SCRIPPS

THE WOMEN'S COLLEGE • CLAREMONT

Financial Report 2013-2014

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, Denison Library offers students abundant resources and quiet spaces.
Back, Exterior view of Toll Hall Browsing Room's stained glass window

SCRIPPS COLLEGE
ANNUAL FINANCIAL REPORT

2014 and 2013

CONTENTS

Report of Independent Auditors	3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Notes to Financial Statements	9

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MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Scripps College

Report on the Financial Statements

We have audited the accompanying financial statements of Scripps College (the "College"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scripps College as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
October 28, 2014

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

SCRIPPS COLLEGE
STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash	$ 260,177	$ 946,967
Accounts receivable, net	572,674	614,087
Prepaid expenses, deposits, and other	1,783,010	1,668,555
Notes receivable, net	4,797,280	4,876,620
Contributions receivable, net	23,108,257	20,377,729
Investments	333,593,047	302,867,999
Investments held as a reserve for depreciation	6,527,852	5,450,758
Collections	18,750,039	18,331,547
Plant facilities, net	88,666,520	86,026,940
Total assets	$ 478,058,856	$ 441,161,202
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 4,615,630	$ 4,525,582
Deposits and deferred revenue	1,255,062	1,879,985
Life income and annuities payable	4,027,176	1,984,083
Liability for staff retirement plan	422,424	681,992
Bonds and note payable	37,251,378	36,708,818
Government advances for student loans	1,560,871	1,566,693
Funds held in trust for others	122,655	83,055
Asset retirement obligation	840,250	802,108
Total liabilities	50,095,446	48,232,316
Net assets		
Unrestricted	107,029,836	99,716,206
Temporarily restricted	181,060,079	159,879,915
Permanently restricted	139,873,495	133,332,765
Total net assets	427,963,410	392,928,886
Total liabilities and net assets	$ 478,058,856	$ 441,161,202

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Net Assets				
Revenues and releases of net assets:				
Tuition, room and board	$ 57,787,184	$ -	$ -	$ 57,787,184
Less financial aid	15,734,679	-	-	15,734,679
Net student revenues	42,052,505	-	-	42,052,505
Contributions	5,185,580	1,676,949	5,330,920	12,193,449
Federal grants and contracts	371,427	-	-	371,427
Spending policy income	13,352,717	1,336,198	-	14,688,915
Other investment income, net	618,643	4,803	(2,174)	621,272
Other revenue	741,880	2,925	1,668	746,473
Release of restricted net assets:				
Operations	1,813,126	(1,813,126)	-	-
Annuity and life income	-	-	-	-
Total revenues and release of net assets	64,135,878	1,207,749	5,330,414	70,674,041
Expenses:				
Academic program	29,495,072	-	-	29,495,072
Co-curricular program	16,184,006	-	-	16,184,006
Marketing	7,635,260	-	-	7,635,260
Administrative and general	6,754,290	-	-	6,754,290
Total expenses	60,068,628	-	-	60,068,628
Operating surplus	4,067,250	1,207,749	5,330,414	10,605,413
Other changes in net assets:				
Release of restricted net assets - plant	-	-	-	-
Redesignation of net assets	(11,863)	7,500	4,363	-
Net realized and unrealized gains (losses) on investments net of allocation to operations	3,087,120	20,498,370	138,326	23,723,816
Actuarial adjustment of annuity and life income liabilities	-	(533,455)	1,067,627	534,172
Other comprehensive pension (expense) income	171,123	-	-	171,123
Gain (loss) on bond defeasance	-	-	-	-
Transfer to Claremont University Consortium	-	-	-	-
Total other changes in net assets	3,246,380	19,972,415	1,210,316	24,429,111
Change in net assets	7,313,630	21,180,164	6,540,730	35,034,524
Net assets, beginning of year	99,716,206	159,879,915	133,332,765	392,928,886
Net assets, end of year	$ 107,029,836	$ 181,060,079	$ 139,873,495	$ 427,963,410

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF ACTIVITIES

For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
Net Assets				
Revenues and releases of net assets:				
Tuition, room and board	$ 52,536,721	$ -	$ -	$ 52,536,721
Less financial aid	14,627,589	-	-	14,627,589
Net student revenues	37,909,132	-	-	37,909,132
Contributions	3,661,585	5,038,639	10,789,630	19,489,854
Federal grants and contracts	378,045			378,045
Spending policy income	13,280,778	1,147,859	30,943	14,459,580
Other investment income, net	504,926	4,280	(2,690)	506,516
Other revenue	1,038,415	209	1,568	1,040,192
Release of restricted net assets:				
Operations	2,457,202	(2,457,202)	-	-
Annuity and life income	375,293	(280,312)	(94,981)	-
Total revenues and release of net assets	59,605,376	3,453,473	10,724,470	73,783,319
Expenses:				
Academic program	29,406,028	-	-	29,406,028
Co-curricular program	15,598,473	-	-	15,598,473
Marketing	7,168,192	-	-	7,168,192
Administrative and general	5,936,511	-	-	5,936,511
Total expenses	58,109,204	-	-	58,109,204
Operating surplus	1,496,172	3,453,473	10,724,470	15,674,115
Other changes in net assets:				
Release of restricted net assets - plant	305,757	(305,757)	-	-
Redesignation of net assets	71,398	(91,781)	20,383	-
Net realized and unrealized gains (losses) on investments net of allocation to operations	2,472,899	12,913,302	115,082	15,501,283
Actuarial adjustment of annuity and life income liabilities	-	745,609	1,562,656	2,308,265
Other comprehensive pension (expense) income	452,548	-	-	452,548
Gain (loss) on bond defeasance	(75,991)	-	-	(75,991)
Transfer to Claremont University Consortium	(197,879)	-	-	(197,879)
Total other changes in net assets	3,028,732	13,261,373	1,698,121	17,988,226
Change in net assets	4,524,904	16,714,846	12,422,591	33,662,341
Net assets, beginning of year	95,191,302	143,165,069	120,910,174	359,266,545
Net assets, end of year	$ 99,716,206	$ 159,879,915	$ 133,332,765	$ 392,928,886

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	$ 41,853,307	$ 38,182,494
Gifts, grants and contracts	3,249,864	2,740,440
Investment income	2,573,011	3,403,717
Proceeds from sale of donated securities	631,700	312,998
Other revenue	703,761	1,060,853
Payments for interest on debt	(1,553,137)	(2,021,132)
Payments to employees and suppliers	(54,329,398)	(52,710,152)
Net cash (used in) operating activities	(6,870,892)	(9,030,782)
Cash flows from investing activities:		
Purchase of plant facilities	(6,733,882)	(4,369,103)
Proceeds from sale of investments	188,131,094	214,552,711
Purchase of investments	(182,255,904)	(211,056,032)
Loans made to students and faculty	(392,753)	(687,522)
Collection of student and faculty loans	492,837	449,352
Net cash (used in) by investing activities	(758,608)	(1,110,594)
Cash flows from financing activities:		
Payments to life income beneficiaries	(433,634)	(405,045)
Investment income on life income contracts	382,354	609,981
Proceeds from borrowings	988,140	8,069,009
Principal payments on debt	(450,000)	(6,920,000)
Contributions for restricted purposes	6,461,672	9,647,180
Change in advances for student loans	(5,822)	(35,422)
Net cash provided by financing activities	6,942,710	10,965,703
Net increase (decrease) in cash	(686,790)	824,327
Cash at beginning of year	946,967	122,640
Cash at end of year	$ 260,177	$ 946,967

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
Reconciliation of change in net assets to cash flows from operating activities:		
Change in net assets	$ 35,034,524	$ 33,662,341
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	4,094,302	4,099,737
Gifts in kind	(1,047,681)	(855,809)
Realized (gains) losses on sale of investments	(16,674,096)	(19,252,923)
Unrealized (gains) losses on investments	(20,293,225)	(6,878,593)
Amortization of asset retirement obligation, bond discount and cost of issuance	64,538	(187,701)
(Gain) loss on bond defeasance	-	75,991
Comprehensive pension (income) expense	171,123	452,548
Adjustment of actuarial liability for life income agreements	(534,172)	(2,308,265)
Adjustment on contributions receivable	508,843	(78,551)
Changes in operating assets and liabilities		
Accounts and notes receivable	23,176	289,930
Contributions receivable	66,254	(77,708)
Prepaid expenses, deposits, and other	(136,331)	(119,520)
Accounts payable and other accrued liabilities	90,048	(283,488)
Deposits and deferred revenue	(468,422)	(241,790)
Defined benefit plan contributions (over)/under expense	(430,691)	(1,001,507)
Funds held in trust for others	39,600	-
Contributions for long-term investments	(7,378,682)	(16,325,474)
Net cash (used in) operating activities	$ (6,870,892)	$ (9,030,782)

The accompanying notes are an integral part of these statements.

June 30, 2014 and 2013

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 960 students. The campus is listed on the National Register of Historic Places.

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

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

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

Net Asset Categories:
The accompanying financial statements present information regarding the College's financial position and activities according to 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.

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.

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.

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 (SIPC) limits.

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

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

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

Due to the risks associated with certain investments and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially effect account balances and the amounts reported in the Statements of Financial Position. The values of the alternative investments, on the Statements of Financial Position, for the years ended June 30, 2014 and 2013 are approximately $227,798,000 and $209,365,000, respectively.

Bond Reserve Fund - Indenture requirements of bond financing (see Note 8, "Bonds and Note 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.

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, 2014 and 2013 are approximately $28,093,000 and $18,532,000, respectively.

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 5.45% and 5.35% to the twenty-quarter average market value of pooled investments for the years ended June 30, 2014 and 2013, respectively. If the ordinary income of pooled investments is insufficient to provide the full amount of investment return specified, the balance may be appropriated from the available cumulative realized gains of the pooled investments. Cumulative net realized gains and transfers of ordinary income in excess of the spending policy ("cumulative gains") are recorded as changes in unrestricted and temporarily restricted net assets and are available for appropriation under the College's spending policy. At June 30, 2014 and 2013, these cumulative gains totaled approximately $135,678,000 and $131,743,000, 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 $22,000 and $223,000 at June 30, 2014 and 2013, respectively.

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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value Measurement of Financial Instruments, continued:

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 and fixed income, real properties and those growth oriented hedges funds and diversifying 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.

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Collections:
The College capitalizes its collections of works of art and rare books at their appraised or estimated current market value upon date of gift. In some cases, collection items held solely for their potential educational value or historic significance, or where the cost to establish the current 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, 2014 and 2013, no equipment or property was acquired with restricted assets where title may revert to another party, and there were no disposals of equipment or property purchased with federal funds.

Annuity and Life Income Contracts and Agreements:
The College has legal title to annuity and life income contracts and agreements subject to life interests of beneficiaries. No significant financial benefit is now being or can be realized until the contractual obligations are met. However, the costs of managing these contracts and agreements are included in operating expenditures. The College uses the actuarial method of recording annuity and life income contracts and agreements. Under this method, the asset is recorded at fair value when a gift is received. The present value of the aggregate annuity payable is recorded as a liability, based upon life expectancy tables, and the remainder is recorded as a contribution in the appropriate net assets category. Investment income and gains are credited, and annuity payments and investment losses are charged, to the liability accounts, with periodic adjustments made between the liability and the net assets to record actuarial gains or losses. The actual liability is based on the present value of future payments discounted at rates ranging from 3.4% to 7.5% and over estimated lives according to the 2000 Group Annuity Mortality Tables in June 30, 2014 and 2013.

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 unrecognized tax benefits as of June 30, 2014 and 2013. The College is no longer subject to income tax examinations by taxing authorities for years before 2010 for its federal filings and for years before 2009 for its state filings.

Reclassifications:
Certain 2013 amounts have been reclassified to conform to 2014 presentation.

June 30, 2014 and 2013

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2014 and 2013 are as follows:

	2014	2013
Student accounts	$ 118,480	$ 172,232
Federal and private grants and contracts	28,689	24,101
Other Claremont Colleges	185,950	295,090
Travel advances	31,494	18,570
Other	210,650	133,753
	575,263	643,746
Less allowance for doubtful accounts	(2,589)	(29,659)
Total accounts receivable, net	$ 572,674	$ 614,087

Notes receivable at June 30, 2014 and 2013 are as follows:

	2014	2013
Student notes	$ 5,024,175	$ 5,108,468
Faculty loans	144,642	144,600
	5,168,817	5,253,068
Less allowance for doubtful student notes	(371,537)	(376,448)
Total notes receivable, net	4,797,280	4,876,620
Less current portion	(477,313)	(449,352)
Non current notes receivable	$ 4,319,967	$ 4,427,268

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 2.4 to 5.1%.

Unconditional promises to give at June 30, 2014 and 2013 are expected to be realized in the following periods:

	2014	2013
Within one year	$ 3,511,626	$ 5,230,757
Between one year and five years	9,137,114	4,650,750
More than five years	9,728,057	11,708,091
	22,376,797	21,589,598
Less discount	1,239,137	(695,561)
Less allowance for doubtful contributions receivable	(507,677)	(516,308)
	23,108,257	20,377,729
Less current portion, net of discount	(3,511,626)	(5,230,757)
Contributions receivable, net	$ 19,596,631	$ 15,146,972

Contributions receivable at June 30, 2014 and 2013 are intended for the following uses:

	2014	2013
Endowment	$ 7,870,709	$ 5,566,066
Beneficial interest in trusts held by a third party	10,116,293	8,425,574
Other	5,121,255	6,386,089
Total	$ 23,108,257	$ 20,377,729

34.1% and 30.3% of contributions receivable was due from one donor at June 30, 2014 and 2013, respectively.

June 30, 2014 and 2013

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, 2014 and 2013:

	2014	2013
Unit market value at end of year	$ 551.76	$ 509.21
Units owned:		
Unrestricted	67,206	65,095
Temporarily restricted	21,331	20,694
Permanently restricted	489,625	483,496
Total	578,162	569,285

Investment income related to College investments, net of management and custody fees of $603,308 and $1,348,091 for the years ended June 30, 2014 and 2013, respectively, is as follows:

	2014	2013
Pooled investments income	$ 2,316,094	$ 3,302,018
Pooled investments gains (losses) appropriated	12,849,099	11,393,813
Total spending policy income and gains (losses)	15,165,193	14,695,831
Less amounts allocated to annuity and life income contracts/agreements	(476,278)	(236,251)
Total spending policy income	14,688,915	14,459,580
Other investment income	903,405	507,186
Other investment gains (losses)	(44,863)	235,624
Less amounts allocated to annuity and life income contracts/agreements	(237,270)	(236,294)
Total other investment income	621,272	506,516
Realized gains on investments	16,279,764	20,016,676
Unrealized gains (losses) on investments	20,293,151	6,878,420
Pooled investment gains appropriated	(12,849,099)	(11,393,813)
Net realized and unrealized losses on investments net of allocation to operations	23,723,816	15,501,283
Total investment return	$ 39,034,003	$ 30,467,379

June 30, 2014 and 2013

NOTE 4 - INVESTMENTS, CONTINUED:

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

Investment by program:	2014	2013
Investment pool	$ 319,007,111	$ 289,887,408
Separate investments	21,113,788	18,431,349
Total by program	$ 340,120,899	$ 308,318,757

Investment by asset type:	2014	2013
Cash equivalents	$ 23,368,739	$ 31,571,848
Money market	15,064,528	12,809,046
Domestic equities	62,683,444	46,489,052
International equities	72,638,053	55,415,876
Private equity	78,997,650	78,227,632
Domestic fixed income	18,181,064	18,410,242
International fixed income	6,110,539	5,704,750
Real properties	631,497	551,498
Growth oriented hedge funds	18,049,570	23,638,380
Diversifying hedge funds	40,659,290	34,598,429
Bond reserve fund	388,165	387,212
Other assets	3,348,360	514,792
Total by asset type	$ 340,120,899	$ 308,318,757

Investments by category:	2014	2013
Endowment and funds functioning as endowment	$ 310,536,027	$ 282,289,240
Annuity and life income funds	10,326,036	9,199,281
Reserve for depreciation	6,527,852	5,450,758
Other	12,730,984	11,379,478
Total by category	$ 340,120,899	$ 308,318,757

The College holds certain investments at the original appraisal value and does not revalue the assets on a recurring basis. At June 30, 2014 and 2013, investments held at cost was $6,693 and $21,259, 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 Statements of Financial Position by level within the valuation hierarchy as of June 30, 2014 and 2013:

	Level 1	Level 2	Level 3	2014
Cash equivalents	$ 23,368,739	$ -	$ -	$ 23,368,739
Money market	15,064,528	-	-	15,064,528
Domestic equities	44,151,224	4,805,955	13,726,265	62,683,444
International equities	49,511,891	18,726,332	4,399,830	72,638,053
Private equity	-	-	78,997,650	78,997,650
Domestic fixed income	2,037,378	16,143,686	-	18,181,064
Global Fixed Income	6,110,539	-	-	6,110,539
Real properties	-	625,000	-	625,000
Growth oriented hedge funds	-	8,773,260	9,276,310	18,049,570
Diversifying hedge funds	-	16,113,227	24,546,063	40,659,290
Assets whose use is limited	-	388,165	-	388,165
Other assets	2,889,751	458,413	-	3,348,164
Total investments	143,134,050	66,034,038	130,946,118	340,114,206
Beneficial interest in trusts held by third parties	-	-	10,116,293	10,116,293
Total investments and beneficial interest in trusts held by third parties	$ 143,134,050	$ 66,034,038	$ 141,062,411	$ 350,230,499

June 30, 2014 and 2013

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

	Level 1	Level 2	Level 3	2013
Cash equivalents	$ 31,571,848	$ -	$ -	$ 31,571,848
Money market	12,809,046	-	-	12,809,046
Domestic equities	33,715,898	5,758,589	7,000,000	46,474,487
International equities	38,981,277	12,944,729	3,489,870	55,415,876
Private equity	-	-	78,227,632	78,227,632
Domestic fixed income	1,850,632	16,559,610	-	18,410,242
Global fixed income	5,704,750	-	-	5,704,750
Real properties	-	545,000	-	545,000
Growth oriented hedge funds	-	13,041,254	10,597,126	23,638,380
Diversifying hedge funds	-	22,775,833	11,822,596	34,598,429
Assets whose use is limited	-	387,212	-	387,212
Other assets	67,794	446,800	-	514,594
Total investments	124,701,245	72,459,027	111,137,224	308,297,496
Beneficial interest in trusts held by third parties	-	-	8,425,574	8,425,574
Total investments and beneficial interst in trusts held by third parties	$ 124,701,245	$ 72,459,027	$ 119,562,798	$ 316,723,070

The following table includes a rollforward of the amounts for the years ended June 30, 2014 and 2013 for assets classified within Level 3:

	Domestic and International Equities	Private Equities	Growth Oriented Hedge Funds	Diversifying Hedge Funds	Beneficial Interest in Trusts	Total
Balance at July 1, 2012	$ -	$ 86,593,528	$ 12,404,246	$ 8,634,520	$ 8,154,006	$ 115,786,300
Transfers into level 3 (2)	-	-	-	-	-	-
Transfers out of level 3 (1)	-	-	(2,927,336)	-	-	(2,927,336)
Purchases	10,000,000	8,077,471	-	3,500,000	-	21,577,471
Sales	-	(23,864,630)	(616,826)	(1,028,755)	-	(25,510,211)
Realized gain/(loss), net	-	8,931,965	616,826	891,639	-	10,440,430
Unrealized gain/(loss), net	489,870	(1,510,702)	1,120,216	(174,808)	-	(75,424)
Actuarial adjustment	-	-	-	-	271,568	271,568
Balance at June 30, 2013	10,489,870	78,227,632	10,597,126	11,822,596	8,425,574	119,562,798
Transfers into level 3 (2)	-	-	2,676,458	-	-	2,676,458
Transfers out of level 3 (1)	-	-	-	-	-	-
Purchases	5,000,000	11,276,938	2,500,000	10,481,694	-	29,258,632
Sales	-	(21,692,375)	(7,006,452)	(1,101,637)	-	(29,800,464)
Realized gain/(loss), net	-	8,943,178	178,125	1,057,046	-	10,178,349
Unrealized gain/(loss), net	2,636,225	2,242,277	331,053	2,286,364	-	7,495,919
Actuarial adjustment	-	-	-	-	1,690,719	1,690,719
Balance at June 30, 2014	$ 18,126,095	$ 78,997,650	$ 9,276,310	$ 24,546,063	$ 10,116,293	$ 141,062,411

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.
(1) Transfers out of Level 3 are due to the expiration or changes to lock up periods related to the ability to redeem investments in the near term.
(2) Transfers into Level 3 were due to a change in the availability of redemtion information.

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 Statements of Activities. Net unrealized gains (losses) on investments and actuarial adjustment on beneficial interest in trusts included in the Statements of Activities for Level 3 assets still held at June 30, 2014 was approximately $7,496,000 and $1,691,000.

June 30, 2014 and 2013

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

The following table presents fair value measurements of investments that calculate net asset value per share (or its equivalent) as of June 30, 2014:

		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments:					
Domestic Equities	(i)(j)	$ 18,532,220	$ -	monthly, quarterly annual	60-90 days
International Equities	(i)	23,126,162	-	monthly, quarterly triennial	10-90 days
Hedge funds:					
Diversifying Hedgef funds	(a)(b)(e)	40,659,290	-	monthly, quarterly, biannually, annually	45-180 days
Growth oriented Hedge funds	(a)(b)(c)(f)	18,049,570	-	monthly, quarterly, biannually, annually	45-90 days
Private equity:					
Real properties	(d)(g)	9,352,491	4,611,000	n/a	n/a
All others	(d)(h)	69,645,159	28,929,000	n/a	n/a
Total		$ 179,364,892	$ 33,540,000		

(a) Includes side pockets which are illiquid and redeemed when the underlying investments are liquidated.
(b) Includes funds which are subject to a gate of 25% per quarter.
(c) Includes funds that are subject to rolling 2 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 properties - opportunistic strategy targets office redevelopments, residential land developments, hotels and resorts, involving some level of repositioning, refinancing or use change.
(h) Private equity others - diversified investments in various portfolio companies at different stages, industries or regions, providing venture capital and/or restructuring expertise and subsequently selling the company to generate returns.
(i) Includes a fund that has a quarterly liquidity after an initial 3 year lock up period.
(j) Includes a fund that has annual liquidity after a 5 year lock up.

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

Fiscal Years Ending June 30,	Amount
2015	$ 11,040,000
2016	9,708,000
2017	6,528,000
2018	3,759,000
2019	2,505,000
	$ 33,540,000

NOTE 6 - PLANT FACILITIES:

Plant facilities are recorded at cost or estimated fair value at the date of donation, and at June 30, 2014 and 2013 consists of the following:

	2014	2013
Land and land improvements	$ 6,642,244	$ 6,522,695
Buildings	114,603,353	112,448,440
Equipment and furnishings	10,351,307	9,653,841
Property held for future use	3,574,837	2,507,965
Construction in progress	8,688,956	5,941,604
	143,860,697	137,074,545
Less accumulated depreciation	(55,194,177)	(51,047,605)
Net plant facilities	$ 88,666,520	$ 86,026,940

June 30, 2014 and 2013

NOTE 7 - LIFE INCOME AND ANNUITIES PAYABLE:

Life income and annuities payable of $4,027,176 and $1,984,083 at June 30, 2014 and 2013, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

NOTE 8 - BONDS AND NOTE PAYABLE:

At June 30, 2014 and 2013, bonds and note payable were comprised of the following:

	2014	2013
Bonds - California Educational Facilities Authority ("CEFA") Series 2007	$ 28,245,000	$ 28,695,000
California Municipal Finance Authority ("CMFA") 2013 Tax-exempt Loan	9,133,140	8,145,000
	37,378,140	36,840,000
Less unamortized discount	(126,762)	(131,182)
Bonds and note payable, net	$ 37,251,378	$ 36,708,818
Current portion	$ 470,000	$ 450,000
Long-term portion	36,781,378	36,258,818
Bonds and note payable, net	$ 37,251,378	$ 36,708,818

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 Statements of Financial Position.

In June 2013, the College signed a CMFA Tax-exempt Loan agreement not to exceed $50,000,000 that matures July 2043. The College can make monthly draws through July 2016. Interest at a rates range from 3.25% to 3.50% per annum. The note requires monthly interest only payments through July 2016 and monthly principal and interst payment thereafter. The bonds were issued for the purpose of financing and refinancing the acquisition, construction, improvement and equipping of certain educational facilities, including related administrative facilities, site improvements and parking. Refunding proceeds of approximately $6,323,000 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the CEFA Series 1997 and a portion of the CEFA Series 2001 bonds; as a result, the bonds have been defeased and the liability for these bonds have been removed from the Statements of Financial Position.

Interest expense was $1,579,533 and $1,650,127 for the years ended June 30, 2014 and 2013, respectively. Interest expense includes amortized discount (premium) and cost of issuance of $26,397 and $30,567 in June 30, 2014 and 2013, respectively.

At June 30, 2014, the bond maturities were as follows:

Fiscal Years Ending June 30,	Principal Amount
2015	$ 470,000
2016	840,000
2017	880,000
2018	1,134,040
2019	1,181,159
Thereafter	32,872,941
	$ 37,378,140

June 30, 2014 and 2013

NOTE 8 - BONDS AND NOTE PAYABLE, CONTINUED:

The CEFA Series 2007 bond agreements and CMFA 2013 Tax-exempt Loan contains various restrictive covenants which include the maintenance of certain financial ratios, as defined in the agreement. At June 30, 2014 and 2013, the College was in compliance with all covenants.

The College has a secured $5,000,000 line of credit with a bank. Any borrowings on the line would bear interest at either a fluctuating rate per annum equal to the Prime Rate as publishedin the Wall Street Journal less 1%. There were no borrowings outstanding on the line at June 30, 2014 and 2013.

The estimated fair value of the College's bonds payable was approximately $29,425,000 and $29,841,000 at June 30, 2014 and 2013, 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. The College determined these CEFA bonds to be Level 2 measurements in the fair value hierarchy.

NOTE 9 - ASSET RETIREMENT OBLIGATION:

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

The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2014 and 2013:

	2014	2013
Obligations settled	-	(30,885)
Accretion expense	38,142	37,736
	38,142	6,851
Beginning balance	802,108	795,257
Ending balance	$ 840,250	$ 802,108

NOTE 10 - NET ASSETS:

At June 30, 2014 and 2013, net assets consists of the following:

	2014	2013
Unrestricted:		
For operations	$ 30,507,078	$ 15,331,277
For designated purposes	205,548	22,425
Funds functioning as endowment	33,410,198	29,422,641
Plant facilities	42,907,012	54,939,863
Total unrestricted	$ 107,029,836	$ 99,716,206
Temporarily Restricted:		
Restricted for specific purposes	$ 11,269,028	$ 10,707,864
Endowment	164,329,852	143,228,266
Plant facilities	1,992,322	2,181,951
Annuity and life income contracts and agreements	3,468,877	3,761,834
Total temporarily restricted	$ 181,060,079	$ 159,879,915
Permanently restricted:		
Endowment	$ 120,666,686	$ 115,204,399
Loans	6,284,670	6,273,848
Annuity and life income contracts and agreements	12,922,139	11,854,518
Total permanently restricted	$ 139,873,495	$ 133,332,765

June 30, 2014 and 2013

NOTE 10 - NET ASSETS, CONTINUED:

At June 30, 2014 and 2013, endowment net assets consists of the following:

	2014	2013
Unrestricted endowment		
Funds functioning as endowment	$ 33,432,435	$ 29,645,840
Funds with deficiencies	(22,237)	(223,199)
Total unrestricted endowment funds	33,410,198	29,422,641
Temporarily restricted endowment		
Term endowment	294,739	290,794
Quasi endowment	2,791,990	2,791,776
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	147,708,754	128,775,757
With purpose restriction	13,534,369	11,369,939
Total temporarily restricted endowment funds	164,329,852	143,228,266
Permanently restricted endowment	120,666,686	115,204,399
Total endowment net assets	$ 318,406,736	$ 287,855,306

NOTE 11 - ENDOWMENT:

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

For the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014
Investment returns:				
Earned income/(expense)	$ 2,077,171	$ 3,946	$ 131,367	$ 2,212,484
Change in net appreciation of investments	15,599,301	21,097,427	-	36,696,728
	17,676,472	21,101,373	131,367	38,909,212
Endowment returns distributed	(14,688,915)	-	-	(14,688,915)
Net investment returns	2,987,557	21,101,373	131,367	24,220,297
Other changes in endowed equity:				
Contributions	1,000,000	213	5,330,920	6,331,133
Redesignation of net assets	-	-	-	-
Matured annuity and life income agreements	-	-	-	-
Adjustments on contributions receivable	-	-	-	-
Total other changes in endowed equity	1,000,000	213	5,330,920	6,331,133
Net change in endowed equity	3,987,557	21,101,586	5,462,287	30,551,430
Endowed equity, beginning year	29,422,641	143,228,266	115,204,399	287,855,306
Endowed equity, ending year	$ 33,410,198	$ 164,329,852	$ 120,666,686	$ 318,406,736
Endowed equity is composed of the following assets at June 30, 2014:				
Contributions receivable, net	$ -	$ -	$ 7,870,709	$ 7,870,709
Investments	33,410,198	164,329,852	112,795,977	310,536,027
Total endowed equity	$ 33,410,198	$ 164,329,852	$ 120,666,686	$ 318,406,736

June 30, 2014 and 2013

NOTE 11 - ENDOWMENT, CONTINUED:

For the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013
Investment returns:				
Earned income/(expense)	$ 3,301,602	$ 3,806	$ 61,639	$ 3,367,047
Change in net appreciation of investments	13,676,365	12,913,766	-	26,590,131
Investment returns	16,977,967	12,917,572	61,639	29,957,178
Endowment returns distributed	(14,459,578)	-	-	(14,459,578)
Net investment returns	2,518,389	12,917,572	61,639	15,497,600
Other changes in endowed equity:				
Contributions	-	19,166	10,788,201	10,807,367
Redesignation of net assets	1,403,045	-	-	1,403,045
Matured annuity and life income agreements	1,094,981	-	263,017	1,357,998
Adjustments on contributions receivable	-	-	78,561	78,561
Total other changes in endowed equity	2,498,026	19,166	11,129,779	13,646,971
Net change in endowed equity	5,016,415	12,936,738	11,191,418	29,144,571
Endowed equity, beginning year	24,406,226	130,291,528	104,012,981	258,710,735
Endowed equity, ending year	$ 29,422,641	$ 143,228,266	$ 115,204,399	$ 287,855,306

Endowed equity is composed of the following assets at June 30, 2013:

Contributions receivable, net	$ -	$ -	$ 5,566,066	$ 5,566,066
Investments	29,422,641	143,228,266	109,638,333	282,289,240
Total endowed equity	$ 29,422,641	$ 143,228,266	$ 115,204,399	$ 287,855,306

NOTE 12 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2014 and 2013 consist of the following:

	2014	2013
Tuition and fees	$ 46,078,467	$ 42,074,531
Room and board	11,708,717	10,462,190
	57,787,184	52,536,721
Less:		
Sponsored student aid	(4,508,935)	(4,862,172)
Unsponsored student aid	(11,225,744)	(9,765,417)
Net student revenues	$ 42,052,505	$ 37,909,132

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

NOTE 13 - FUND RAISING EXPENSE:

Included in marketing expense in the Statements of Activities are approximately $3,578,000 and $3,497,000 of fund raising expenses for the years ended June 30, 2014 and 2013, respectively.

June 30, 2014 and 2013

NOTE 14 - OPERATING LEASES:

The College leases various office equipment with lease terms that expire through 2018. Annual lease payments range from approximately $400 to $32,300. The lease payments for the years ended June 30, 2014 and 2013 were approximately $54,500 and $70,700, 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, 2014:

Fiscal Years Ending June 30,	Lease Payments
2015	$ 48,118
2016	47,800
2017	32,255
2018	16,128
	$ 144,301

NOTE 15 - RELATED PARTIES:

Trustees support the College with contributions to the College. Total contributions from trustees during fiscal years ended June 30, 2014 and 2013, totaled approximately $4,709,000 and $5,713,000 respectively. At June 30, 2014 and 2013, trustee contributions receivable, net of discount, totaled approximately $7,063,000 and $6,056,000, respectively.

A College Trustee is the CEO of an investment counsel firm which performs accounting, tax reporting, and investment management of the College's Charitable Remainder Trust program. At June 30, 2014 and 2013, the fair value of the program totaled approximately $5,212,000 and $4,831,000, respectively. Payments to the firm during fiscal years ended June 30, 2014 and 2013 totaled approximately $61,000 and $59,000, respectively.

NOTE 16 - EMPLOYEE BENEFIT PLANS:

The College participates in a defined contribution retirement plan which provides retirement benefits for academic employees and certain administrative personnel through Teachers Insurance and Annuity Association, The College Retirement Equity Fund, and Fidelity and Vanguard Mutual Funds. Under this defined contribution plan, College and participant contributions are used to purchase individual annuity contracts and investments equivalent to retirement benefits earned. Vesting provisions are full and immediate. Benefits commence upon retirement, and pre-retirement survivor death benefits are provided. College contributions to the plan for the years ended June 30, 2014 and 2013 totaled approximately $2,246,000 and $2,189,000, respectively.

The Claremont University Consortium administers a defined benefit plan (“The Plan”) covering substantially all non-academic employees of the College, along with those of the other Claremont Colleges (Note 17). The Plan is in accordance with the Employer Retirement Income Security Act of 1974. The benefits are based on years of service, career average compensation, and amount of employee contributions. Plan assets are invested in a diversified group of equity and fixed-income securities in an insurance company’s separate and general accounts. The College’s allocation of the net pension (credit) cost for the years ended June 30, 2014 and 2013 was approximately $115,000 and $106,000, 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 17 - AFFILIATED INSTITUTIONS:

The College is a member of an affiliated group of colleges known as The Claremont Colleges. Each college is a separate corporate entity governed by its own board of trustees. Claremont University Consortium, a member of this group, is the central coordinating institution that provides common student and administrative services, including certain central facilities utilized by all The Claremont Colleges. The members of the group share the costs of these services and facilities. Amounts paid by the College for such services and use of facilities for the years ended June 30, 2014 and 2013 totaled approximately $3,826,000 and $3,772,000, respectively.

NOTE 18 - COMMITMENTS AND CONTINGENCIES:

Contracts
The College has remaining commitments on a contract for the design of an addition to an existing building to accommodate faculty offices totaling approximately $321,000 at June 30, 2014.

On December 7, 2012, the College entered into a purchase sales agreement to purchase 12.21 acres of property from the Claremont University Consortium for approximately $10,267,000 with escrow to close by June 6, 2015.

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.

NOTE 19 - SUBSEQUENT EVENTS:

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

The College has evaluated subsequent events through October 28, 2014, 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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