SCRIPPS

THE WOMEN'S COLLEGE • CLAREMONT

Financial Report 2010-2011

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, CMS Athenas soccer team celebrate a victory. Photography by William Vasta.
Back, Toll Hall's Star Court. Photography by Cam Sanders.

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

2011 and 2010

CONTENTS

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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying statements of financial position of Scripps College (the College) as of June 30, 2011 and 2010, 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 audits 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 of June 30, 2011 and 2010, 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.

Moss Adams, LLP

Los Angeles, California
October 25, 2011

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash	$ 154,474	$ 471,007
Accounts receivable, net (Note 2)	515,296	375,604
Notes receivable, net (Note 2)	454,521	464,448
Contributions receivable (Note 3)	2,044,578	4,064,117
Prepaid expenses, deposits, and other	1,641,574	1,320,967
Investments (Note 4)	7,051,694	6,515,350
Total current assets	11,862,137	13,211,493
Non current assets		
Notes receivable, net (Note 2)	4,433,354	4,530,185
Contributions receivable, net (Note 3)	10,994,760	12,562,864
Investments (Note 4)	280,987,651	244,882,302
Investments held as a reserve for depreciation (Note 4)	4,131,774	3,760,391
Collections (Note 1)	17,780,306	17,076,692
Plant facilities		
Land and land improvements	6,113,432	6,113,432
Buildings	110,906,869	107,785,673
Equipment and furnishings	8,108,695	7,127,689
Property held for future use	2,507,965	2,507,965
Construction in progress	2,676,516	2,356,666
Accumulated depreciation	(42,871,157)	(39,034,705)
Net plant facilities	87,442,320	86,856,720
Total assets	$ 417,632,302	$ 382,880,647

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	Endowment	Invested in plant and other	2011	2010
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities			$ 4,365,370	$ 3,541,870
Current portion of bonds payable (Note 7)			675,000	640,000
Deposits and deferred revenue			1,874,368	1,892,851
Total current liabilities			6,914,738	6,074,721
Non current liabilities				
Life income and annuities payable (Note 6)			3,705,406	3,900,228
Liability for staff retirement plan			832,726	1,186,661
Bonds payable (Note 7)			35,600,889	36,273,963
Government advances for student loans			1,620,754	1,607,050
Funds held in trust for others (Note 8)			58,696	58,696
Asset retirement obligation (Note 9)			759,237	724,855
Total liabilities			49,492,446	49,826,174
Net assets (Note 10)				
Unrestricted	$ 26,223,972	$ 70,050,139	96,274,111	87,943,771
Temporarily restricted	140,584,457	17,643,243	158,227,700	135,981,381
Permanently restricted	102,723,131	10,914,914	113,638,045	109,129,321
Total net assets	$ 269,531,560	$ 98,608,296	368,139,856	333,054,473
Total liabilities and net assets			$ 417,632,302	$ 382,880,647

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues and releases of net assets:		
Tuition, room and board	$ 48,903,780	$ 44,565,555
Less financial aid	13,941,772	11,467,252
Net student revenues (Note 11)	34,962,008	33,098,303
Contributions to operations	3,582,440	2,411,150
Federal gifts and contracts	782,268	428,227
Spending policy income	11,440,254	11,277,187
Other investment income, net	124,838	245,578
Other revenue	594,653	720,205
Gifts and endowment payout for non-budgetary items	1,255,308	812,059
Release of restricted net assets:		
Operations	2,960,110	3,193,462
Annuity and life income	161,520	194,707
Total revenues and release of net assets	55,863,399	52,380,878
Expenses:		
Academic program	28,511,996	25,931,665
Co-curricular program	15,135,692	14,707,756
Marketing	6,791,394	6,471,618
Administrative and general	5,339,865	5,112,049
Total expenses	55,778,947	52,223,088
Operating surplus (Note 14)	84,452	157,790
Other changes in unrestricted net assets:		
Non-operating bequests and gifts in kind	712,015	1,068,794
Non-operating other income	120,341	277,922
Non-operating payments	(17,508)	(425,662)
Release of temporarily restricted net assets - plant	1,703,383	366,209
Redesignation of net assets	(11,504)	(8,534)
Net realized and unrealized gains (losses) on investments net of allocation to operations	5,310,668	1,997,792
Other comprehensive pension (expense) income	428,493	(294,953)
Gain (loss) on bond defeasance	-	3,858
Transfer to Claremont University Consortium	-	(33,950)
Total other changes in unrestricted net assets	8,245,888	2,951,476
Change in unrestricted net assets	8,330,340	3,109,266
Unrestricted net assets, beginning of year	87,943,771	84,834,505
Unrestricted net assets, end of year	$ 96,274,111	$ 87,943,771

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2011 and 2010

	2011	2010
Temporarily Restricted Net Assets		
Revenues:		
Contributions	$ 1,553,197	$ 3,343,305
Spending policy income	825,763	894,416
Other investment income, net	154	5,872
Adjustments on contributions receivable	2,725	1,547
Total revenues	2,381,839	4,245,140
Other changes in temporarily restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	1,686,343	795,364
Other	71,620	119,041
Release of temporarily restricted net assets:		
Operations	(3,064,411)	(3,193,462)
Annuity and life income	(153,836)	(429,644)
Plant	(1,703,383)	(366,209)
Redesignation of net assets	(57,350)	(2,075)
Net gain (loss) on investments	23,085,497	9,941,283
Change in temporarily restricted net assets	22,246,319	11,109,438
Temporarily restricted net assets, beginning of year	135,981,381	124,871,943
Temporarily restricted net assets, end of year	$ 158,227,700	$ 135,981,381
Permanently Restricted Net Assets		
Revenues:		
Contributions	$ 3,288,425	$ 8,077,055
Spending policy income	7,861	-
Other investment income, net	(38,634)	(33,463)
Adjustments to contributions receivable	53,093	893,244
Other revenue	1,805	898
Total revenues	3,312,550	8,937,734
Other changes in permanently restricted net assets:		
Actuarial adjustment of annuity and life income liabilities	1,004,691	463,211
Release of permanently restricted net assets:		
Operations	104,298	116,627
Annuity and life income	(7,684)	118,311
Redesignation of net assets	68,854	10,609
Net gain (loss) on investments	26,015	(35,367)
Change in permanently restricted net assets	4,508,724	9,611,125
Permanently restricted net assets, beginning of year	109,129,321	99,518,196
Permanently restricted net assets, end of year	$ 113,638,045	$ 109,129,321
Total change in net assets:		
Total net assets, beginning of year	$ 333,054,473	$ 309,224,644
Total year to date change in net assets	35,085,383	23,829,829
Total net assets, end of year	$ 368,139,856	$ 333,054,473

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 35,015,039	$ 33,038,358
Gifts, grants and contracts	4,227,500	4,428,637
Investment income	2,531,998	2,896,611
Other revenue	623,062	699,768
Payments for interest on debt	(1,715,302)	(1,748,176)
Payments to employees and suppliers	(49,610,602)	(47,469,217)
Net cash (used in) operating activities (Notes 14 and 15)	(8,928,305)	(8,154,019)
Cash flows from investing activities:		
Purchase of plant facilities	(4,420,915)	(2,385,488)
Proceeds from sale of investments	120,930,096	128,078,481
Purchase of investments	(117,374,337)	(127,291,013)
Loans made to students and faculty	(357,047)	(476,997)
Collection of student and faculty loans	439,605	470,914
Net cash (used in) provided by investing activities	(782,598)	(1,604,103)
Cash flows from financing activities:		
Payments to life income beneficiaries	(460,594)	(492,462)
Investment income on life income contracts	613,076	586,014
Proceeds from borrowings	-	3,858
Principal payments on debt	(640,000)	(610,000)
Contributions restricted for endowment	6,819,626	4,625,383
Contributions restricted for life income contracts	10,000	140,012
Contributions restricted for plant expenditures	78,704	1,802,513
Contributions for other restricted purposes	2,959,854	3,897,827
Change in advances for student loans	13,704	1,355
Net cash provided by financing activities	9,394,370	9,954,500
Net increase (decrease) in cash	(316,533)	196,378
Cash at beginning of year	471,007	274,629
Cash at end of year	$ 154,474	$ 471,007

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
SUPPLEMENTAL SCHEDULE
STATEMENTS OF CHANGES IN ENDOWED EQUITY

For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011
Investment returns:				
Earned income/(expense)	$ 2,253,910	$ 3,245	$ (21,067)	$ 2,236,088
Change in net appreciation of investments	15,526,916	23,085,995	26,015	38,638,926
Investment returns	17,780,826	23,089,240	4,948	40,875,014
Endowment returns distributed	(12,944,038)	-	-	(12,944,038)
Net investment returns	4,836,788	23,089,240	4,948	27,930,976
Other changes in endowed equity:				
Contributions	-	-	3,286,379	3,286,379
Redesignation of net assets	79,171	-	61,692	140,863
Matured annuity and life income agreements	-	-	716,148	716,148
Other releases	-	-	104,298	104,298
Adjustments on contributions receivable	-	-	53,093	53,093
Total other changes in endowed equity	79,171	-	4,221,610	4,300,781
Net change in endowed equity	4,915,959	23,089,240	4,226,558	32,231,757
Endowed equity, beginning year	21,308,013	117,495,217	98,496,573	237,299,803
Endowed equity, ending year	$ 26,223,972	$ 140,584,457	$ 102,723,131	$ 269,531,560
Endowed equity is composed of the following assets at June 30, 2011				
Contributions receivable, net	$ -	$ -	$ 2,662,206	$ 2,662,206
Investments	26,223,972	140,584,457	100,060,925	266,869,354
Total endowed equity	$ 26,223,972	$ 140,584,457	$ 102,723,131	$ 269,531,560

For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010
Investment returns:				
Earned income/(expense)	$ 2,488,713	$ 3,112	$ (9,170)	$ 2,482,655
Change in net appreciation of investments	12,072,206	9,945,328	(35,364)	21,982,170
Investment returns	14,560,919	9,948,440	(44,534)	24,464,825
Endowment returns distributed	(12,601,023)	-	-	(12,601,023)
Net investment returns	1,959,896	9,948,440	(44,534)	11,863,802
Other changes in endowed equity:				
Contributions	-	-	8,005,418	8,005,418
Redesignation of net assets	1,000,000	-	6,575	1,006,575
Matured annuity and life income agreements	-	-	280,355	280,355
Other releases	-	-	116,627	116,627
Adjustments on contributions receivable	-	-	893,244	893,244
Total other changes in endowed equity	1,000,000	-	9,302,219	10,302,219
Net change in endowed equity	2,959,896	9,948,440	9,257,685	22,166,021
Endowed equity, beginning year	18,348,117	107,546,777	89,238,888	215,133,782
Endowed equity, ending year	$ 21,308,013	$ 117,495,217	$ 98,496,573	$ 237,299,803
Endowed equity is composed of the following assets at June 30, 2010				
Contributions receivable, net	$ -	$ -	$ 6,139,635	$ 6,139,635
Investments	21,308,013	117,495,217	92,356,938	231,160,168
Total endowed equity	$ 21,308,013	$ 117,495,217	$ 98,496,573	$ 237,299,803

See report of independent auditors.

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Founded in 1926, Scripps College (the "College") is an independent, liberal arts college for women with a distinctive interdisciplinary core curriculum offering instruction in the humanities, fine arts, and the natural and social sciences. The College had an enrollment of approximately 930 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 earnings on these assets for general or specific purposes.

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

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution are included in unrestricted net assets. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received in future periods are discounted to net present value at an appropriate discount rate, and collectability is reviewed both individually and in the aggregate. Allowances have been established based on experience, and balances deemed uncollectible are written off as a loss or the provision for doubtful accounts and a credit to contributions receivable.

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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

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

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

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

Unrestricted gifts and bequests in excess of $1 million each are considered non-operating, as are gifts in kind. Gifts in kind, due to their non cash nature, are not available to pay for operating expenses.

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

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 Advancement Office. Administrative and General includes expenses such as planning, institutional research, liability insurance, legal and audit fees, and the President and Treasurer's Offices.

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

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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

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

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

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.

Where permitted by law, the College pools investments for management purposes. The remainder of investments are managed as separate investments. Marketable securities are reported at fair market value. Non-marketable investments are carried at estimated fair value provided by the management of the non-marketable investment partnerships or funds at June 30, 2011 and 2010. 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 investments. Because non-marketable investments are not readily marketable, the estimated value is subject to uncertainty and such differences could be material. 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. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. The date of record for investments is the trade date.

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, 2011 and 2010 are approximately $155,164,000 and $136,851,000, respectively.

The College reviews and evaluates the values provided by the investment managers and believes the valuation methods and assumptions used in determining the fair value of the alternative investments are appropriate. Net realized and unrealized gains (losses) from alternative investments, on the Statements of Activities, for the years ended June 30, 2011 and 2010 are approximately $24,228,000 and $15,117,000, respectively.

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Bond reserve fund - 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.

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 5.09% to the twenty-quarter average market value, and 5.00% to the sixteen-quarter average market value of pooled investments for the years ended June 30, 2011 and 2010, 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, 2011 and 2010, these cumulative gains totaled approximately $121,509,000 and $116,380,000, 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 $227,000 and $2,155,000 at June 30, 2011 and 2010, respectively.

June 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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

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

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

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

The investments in cash 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 equities, real properties and those long/short hedge funds and absolute return hedge funds with certain liquidity terms are valued based on quoted market prices of comparable assets, and are therefore typically classified within Level 2. In addition, investment funds valued using net asset value per share ("NAV") or its equivalent as reported by investment managers, which are audited under AICPA guidelines and that have trading activity and the ability to redeem at NAV on or near the reporting date, are included within Level 2.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:
The investments in long/short hedge funds and absolute return hedge funds with restricted liquidity terms, private equity limited partnerships, and beneficial interest in trusts held by 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 value as determined by the investment managers. The balance of unfunded commitments to private equity limited partnerships, remaining life of finite investments and the terms for redeeming from investment funds including any restrictions are disclosed below.

The general partners of the underlying private equity partnerships generally value their investments at fair value in accordance with appropriate standards. Investments with non 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 private equity 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.

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 value at the date of the gift, less accumulated depreciation. Plant purchases with a useful life of five years or more and a cost equal to or greater than $25,000 for land improvements, $50,000 for large buildings (10,000 square feet), $25,000 for other buildings and $15,000 for equipment are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives the assets, generally, 25 years for land improvements, 60 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, 2011 and 2010, no equipment or property was acquired with restricted assets where title may revert to another party, and there were no disposals of equipment or property purchased with federal funds.

June 30, 2011 and 2010

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 3.4% to 7.5% and over estimated lives according to the 2000 Group Annuity Mortality Tables in June 30, 2011 and 2010.

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 has no uncertain tax positions as of June 30, 2011 and 2010.

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30 are as follows:

	2011	2010
Student accounts	$ 72,881	$ 70,978
Federal and private grants and contracts	67,733	94,976
Other Claremont Colleges	157,528	117,175
Due from broker	2,539	282
Travel advances	12,695	27,487
Other	217,947	74,396
	531,323	385,294
Less allowance for doubtful accounts	(16,027)	(9,690)
Total accounts receivable, net	$ 515,296	$ 375,604

June 30, 2011 and 2010

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE, CONTINUED:

Notes receivable at June 30 are as follows:

	2011	2010
Student notes	$ 5,100,909	$ 5,116,870
Faculty loans	105,886	169,268
	5,206,795	5,286,138
Less allowance for doubtful student notes	(318,920)	(291,505)
Total notes receivable, net	4,887,875	4,994,633
Less current portion	(454,521)	(464,448)
Non current notes receivable	$ 4,433,354	$ 4,530,185

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, and in subsequent years, discounted to the present value of future cash flows at rates ranging from 2.5 to 5.1%.

Unconditional promises to give at June 30, 2011 and 2010 are expected to be realized in the following periods:

	2011	2010
Within one year	$ 2,044,578	$ 4,064,117
Between one year and five years	2,238,027	2,846,777
More than five years	9,697,993	10,841,660
	13,980,598	17,752,554
Less discount	(296,697)	(417,010)
Less allowance for doubtful contributions receivable	(644,563)	(708,563)
	13,039,338	16,626,981
Less current portion, net of discount	(2,044,578)	(4,064,117)
Contributions receivable, net	$ 10,994,760	$ 12,562,864

Contributions receivable at June 30 are intended for the following uses:

	2011	2010
Endowment	$ 2,662,206	$ 6,139,635
Beneficial interest in trusts held by a third party	8,408,867	7,033,720
Other	1,968,265	3,453,626
Total	$ 13,039,338	$ 16,626,981

47.6% and 30.4% of contributions receivable was due from one donor at June 30, 2011 and 2010.

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, 2011 and 2010:

	2011	2010
Unit market value at end of year	$ 504.87	$ 451.49
Units owned:		
Unrestricted	59,022	58,264
Temporarily restricted	21,065	21,118
Permanently restricted	464,571	449,061
Total	544,658	528,443

June 30, 2011 and 2010

NOTE 4 - INVESTMENTS, CONTINUED:

Investment income related to College investments, net of management and custody fees of $1,448,113 and $1,317,660 for the years ended June 30, 2011 and 2010, respectively, is as follows:

	2011	2010
Pooled investments income	$ 2,707,950	$ 2,952,136
Pooled investments gains (losses) appropriated	10,801,196	10,218,820
Total spending policy income and gains (losses)	13,509,146	13,170,956
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	(1,235,268)	(999,353)
Total spending policy income	12,273,878	12,171,603
Other investment income	345,621	339,249
Other investment gains (losses)	(182,457)	(18,503)
Less amounts allocated to annuity and life income contracts/agreements and for non-budgetary items	(76,806)	(102,759)
Total other investment income	86,358	217,987
Realized gains on investments	15,959,403	3,338,334
Unrealized gains (losses) on investments	23,263,973	18,784,205
Pooled investment gains appropriated	(10,801,196)	(10,218,820)
Net realized and unrealized losses on investments net of allocation to operations	28,422,180	11,903,719
Total investment return	$ 40,782,416	$ 24,293,309

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:	2011	2010
Investment pool	$ 274,979,444	$ 238,584,075
Separate investments	17,191,675	16,573,968
Total by program	$ 292,171,119	$ 255,158,043

Investment by asset type:	2011	2010
Cash equivalents	$ 13,088,845	$ 14,088,526
Money market	8,734,975	12,164,411
Domestic equities	40,477,316	30,942,981
International equities	48,918,978	40,356,635
Private equity	95,286,014	84,865,662
Domestic fixed income	29,148,036	28,631,096
Real properties	505,074	522,998
Long/short hedge funds	24,516,402	18,786,935
Absolute return hedge funds	30,322,256	23,562,869
Bond reserve fund	393,871	392,565
Other assets	779,352	843,365
Total by asset type	$ 292,171,119	$ 255,158,043

Investments by category:	2011	2010
Endowment and funds functioning as endowment	$ 266,869,354	$ 231,160,168
Annuity and life income funds	9,668,123	9,439,563
Reserve for depreciation	4,131,774	3,760,391
Other	11,501,868	10,797,921
Total by category	$ 292,171,119	$ 255,158,043

June 30, 2011 and 2010

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, 2011 and 2010, investments held at cost were $26,047 and $21,258, respectively.

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following tables present 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:

	Level 1	Level 2	Level 3	2011
Cash	$ 13,088,845	$ -	$ -	$ 13,088,845
Money market	8,734,975	-	-	8,734,975
Domestic equities	35,278,601	5,179,349	-	40,457,950
International equities	37,446,296	11,472,682	-	48,918,978
Private equity	-	-	95,286,014	95,286,014
Domestic fixed income	1,815,709	27,332,327	-	29,148,036
Real properties	-	498,576	-	498,576
Long/short hedge funds	-	9,430,384	15,086,018	24,516,402
Absolute return hedge funds	-	17,527,494	12,794,762	30,322,256
Bond reserve fund	5,807	388,064	-	393,871
Other	363,626	415,543	-	779,169
Beneficial interest in trusts held by third parties	-	-	8,408,867	8,408,867
Total	$ 96,733,859	$ 72,244,419	$ 131,575,661	$ 300,553,939

	Level 1	Level 2	Level 3	2010
Cash	$ 14,088,526	$ -	$ -	$ 14,088,526
Money market	12,164,411	-	-	12,164,411
Domestic equities	30,928,415	-	-	30,928,415
International equities	40,356,634	-	-	40,356,634
Private equity	-	-	84,865,662	84,865,662
Domestic fixed income	-	28,631,096	-	28,631,096
Real properties	-	516,500	-	516,500
Long/short hedge funds	-	4,055,637	14,731,298	18,786,935
Absolute return hedge funds	-	8,288,809	15,274,060	23,562,869
Assets whose use is limited	5,807	386,758	-	392,565
Other	442,353	400,818	-	843,171
Beneficial interest in trusts held by third parties	-	-	7,033,720	7,033,720
Total	$ 97,986,146	$ 42,279,618	$ 121,904,740	$ 262,170,504

June 30, 2011 and 2010

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

The following table includes a rollforward of the amounts for the years ended June 30, 2011 and 2010 for assets classified within Level 3:

	Private Equity	Long/Short and Absolute Hedge Funds	Beneficial Interest in Trusts	Total
Balance at July 1, 2009	$ 94,153,867	$ 40,913,701	$ 6,330,677	$ 141,398,245
Transfers in/(out) (1)	(22,243,292)	(11,107,284)	-	(33,350,576)
Purchases	9,818,473	-	-	9,818,473
Sales	(7,253,307)	(2,181,861)	-	(9,435,168)
Realized gain/(loss), net	2,315,016	484,140	-	2,799,156
Unrealized gain/(loss), net	8,074,905	1,896,662	-	9,971,567
Actuarial adjustment	-	-	703,043	703,043
Balance at June 30, 2010	84,865,662	30,005,358	7,033,720	121,904,740
Transfers out of level 3 (1)	-	(5,691,490)	-	(5,691,490)
Purchases, sales, net	(5,372,144)	(235,384)	-	(5,607,528)
Realized gain/(loss), net	8,176,243	2,845,375	-	11,021,618
Unrealized gain/(loss), net	7,616,253	956,921	-	8,573,174
Actuarial adjustment	-	-	1,375,147	1,375,147
Balance at June 30, 2011	$ 95,286,014	$ 27,880,780	$ 8,408,867	$ 131,575,661

(1) The College's policy is to recognize transfers in and transfers out of Level 1, Level 2, and Level 3 at the beginning of the reporting period. Transfers out of Level 3 are due to the implementation of further guidance on accounting standards related to the ability to redeem the investments in the near term.

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, 2011 was approximately $8,573,000 and $1,375,000, respectively.

The following table presents fair value measurements of investments that calculate net asset value per share (or its equivalent) as of June 30, 2011:

		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments:					
Hedge funds:					
Absolute return	(a)(b)(e)	$ 30,322,256	$ -	Quarterly,Annually	45-65 days
Long/short	(a)(b)(c)(f)	24,516,402	-	Quarterly,Annually	45-124 days
Private equity:					
Real properties	(d)(g)	17,347,641	5,494,000	n/a	n/a
All others	(d)(h)	77,938,373	20,888,000	n/a	n/a
Total		$ 150,124,672	$ 26,382,000		

June 30, 2011 and 2010

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

(a) Includes side pockets which are illiquid and redeemed when the underlying investments are liquidated.
(b) Includes funds which are subject to gates of 10% - 50%.
(c) Includes funds that are subject to rolling 2 and 3 year redemption frequency.
(d) Redemption terms do not apply to private equities as distributions are received when the underlying investments are liquidated.
(e) Absolute return strategy seeks to achieve capital appreciation employing event-driven investment strategies that generate attractive risk adjusted returns.
(f) A long/short equity strategy seeks to outperform the broader market averages while minimizing volatility and risk by investing in businesses trading at attractive valuations and short-selling stocks in poorly performing, overvalued businesses.
(g) Private equity real property funds seek to opportunistically invest in a diversified portfolio of equity and debt investments in real estate assets, adding value by using some level of repositioning, refinancing or change of use of those assets.
(h) Other private equity investments are a diversified portfolio of investments in companies at various life cycle stages, industries or regions, providing venture capital and/or restructuring expertise and subsequently selling the company to generate returns.

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

Fiscal Years Ending June 30,	Amount
2012	$ 13,089,000
2013	7,658,000
2014	4,154,000
2015	1,328,000
2016	153,000
	$ 26,382,000

NOTE 6 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $3,705,406 and $3,900,228 at June 30, 2011 and 2010, 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, bonds payable were comprised of the following:

	2011	2010
Bonds - California Educational Facilities Authority ("CEFA") Series 1997C	$ 1,160,000	$ 1,405,000
Bonds - CEFA Series 2001	5,620,000	5,655,000
Bonds - CEFA Series 2007	29,510,000	29,870,000
	36,290,000	36,930,000
Less unamortized discount	(14,111)	(16,037)
Less current portion	(675,000)	(640,000)
	$ 35,600,889	$ 36,273,963

The CEFA Series 1997C bonds are due in 2015. Annual installments range from $281,500 in March 2012 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 $1,212,100 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 $260,000 in March 2012 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.

June 30, 2011 and 2010

NOTE 7 - NOTE AND BONDS PAYABLE, CONTINUED:

The CEFA Series 2001 bonds are due in 2031. Annual installments range from $35,000 in August 2011 to $1,675,000 in August 2031, and bear an interest rate of 5.00%. Bonds maturing between August 1, 2012 and August 1, 2026 were refunded with the issuance of the CEFA series 2007 bonds. Bonds maturing after August 1, 2012 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 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 was $1,741,059 and $1,774,083 for the years ended June 30, 2011 and 2010, respectively. Interest expense includes amortized discount (premium) and cost of issuance of $32,240 and $32,388 in June 30, 2011 and 2010, respectively.

At June 30, 2011, the bond maturities were as follows:

Fiscal Years Ending June 30,	Principal Amount
2012	$ 675,000
2013	715,000
2014	750,000
2015	790,000
2016	840,000
Thereafter	32,520,000
	$ 36,290,000

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, 2011 and 2010, 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 equal to the higher of: the bank's prime rate, 1.5% above LIBOR, and the Federal Funds Rate plus 1.5%, 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, 2011 and 2010.

The estimated fair value of the College's bonds payable was approximately $34,964,000 and $36,704,000 at June 30, 2011 and 2010, 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.

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, 2011 and 2010, 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.

June 30, 2011 and 2010

NOTE 9 - ASSET RETIREMENT OBLIGATIONS:

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

The following schedule summarizes asset retirement obligations activity for the years ended June 30, 2011 and 2010:

	2011	2010
Obligations incurred	$ -	$ -
Obligations settled	-	-
Accretion expense	34,382	32,819
Revisions in estimated cash flows	-	-
	34,382	32,819
Beginning balance	724,855	692,036
Ending balance	$ 759,237	$ 724,855

NOTE 10 - NET ASSETS:

At June 30, net assets consists of the following:

	2011	2010
Unrestricted:		
For operations	$ 14,720,689	$ 12,836,846
For designated purposes	3,223	77,929
Funds functioning as endowment	26,223,972	21,308,013
Plant facilities	55,326,227	53,720,983
Total unrestricted	$ 96,274,111	$ 87,943,771
Temporarily Restricted:		
Restricted for specific purposes	$ 7,851,349	$ 8,487,604
Endowment	140,584,457	117,495,217
Plant facilities	174,980	1,914,154
Annuity and life income contracts and agreements	9,616,914	8,084,406
Total temporarily restricted	$ 158,227,700	$ 135,981,381
Permanently restricted:		
Endowment	$ 102,723,131	$ 98,496,573
Loans	6,163,466	6,144,125
Annuity and life income contracts and agreements	4,751,448	4,488,623
Total permanently restricted	$ 113,638,045	$ 109,129,321

June 30, 2011 and 2010

NOTE 10 - NET ASSETS, CONTINUED:

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

	2011	2010
Unrestricted endowment		
Funds functioning as endowment	$ 26,450,952	$ 23,462,557
Funds with deficiencies	(226,980)	(2,154,544)
Total unrestricted endowment funds	26,223,972	21,308,013
Temporarily restricted endowment		
Term endowment	283,323	280,078
Quasi endowment	2,572,611	2,572,610
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	126,620,184	105,945,637
With purpose restriction	11,108,339	8,696,892
Total temporarily restricted endowment funds	140,584,457	117,495,217
Permanently restricted endowment	102,723,131	98,496,573
Total endowment net assets	$ 269,531,560	$ 237,299,803

NOTE 11 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2011 and 2010 consist of the following:

	2011	2010
Tuition and fees	$ 39,113,313	$ 35,747,747
Room and board	9,790,467	8,817,808
	48,903,780	44,565,555
Less:		
Sponsored student aid	(5,726,165)	(5,638,095)
Unsponsored student aid	(8,215,607)	(5,829,157)
Net student revenues	$ 34,962,008	$ 33,098,303

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 $3,187,000 and $2,930,000 of fund raising expenses for the years ended June 30, 2011 and 2010, respectively.

June 30, 2011 and 2010

NOTE 13 - OPERATING LEASES:

The College leases various office equipment with lease terms that expire through 2016. Annual lease payments range from approximately $400 to $20,800. The College also has one vehicle lease with that expires in 2013. Monthly lease payments are approximately $500. The lease payments for the years ended June 30, 2011 and 2010 were approximately $70,900 and $68,700, 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, 2011:

Fiscal Years Ending June 30,	Lease Payments
2012	$ 77,059
2013	50,045
2014	17,088
2015	11,378
2016	11,060
	$ 166,630

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 $10,801,000 and $10,219,000 for the years ended June 30, 2011 and 2010, 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, 2011 and 2010 are as follows:

	2011	2010
Net cash used in operations	$ (8,928,305)	$ (8,154,019)
Depreciation expense	(3,835,315)	(3,715,331)
Pooled investment gains appropriated	10,801,196	10,218,820
Gains (losses) on separate investments	(182,457)	(18,503)
Temporarily and permanently restricted spending policy income	(833,624)	(894,416)
Temporarily and permanently restricted other investment income, net	38,480	27,591
Temporarily and permanently restricted other income, net	(73,413)	(119,941)
Release of temporarily restricted net assets to operations	3,121,632	3,388,169
Non-operating income, net	(120,341)	(277,922)
Non-operating payments	17,508	425,662
Transfer to Claremont University Consortium	-	33,950
Expensed gifts in kind	(8,399)	(18,780)
(Increase) decrease in unrestricted receivables, prepaid expenses, deposits and other	436,229	284,013
Increase (decrease) in accounts payable and other accrued liabilities	(934,335)	218,385
Increase (decrease) in deposits and deferred revenue	585,596	(1,239,888)
Operating surplus	$ 84,452	$ 157,790

June 30, 2011 and 2010

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, 2011 and 2010 as follows:

	2011	2010
Change in net assets	$ 35,085,383	$ 23,829,829
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	3,835,315	3,715,331
Gifts in kind	(703,600)	(1,050,000)
Realized (gains) losses on sale of investments	(15,776,946)	(3,319,831)
Unrealized (gains) losses on investments	(23,263,973)	(18,784,205)
Amortization of bond discount and cost of issuance	32,240	32,238
Amortization of asset retirement obligation	34,382	32,819
(Gain) loss on bond defeasance	-	(3,858)
Comprehensive pension (income) expense	428,493	(294,953)
Adjustment of actuarial liability for life income agreements	(2,691,034)	(1,258,574)
Adjustment on contributions receivable	(55,818)	(894,791)
Decrease (increase) in accounts and notes receivable	(115,670)	(218,843)
Increase in prepaid expenses and deposits	(350,931)	(95,486)
(Decrease) increase in accounts payable and other accrued liabilities	823,500	(268,422)
Increase in deposits and deferred revenue	(585,596)	1,239,888
Defined benefit plan contributions (over)/under expense	(782,428)	605,199
Contributions for long-term investments	(4,841,622)	(11,420,360)
Net cash (used in) operating activities	$ (8,928,305)	$ (8,154,019)

NOTE 16 - RELATED PARTIES:

Trustees support the College with contributions to the College. Total contributions from trustees during fiscal years ended June 30, 2011 and 2010 totaled approximately $1,112,000 and $6,862,000, respectively. At June 30, 2011 and 2010, trustee contributions receivable, net of discount, totaled approximately $8,761,000 and $10,113,000, respectively.

A College Trustee is a board representative of an investment counsel firm which performs accounting, tax reporting, and investment management of the College's Charitable Remainder Trust program. At June 30, 2011 and 2010, the fair value of the program totaled approximately $4,684,000 and $4,578,000, respectively. Total payments to the firm during fiscal years ended June 30, 2011 and 2010 totaled approximately $61,000 and $64,000, respectively.

June 30, 2011 and 2010

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, 2011 and 2010 totaled approximately $2,163,000 and $2,041,000, 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 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 cost for the years ended June 30, 2011 and 2010 was approximately $156,000 and $136,000, 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, 2011 and 2010 totaled approximately $3,512,000 and $3,422,000, respectively.

NOTE 19 - COMMITMENTS AND CONTINGENCIES:

Contracts

The College has remaining commitments on a contract for design through construction phase of an addition to an existing building to accommodate faculty offices totaling approximately $376,000, and a contract for conceptual design through construction administration of a residence hall totaling approximately $2,095,000 at June 30, 2011. The College may suspend these projects and / or terminate the services at any point in the project, upon the making of payment for the services performed prior to notice of suspension.

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, 2011 and 2010

NOTE 20 - SUBSEQUENT EVENTS:

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

The College has evaluated subsequent events through October 25, 2011, 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.

SCRIPPS

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