SCRIPPS

THE WOMEN'S COLLEGE • CLAREMONT

Financial Report 2008-2009

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

Cover:
Motley to the View Coffeehouse, October 2009.
Photography by Ian Bradshaw.

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

2009 and 2008

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SCRIPPS
THE WOMEN'S COLLEGE
• CLAREMONT •

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October 27, 2009

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

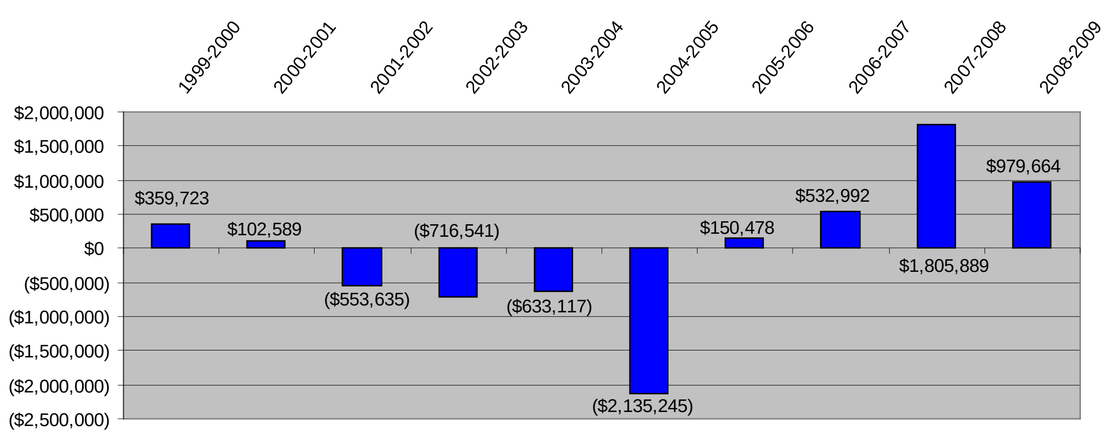
This letter highlights the financial results of operations for fiscal 2008-09 and provides other information on the state of the College. The accompanying financial statements have been audited by our independent accountants, Moss Adams LLP.

The fiscal year was marked by enormous turmoil in the financial markets coupled with a general anxiety about the future throughout the society. Needless to say, budgeting for the 2009-10 fiscal year had its challenges. Scripps weathered the storm, but with a significant impairment to the value of the endowment. On the operations side, revenues exceeded expenses for the fourth straight year.

FINANCES

Results of operations were positive, with an operating surplus of almost $1 million. Over enrollment accounted for this largest part of this favorable outcome. Gifts to operations were 10% over plan but more than $250,000 less than the prior year.

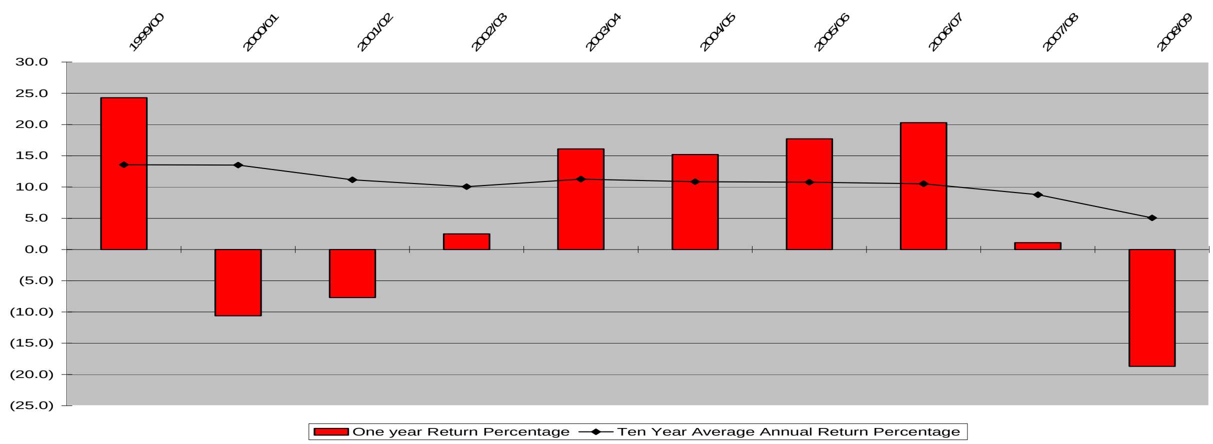
OPERATING SURPLUS/ (DEFICIT)
FY 2000-2009



In September of 2008, Governor Arnold Schwarzenegger signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This law applies to all institutions in the state of California. On the positive side, the new law eliminates the problem of "underwater endowments"; that is, endowments whose spending is restricted when the current market value falls below the original gift value. Spending of these endowments is now allowed for the donor's intended purpose. On the negative side, the Financial Accounting Standards Board has interpreted UPMIFA to require unrealized gains associated with permanently restricted endowments to be classified as temporarily restricted net assets until such time as they are appropriated for spending (FAS 117-1). This required an adjustment to unrestricted net assets of some $112 million. In a sort of perfect financial storm in this fiscal year, the endowment incurred almost $53 million of net unrealized losses.

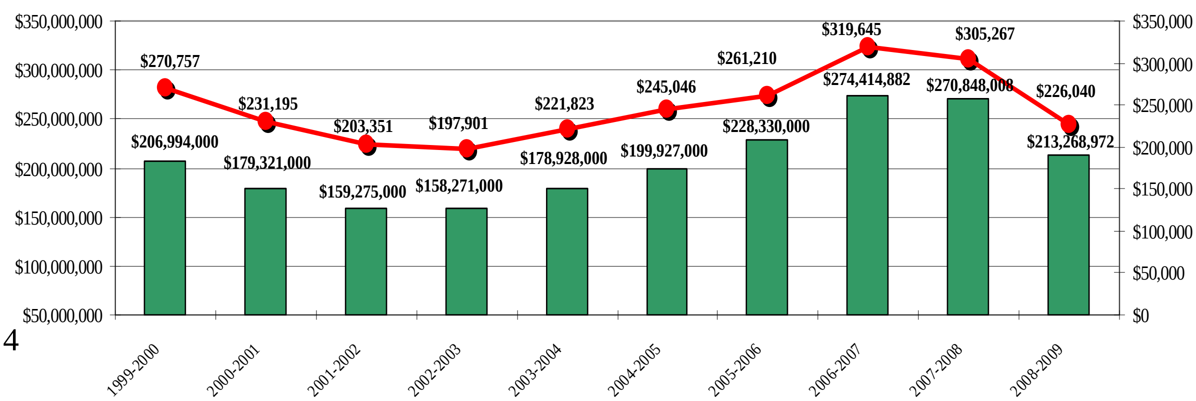
The Statements of Change in Endowed Equity on page 13 tells the endowment story. The total return of (18.7)% was the worst return in recent memory but in line with the Cambridge Associates endowment median. The table below shows total return of the Investment Pool for the past ten years and the ten-year trailing average returns.

ENDOWMENT RETURNS
FY 2000-2009



The table below shows this endowment market value and endowment per student numbers over the past 10 years. You can see that in terms of endowment per student, a measure of financial leverage, the College is back to 2003-04 levels. Scripps derives about 25% of total operating revenues from endowment spending policy income.

ENDOWMENT MARKET VALUE
AND ENDOWMENT PER STUDENT
FY 2000-2009



BUILDINGS AND GROUNDS

The Sallie Tiernan Field House experienced its first full year of operations. By all measures it has been a stunning success. There were more than 58,000 visits to the facility.

- 72% Scripps students, faculty, staff, 21% Claremont McKenna, and 6% Harvey Mudd
- Monthly average visits 6,800
- 22 Scripps offices reserved the facility to help promote health and wellness services.

The soccer/lacrosse field was rededicated as Alumnae Field on October 3, 2009. A soccer game between the Claremont McKenna- Mudd- Scripps Alumnae and the current CMS Women's Soccer team was played to honor the event.

Another major change in the campus was the reconstruction of Sicilian Court. This is the second landscape reconstruction project the College has completed since it established the Landscape and Architectural Blueprint in 2006 through a grant from the Getty Foundation. The original 1930 Edward Huntsman-Trout design was replaced in 1981 with a modern design with exposed aggregate hardscape and a pergola leading from the then Motley to the View Coffeehouse. Since then, the Motley has been relocated three times with its current location in the Malott Commons being the best. Below are photos showing the original court and the new reconstruction designed by Ann Christoph with the assistance of landscape historian David Streatfield.

1930

2009

Over this past summer some $2 million of maintenance projects were undertaken. Of particular note were the remodeling of the bathrooms in Clark and Toll Halls and the completion of a three year technology effort to make the entire campus wireless.

Finally, the trustees approved a new campus master plan by the firm of Moule & Polyzoides that will carry us through the current strategic plan.

SUMMARY

Fiscal 2008-09 has been a rollercoaster year in many ways. The financial markets unraveled, the presidential search was extended for a second year, and the Dean of Faculty resigned to become Dean of Pomona College. But like most years there was good to balance the bad. The College was recently ranked as a top 25 national liberal arts college, the eighth president of Scripps college was elected, and we managed our way through an over enrollment of some 40 students. The College completed its fourth year of operating surpluses and its second historic landscape reconstruction following the first, Elm Tree Lawn in 2008. There is new energy and optimism at Scripps as we look forward to fiscal 2009-10 and beyond.

Respectfully Submitted,

James H. Manifold

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

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, 2009 and 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009 and 2008, 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 13 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 28, 2009

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash	$ 274,629	$ 132,376
Accounts receivable (Note 2)	389,020	418,759
Notes receivable, net (Note 2)	468,403	466,525
Contributions receivable (Note 3)	2,676,786	4,025,796
Prepaid expenses, deposits, and other	1,255,796	1,405,837
Investments (Note 4)	4,096,880	3,148,169
Assets whose use is limited (Note 4)	394,210	5,278,894
Total current assets	9,555,724	14,876,356
Non current assets		
Notes receivable, net (Note 2)	4,544,808	4,453,018
Contributions receivable, net (Note 3)	10,338,889	10,665,556
Investments (Note 4)	226,322,505	288,686,197
Investments held as a reserve for depreciation (Note 4)	3,627,208	3,123,924
Collections (Note 1)	17,026,688	16,972,179
Plant facilities		
Land and land improvements	5,924,295	4,573,872
Buildings	106,517,831	79,898,859
Equipment and furnishings	6,626,994	5,586,621
Property held for future use	2,428,282	1,274,368
Construction in progress	2,006,251	24,252,356
Accumulated depreciation	(35,317,090)	(31,870,100)
Net plant facilities	88,186,563	83,715,976
Total assets	$ 359,602,385	$ 422,493,206

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	Endowment	Invested in plant and other	2009	2008
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities			$ 3,804,104	$ 5,860,611
Current portion of bonds payable (Note 7)			610,000	575,000
Deposits and deferred revenue			1,886,577	2,565,086
Total current liabilities			6,300,681	9,000,697
Non current liabilities				
Life income and annuities payable (Note 6)			3,925,992	4,914,364
Payable to Claremont University Consortium			6,188	17,682
Liability for staff retirement plan			876,415	326,378
Bonds payable (Note 7)			36,912,038	37,519,963
Government advances for student loans			1,605,695	1,631,282
Funds held in trust for others (Note 8)			58,696	58,696
Asset retirement obligation (Note 9)			692,036	660,710
Total liabilities			50,377,741	54,129,772
Net assets (Note 10)				
Unrestricted	$ 18,348,117	$ 66,486,388	84,834,505	244,573,561
Temporarily restricted	107,546,777	17,325,166	124,871,943	24,481,018
Permanently restricted	89,238,887	10,279,309	99,518,196	99,308,855
Total net assets	$ 215,133,781	$ 94,090,863	309,224,644	368,363,434
Total liabilities and net assets			$ 359,602,385	$ 422,493,206

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2009 and 2008

	2009	2008
Unrestricted Net Assets		
Revenues and releases of net assets:		
Tuition, room and board	$ 45,705,857	$ 41,480,754
Less financial aid	11,149,495	9,974,572
Net student revenues (Note 11)	34,556,362	31,506,182
Contributions to operations	2,732,007	2,991,182
Federal gifts and contracts	429,149	429,711
Spending policy income	10,940,217	9,528,170
Other investment income, net	362,718	620,963
Other revenue	744,563	669,266
Gifts and endowment payout for non-budgetary items	666,173	1,000,752
Release of temporarily restricted net assets:		
Operations	991,785	783,714
Annuity and life income	51,324	22,980
Total revenues and release of net assets	51,474,298	47,552,920
Expenses:		
Academic program	25,209,783	23,469,074
Co-curricular program	14,273,884	12,382,503
Marketing	6,401,225	5,720,085
Administrative and general	4,609,742	4,175,369
Total expenses	50,494,634	45,747,031
Operating surplus (Note 14)	979,664	1,805,889
Other changes in unrestricted net assets:		
Non-operating bequests and gifts in kind	78,137	410,620
Non-operating other income	273,189	252,793
Non-operating payments	(735,140)	(712,860)
Release of temporarily restricted net assets - plant	8,385,447	11,806
Redesignation of net assets (includes UPMIFA)	(112,530,276)	(691)
Net realized and unrealized gains (losses) on investments net of allocation to operations	(55,544,952)	(8,339,681)
Other comprehensive pension (expense) income	(645,125)	(245,207)
Gain (loss) on bond defeasance	-	(1,008,567)
Total other changes in unrestricted net assets	(160,718,720)	(9,631,787)
Change in unrestricted net assets	(159,739,056)	(7,825,898)
Unrestricted net assets, beginning of year	244,573,561	252,399,459
Unrestricted net assets, end of year	$ 84,834,505	$ 244,573,561

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2009 and 2008

	2009	2008
Temporarily Restricted Net Assets		
Revenues:		
Contributions	6,403,137	$ 1,462,219
Spending policy income	935,544	654,747
Other investment income, net	3,839	5,609
Adjustments on contributions receivable	(51)	(1,496)
Total revenues	7,342,469	2,121,079
Other changes in temporarily restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	(1,777,415)	(601,461)
Other	112,660	101,320
Release of temporarily restricted net assets:		
Operations	(991,785)	(783,714)
Annuity and life income	(609,357)	(65,805)
Plant	(8,385,447)	(11,806)
Redesignation of net assets	112,534,321	(215,904)
Net gain (loss) on investments	(7,834,521)	30,714
Transfer (to) Claremont University Consortium	-	-
Change in temporarily restricted net assets	100,390,925	574,423
Temporarily restricted net assets, beginning of year	24,481,018	23,906,595
Temporarily restricted net assets, end of year	$ 124,871,943	$ 24,481,018
Permanently Restricted Net Assets		
Revenues:		
Contributions	$ 657,927	$ 1,158,055
Other investment income, net	(7,804)	77,390
Adjustments on contributions receivable	94,043	-
Other revenue	5,821	6,322
Total revenues	749,987	1,241,767
Other changes in permanently restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	(1,111,811)	(129,938)
Release of permanently restricted net assets for annuity and life income	558,033	42,825
Redesignation of net assets	(4,045)	216,595
Net gain (loss) on investments	17,177	4,999
Change in permanently restricted net assets	209,341	1,376,248
Permanently restricted net assets, beginning of year	99,308,855	97,932,607
Permanently restricted net assets, end of year	$ 99,518,196	$ 99,308,855
Total change in net assets:		
Total net assets, beginning of year	$ 368,363,434	$ 374,238,661
Total year to date change in net assets	(59,138,790)	(5,875,227)
Total net assets, end of year	$ 309,224,644	$ 368,363,434

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 33,975,828	$ 32,332,381
Gifts, grants and contracts	3,289,239	3,652,121
Investment income	3,148,885	3,833,244
Other revenue	842,640	893,584
Payments for interest on debt	(1,678,082)	(1,711,391)
Payments to employees and suppliers	(47,947,608)	(40,331,011)
Net cash (used in) operating activities (Notes 14 and 15)	(8,369,098)	(1,331,072)
Cash flows from investing activities:		
Purchase of plant facilities	(7,916,436)	(20,055,575)
Proceeds from sale of investments	248,385,745	183,640,291
Purchase of investments	(238,227,250)	(180,658,082)
Loans made to students and faculty	(537,268)	(652,878)
Collection of student and faculty loans	425,277	439,027
Net cash (used in) provided by investing activities	2,130,068	(17,287,217)
Cash flows from financing activities:		
Payments to life income beneficiaries	(508,645)	(613,098)
Investment income on life income contracts	559,174	747,447
Proceeds from borrowings	-	29,546,433
Principal payments on debt	(575,000)	(16,320,000)
Contributions restricted for loans	-	100
Contributions restricted for endowment	3,838,068	4,130,131
Contributions restricted for life income contracts	164,996	300,010
Contributions restricted for plant expenditures	676,938	249,459
Contributions for other restricted purposes	2,251,339	449,898
Change in advances for student loans	(25,587)	(21,768)
Net cash provided by financing activities	6,381,283	18,468,612
Net increase (decrease) in cash	142,253	(149,677)
Cash at beginning of year	132,376	282,053
Cash at end of year	$ 274,629	$ 132,376

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, 2009 and 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009	2008
Investment returns:					
Earned income/(expense)	$ 2,764,934	$ 2,921	$ (8,373)	$ 2,759,482	$ 3,216,796
Change in net appreciation of of investments	(44,927,887)	(7,834,477)	20,233	(52,742,131)	(292,770)
Investment returns	(42,162,953)	(7,831,556)	11,860	(49,982,649)	2,924,026
Endowment returns distributed	(12,348,186)	-	-	(12,348,186)	(9,780,963)
Net investment returns	(54,511,139)	(7,831,556)	11,860	(62,330,835)	(8,072,858)
Other changes in endowed equity:					
Contributions	-	-	540,620	540,620	960,676
Other, net					
Transfers due to UPMIFA	(112,531,678)	112,531,678	-	-	-
Matured annuity and life income agreements	-	-	819,824	819,824	427,775
Adjustments on contributions receivable	-	-	94,043	94,043	-
Total other changes in endowed equity	(112,531,678)	112,531,678	1,454,487	1,454,487	1,388,451
Net change in endowed equity	(167,042,817)	104,700,122	1,466,347	(60,876,348)	(6,684,407)
Endowed equity, beginning year	185,390,979	2,846,655	87,772,632	276,010,266	282,694,673
Endowed equity, ending year	$ 18,348,162	$ 107,546,777	$ 89,238,979	$ 215,133,918	$ 276,010,266
Endowed equity is composed of the following assets at June 30,					
Contributions receivable, net	$ -	$ -	$ 1,864,809	$ 1,864,809	$ 5,162,258
Investments	18,348,117	107,546,777	87,374,078	213,268,972	270,848,008
Total endowed equity	$ 18,348,117	$ 107,546,777	$ 89,238,887	$ 215,133,781	$ 276,010,266

See report of independent auditors.

June 30, 2009 and 2008

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 940 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. 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. 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.

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue and Expense Recognition, Continued:
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 present expenses by four functional categories. Academic Program includes expenses for instruction and related academic support departments such as libraries, the Dean of Faculty and Registrar's Offices. Co-curricular Program includes expenses associated with the residential life operation of the College and related support departments such as Dean of Students Office and Career Planning and Research. Marketing 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 planning, institutional research, liability insurance, legal and audit fees, and the President and Treasurer's Offices.

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

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.

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 (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 and other investments - 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.

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 (losses) from alternative investments, on the Statements of Activities, for the years ended June 30, 2009 and 2008 are approximately $(38,309,000) and $7,990,000, 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, 2009 and 2008 are approximately $130,356,000 and $168,608,000, respectively.

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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 twelve-quarter average market value of pooled investments for the years ended June 30, 2009 and 2008, 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, 2009 and 2008, these cumulative gains totaled approximately $123,145,000 and $120,992,000, respectively.

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

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

Funds with Deficiencies:
From time to time declines in the market value of the investment pool have created a situation where the fair value of certain endowments is less than the historical cost basis of the original gift(s). Deficiencies of this nature have been recorded as decreases in unrestricted net assets and were approximately $3,122,000 and $43,000 at June 30, 2009 and 2008.

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.

June 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:
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 and cash equivalents, mutual funds, and certain domestic and international equities are valued based on quoted market prices, and are therefore typically classified within Level 1.

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

The investments in private equity, long/short hedge funds, absolute return hedge funds, private equity funds, limited partnerships, and beneficial interest in trusts held by a third parties are valued utilizing unobservable inputs, and are therefore classified within Level 3. These assets are presented in the accompanying financial statements at fair value. 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 partner's capital of the investment partnerships as reported by their general partners. For these investments, the College has determined, through its monitoring activities, to rely on the fair market value as determined by the investment managers. The balance of unfunded commitments to limited partnerships, remaining life of finite investments and the terms for redeeming from investment funds including any restrictions are disclosed below.

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:
The general partners of the underlying investment partnerships generally value their investments at fair value in accordance with appropriate standards. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

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

Assets Whose Use is Limited:
Indenture requirements of bond financing (see Note 7, “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.

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, 2009 and 2008, 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.

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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, 2009 and 2008.

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.

Income Taxes:
The College adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (the "Interpretation"), on July 1, 2007. No adjustment to net assets was required upon the adoption of the Interpretation, as the College had no unrecognized tax benefits. The College has no unrecognized tax benefits as of June 30, 2009 and 2008.

Reclassifications:
Certain 2008 amounts have been reclassified to conform to 2009 presentation.

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2009 and 2008 are as follows:

	2009	2008
Student accounts	$ 60,922	$ 51,376
Federal and private grants and contracts	102,524	30,029
Other Claremont Colleges	109,627	167,375
Due from broker	4,485	23,342
Travel advances	28,736	74,855
Other	96,596	88,702
	402,890	435,679
Less allowance for doubtful accounts	(13,870)	(16,920)
Total accounts receivable, net	$ 389,020	$ 418,759

June 30, 2009 and 2008

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE, CONTINUED:

Notes receivable at June 30, 2009 and 2008 are as follows:

	2009	2008
Student notes	$ 5,098,556	$ 4,963,303
Faculty loans	178,767	192,642
	5,277,323	5,155,945
Less allowance for doubtful student notes	(264,112)	(236,402)
Total notes receivable, net	5,013,211	4,919,543
Less current portion	(468,403)	(466,525)
Non current notes receivable	$ 4,544,808	$ 4,453,018

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 2.8 to 5.1%.

Unconditional promises to give at June 30, 2009 and 2008 are expected to be realized in the following periods:

	2009	2008
Within one year	$ 2,676,786	$ 4,025,796
Between one year and five years	2,605,718	929,256
More than five years	10,747,802	12,808,893
	16,030,306	17,763,945
Less discount	(802,093)	(760,034)
Less allowance for doubtful contributions receivable	(2,212,538)	(2,312,559)
	13,015,675	14,691,352
Less current portion, net of discount	(2,676,786)	(4,025,796)
Contributions receivable, net	$ 10,338,889	$ 10,665,556

Contributions receivable at June 30, 2009 and 2008 are intended for the following uses:

	2009	2008
Endowment	$ 1,864,809	$ 5,162,258
Beneficial interest in trusts held by a third party	6,330,677	8,183,768
Other	4,820,189	1,345,326
Total	$ 13,015,675	$ 14,691,352

55.9% and 61.0% of contributions receivable was due from two donors at June 30, 2009 and 2008, respectively.

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, 2009 and 2008:

	2009	2008
Unit market value at end of year	$ 427.45	$ 555.64
Units owned:		
Unrestricted	55,465	56,287
Temporarily restricted	21,897	22,896
Permanently restricted	438,361	427,661
Total	515,723	506,844

June 30, 2009 and 2008

NOTE 4 - INVESTMENTS, CONTINUED:

Investment income related to College investments, net of management and custody fees of $1,216,030 and $1,263,577 for the years ended June 30, 2009 and 2008, respectively, is as follows:

Pooled investments income	$ 3,150,191	$ 3,390,930
Pooled investments gains (losses) appropriated	9,683,254	7,901,849
Total spending policy income and gains (losses)	12,833,445	11,292,779
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	(957,684)	(1,109,862)
Total spending policy income	11,875,761	10,182,917
Other investment income	433,736	494,414
Other investment gains (losses)	(74,983)	245,739
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	-	(36,191)
Total other investment income	358,753	703,962
Realized gains on investments	11,821,654	18,486,995
Unrealized gains (losses) on investments	(65,500,697)	(18,889,114)
Pooled investment gains appropriated	(9,683,254)	(7,901,849)
Net realized and unrealized losses on investments net of allocation to operations	(63,362,297)	(8,303,968)
Total investment return	$ (51,127,783)	$ 2,582,911

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:	2009	2008
Investment pool	$ 220,444,762	$ 281,623,530
Separate investments	13,996,041	18,613,654
Total by program	$ 234,440,803	$ 300,237,184

Investment by asset type:	2009	2008
Cash equivalents	$ 20,009,532	$ 19,776,682
Money market	8,349,145	2,788,611
Domestic equities	27,398,538	40,832,552
International equities	35,532,899	43,319,595
Private equity	71,910,576	90,525,110
Domestic fixed income	28,585,784	32,229,400
International fixed income	-	96,651
Real properties	539,498	537,498
Long/short hedge funds	21,847,617	27,942,260
Absolute return hedge funds	19,066,084	35,523,307
Assets whose use is limited	394,210	5,796,535
Other assets	806,920	868,983
Total by asset type	$ 234,440,803	$ 300,237,184

Investments by category:	2009	2008
Endowment and funds functioning as endowment	$ 213,268,972	$ 270,848,008
Annuity and life income funds	9,420,285	12,210,903
Reserve for depreciation	3,627,208	2,061,361
Other	8,124,338	15,116,912
Total by category	$ 234,440,803	$ 300,237,184

June 30, 2009 and 2008

NOTE 4 - INVESTMENTS, CONTINUED:

The College holds certain investments at the original appraisal value and does not revalue the assets on a recurring basis. At June 30, 2009 and 2008 investments held at cost was $21,258.

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following table presents the investments and beneficial interest in trusts held by third parties carried on the Statement of Financial Position by level within the valuation hierarchy as of June 30, 2009:

	Level 1	Level 2	Level 3	2009
Investments	$ 68,541,792	$ 30,810,185	$ 135,067,568	$ 234,419,545
Beneficial interest in trusts held by third parties	-	-	6,330,677	6,330,677
Total	$ 68,541,792	$ 30,810,185	$ 141,398,245	$ 240,750,222

The following table includes a rollforward of the amounts for the year ended June 30, 2009 for assets classified within Level 3:

	Investments	Beneficial Interest in Trusts	2009
Balance at July 1, 2008	$ 202,835,713	$ 8,183,768	211,019,481
Purchases	46,073,714	-	46,073,714
Sales	(35,363,988)	-	(35,363,988)
Realized gain/(loss), net	13,771,508	-	13,771,508
Unrealized gain/(loss), net	(92,249,379)	-	(92,249,379)
Actuarial adjustment	-	(1,853,091)	(1,853,091)
Balance at June 30, 2009	$ 135,067,568	$ 6,330,677	$ 141,398,245

Net realized and unrealized gains (losses) on investments and actuarial adjustment on beneficial interest in trusts in the table above are reflected in the lines "Net realized and unrealized gains (losses) on investments net of allocation to operations" and "Actuarial adjustment of annuity and life income liabilities", respectively, on the Statement of Activities. Net unrealized gains (losses) on investments and actuarial adjustment on beneficial interest in trusts included in the Statement of Activities for Level 3 assets still held at June 30, 2009 was approximately $(79,575,000) and ($1,853,000).

NOTE 6 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $3,925,992 and $4,914,364 at June 30, 2009 and 2008, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

NOTE 7 - NOTE AND BONDS PAYABLE:

At June 30, 2009 and 2008, bonds payable were comprised of the following:

	2009	2008
Bonds - California Educational Facilities Authority ("CEFA") Series 1997C	$ 1,630,000	$ 1,845,000
Bonds - CEFA Series 2001	5,690,000	5,715,000
Bonds - CEFA Series 2007	30,220,000	30,555,000
	37,540,000	38,115,000
Less unamortized discount	(17,962)	(20,037)
Less current portion	(610,000)	(575,000)
	$ 36,912,038	$ 37,519,963

NOTE 7 - NOTE AND BONDS PAYABLE, CONTINUED:

The CEFA Series 1997C bonds are due in 2015. Annual installments range from $244,200 in March 2010 to $327,400 in March 2015. Interest is payable semi-annually at rates ranging from 5.1% to 5.5%. Bonds maturing after March 1, 2007 with principal balances totaling $1,724,700 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 $225,000 in March 2010 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 $35,000 in August 2010 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 due in November 2037. The bonds are due in annual installments ranging from $70,000 to $2,305,000, and bear interest rates ranging from 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 $108,648 and $116,660) was $1,699,047 and $1,321,076 for the years ended June 30, 2009 and 2008, respectively. Interest expense includes amortized discount (premium) and cost of issuance of $32,388 and $26,842 in June 30, 2009 and 2008, respectively.

At June 30, 2009, the bond maturities were as follows:

Fiscal Years Ending June 30,	Principal Amount
2010	$ 610,000
2011	640,000
2012	675,000
2013	715,000
2014	750,000
Thereafter	34,150,000
	$ 37,540,000

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, 2009 and 2008, the College was in compliance with all bond covenants.

The College has an unsecured $5,000,000 line of credit with a bank. Any borrowings on the line would bear interest at either a fluctuating rate per annum of 0.25% above the bank’s prime rate or a fixed rate per annum determined by the bank to be 1.75% above LIBOR in effect on the first day of the applicable fixed rate. There were no borrowings outstanding on the line at June 30, 2009 and 2008.

The estimated fair value of the College's bonds payable was approximately $35,882,000 and $36,933,000 at June 30, 2009 and 2008, 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, 2009 and 2008

NOTE 8 - 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, 2009 and 2008, 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 9 - 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 retirement of the assets.

The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2009 and 2008:

	2009	2008
Obligations incurred	$ -	$ -
Obligations settled	-	-
Accretion expense	31,326	29,903
Revisions in estimated cash flows	-	-
	31,326	29,903
Beginning balance	660,710	630,807
Ending balance	$ 692,036	$ 660,710

NOTE 10 - NET ASSETS:

At June 30, 2009 and 2008, net assets consists of the following:

	2009	2008
Unrestricted:		
For operations	$ 12,183,962	$ 5,032,843
Funds functioning as endowment	18,348,117	185,390,979
Plant facilities	54,302,426	54,149,739
Total unrestricted	$ 84,834,505	$ 244,573,561
Temporarily Restricted:		
Restricted for specific purposes	$ 8,888,065	$ 3,180,111
Endowment	107,546,777	2,846,655
Plant facilities	727,941	8,358,321
Annuity and life income contracts and agreements	7,709,160	10,095,931
Total temporarily restricted	$ 124,871,943	$ 24,481,018
Permanently restricted:		
Endowment	$ 89,238,887	$ 87,772,632
Loans	6,163,489	6,151,845
Annuity and life income contracts and agreements	4,115,820	5,384,378
Total permanently restricted	$ 99,518,196	$ 99,308,855

June 30, 2009 and 2008

NOTE 10 - NET ASSETS, CONTINUED:

At June 30, 2009 and 2008, endowment net assets consists of the following:

	2009	2008
Unrestricted endowment		
Funds functioning as endowment	$ 21,470,550	$ 185,433,524
Funds with deficiencies	(3,122,433)	(42,545)
Total unrestricted endowment funds	18,348,117	185,390,979
Temporarily restricted endowment		
Term endowment	276,965	2,846,655
Quasi endowment	2,572,610	-
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	96,993,604	-
With purpose restriction	7,703,598	-
Total temporarily restricted endowment funds	107,546,777	2,846,655
Permanently restricted endowment	89,238,887	87,772,632
Total endowment net assets	$ 215,133,781	$ 276,010,266

NOTE 11 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2009 and 2008 consist of the following:

	2009	2008
Tuition and fees	$ 36,736,532	$ 33,428,636
Room and board	8,969,325	8,052,118
	45,705,857	41,480,754
Less:		
Sponsored student aid	(3,822,106)	(3,163,654)
Unsponsored student aid	(7,329,073)	(6,810,918)
Net student revenues	$ 34,556,362	$ 31,506,182

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

NOTE 12 - FUND RAISING EXPENSE:

Included in marketing expense in the Statements of Activities are approximately $2,919,000 and $2,805,000 of fund raising expenses for the years ended June 30, 2009 and 2008, respectively.

NOTE 13 - OPERATING LEASES:

The College leases various office equipment with lease terms that expire through 2014. Annual lease payments range from approximately $3,300 to $20,800. The College also has two vehicles leases with terms that expire in 2009. Monthly lease payments are approximately $900. The lease payments for the years ended June 30, 2009 and 2008 were approximately $85,400 and $58,300, 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, 2009:

June 30, 2009 and 2008

NOTE 13 - OPERATING LEASES, CONTINUED:

Fiscal Years Ending June 30,	Lease Payments
2010	$ 65,307
2011	62,622
2012	61,756
2013	33,824
	$ 223,509

NOTE 14 - 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 $9,683,000 and $7,902,000 for the years ended June 30, 2009 and 2008, 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, 2009 and 2008 are as follows:

	2009	2008
Net cash used in operations	$ (8,369,098)	$ (1,331,072)
Depreciation expense	(3,445,849)	(2,741,632)
Pooled investment gains appropriated	9,683,254	7,901,849
Gains (losses) on separate investments	69,640	-
Temporarily and permanently restricted net student revenues	1,684	-
Temporarily and permanently restricted spending policy income	(935,544)	(654,747)
Temporarily and permanently restricted other investment income, net	3,965	(82,991)
Temporarily and permanently restricted other income	(120,165)	(107,642)
Release of temporarily restricted net assets to operations	1,043,109	806,699
Non-operating income	(273,189)	-
Non-operating payments	735,141	712,860
Expensed gifts in kind	(23,623)	(24,611)
(Increase) decrease in unrestricted receivables, prepaid expenses, deposits and other	(197,859)	831,826
Increase (decrease) in accounts payable and other accrued liabilities	2,129,689	(2,406,674)
Increase (decrease) in deposits and deferred revenue	678,509	(843,977)
Operating surplus	$ 979,664	$ 2,059,888

June 30, 2009 and 2008

NOTE 15 - 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, 2009 and 2008 as follows:

	2009	2008
Change in net assets	$ (59,138,790)	$ (5,875,234)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	3,445,849	2,741,632
Gifts in kind	(54,509)	(386,009)
Realized (gains) losses on sale of investments	(11,891,294)	(18,486,996)
Unrealized (gains) losses on investments	65,500,697	18,889,115
Amortization of bond discount and cost of issuance	32,389	(37,944)
Amortization of asset retirement obligation	31,326	29,903
(Gain) loss on bond defeasance	-	1,008,567
Comprehensive pension (income) expense	(645,125)	(245,207)
Adjustment of actuarial liability for life income agreements	2,889,226	731,399
Adjustment on contributions receivable	(93,992)	1,496
Decrease (increase) in accounts and notes receivable	47,804	(18,257)
Increase in prepaid expenses and deposits	119,737	(123,936)
(Decrease) increase in accounts payable and other accrued liabilities	(2,068,002)	2,006,682
Increase in deposits and deferred revenue	(678,509)	843,977
Defined benefit plan contributions (over)/under expense	1,195,162	280,174
Contributions for long-term investments	(7,061,067)	(2,690,441)
Net cash (used in) operating activities	$ (8,369,098)	$ (1,331,079)

NOTE 16 - RELATED PARTIES:

Trustee support of the College consists of contributions to the College. Total contributions from trustees during fiscal years ended June 30, 2009 and 2008 totaled approximately $6,942,000 and $1,281,000 respectively. At June 30, 2009 and 2008 trustee contributions receivable, net of discount, totaled approximately $9,218,000 and $10,060,000, 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, 2009, the market value of the program totaled approximately $4,454,000. Payments to the firm during fiscal year ended, June 30, 2009 totaled approximately $62,000.

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, 2009 and 2008 totaled approximately $1,864,000 and $1,693,000, respectively.

June 30, 2009 and 2008

NOTE 17 - EMPLOYEE BENEFIT PLANS, CONTINUED:

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 18). 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, 2009 and 2008 was approximately ($26,000) and $(8,000), respectively. A decision was made to curtail the Plan in June 2004. Under the curtailment the accrued benefits earned as of June 30, 2005 were frozen and no future benefits will be earned under the plan. The impact of the curtailment was a reduction to the benefit obligation. Eligible plan participants began receiving benefits under the defined contribution retirement plan in July 2005. Additional information on the Plan can be obtained from the audited financial statements of Claremont University Consortium.

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. 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, 2009 and 2008 totaled approximately $3,515,000 and $3,343,000, respectively.

NOTE 19 - COMMITMENTS AND CONTINGENCIES:

Contracts
The College has made investment commitments to thirty-eight limited partnerships totaling $178,900,000. At June 30, 2009, the College has a remaining outstanding commitment of approximately $35,366,000.

The College has remaining commitments on contracts to reconstruct a courtyard totaling approximately $77,000 at June 30, 2009.

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

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

June 30, 2009 and 2008

NOTE 20 - SUBSEQUENT EVENT:

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 27, 2009, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that need to be disclosed.

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THE GENIUS OF WOMEN

INAUGURATION 2010

In celebration of the inauguration of its eighth president, Lori Bettison-Varga, Scripps College has selected the theme, "The Genius of Women." Throughout the 2009-2010 academic year, guest speakers, writers, scientists, artists, and other thought leaders will engage students and faculty in discussions about the transformative power of genius, and how creative and intellectual genius are so essential in today's changing world, especially from women, for women.

SCRIPPS

THE WOMEN'S COLLEGE

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