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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Pitzer College

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pitzer College (the "College"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College’s preparation and fair presentation of the consolidated 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 College’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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pitzer 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.

Los Angeles, California
October 10, 2014


### PITZER COLLEGE

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2014 and 2013

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$804,519</td>
<td>$742,020</td>
</tr>
<tr>
<td>Short term investments (Note 6)</td>
<td>15,320,792</td>
<td>14,950,206</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>3,869,977</td>
<td>3,243,200</td>
</tr>
<tr>
<td>Accounts receivable, net (Note 3)</td>
<td>860,695</td>
<td>1,808,553</td>
</tr>
<tr>
<td>Notes receivable, net (Note 3)</td>
<td>5,004,776</td>
<td>5,235,905</td>
</tr>
<tr>
<td>Contributions receivable (Note 4)</td>
<td>11,539,132</td>
<td>10,791,022</td>
</tr>
<tr>
<td>Beneficial interest in trusts (Note 5)</td>
<td>2,418,709</td>
<td>2,144,207</td>
</tr>
<tr>
<td>Investments (Note 6)</td>
<td>138,408,673</td>
<td>125,333,278</td>
</tr>
<tr>
<td>Plant facilities, net (Note 9)</td>
<td>93,603,202</td>
<td>91,476,774</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$271,830,475</td>
<td>$255,725,165</td>
</tr>
</tbody>
</table>

#### LIABILITIES AND NET ASSETS

**Liabilities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$6,533,569</td>
<td>$7,182,342</td>
</tr>
<tr>
<td>Liability for early retirement plan (Note 11)</td>
<td>4,183,636</td>
<td>3,116,711</td>
</tr>
<tr>
<td>Deposits and deferred revenues</td>
<td>1,397,766</td>
<td>1,360,775</td>
</tr>
<tr>
<td>Life income and annuities payable</td>
<td>207,651</td>
<td>204,669</td>
</tr>
<tr>
<td>Capital lease obligation (Note 10)</td>
<td>372,754</td>
<td>268,458</td>
</tr>
<tr>
<td>Bonds payable (Note 12)</td>
<td>77,379,951</td>
<td>78,693,033</td>
</tr>
<tr>
<td>Government advances for student loans</td>
<td>3,128,402</td>
<td>3,171,573</td>
</tr>
<tr>
<td>Asset retirement obligation (Note 9)</td>
<td>632,825</td>
<td>880,601</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>93,836,554</td>
<td>94,878,162</td>
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</tbody>
</table>

**Net Assets (Note 13):**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>108,700,334</td>
<td>98,224,667</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>35,510,205</td>
<td>29,358,539</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>33,783,382</td>
<td>33,263,797</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>177,993,921</td>
<td>160,847,003</td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$271,830,475</td>
<td>$255,725,165</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these consolidated financial statements.*
Pitzer College
Consolidated Statements of Activities

For the year ended June 30, 2014

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and releases of net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net student revenues (Note 14)</td>
<td>$48,881,168</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,520,442</td>
<td>3,104,833</td>
<td>228,583</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>716,311</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Spending policy income (Note 6)</td>
<td>4,429,558</td>
<td>41,713</td>
<td>11,313</td>
</tr>
<tr>
<td>Other investment income (loss) (Note 6)</td>
<td>462,558</td>
<td>12,456</td>
<td>2,936</td>
</tr>
<tr>
<td>Summer conference revenue</td>
<td>1,035,971</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other revenues</td>
<td>412,782</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Release of temporarily restricted net assets and reclassifications</td>
<td>2,117,549</td>
<td>(2,122,696)</td>
<td>5,147</td>
</tr>
<tr>
<td><strong>Total revenues and releases of net assets</strong></td>
<td>60,576,339</td>
<td>1,036,306</td>
<td>247,979</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic program</td>
<td>26,425,615</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Co-curricular program</td>
<td>14,920,368</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public service</td>
<td>1,078,623</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Marketing</td>
<td>5,977,538</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General and administrative</td>
<td>7,492,356</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>55,894,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess of revenues over (under) expenses</strong></td>
<td>4,681,839</td>
<td>1,036,306</td>
<td>247,979</td>
</tr>
<tr>
<td><strong>Other changes in net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized and unrealized gains (losses), net of spending allocation (Note 6)</td>
<td>9,343,568</td>
<td>5,101,567</td>
<td>258,043</td>
</tr>
<tr>
<td>Gain (loss) on disposal of plant assets</td>
<td>(2,950,409)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial adjustment</td>
<td>-</td>
<td>13,793</td>
<td>13,563</td>
</tr>
<tr>
<td>Redesignation of net assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Comprehensive gain (loss) on defined benefit plans</td>
<td>(599,331)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>10,475,667</td>
<td>6,151,666</td>
<td>519,585</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>98,224,667</td>
<td>29,358,539</td>
<td>33,263,797</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$108,700,334</td>
<td>$35,510,205</td>
<td>$33,783,382</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
PITZER COLLEGE
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended June 30, 2013

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and releases of net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net student revenues (Note 14)</td>
<td>$ 46,107,838</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,575,606</td>
<td>9,078,706</td>
<td>3,152,279</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>871,216</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Spending policy income (Note 6)</td>
<td>4,336,773</td>
<td>23,007</td>
<td>2,274</td>
</tr>
<tr>
<td>Other investment income (loss) (Note 6)</td>
<td>489,621</td>
<td>37,575</td>
<td>5,609</td>
</tr>
<tr>
<td>Summer conference revenue</td>
<td>1,125,602</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other revenues</td>
<td>497,245</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Release of temporarily restricted net assets and reclassifications</td>
<td>3,513,028</td>
<td>(3,516,780)</td>
<td>3,752</td>
</tr>
<tr>
<td><strong>Total revenues and releases of net assets</strong></td>
<td>58,516,929</td>
<td>5,622,508</td>
<td>3,163,914</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic program</td>
<td>25,699,030</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Co-curricular program</td>
<td>14,864,179</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public service</td>
<td>1,126,998</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Marketing</td>
<td>6,110,204</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General and administrative</td>
<td>6,435,813</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>54,236,224</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess of revenues over (under) expenses</strong></td>
<td>4,280,705</td>
<td>5,622,508</td>
<td>3,163,914</td>
</tr>
<tr>
<td><strong>Other changes in net assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized and unrealized gains (losses), net of spending allocation (Note 6)</td>
<td>4,201,337</td>
<td>2,084,783</td>
<td>57,911</td>
</tr>
<tr>
<td>Gain (loss) on disposal of plant assets</td>
<td>(90,339)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial adjustment</td>
<td>-</td>
<td>1,572</td>
<td>10,209</td>
</tr>
<tr>
<td>Redesignation of net assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Comprehensive gain (loss) on defined benefit plans</td>
<td>(1,060,394)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>7,331,309</td>
<td>7,708,863</td>
<td>3,232,034</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>90,893,358</td>
<td>21,649,676</td>
<td>30,031,763</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$ 98,224,667</td>
<td>$ 29,358,539</td>
<td>$ 33,263,797</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.

- 5 -
# PITZER COLLEGE
## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student fees, net of financial aid</td>
<td>$49,900,562</td>
<td>$44,771,981</td>
</tr>
<tr>
<td>Gift, grant and contract revenue</td>
<td>3,091,880</td>
<td>2,396,823</td>
</tr>
<tr>
<td>Investment income</td>
<td>2,517,284</td>
<td>2,550,804</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,187,013</td>
<td>1,554,884</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(4,214,820)</td>
<td>(4,280,271)</td>
</tr>
<tr>
<td>Loss on settlement of asset retirement obligation</td>
<td>-</td>
<td>(90,339)</td>
</tr>
<tr>
<td>Payments to employees and suppliers</td>
<td>(48,547,417)</td>
<td>(49,937,487)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by operating activities</strong></td>
<td>3,934,502</td>
<td>(3,033,605)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of plant facilities</td>
<td>(8,714,273)</td>
<td>(9,047,228)</td>
</tr>
<tr>
<td>Settlement of conditional asset retirement obligation</td>
<td>(192,065)</td>
<td>(162,695)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(111,127,725)</td>
<td>(81,957,356)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>114,786,482</td>
<td>89,633,998</td>
</tr>
<tr>
<td>Loans made to students and employees</td>
<td>(654,059)</td>
<td>(553,918)</td>
</tr>
<tr>
<td>Collection of student and employee loans</td>
<td>850,643</td>
<td>772,951</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(5,050,997)</td>
<td>(1,314,248)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to life income beneficiaries</td>
<td>(23,404)</td>
<td>(22,970)</td>
</tr>
<tr>
<td>Investment income and gains (losses) on life income investments</td>
<td>9,388</td>
<td>12,580</td>
</tr>
<tr>
<td>Proceeds from borrowing</td>
<td>125,241</td>
<td>-</td>
</tr>
<tr>
<td>Principal payments for borrowings</td>
<td>(1,619,239)</td>
<td>(1,486,005)</td>
</tr>
<tr>
<td>Contributions with temporary restrictions</td>
<td>2,004,354</td>
<td>1,560,186</td>
</tr>
<tr>
<td>Contributions restricted for endowment</td>
<td>333,560</td>
<td>2,872,661</td>
</tr>
<tr>
<td>Contributions restricted for plant expenditures</td>
<td>392,265</td>
<td>939,713</td>
</tr>
<tr>
<td>Change in government advances for student loans</td>
<td>(43,171)</td>
<td>(16,430)</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>1,178,994</td>
<td>3,859,735</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash</strong></td>
<td>62,499</td>
<td>(488,118)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>742,020</td>
<td>1,230,138</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$804,519</td>
<td>$742,020</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these consolidated financial statements.*
For the years ended June 30, 2014 and 2013

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$17,146,918</td>
<td>$18,272,206</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$3,947,751</td>
<td>$3,590,886</td>
</tr>
<tr>
<td>Amortization and accretion expense</td>
<td>(944)</td>
<td>22,662</td>
</tr>
<tr>
<td>Comprehensive (gain) loss on staff retirement plan</td>
<td>(138,162)</td>
<td>(404,230)</td>
</tr>
<tr>
<td>Realized gains on investments</td>
<td>(6,550,719)</td>
<td>(2,670,837)</td>
</tr>
<tr>
<td>Unrealized losses (gains) on investments</td>
<td>(10,784,167)</td>
<td>(6,175,551)</td>
</tr>
<tr>
<td>Loss (gain) on settlement of asset retirement obligation</td>
<td>(73,282)</td>
<td>90,339</td>
</tr>
<tr>
<td>Loss on disposal of plant</td>
<td>3,023,691</td>
<td>-</td>
</tr>
<tr>
<td>Non-cash gifts</td>
<td>-</td>
<td>(25,000)</td>
</tr>
<tr>
<td>Adjustment of actuarial liability for life income agreements</td>
<td>(27,356)</td>
<td>(11,781)</td>
</tr>
<tr>
<td>Contributions for long-term investments</td>
<td>(3,478,289)</td>
<td>(12,255,984)</td>
</tr>
<tr>
<td>Capitalized interest</td>
<td>(46,108)</td>
<td>(333,363)</td>
</tr>
<tr>
<td>Defined benefit plan contributions under (over) expense</td>
<td>(73,143)</td>
<td>(81,481)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>34,545</td>
<td>21,664</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>947,858</td>
<td>(398,876)</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>(660,539)</td>
<td>(512,067)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(437,468)</td>
<td>(2,504,792)</td>
</tr>
<tr>
<td>Liability for early retirement plan</td>
<td>1,066,925</td>
<td>1,301,245</td>
</tr>
<tr>
<td>Deposits and deferred revenues</td>
<td>36,991</td>
<td>(958,645)</td>
</tr>
<tr>
<td><strong>Net cash and cash equivalents (used in) provided by operating activities</strong></td>
<td>$3,934,502</td>
<td>$(3,033,605)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
NOTE 1 – ORGANIZATION:

Founded in 1963, Pitzer College is an independent, coeducational, residential liberal arts and sciences college. Pitzer College is part of the unique educational environment known as The Claremont Colleges. Within The Claremont Colleges’ consortium, Pitzer’s educational philosophy is singular. Blending classroom instruction with fieldwork, Pitzer engages a student's mind, heart and spirit by integrating educational resources on campus, abroad and in the local community. Pitzer offers a curriculum that spans over 40 major fields and focuses on interdisciplinary, intercultural education with an emphasis on social responsibility and community service. Pitzer College Costa Rica was formed to hold real property in Costa Rica for the benefit of the education curriculum of Pitzer College and in support of the Firestone Center for Restoration Ecology. Hereinafter, these entities are collectively referred to as the “College” or “Pitzer”.

Pitzer College and Pitzer College Costa Rica are nonprofit corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting policies of the College are in accordance with those generally accepted for colleges and universities:

Basis of Presentation:
The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the American Institute of Certified Public Accountants’ Audit and Accounting Guide, “Not-for-Profit Entities.”

Consolidated Financial Statements:
The activities of Pitzer College Costa Rica are consolidated in the College’s consolidated financial statements, as required by generally accepted accounting principles. Intercompany amounts have been eliminated.

Net Asset Categories:
The accompanying consolidated financial statements present information regarding the College’s financial position and activities according to three categories of net assets:

- **Unrestricted Net Assets**
  Unrestricted net assets include all support that is not subject to donor-imposed restrictions.

- **Temporarily Restricted Net Assets**
  Temporarily restricted net assets include gifts of cash and securities, accumulated earnings and income from endowments that are subject to donor-imposed restrictions that either lapse or can be satisfied. When a donor restriction expires or funds are appropriated, temporarily restricted net assets are released or reclassified to unrestricted net assets (Note 2, Expiration of Donor-Imposed Restrictions).

- **Permanently Restricted Net Assets**
  Permanently restricted net assets include pledges, gifts, and income that are subject to donor-imposed restrictions that they be maintained permanently by the College. The donors of endowment funds generally allow the College to use the income and a portion of the gains earned on these assets for general or specific purposes under the College’s spending policy.

Tuition and Fees:
Student tuition and fees are recorded as revenues in the year during which the majority of related academic services are rendered.

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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Grants and Contracts:
Revenues from grants and contracts are reported as increases in unrestricted net assets, when allowable expenditures under such agreements are incurred.

Contributions:
Contributions, including unconditional promises to give, are recognized as revenue in the period pledged or received and are reported as increases in the appropriate category of net assets. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after twelve months are discounted at a discount rate commensurate with the risks involved.

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 period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and for unexpended earnings of endowment when appropriated by the Board. The College follows the policy of reporting donor-imposed restricted contribution and endowment income as unrestricted revenues when restrictions are met in the same period as received. It is also the College’s policy to release the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the long-lived assets are placed into service.

Allocation of Certain Expenses:
Expenses are reported as decreases in unrestricted net assets. The Statements of Activities present expenses by five functional categories. Academic program includes expenses for instruction and related academic support departments such as research, libraries, the Dean of Faculty and Registrar 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. Public service includes conference activities. Marketing expenses for revenue development for the College include expenses of the Admission and Financial Aid Offices, Public Relations, Alumni Relations and the Advancement Office. General and administrative includes expenses such as information technology, planning, institutional research, human resources, liability insurance, legal and audit fees, and the President's and Treasurer’s Offices.

Depreciation and facilities expenses are allocated to functional categories based on building square footage dedicated to that specific function. Interest expense is allocated based on the use of the related borrowings.

Cash and Cash Equivalents:
For the purpose of reporting cash flows, cash includes demand deposit bank accounts. Resources invested in money market funds are classified as cash equivalents, except for any such investments managed as part of the investment pool, which are classified as investments.

Cash Held in Separate Accounts:
The California Student Aid Commission requires institutions participating in the Cal Grant program to maintain funds advanced in a separate interest bearing account to properly handle and manage the funds. The funds are the property of the State and unspent funds are to be returned to the State along with interest earned.

Concentration of Credit Risk:
Financial instruments that potentially subject the College to concentrations of credit risk consist 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) and Securities Investors Protection Corporation (SIPC).
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Notes Receivable:
Notes receivable consist of student loans and are reported at cost. Interest earned is added to the pool for use in issuing additional loans. Collectability of notes receivable is reviewed both individually and in the aggregate. Allowances have been established based on experience, and balances deemed uncollectable are written off through a charge to the provision for doubtful accounts and a credit to notes receivable. The College follows federal guidelines for determining when student loans are delinquent or past due for both federal and donor restricted loans.

Short Term Investments:
Short-term investments include corporate and government obligation securities.

Investments:
Where permitted by law, the College pools investments for management purposes. The remainder of investments are separately managed. Marketable securities are reported at fair value. Non-marketable alternative investments are carried at estimated fair value provided by the management of the non-marketable alternative investment partnerships or funds at the most current date available at year end, and are adjusted by cash receipts, cash disbursements, and securities distributions through June 30, 2014 and 2013. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

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 restricted by explicit donor stipulation or use of funds has not been appropriated. The date of record for investments is the trade date.

Nonmarketable investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed and such differences could be material.

Derivatives:
Certain investments held by the College may include derivative instruments as part of their investment strategy, but the College does not invest directly in derivatives.

Management of Pooled Investments:
The College follows an investment policy which anticipates a greater long-range 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. The spending policy for the fiscal years ended June 30, 2014 and 2013 was a rate of 4.35% applied to a sixteen-quarter average market value of pooled investments ending December 31, 2012 and 2011, respectively. All earnings in excess of spending were reinvested and are reported on the Statement of Activities as "Other investment income". Unexpended amounts generated from permanently restricted endowments were allocated to the temporarily restricted funds through unrealized gains. If the ordinary income portion of pooled investment returns is insufficient to provide the full amount of investment return specified, the balance may be appropriated from realized gains of the pooled investments. For Board designated or appropriated funds, cumulative realized gains and transfers of ordinary income in excess of the spending policy ("cumulative gains") are held in unrestricted net assets. For donor restricted or unappropriated funds, cumulative gains are held in temporarily restricted net assets. Cumulative gains are available for appropriation under the College's spending policy. At June 30, 2014 and 2013, these cumulative realized gains totaled $26,767,528 and $22,785,055, respectively.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Endowment Funds:
The Board of Trustees of the College interpreted 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 fund as the College determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the value of gifts donated to the endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets 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. In accordance with California UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The mission of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Fair Value of Financial Instruments:
A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding the fair value of financial instruments have been derived using external market sources, estimates using present value or other valuation techniques. A determination of the fair value of notes receivable, 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, is not significantly different than the recorded net value.

The College carries most investments and its beneficial interest in trusts held by a third party at fair value in accordance with generally accepted accounting principles. Under this standard, 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. A fair value hierarchy that prioritizes the inputs to valuation techniques was 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 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.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

The investments in 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.

Investments that are valued based on quoted market prices of comparable assets and investments reported at net asset value or its equivalent which are redeemable in the near term are typically classified within Level 2.

Some of the investments in hedge funds, private equity funds, limited partnerships with extended redemption periods and beneficial interests 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 consolidated 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's 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, through its monitoring activities, agrees with the fair market value as determined by the investment managers.

The general partners of the underlying investment partnerships value their investments at fair value and in accordance with generally accepted accounting principles. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the College, which 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. 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.

Plant Facilities:
Plant facilities consist of property, plant and equipment which are stated at cost, representing purchase price or fair market value at the date of acquisition, less accumulated depreciation computed on a straight-line basis over the estimated useful lives of buildings, permanent improvements and equipment. Plant purchases with a useful life of five years or more and a cost equal to or greater than $100,000 for land improvements and buildings, $50,000 for building renovations, $25,000 for equipment and $100,000 for software and implementation are capitalized. Estimated useful lives are generally three to fifteen years for equipment and permanent improvements, ten to fifty years for building renovations and twenty to fifty years for buildings. Assets are retired at their cost less accumulated depreciation at the time they are sold, impaired, or no longer in use. Each year the College funds its annual depreciation charge through current revenues. Asset retirement obligations are recorded based on estimated settlement dates and methods.

Assets Whose Use is Limited:
Assets whose use is limited include assets maintained by a trustee in accordance with the CEFA (California Educational Facilities Authority) bond agreements. See Note 8 for additional information.

Deposits and Deferred revenue:
Deposits and deferred revenue consists primarily of prepayments of tuition and fees related to future academic years.

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 released. However, the costs of managing these contracts and agreements are included in unrestricted expenses.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

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 asset category. The liability account is adjusted by investment income, gains and losses, and payments to beneficiaries. Periodic adjustments are made between the liability account and the net asset account for actuarial gains and losses. The actuarial liability is based on the present value of future payments discounted at rates ranging from 6.0% to 7.5% and over estimated lives according to IRS Annuity 2003 Unisex Tables as of June 30, 2014.

Income Taxes:
The objective of the College is to maintain and conduct a 501(c)(3) nonprofit educational institution. The primary purpose of accounting and reporting is the recording of resources received and applied rather than the determination of net income. The College had no uncertain tax positions and/or obligations at June 30, 2014 and 2013. The College's tax returns are subject to review and examination by federal and state authorities. The College is no longer subject to income tax examinations by taxing authorities for years before 2011 for its federal filing and for years before 2010 for its state filings.

Use of Estimates:
The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The fair value of investments is a significant estimate and can change dramatically subject to market conditions. This could have a significant effect on the statement of activities.

Reclassifications:
Certain prior year amounts have been reclassified for consistency with the current year presentation.

NOTE 3 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts receivable at June 30, 2014 and 2013 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student accounts</td>
<td>$ 576,370</td>
<td>$ 793,887</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>86,952</td>
<td>478,745</td>
</tr>
<tr>
<td>Other Claremont Colleges</td>
<td>280,354</td>
<td>467,431</td>
</tr>
<tr>
<td>Other</td>
<td>107,102</td>
<td>246,494</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,050,778</td>
<td>1,986,557</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>(190,083)</td>
<td>(178,004)</td>
</tr>
<tr>
<td><strong>Net accounts receivable</strong></td>
<td>$ 860,695</td>
<td>$ 1,808,553</td>
</tr>
</tbody>
</table>

The College makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or donor restricted resources. At June 30, 2014 and 2013, student loans represented 1.8% and 1.9% of total assets, respectively.

At June 30, student loans consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal government programs</td>
<td>$ 2,344,583</td>
<td>$ 2,506,408</td>
</tr>
<tr>
<td>Donor restricted programs</td>
<td>2,917,545</td>
<td>2,869,353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,262,128</td>
<td>5,375,761</td>
</tr>
<tr>
<td>Less allowance for doubtful loans:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>(392,378)</td>
<td>(370,714)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(34,544)</td>
<td>(21,664)</td>
</tr>
<tr>
<td>End of year</td>
<td>(426,922)</td>
<td>(392,378)</td>
</tr>
<tr>
<td><strong>Student loans receivable, net</strong></td>
<td>$ 4,835,206</td>
<td>$ 4,983,383</td>
</tr>
</tbody>
</table>
NOTE 3 - ACCOUNTS AND NOTES RECEIVABLE: Continued

The College participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $197,210 and $95,456 at June 30, 2014 and 2013, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The College issues interest-free student loans per a donor agreement. The availability of funds for new loans under the gift agreement is dependent on repayments on outstanding loans. The College is responsible for reimbursing the program for defaulted loans. Subsequent payments received by the College from students who are in default, may be returned to the College.

At June 30, 2014 and 2013, the following amounts were past due under student loan programs:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>less than 270 days</td>
<td>270 to 2 years</td>
</tr>
<tr>
<td></td>
<td>past due</td>
<td>past due</td>
</tr>
<tr>
<td>Federal government</td>
<td>$ 218,604</td>
<td>$ 91,902</td>
</tr>
<tr>
<td>programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor restricted</td>
<td>92,066</td>
<td>23,275</td>
</tr>
<tr>
<td>programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 310,670</td>
<td>$ 115,177</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. The allowance for doubtful loans on the Federal government programs and the donor restricted programs at June 30, 2014 was $192,736 and $234,186, and at June 30, 2013 was $156,547 and $235,831, respectively.

Faculty and staff loans:
As part of a program to attract and retain excellent faculty and senior staff, the College provides home mortgage and computer financing assistance. Notes receivable amounting to $169,570 and $252,522 were outstanding at June 30, 2014 and 2013, respectively, and are collateralized by deeds of trust on properties concentrated in the region surrounding the College. No allowance for doubtful accounts has been recorded against these loans based on their collateralization and prior collection history.

The loan amounts represent 0.06% and 0.1% of total assets, respectively. At June 30, 2014 and 2013, there were no amounts past due under the faculty and staff loan program.

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenues of the appropriate net asset category. Promises to give are recorded after discounting to the present value of future cash flows at rates ranging from 1.9% to 5.0%.

Unconditional promises to give at June 30, 2014 and 2013 were expected to be realized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 4,229,396</td>
<td>$ 6,478,345</td>
</tr>
<tr>
<td>Within one year</td>
<td>7,708,959</td>
<td>4,437,408</td>
</tr>
<tr>
<td></td>
<td>11,938,355</td>
<td>10,915,753</td>
</tr>
<tr>
<td>Less discount</td>
<td>(342,410)</td>
<td>(124,731)</td>
</tr>
<tr>
<td>Less allowance for</td>
<td>(56,813)</td>
<td>-</td>
</tr>
<tr>
<td>doubtful contributions receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net contributions receivable</td>
<td>$ 11,539,132</td>
<td>$ 10,791,022</td>
</tr>
</tbody>
</table>
NOTE 4 - CONTRIBUTIONS RECEIVABLE: Continued

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>$587,720</td>
<td>$692,696</td>
</tr>
<tr>
<td>Plant</td>
<td>$7,505,614</td>
<td>$7,825,068</td>
</tr>
<tr>
<td>Other</td>
<td>$3,445,798</td>
<td>$2,273,258</td>
</tr>
<tr>
<td><strong>Net contributions receivable</strong></td>
<td><strong>$11,539,132</strong></td>
<td><strong>$10,791,022</strong></td>
</tr>
</tbody>
</table>

NOTE 5 - BENEFICIAL INTEREST IN TRUSTS AND FAIR VALUE MEASUREMENT:

The College is beneficiary to certain trusts where a third party acts as trustee. The present value of these interests is recorded in beneficial interest in trusts.

Beneficial interest in trusts at June 30, 2014 and 2013 are intended for the following uses:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>$2,298,591</td>
<td>$2,036,852</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$120,118</td>
<td>$107,355</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,418,709</strong></td>
<td><strong>$2,144,207</strong></td>
</tr>
</tbody>
</table>

Level 1  Level 2  Level 3  2014
Nonredeemable securities:
Beneficial interest in trusts held by third parties $ -   $ -   $ 2,418,709 $ 2,418,709

Level 1  Level 2  Level 3  2013
Nonredeemable securities:
Beneficial interest in trusts held by third parties $ -   $ -   $ 2,144,207 $ 2,144,207

The following tables present the Beneficial interest in trusts carried on the Statement of Financial Position by level within the valuation hierarchy as of June 30, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficial interest in trusts held by third parties</td>
<td>$ 2,144,207</td>
<td>$ 2,144,207</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficial interest in trusts held by third parties</td>
<td>$ 2,073,411</td>
<td>$ 2,073,411</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net appreciation (depreciation) on beneficial interest in trusts in the table above are reflected in "Realized and unrealized gains (losses), net of spending allocation" and "Actuarial adjustment", respectively, on the Statement of Activities. Also included in these accounts are the net unrealized gains (losses) and actuarial adjustment on beneficial interest in trusts for Level 3 assets still held at June 30, 2014 of $261,740 and $12,762, and held at June 30, 2013 of $67,963 and $2,833, respectively.
NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT:

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 that pertains to this method at June 30, 2014 and 2013:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit market value at end of year</td>
<td>$ 299.94</td>
<td>$ 267.80</td>
</tr>
<tr>
<td>Net ordinary investment income per weighted average unit</td>
<td>$ 4.62</td>
<td>$ 4.61</td>
</tr>
<tr>
<td>Units owned:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds functioning as endowment</td>
<td>272,586</td>
<td>268,111</td>
</tr>
<tr>
<td>Permanently restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment</td>
<td>162,334</td>
<td>161,127</td>
</tr>
<tr>
<td>Total units</td>
<td>434,920</td>
<td>429,238</td>
</tr>
<tr>
<td>Weighted average units</td>
<td>430,604</td>
<td>423,347</td>
</tr>
<tr>
<td>Investment income related to College investments for the years ended June 30, 2014 and 2013, net of management and custody fees of $291,549 and $323,099, respectively, was as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net pooled investment income</td>
<td>$ 1,991,093</td>
<td>$ 1,950,375</td>
</tr>
<tr>
<td>Pooled investment gains appropriated</td>
<td>2,491,491</td>
<td>2,411,679</td>
</tr>
<tr>
<td>Total spending policy income</td>
<td>$ 4,482,584</td>
<td>$ 4,362,054</td>
</tr>
<tr>
<td>Income from non-pool investments</td>
<td>484,495</td>
<td>539,474</td>
</tr>
<tr>
<td>Less amounts allocated to annuity and life income contracts and agreements</td>
<td>(6,545)</td>
<td>(6,669)</td>
</tr>
<tr>
<td>Total other investment income</td>
<td>$ 477,950</td>
<td>$ 532,805</td>
</tr>
<tr>
<td>Realized and unrealized gains (losses), net of pooled investment gains appropriated</td>
<td>14,703,178</td>
<td>6,344,031</td>
</tr>
<tr>
<td>Total investment returns</td>
<td>$ 19,663,712</td>
<td>$ 11,238,890</td>
</tr>
</tbody>
</table>

It is the College's policy to establish and maintain a diversified investment portfolio. The following schedule summarizes the assets in pooled investments and the assets held as short-term and long-term separate investments at June 30, 2014 and 2013. The carrying values of investments are estimates based on quoted market prices where available, and are considered fair values.

The College had approximately $31,802,404 and $24,479,531 in investments that are nonmarketable as of June 30, 2014 and 2013, respectively. These investments represent 20.69% and 17.45% of total investments and 17.87% and 15.22% of net assets at June 30, 2014 and 2013, respectively. Total investment income and realized and unrealized (losses) gains on investments that are not readily marketable were $2,904,655 and $2,176,130 for the years ended June 30, 2014 and 2013, respectively.
### NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT: Continued

<table>
<thead>
<tr>
<th>By investment category:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled investments</td>
<td>$130,451,628</td>
<td>$114,948,417</td>
</tr>
<tr>
<td>Separately invested</td>
<td>$23,277,837</td>
<td>$25,335,067</td>
</tr>
<tr>
<td>Total by investment category</td>
<td>$153,729,465</td>
<td>$140,283,484</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By asset type:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$17,881,946</td>
<td>$24,802,478</td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>$19,103,024</td>
<td>$21,384,395</td>
</tr>
<tr>
<td>Equity funds</td>
<td>$54,213,122</td>
<td>$43,396,001</td>
</tr>
<tr>
<td>Balanced funds</td>
<td>$13,180,460</td>
<td>$5,287,735</td>
</tr>
<tr>
<td>Domestic common stocks</td>
<td>$12,900,865</td>
<td>$11,948,871</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td>$35,505,435</td>
<td>$29,223,842</td>
</tr>
<tr>
<td>Assets whose use is limited</td>
<td>$944,613</td>
<td>$4,240,162</td>
</tr>
<tr>
<td>Total by asset type</td>
<td>$153,729,465</td>
<td>$140,283,484</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By category:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment and funds functioning as endowment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled investments</td>
<td>$130,451,628</td>
<td>$114,948,421</td>
</tr>
<tr>
<td>Separately invested</td>
<td>$1,539,206</td>
<td>$1,372,594</td>
</tr>
<tr>
<td>Total by category</td>
<td>$131,990,834</td>
<td>$116,321,015</td>
</tr>
</tbody>
</table>

| Annuity and life income contracts and agreements | | |
| Plant | $6,041,117 | $8,674,514 |
| Other | $15,355,409 | $14,973,425 |
| Total by category | $153,729,465 | $140,283,484 |

June 30, 2014 and 2013
NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT: Continued

The following tables presents the investments carried on the Statement of Financial Position by level within the valuation hierarchy as of June 30, 2014 and 2013:

### Redeemable securities:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th></th>
<th>Level 2</th>
<th></th>
<th>Level 3</th>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$17,881,946</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>17,881,946</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>$19,103,024</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>19,103,024</td>
</tr>
<tr>
<td>US Equity funds</td>
<td>$14,297,252</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>14,297,252</td>
</tr>
<tr>
<td>International Equity funds</td>
<td>$39,915,870</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>39,915,870</td>
</tr>
<tr>
<td>Balanced funds</td>
<td>$13,180,460</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>13,180,460</td>
</tr>
<tr>
<td>Domestic common stocks</td>
<td>$12,900,865</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>12,900,865</td>
</tr>
<tr>
<td>Assets whose use is limited</td>
<td>$944,613</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>944,613</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>-</td>
<td>$3,703,031</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>3,703,031</td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>$12,720,166</td>
<td>$</td>
<td>12,720,166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedge fund investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>$15,325,219</td>
<td>$</td>
<td>15,325,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total redeemable securities</td>
<td>$118,224,030</td>
<td>$3,703,031</td>
<td>$28,045,385</td>
<td>$</td>
<td>149,972,446</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Nonredeemable securities:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th></th>
<th>Level 2</th>
<th></th>
<th>Level 3</th>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>$15,206</td>
<td>$</td>
<td>$15,206</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distressed debt</td>
<td>-</td>
<td>-</td>
<td>$51,491</td>
<td>$</td>
<td>$51,491</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venture capital</td>
<td>-</td>
<td>-</td>
<td>$215,985</td>
<td>$</td>
<td>$215,985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td>-</td>
<td>-</td>
<td>$1,036,535</td>
<td>$</td>
<td>$1,036,535</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>$2,437,802</td>
<td>$</td>
<td>$2,437,802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total nonredeemable securities</td>
<td>-</td>
<td>-</td>
<td>$3,757,019</td>
<td>$</td>
<td>$3,757,019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 118,224,030</td>
<td>$3,703,031</td>
<td>$31,802,404</td>
<td>$</td>
<td>153,729,465</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT: Continued

<table>
<thead>
<tr>
<th>Redeemable securities:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$24,802,478</td>
<td>$-</td>
<td>$-</td>
<td>$24,802,478</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>21,384,395</td>
<td>-</td>
<td>-</td>
<td>21,384,395</td>
</tr>
<tr>
<td>US Equity funds</td>
<td>19,459,196</td>
<td>-</td>
<td>-</td>
<td>19,459,196</td>
</tr>
<tr>
<td>International Equity funds</td>
<td>23,936,805</td>
<td>-</td>
<td>-</td>
<td>23,936,805</td>
</tr>
<tr>
<td>Balanced funds</td>
<td>5,287,735</td>
<td>-</td>
<td>-</td>
<td>5,287,735</td>
</tr>
<tr>
<td>Domestic common stocks</td>
<td>11,934,307</td>
<td>-</td>
<td>-</td>
<td>11,934,307</td>
</tr>
<tr>
<td>Assets whose use is limited</td>
<td>4,240,162</td>
<td>-</td>
<td>-</td>
<td>4,240,162</td>
</tr>
<tr>
<td>Limited Partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>-</td>
<td>4,758,875</td>
<td>-</td>
<td>4,758,875</td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>11,304,082</td>
<td>11,304,082</td>
</tr>
<tr>
<td>Hedge fund investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>10,531,423</td>
<td>10,531,423</td>
</tr>
<tr>
<td>Total redeemable securities</td>
<td>111,045,078</td>
<td>4,758,875</td>
<td>21,835,505</td>
<td>137,639,458</td>
</tr>
<tr>
<td>Nonredeemable securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Privately held common stocks</td>
<td>-</td>
<td>-</td>
<td>14,564</td>
<td>14,564</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>28,927</td>
<td>28,927</td>
</tr>
<tr>
<td>Distressed debt</td>
<td>-</td>
<td>-</td>
<td>454,223</td>
<td>454,223</td>
</tr>
<tr>
<td>Venture capital</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Private equity</td>
<td>-</td>
<td>-</td>
<td>683,647</td>
<td>683,647</td>
</tr>
<tr>
<td>Multi-asset</td>
<td>-</td>
<td>-</td>
<td>1,412,665</td>
<td>1,412,665</td>
</tr>
<tr>
<td>Total nonredeemable securities</td>
<td>-</td>
<td>-</td>
<td>2,644,026</td>
<td>2,644,026</td>
</tr>
<tr>
<td>Total</td>
<td>$111,045,078</td>
<td>$4,758,875</td>
<td>$24,479,531</td>
<td>$140,283,484</td>
</tr>
</tbody>
</table>
NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT: Continued

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

<table>
<thead>
<tr>
<th></th>
<th>Balance at July 1, 2013</th>
<th>Purchases</th>
<th>Sales</th>
<th>Realized Gain(loss), net</th>
<th>Unrealized Gain(loss), net</th>
<th>Balance at June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privately held common stock</td>
<td>$14,564</td>
<td>$-</td>
<td>$-</td>
<td>$(14,564)</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>12,716,747</td>
<td>953,211</td>
<td>(65,034)</td>
<td>295,686</td>
<td>1,257,358</td>
<td>15,157,968</td>
</tr>
<tr>
<td>Real Estate</td>
<td>28,927</td>
<td>-</td>
<td>(13,024)</td>
<td>(34,365)</td>
<td>33,668</td>
<td>15,206</td>
</tr>
<tr>
<td>Distressed Debt</td>
<td>454,223</td>
<td>-</td>
<td>(427,974)</td>
<td>-</td>
<td>90,062</td>
<td>51,491</td>
</tr>
<tr>
<td>Venture capital</td>
<td>50,000</td>
<td>185,097</td>
<td>-</td>
<td>(19,112)</td>
<td>-</td>
<td>215,985</td>
</tr>
<tr>
<td>Private equity</td>
<td>683,647</td>
<td>345,537</td>
<td>(17,203)</td>
<td>48,060</td>
<td>(23,506)</td>
<td>1,036,535</td>
</tr>
<tr>
<td>Hedge fund investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>10,531,423</td>
<td>3,500,000</td>
<td>-</td>
<td>-</td>
<td>1,293,796</td>
<td>15,325,219</td>
</tr>
<tr>
<td>Total</td>
<td>$24,479,531</td>
<td>$4,983,845</td>
<td>$(588,055)</td>
<td>$275,705</td>
<td>$2,651,378</td>
<td>$31,802,404</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance at July 1, 2012</th>
<th>Purchases</th>
<th>Sales</th>
<th>Realized Gain(loss), net</th>
<th>Unrealized Gain(loss), net</th>
<th>Balance at June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privately held common stock</td>
<td>$14,564</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$14,564</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>10,448,528</td>
<td>1,581,699</td>
<td>(157,876)</td>
<td>(36,523)</td>
<td>880,919</td>
<td>12,716,747</td>
</tr>
<tr>
<td>Real Estate</td>
<td>252,905</td>
<td>2,334</td>
<td>(264,991)</td>
<td>(4,006)</td>
<td>42,685</td>
<td>28,927</td>
</tr>
<tr>
<td>Distressed Debt</td>
<td>452,607</td>
<td>-</td>
<td>(36,514)</td>
<td>-</td>
<td>38,130</td>
<td>454,223</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Private equity</td>
<td>1,517,260</td>
<td>631,657</td>
<td>(1,475,447)</td>
<td>7,416</td>
<td>2,761</td>
<td>683,647</td>
</tr>
<tr>
<td>Hedge fund investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>9,379,117</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,152,306</td>
<td>10,531,423</td>
</tr>
<tr>
<td>Total</td>
<td>$22,064,981</td>
<td>$2,265,690</td>
<td>$(1,934,828)</td>
<td>$(33,113)</td>
<td>$2,116,801</td>
<td>$24,479,531</td>
</tr>
</tbody>
</table>

Net appreciation (depreciation) on investments in the table above are reflected in "Realized and unrealized gains (losses), net of spending allocation" on the Statement of Activities. Also included in these accounts are the net unrealized gains (losses) on investments for Level 3 assets still held at June 30, 2014 and 2013 of $2,651,378 and $2,116,801, respectively.

Transfers in or out of Level 3 are implemented based on the ability to redeem the investments in the near term. The College's policy is to recognize transfers in and transfers out at the beginning of the reporting period. This policy includes transfers in and transfers out of Level 1, Level 2 and Level 3.
NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT: Continued

The following table shows the fair value, unfunded commitments and redemption restrictions for investments reported at 'Net Asset Value' as of June 30, 2014:

<table>
<thead>
<tr>
<th>Strategies and Other Restrictions</th>
<th>Fair Value at June 30, 2014</th>
<th>Unfunded Commitments</th>
<th>Redemption Frequency</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>$ 3,703,031</td>
<td>$</td>
<td>Monthly</td>
<td>10 days</td>
</tr>
<tr>
<td>Multi-asset</td>
<td>15,157,968</td>
<td>3,500,000</td>
<td>Annually</td>
<td>1 year</td>
</tr>
<tr>
<td>Real estate</td>
<td>15,206</td>
<td>84,415</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Distressed debt</td>
<td>51,491</td>
<td>317,466</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Venture capital</td>
<td>215,985</td>
<td>765,000</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Private equity</td>
<td>1,036,535</td>
<td>1,894,561</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Hedge fund investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-asset</td>
<td>15,325,219</td>
<td></td>
<td>Quarterly</td>
<td>95-100 days</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 35,505,435</td>
<td>$ 6,561,442</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investments reported at Net Asset Value held at year-end have remaining lives ranging from 1 to 10 years with commitments due estimated as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,871,657</td>
</tr>
<tr>
<td>2016</td>
<td>2,469,776</td>
</tr>
<tr>
<td>2017</td>
<td>1,130,009</td>
</tr>
<tr>
<td>2018</td>
<td>90,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 6,561,442</strong></td>
</tr>
</tbody>
</table>

(1) Limited partnerships are invested with managers whose investment strategies include absolute return, other hedging strategies, private equity, venture capital, buy-outs, turnarounds, international equity, global fixed income and equity, international real estate, distressed debt and natural resources. Redemption rights vary from monthly to no redemption rights for the investor except as determined by the management of the fund.

(2) Real estate funds include Commonfund Realty Investors which has an annual redemption right of 20% of the partner's capital balance, but this redemption right has been suspended by the fund due to financial conditions. The College's capital balance in Commonfund Realty Partners is $2,583.

(3) Hedge fund investments are invested with a manager whose investment strategy includes, but is not limited to, private equity, real estate and natural resources. Redeemable funds may be redeemed semi-annually with a two month redemption notice after the funds have been invested for one year. One fund is subject to a 3-year lock up.

Securities classified within Level 3 investments are based on valuations provided by the external managers. The Investment Committee, in conjunction with the external investment advisor, monitors and analyzes the valuation of the investments. The Investment Committee reports to the Board of Trustees. The valuations consider variables such as the financial performance of the investments along with other pertinent information.

NOTE 7 - DEFICIENCIES FROM DECLINES IN FAIR VALUE:

From time to time, as a result of market declines, the fair value of certain donor restricted endowments were less than the historical dollar value. Deficiencies of this nature have been recorded as reductions in unrestricted net assets. There were no deficiencies as of June 30, 2014 and $72,644 at June 30, 2013.
NOTE 8 - ASSETS WhOSE USE IS LIMITED:

Indenture requirements of bond financing (see Note 12, "Bonds Payable") provide for the establishment and maintenance of various accounts with trustees. The indenture terms limit the use of these funds to capital expenditures and debt service payments as outlined in the agreements. Assets whose use is limited are comprised of cash equivalents and government and corporate securities recorded at fair market value. Assets whose use is limited totaled $944,613 and $4,240,162, respectively, as of June 30, 2014 and 2013, and are included in investments in the statement of financial position.

NOTE 9 - PLANT FACILITIES:

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and land improvements</td>
<td>$8,014,017</td>
<td>$7,846,176</td>
</tr>
<tr>
<td>Buildings</td>
<td>103,042,357</td>
<td>106,155,352</td>
</tr>
<tr>
<td>Equipment</td>
<td>7,893,659</td>
<td>7,765,933</td>
</tr>
<tr>
<td>Equipment under capital lease</td>
<td>1,128,520</td>
<td>779,985</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>6,589,948</td>
<td>2,136,964</td>
</tr>
<tr>
<td></td>
<td>$126,668,501</td>
<td>$124,684,410</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(33,065,299)</td>
<td>(33,207,636)</td>
</tr>
<tr>
<td>Net plant facilities</td>
<td>$93,603,202</td>
<td>$91,476,774</td>
</tr>
</tbody>
</table>

The College has recorded asset retirement obligations in accordance with generally accepted accounting principles related to certain fixed assets, 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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations settled</td>
<td>$ (192,065)</td>
<td>$ (162,695)</td>
</tr>
<tr>
<td>Loss (Gain) on settlement</td>
<td>(73,282)</td>
<td>90,339</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>17,571</td>
<td>36,116</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>880,601</td>
<td>916,841</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$ 632,825</td>
<td>$ 880,601</td>
</tr>
</tbody>
</table>

NOTE 10 - CAPITAL LEASE OBLIGATION:

The College has entered into capital lease commitments to finance the acquisition of computer equipment. The corresponding obligations are due in monthly and quarterly installments with maturities through October 2017.

The annual lease obligation at June 30, 2014 was as follows:

<table>
<thead>
<tr>
<th>Fiscal Years Ending June 30</th>
<th>Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 159,515</td>
</tr>
<tr>
<td>2016</td>
<td>112,497</td>
</tr>
<tr>
<td>2017</td>
<td>98,795</td>
</tr>
<tr>
<td>2018</td>
<td>16,976</td>
</tr>
<tr>
<td>Total payments</td>
<td>387,783</td>
</tr>
<tr>
<td>Less interest</td>
<td>(15,029)</td>
</tr>
<tr>
<td>Total capital lease obligation</td>
<td>$ 372,754</td>
</tr>
</tbody>
</table>
NOTE 11 - EARLY RETIREMENT PLAN:

The College maintains an Early Retirement Plan ("the Plan") that enables faculty with at least 20 years of service to elect early retirement. For those faculty members that have entered into a contractual agreement with the College under the Plan, the College is obligated to continue to make salary payments, as well as normal retirement contributions and other employment benefit costs as stipulated in each agreement. The obligations will be settled using the general assets of the College.

The liability recorded on the Statement of Financial Position for the Plan at June 30, 2014 and 2013 is as follows:

<table>
<thead>
<tr>
<th>Benefit Obligation</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated benefit obligation at end of year</td>
<td>$4,183,636</td>
<td>$3,116,711</td>
</tr>
<tr>
<td>Funded status</td>
<td>($4,183,636)</td>
<td>($3,116,711)</td>
</tr>
</tbody>
</table>

Amounts recognized in unrestricted net assets consists of:

<table>
<thead>
<tr>
<th>Amounts recognized in unrestricted net assets consists of</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>$2,915,962</td>
<td>$2,110,842</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>137,886</td>
<td>150,689</td>
</tr>
<tr>
<td>Transition obligation</td>
<td>54,828</td>
<td>109,652</td>
</tr>
<tr>
<td>Total</td>
<td>$3,108,676</td>
<td>$2,371,183</td>
</tr>
</tbody>
</table>

Other changes in plan assets and benefit obligations recognized in "Comprehensive loss on defined benefit plans" on the Statement of Activities:

<table>
<thead>
<tr>
<th>Other changes in plan assets and benefit obligations recognized in &quot;Comprehensive loss on defined benefit plans&quot; on the Statement of Activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss) gain</td>
<td>$912,277</td>
<td>$1,558,100</td>
</tr>
<tr>
<td>Recognized loss</td>
<td>(107,157)</td>
<td>(25,849)</td>
</tr>
<tr>
<td>Recognized prior service cost</td>
<td>(12,803)</td>
<td>(12,803)</td>
</tr>
<tr>
<td>Recognized net initial obligation</td>
<td>(54,824)</td>
<td>(54,824)</td>
</tr>
<tr>
<td>Total other changes in unrestricted net assets</td>
<td>$737,493</td>
<td>$1,464,624</td>
</tr>
</tbody>
</table>

Total amounts recognized as changes in unrestricted net assets arising from the early retirement plan

<table>
<thead>
<tr>
<th>Total amounts recognized as changes in unrestricted net assets arising from the early retirement plan</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,286,704</td>
<td>$1,813,523</td>
</tr>
</tbody>
</table>

The College expects the following amounts to be recognized for the year ending June 30,

<table>
<thead>
<tr>
<th>The College expects the following amounts to be recognized for the year ending June 30</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss recognition</td>
<td>$148,755</td>
<td>$107,157</td>
</tr>
<tr>
<td>Prior service cost recognition</td>
<td>12,803</td>
<td>12,803</td>
</tr>
<tr>
<td>Net initial benefit obligation recognition</td>
<td>54,824</td>
<td>54,824</td>
</tr>
<tr>
<td></td>
<td>$216,382</td>
<td>$174,784</td>
</tr>
</tbody>
</table>

During the years ended June 30, 2014 and 2013, employer contributions were $219,779 and $512,278, respectively. The College expects to contribute, from ongoing cash flows and assets, $218,799 to the plan in 2015. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:
NOTE 11 - EARLY RETIREMENT PLAN: Continued

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Expected Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 218,799</td>
</tr>
<tr>
<td>2016</td>
<td>10,153</td>
</tr>
<tr>
<td>2017</td>
<td>10,788</td>
</tr>
<tr>
<td>2018</td>
<td>92,028</td>
</tr>
<tr>
<td>2019</td>
<td>185,941</td>
</tr>
<tr>
<td>2020-2024</td>
<td>2,174,483</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,692,192</td>
</tr>
</tbody>
</table>

The discount rate, rate of increase in medical costs and rate of increase in future compensation levels used in determining the actuarial present value of the benefit obligation were 4.3%, 7.0% and 4.0%, respectively, at June 30, 2014 and 4.8%, 7.0% and 4.0%, respectively as of June 30, 2013.

NOTE 12 - BONDS PAYABLE:

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

<table>
<thead>
<tr>
<th>Bonds issued through California Educational Facilities Authority (&quot;CEFA&quot;):</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2005 A</td>
<td>$15,975,000</td>
<td>$16,085,000</td>
</tr>
<tr>
<td>Series 2009</td>
<td>59,675,000</td>
<td>60,940,000</td>
</tr>
<tr>
<td>California Municipal Finance Authority (&quot;CMFA&quot;)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 Tax-exempt Loan</td>
<td>187,741</td>
<td>-</td>
</tr>
<tr>
<td>Plus unamortized net premium</td>
<td>1,542,210</td>
<td>1,668,033</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>$77,379,951</td>
<td>$78,693,033</td>
</tr>
</tbody>
</table>

The CEFA Series 2005A bonds were issued in April 2005. The bond proceeds are funding the acquisition, construction, rehabilitation, remodeling, renovation and equipping of certain educational facilities. The CEFA Series 2005A bonds are due in 2035. Annual principal payments range from $115,000 to $1,580,000. Interest is payable semi-annually at 5%. Bonds maturing after April 1, 2015 with principal balances totaling $15,860,000 are subject to redemption at the outstanding principal balance plus accrued interest.

The CEFA Series 2009 bonds were issued in November 2009. The bond proceeds are funding the acquisition, construction, rehabilitation, remodeling, renovation and equipping of certain educational facilities as well as defeasing CEFA Series 1999 and 2005B. The CEFA Series 2009 bonds are due in 2040. Annual principal payments range from $1,325,000 to $5,255,000. Interest is payable semi-annually at rates ranging from 5.00% to 6.00%. Bonds maturing after April 1, 2029 with principal balances totaling $43,720,000 are subject to mandatory redemption at the outstanding principal balance plus accrued interest.

In June 2014, the College signed a California Municipal Finance Authority (CMFA) Tax-Exempt Loan agreement not to exceed $25,000,000 that matures June 2044. The College can make monthly draws through April 2016. Interest is 3.25% per annum. The note requires monthly principal and interest payments. The note was issued for the purpose of refunding CEFA Series 2005A bonds in April 2015 and for financing the acquisition, construction, renovation, installation, and equipping of certain educational facilities.

The CEFA Series 2005A and 2009 bonds are not collateralized. Total interest expense was $4,150,581 and $3,953,098, net of capitalized interest of $46,108 and $333,363, for the years ended June 30, 2014 and 2013, respectively.
The maturity of bonds payable at June 30, 2014, was as follows:

<table>
<thead>
<tr>
<th>Fiscal Years Ending June 30</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,440,000</td>
</tr>
<tr>
<td>2016</td>
<td>1,515,000</td>
</tr>
<tr>
<td>2017</td>
<td>1,777,741</td>
</tr>
<tr>
<td>2018</td>
<td>1,670,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,750,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>67,685,000</td>
</tr>
<tr>
<td></td>
<td>$75,837,741</td>
</tr>
</tbody>
</table>

The CEFA Series 2009 and 2005A bond agreements and CMFA 2014 Tax-exempt Loan contain various restrictive covenants which include maintenance of certain financial ratios, as defined in the agreements.

The College holds CEFA bonds that are reported at an amortized cost of $77,379,951 and $78,693,033 as of June 30, 2014 and 2013, respectively, in the Statement of Financial Position. These CEFA bonds have an approximate fair value of $81,901,007 and $81,385,985 at June 30, 2014 and 2013, respectively. The College determined these CEFA bonds to be Level 2 measurements in the fair value hierarchy.

The College has an unsecured $5,000,000 line of credit with a bank. Any borrowings on the line would bear interest at the Prime Rate (3.25% at June 30, 2014 and 2013) less 100 basis points. There were no borrowings outstanding on the line at June 30, 2014 and 2013.

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available for operations</td>
<td>$1,002,999</td>
<td>$964,773</td>
</tr>
<tr>
<td>For designated purposes</td>
<td>669,222</td>
<td>222,726</td>
</tr>
<tr>
<td>Funds functioning as endowment</td>
<td>81,843,069</td>
<td>71,728,351</td>
</tr>
<tr>
<td>Plant facilities</td>
<td>25,185,044</td>
<td>25,308,817</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>$108,700,334</td>
<td>$98,224,667</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant facilities</td>
<td>$8,031,759</td>
<td>$8,657,675</td>
</tr>
<tr>
<td>Annuity and life income contracts and agreements</td>
<td>122,297</td>
<td>108,504</td>
</tr>
<tr>
<td>Endowment</td>
<td>22,052,276</td>
<td>16,839,580</td>
</tr>
<tr>
<td>Other</td>
<td>5,303,873</td>
<td>3,752,780</td>
</tr>
<tr>
<td>Total temporarily restricted</td>
<td>$35,510,205</td>
<td>$29,358,539</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student loans</td>
<td>$2,669,304</td>
<td>$2,662,452</td>
</tr>
<tr>
<td>Annuity and life income contracts and agreements</td>
<td>132,278</td>
<td>118,712</td>
</tr>
<tr>
<td>Endowment</td>
<td>30,981,800</td>
<td>30,482,633</td>
</tr>
<tr>
<td>Total permanently restricted</td>
<td>$33,783,382</td>
<td>$33,263,797</td>
</tr>
</tbody>
</table>
NOTE 14 - NET STUDENT REVENUES:

The following table shows the student revenues for the years ended June 30, 2014 and 2013. In Fiscal Year 2012, Net Student Revenues included the fee categories of Campus activity fees under Tuition and Facility fees under Other Student Revenues. These separate fees were eliminated in Fiscal Year 2013 and the fees were redistributed among Tuition, Room and Board categories.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition - regular students</td>
<td>$42,954,683</td>
<td>$41,509,270</td>
</tr>
<tr>
<td>Tuition - new resource students</td>
<td>1,517,424</td>
<td>1,617,600</td>
</tr>
<tr>
<td>Tuition - study abroad</td>
<td>2,900,037</td>
<td>2,840,710</td>
</tr>
<tr>
<td>Tuition - summer session</td>
<td>560,505</td>
<td>459,186</td>
</tr>
<tr>
<td>Miscellaneous student fees</td>
<td>580,763</td>
<td>484,451</td>
</tr>
<tr>
<td></td>
<td><strong>48,513,412</strong></td>
<td><strong>46,911,217</strong></td>
</tr>
<tr>
<td>Less: grant aid</td>
<td>(11,870,758)</td>
<td>(12,213,243)</td>
</tr>
<tr>
<td>Tuition revenue net of grant aid</td>
<td>36,642,654</td>
<td>34,697,974</td>
</tr>
<tr>
<td><strong>Other student revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room fees</td>
<td>6,621,198</td>
<td>6,348,451</td>
</tr>
<tr>
<td>Board fees</td>
<td>4,707,179</td>
<td>4,530,309</td>
</tr>
<tr>
<td>International scholars program</td>
<td>910,137</td>
<td>531,104</td>
</tr>
<tr>
<td></td>
<td><strong>12,238,514</strong></td>
<td><strong>11,409,864</strong></td>
</tr>
<tr>
<td>Net student revenues</td>
<td>$48,881,168</td>
<td>$46,107,838</td>
</tr>
</tbody>
</table>

NOTE 15 - FUND RAISING EXPENSE:

Included in Marketing expenses in the accompanying consolidated Statement of Activities for the years ended June 30, 2014 and 2013 are approximately $1,453,000 and $1,569,000, respectively, of expenditures related to fundraising.
NOTE 16 - ENDOWMENT:

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

Changes in the College's endowment for the years ended June 30, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment returns:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income from pooled funds</td>
<td>$1,991,093</td>
<td>-</td>
<td>-</td>
<td>$1,991,093</td>
</tr>
<tr>
<td>Less spending policy reinvested</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less investment returns appropriated for operations</td>
<td>(4,429,558)</td>
<td>(41,713)</td>
<td>(11,313)</td>
<td>(4,482,584)</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>(53,026)</td>
<td>41,713</td>
<td>11,313</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(2,491,491)</td>
<td>-</td>
<td>-</td>
<td>(2,491,491)</td>
</tr>
<tr>
<td>Change in realized/unrealized net appreciation of investments</td>
<td>11,239,164</td>
<td>5,183,628</td>
<td>258,043</td>
<td>16,680,835</td>
</tr>
<tr>
<td>Net return in pooled investment fund</td>
<td>8,747,673</td>
<td>5,183,628</td>
<td>258,043</td>
<td>14,189,344</td>
</tr>
<tr>
<td>Investment income from separate investments</td>
<td>-</td>
<td>29,069</td>
<td>678</td>
<td>29,747</td>
</tr>
<tr>
<td>Reinvested income from pooled investments</td>
<td>-</td>
<td>-</td>
<td>11,313</td>
<td>11,313</td>
</tr>
<tr>
<td>Total net investment returns</td>
<td>8,747,673</td>
<td>5,212,697</td>
<td>270,034</td>
<td>14,230,404</td>
</tr>
<tr>
<td>Other changes in endowed equity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts</td>
<td>-</td>
<td>-</td>
<td>228,583</td>
<td>228,583</td>
</tr>
<tr>
<td>Redesignated net assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>1,367,045</td>
<td>-</td>
<td>550</td>
<td>1,367,595</td>
</tr>
<tr>
<td>Net change in endowed equity</td>
<td>10,114,718</td>
<td>5,212,697</td>
<td>499,167</td>
<td>15,826,582</td>
</tr>
<tr>
<td>Endowed equity, beginning of year</td>
<td>71,728,351</td>
<td>16,839,579</td>
<td>30,482,633</td>
<td>119,050,563</td>
</tr>
<tr>
<td>Endowed equity, end of year</td>
<td>$81,843,069</td>
<td>$22,052,276</td>
<td>$30,981,800</td>
<td>$134,877,145</td>
</tr>
</tbody>
</table>

At June 30, 2014, endowed equity consists of the following assets:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$81,843,069</td>
<td>$22,052,276</td>
<td>$28,095,489</td>
<td>$131,990,834</td>
</tr>
<tr>
<td>Beneficial interest in trusts</td>
<td>-</td>
<td>-</td>
<td>2,298,591</td>
<td>2,298,591</td>
</tr>
<tr>
<td>Contributions receivable, net of discount</td>
<td>-</td>
<td>-</td>
<td>587,720</td>
<td>587,720</td>
</tr>
<tr>
<td>Total endowed equity</td>
<td>$81,843,069</td>
<td>$22,052,276</td>
<td>$30,981,800</td>
<td>$134,877,145</td>
</tr>
</tbody>
</table>
NOTE 16 - ENDOWMENT: Continued

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income from pooled funds</td>
<td>$1,950,374</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,950,374</td>
</tr>
<tr>
<td>Less spending policy reinvested</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less investment returns appropriated for operations</td>
<td>(4,336,773)</td>
<td>(23,007)</td>
<td>(2,274)</td>
<td>(4,362,054)</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>(25,281)</td>
<td>23,007</td>
<td>2,274</td>
<td>-</td>
</tr>
<tr>
<td>Cumulative gains appropriated for operations</td>
<td>(2,411,680)</td>
<td>-</td>
<td>-</td>
<td>(2,411,680)</td>
</tr>
<tr>
<td>Change in realized/unrealized net appreciation of investments</td>
<td>6,386,930</td>
<td>2,090,566</td>
<td>57,911</td>
<td>8,535,407</td>
</tr>
<tr>
<td>Net return in pooled investment fund</td>
<td>3,975,250</td>
<td>2,090,566</td>
<td>57,911</td>
<td>6,123,727</td>
</tr>
<tr>
<td>Investment income from separate investments</td>
<td>-</td>
<td>27,218</td>
<td>439</td>
<td>27,657</td>
</tr>
<tr>
<td>Reinvested income from pooled investments</td>
<td>-</td>
<td>-</td>
<td>2,274</td>
<td>2,274</td>
</tr>
<tr>
<td>Total net investment returns</td>
<td>3,975,250</td>
<td>2,117,784</td>
<td>60,624</td>
<td>6,153,658</td>
</tr>
<tr>
<td>Other changes in endowed equity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts</td>
<td>-</td>
<td>-</td>
<td>3,148,642</td>
<td>3,148,642</td>
</tr>
<tr>
<td>Transfers</td>
<td>(863,818)</td>
<td>-</td>
<td>-</td>
<td>(863,818)</td>
</tr>
<tr>
<td>Net change in endowed equity</td>
<td>3,111,432</td>
<td>2,117,784</td>
<td>3,209,266</td>
<td>8,438,482</td>
</tr>
<tr>
<td>Endowed equity, beginning of year</td>
<td>68,616,919</td>
<td>14,721,795</td>
<td>27,273,367</td>
<td>110,612,081</td>
</tr>
<tr>
<td>Endowed equity, end of year</td>
<td>$ 71,728,351</td>
<td>$16,839,579</td>
<td>$30,482,633</td>
<td>$119,050,563</td>
</tr>
</tbody>
</table>

At June 30, 2013, endowed equity consists of the following assets:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$71,728,351</td>
<td>$16,839,579</td>
<td>$27,753,085</td>
<td>$116,321,015</td>
</tr>
<tr>
<td>Beneficial interest in trusts</td>
<td>-</td>
<td>-</td>
<td>2,036,852</td>
<td>2,036,852</td>
</tr>
<tr>
<td>Contributions receivable, net of discount</td>
<td>-</td>
<td>-</td>
<td>692,696</td>
<td>692,696</td>
</tr>
<tr>
<td>Total endowed equity</td>
<td>$71,728,351</td>
<td>$16,839,579</td>
<td>$30,482,633</td>
<td>$119,050,563</td>
</tr>
</tbody>
</table>
NOTE 16 - ENDOWMENT: Continued

The net assets of the College include permanent endowments, temporarily restricted endowments and funds functioning as endowments. Permanent endowments are subject to the restriction that the gift instrument be held in perpetuity and that the principal be invested and the income only be utilized as provided for under the California UPMIFA. Temporarily restricted endowments are subject to timing restrictions of the donor. Funds functioning as endowments have been established by the Board of Trustees to function as endowment and any portion of such funds may be expended.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted endowment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds functioning as endowment</td>
<td>$81,843,069</td>
<td>$71,800,995</td>
</tr>
<tr>
<td>Funds with deficiencies</td>
<td>-</td>
<td>(72,644)</td>
</tr>
<tr>
<td>Total unrestricted endowment</td>
<td>$81,843,069</td>
<td>$71,728,351</td>
</tr>
</tbody>
</table>

Temporarily Restricted

| Portion of perpetual endowment fund subject to a time restriction under California UPMIFA: | 2014       | 2013       |
| Without purpose restriction       | $11,768,046| $9,138,733 |
| With purpose restriction          | 10,284,230 | 7,700,846  |
| Total temporarily restricted endowment funds | $22,052,276| $16,839,579|

| Permanently restricted endowment  | 30,981,800 | 30,482,633 |
| Total endowment                   | $134,877,145| $119,050,563|

NOTE 17 - EMPLOYEE BENEFIT PLANS:

The College participates with other members of The Claremont Colleges (Note 18), in a defined contribution retirement plan which provides retirement benefits to eligible personnel through Teachers Insurance and Annuity Association and The College Retirement Equity Fund. 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 $2,133,000 and $2,040,000, respectively.

The Claremont University Consortium administers a defined benefit plan (the "Plan") covering substantially all nonacademic employees of the College, along with those of the other Claremont Colleges. The Plan is funded in accordance with the Employer Retirement Income Security Act of 1974 ("ERISA"). The benefits are based on a percent of each year's base compensation. Plan assets are invested primarily in a diversified group of equity and fixed-income securities. The College's allocation of the net pension cost for the years ended June 30, 2014 and 2013 was $93,909 and $89,635, 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 which provides common student and administrative services, including certain central facilities utilized by all The Claremont Colleges. The costs of these services and facilities are shared by the members of the group. Amounts paid by the College for such services and use of facilities for the years ended June 30, 2014 and 2013 totaled $4,150,001 and $3,722,183, respectively.
NOTE 19 - RELATED PARTIES:

The College receives contributions and promises to give from members of the Board of Trustees. For the years ended June 30, 2014 and 2013, the College received approximately $1,782,000 and $11,336,000, respectively, of total contribution revenue from members of the Board of Trustees. As of June 30, 2014 and 2013, contributions receivable from members of the Board of Trustees totaled approximately $8,813,000 and $9,213,000 of total contributions receivable.

NOTE 20 - COMMITMENTS AND CONTINGENCIES:

During 2014, the College entered into a construction contract related to the renovation of its buildings. The outstanding commitment under the construction contract was $408,275 for the year ended June 30, 2014.

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 or results of operations of the College.

Occasionally, the College is involved in lawsuits arising in the ordinary course of its operations. The College's management does not expect the ultimate resolution of pending legal actions to have a material effect on the financial position or results of operation of the College.

NOTE 21 - SUBSEQUENT EVENTS:

Subsequent events are events or transactions that occur after the statement of financial position date but before consolidated financial statements are available to be issued. The College recognizes in the consolidated 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 consolidated 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 10, 2014, which is the date the consolidated financial statements are available for issuance.