should the market conditions persist.

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