ANNUAL FINANCIAL REPORT

2023 – 2024

Claremont Graduate University

CLAREMONT GRADUATE UNIVERSITY
ANNUAL FINANCIAL REPORT

June 30, 2024 and 2023

CONTENTS

Report of Independent Auditors

The Board of Trustees
Claremont Graduate University

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Claremont Graduate University (the University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Moss Adams LLP

Pasadena, California
October 10, 2024

CLAREMONT GRADUATE UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
Assets:		
Cash and cash equivalents	$ 15,684,106	$ 5,813,516
Accounts receivable, net (Note 3)	4,388,120	4,660,272
Prepaid expenses and deposits	183,530	134,148
Operating right of use asset (Note 9)	1,024,329	-
Contributions receivable, net (Note 4)	37,949,712	42,110,129
Notes receivable, net (Note 5)	23,135,047	273,708
Investments (Note 6)	207,240,676	199,448,833
Plant facilities, net (Note 8)	57,809,072	59,810,153
Total assets	$ 347,414,592	$ 312,250,759
Liabilities:		
Accounts payable and accrued liabilities	$ 5,140,833	$ 4,885,252
Deposits and deferred revenues	4,851,867	4,679,629
Operating lease obligation (Note 9)	1,024,329	-
Liability for deferred compensation plan (Note 10)	4,657,018	3,973,291
Life income and annuities payable (Note 2)	960,805	951,094
Notes and bonds payable (Note 11)	40,363,721	41,531,673
Government advances for student loans	162,114	212,203
Total liabilities	57,160,687	56,233,142
Net Assets: (Note 12)		
Without donor restrictions	43,856,969	17,735,092
With donor restrictions		
Time or purpose	103,873,313	96,038,657
Perpetual	142,523,623	142,243,868
Total with donor restrictions	246,396,936	238,282,525
Total net assets	290,253,905	256,017,617
Total liabilities and net assets	$ 347,414,592	$ 312,250,759

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

CLAREMONT GRADUATE UNIVERSITY
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Revenues and releases of net assets:			
Net student revenues (Note 15)	$ 31,179,068	$ -	$ 31,179,068
Contributions	3,004,400	3,637,365	6,641,765
Contributions of nonfinancial assets (Note 16)	212,400	-	212,400
Federal grants	3,060,549	-	3,060,549
Spending policy income	16,664,126	4,758,505	21,422,631
Other investment income	861,968	138,421	1,000,389
Contract revenue	3,538,028	-	3,538,028
Other revenue	1,129,441	-	1,129,441
Auxiliary enterprises	309,261	-	309,261
Release of restricted net assets	1,389,052	(1,389,052)	-
Total revenues and releases of net assets	61,348,293	7,145,239	68,493,532
Expenses: (Note 17)			
Instruction	27,652,301	-	27,652,301
Research	5,274,743	-	5,274,743
Academic support	8,506,550	-	8,506,550
Student services	5,547,554	-	5,547,554
Institutional support	14,939,165	-	14,939,165
Student aid	1,163,339	-	1,163,339
Auxiliary enterprises	1,313,354	-	1,313,354
Total expenses	64,397,006	-	64,397,006
Excess (deficiencies) of revenues over (under) expenses	(3,048,713)	7,145,239	4,096,526
Other changes in net assets:			
Actuarial adjustments	48,229	220,674	268,903
Adjustments to contributions receivable	-	(15,000)	(15,000)
Net realized and unrealized gain (loss) on investments, net of appropriations	655,566	(805,630)	(150,064)
Gain (loss) on disposal of plant facilities	29,972,025	-	29,972,025
Transfers from The Claremont Colleges	63,898	-	63,898
Release of net assets for plant facilities	32,210	(32,210)	-
Redesignation of net assets	(1,601,338)	1,601,338	-
Change in net assets	26,121,877	8,114,411	34,236,288
Net assets, beginning of year	17,735,092	238,282,525	256,017,617
Net assets, end of year	$ 43,856,969	$ 246,396,936	$ 290,253,905

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

CLAREMONT GRADUATE UNIVERSITY
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Revenues and releases of net assets:			
Net student revenues (Note 15)	$ 33,237,995	$ -	$ 33,237,995
Contributions	4,795,563	14,575,157	19,370,720
Federal grants	3,291,314	-	3,291,314
Spending policy income	11,389,583	2,223,186	13,612,769
Other investment income	(145,129)	65,145	(79,984)
Contract revenue	3,384,824	-	3,384,824
Other revenue	2,301,023	-	2,301,023
Auxiliary enterprises	295,040	-	295,040
Release of restricted net assets	1,583,334	(1,583,334)	-
Total revenues and releases of net assets	60,133,547	15,280,154	75,413,701
Expenses: (Note 17)			
Instruction	27,201,558	-	27,201,558
Research	7,492,831	-	7,492,831
Academic support	7,962,511	-	7,962,511
Student services	5,956,389	-	5,956,389
Institutional support	13,709,225	-	13,709,225
Student aid	1,451,672	-	1,451,672
Auxiliary enterprises	1,252,166	-	1,252,166
Total expenses	65,026,352	-	65,026,352
Excess (deficiencies) of revenues over (under) expenses	(4,892,805)	15,280,154	10,387,349
Other changes in net assets:			
Actuarial adjustments	37,338	166,472	203,810
Adjustments to contributions receivable	(5,476)	(777,990)	(783,466)
Net realized and unrealized gain on investments, net of appropriations	930,066	2,301,596	3,231,662
Gain on disposal of plant facilities	5,476	-	5,476
Transfers from The Claremont Colleges	682,013	-	682,013
Release of net assets for plant facilities	1,672,261	(1,672,261)	-
Redesignation of net assets	(337,062)	337,062	-
Change in net assets	(1,908,189)	15,635,033	13,726,844
Net assets, beginning of year	19,643,281	222,647,492	242,290,773
Net assets, end of year	$ 17,735,092	$ 238,282,525	$ 256,017,617

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 34,236,288	$ 13,726,844
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	1,916,234	2,068,606
Amortization expense	13,056	15,282
Accretion expense	102,502	69,261
Adjustments to contributions receivable	15,000	783,466
Change in allowance for credit losses	491,155	231,363
Net gain on disposal of plant facilities	(29,972,025)	(5,476)
Non-cash gifts	(212,400)	-
Contributions restricted for long-term purposes	(1,539,345)	(13,678,480)
Realized and unrealized (gains) on investments	(17,751,807)	(13,901,373)
Actuarial adjustment	(268,903)	(203,810)
(Increase) decrease in accounts receivable	(219,003)	(512,591)
(Increase) decrease in prepaid expenses and deposits	(49,382)	92,255
(Increase) decrease in contributions receivable	4,185,176	(5,362,823)
Increase (decrease) in accounts payable and accrued liabilities	201,307	(2,326,017)
Increase (decrease) in deposits and deferred revenues	172,238	(622,709)
Increase (decrease) in liability for deferred compensation plan	683,727	554,330
Net cash (used in) provided by operating activities	(7,996,182)	(19,071,872)
Cash flows from investing activities:		
Purchases of investments	(49,815,085)	(41,316,943)
Proceeds from sales of investments	60,039,455	51,416,959
Purchase of plant facilities	(1,636,648)	(3,723,630)
Proceeds from sales of plant facilities	8,957,644	49,714
Collection of student and other loans	86,937	122,508
Net cash provided by (used in) investing activities	17,632,303	6,548,608
Cash flows from financing activities:		
Payments to annuity and life income beneficiaries	(100,949)	(120,441)
Investment income for annuity and life income contracts	27,170	28,180
Proceeds from notes and line of credit	9,000,000	12,400,000
Principal payments for notes and line of credit	(9,656,008)	(10,549,327)
Principal payments for bonds	(525,000)	(500,000)
Contributions restricted for endowment	58,376	94,583
Contributions restricted for plant expenditures	1,480,969	13,583,897
Change in government advances for student loans	(50,089)	7,537
Net cash provided by financing activities	234,469	14,944,429
Net (decrease) increase in cash	9,870,590	2,421,165
Cash and cash equivalents at beginning of year	5,813,516	3,392,351
Cash and cash equivalents at end of year	$ 15,684,106	$ 5,813,516
Supplemental disclosure of cash flows:		
Interest paid	$ 1,920,859	$ 1,977,279
Right-of-use asset obtained in exchange for operating lease liability	$ 1,232,055	$ -
Supplemental disclosure of non-cash investing activity:		
Promissory Note for Sale of Art Building	$ 22,948,276	$ -

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

June 30, 2024 and 2023

NOTE 1 – ORGANIZATION:

Founded in 1925, Claremont Graduate University (CGU or the University) is a member of The Claremont Colleges, located approximately forty-five miles east of Los Angeles. The member institutions (see Note 21) are academically independent but share some central programs and services.

The University is a doctoral research intensive university with graduate programs in the social and information sciences, arts, humanities, management, education, mathematics, public health, and botany. Each school within the University has a distinctive academic focus and strong strategic goals. The University as a whole is committed to developing programs that nurture a distinctive and distinguished signature education available to students. The objective of the University as a nonprofit educational institution is to educate a diverse student population in graduate studies. The Blais Foundation (the Foundation) was formed to engage in charitable and educational activities directed toward support of academic cooperation between the University and the other Claremont Colleges. The Foundation is a separate 501(c)(3) nonprofit entity incorporated in the State of California.

CGU Student Housing, LLC was created in 2016 as a limited liability company with Claremont Graduate University being the sole member and maintaining one hundred percent (100%) of the membership interest in the company. CGU Student Housing, LLC was formed to operate the University's student housing program. CGU Student Housing, LLC has ceased operations as of June 30, 2020.

The University and the Foundation are nonprofit corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. The Foundation and Student Housing, LLC are currently undergoing the dissolution process with the California Secretary of State. Both entities do not currently hold any assets or liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting policies of the University 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 (U.S. GAAP).

Consolidated Financial Statements:
The activities of Blais Foundation and CGU Student Housing, LLC are consolidated in the University's consolidated financial statements and all intercompany transactions have been eliminated in consolidation, as required by U.S. GAAP.

Net Asset Categories:
The accompanying consolidated financial statements present information regarding the University's consolidated financial position and activities according to the following net asset categories:

Net assets without donor restrictions: Net assets without donor restrictions include all support that is not subject to donor-imposed restrictions. The Board of Trustees has designated a portion of net assets to function as endowment (Note 12, Net Assets). Income from the funds designated by the Board of Trustees to function as endowment investments, under the University's spending policy (Note 2, Investments), supports general operating purposes. Plant facilities and other net assets include all long-lived assets, net of related long-term debt, and other support.

Net assets with donor restrictions: Net assets with donor restrictions include gifts of cash, accumulated earnings on perpetual endowments, and other assets subject to donor-imposed restrictions that either lapse through the passage of time, or can be satisfied through fulfillment of purpose, or are to be held in perpetuity by the University. When a non-perpetual donor restriction expires, net assets are released to net assets without donor restrictions (Note 2, Revenue Recognition).

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition:

Tuition and fees revenue is recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. Revenue recognition occurs once a student starts attending a course. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. The University's education programs have starting and ending dates that differ from its fiscal year-end. Therefore, at the end of each fiscal year, a portion of revenue from these programs is not yet earned. The University determined there are no costs that are capitalized to obtain or to fulfill a contract with a customer.

Unconditional gifts, including promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Gifts where donor restrictions are met within the same fiscal year as the contribution is received are included in net assets without donor restrictions. 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 in future periods are discounted at an appropriate discount rate.

Individual grant arrangements have been evaluated and determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution—when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. These transactions are then recognized as unconditional and classified as increases to net assets without donor restrictions.

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is explicitly restricted by the donor.

Contract revenue is recognized based on contractual performance obligations. Each performance obligation is identified, and the value of each performance obligation is determined individually. The full contract price is allocated to performance obligations and revenue is recognized as each obligation is satisfied or in the period the service was delivered. Amounts received in advance of delivery of services are recorded as deferred revenue.

Auxiliary enterprises includes revenue from dining services and housing, and these revenues are recognized over the period the services are provided. Amounts received in advance of delivery of services are recorded as deferred revenue. The auxiliary enterprise expenses include all costs incurred in providing these services.

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 net assets without donor restrictions. 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. It is the University'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.

The University’s receivables represent unconditional rights to consideration from its contracts with students; accordingly, students are not billed until they start attending a course and the revenue recognition process has commenced. Once a student has been invoiced, payment is due immediately. Included in each invoice to the student are all educational related items including tuition, net of scholarships, fees, etc. The University does not have any contract assets. The University’s contract liabilities are reported as deposits and deferred revenues in the consolidated statements of financial position. Deferred revenue and student deposits in any period represent the excess of tuition, fees, and other student payments received as compared to amounts recognized as revenue on the consolidated statements of activities and are reflected as liabilities in the consolidated statements of financial position.

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition, continued:

The University has identified a performance obligation associated with the provision of its educational instruction and other educational services, housing services, and other academic related services and uses the output measure for recognition as the period of time over which the services are provided. The University has identified performance obligations related to its dining services and other auxiliary activities and recognizes revenue at the point in time goods or services are provided to its customers. The University maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the University continues to recognize the tuition that was not refunded pro-rata over the applicable period of instruction. The University does not record revenue on amounts that may be refunded.

Expense Allocation:

The consolidated statements of activities present expenses as decreases in net assets without donor restrictions and by functional classification. Depreciation and operation and maintenance of plant expenses are allocated to functional classifications 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 purposes of reporting cash flows, cash includes demand deposit bank accounts. Resources invested in money market funds and short-term investments with original maturities of three months or less are classified as cash equivalents, except that any such investments held by external investment managers are classified as investments. The University's cash and cash equivalent accounts at times may exceed federally insured limits. The University has not experienced any losses in such accounts.

Accounts Receivable:

Accounts receivable consists primarily of unsecured student accounts, non interest bearing amounts due from grants and contracts, and affiliated institutions (see Note 21). Student accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The University separates student accounts receivables into risk pools based on aging. To determine the allowance as of the statement of financial position date, the University develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience and adjusted for current and future economic conditions. As of June 30, 2024, the University did not modify its historical loss rates for each aging category due to decreased inflation, stable unemployment rates and other economic factors.

Right of Use Assets and Lease Obligations:

The College recognizes a Right-of-Use (ROU) asset and lease obligation for leases with an expected term greater than 12 months and with a discounted value greater than $100,000 for building and $25,000 for equipment on its consolidated statements of financial position at commencement date, which is the date the University gains access to the property or underlying asset. The ROU asset is determined based on the lease obligation adjusted for lease incentives received. The lease obligation is determined based on the present value of future minimum rental payments using a risk-free incremental borrowing rate in effect at the time of the lease commencement. Operating lease cost is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the ROU asset and lease obligation if

Allowances for Credit Losses:

The University records an allowance for credit losses for estimated losses resulting from donors not making their pledged payments. Management has determined that the allowances for credit losses are appropriate based on a periodic review of accounts. Accounts are reviewed on an individual basis, taking into consideration individual facts and circumstances that may impact their ability to be collected. Balances that are deemed uncollectible are written off through a charge to credit losses and a credit to accounts receivable. The University reflects accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Notes Receivable:

Notes receivable consists of uncollateralized federal and faculty housing loans and a promissory note from a member of The Claremont Colleges for the sale of a building. Federal loan funds receivable represent a revolving loan fund administered by the University, funded by the Federal Perkins Loan Program. A corresponding liability, reporting the amount owed to the federal government should the University exit the program, is included on the consolidated statements of financial position. On October 1, 2017, the Federal Perkins Extension Act of 2015 expired and no longer permits disbursements of any kind after June 30, 2018. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including such factors as the financial condition of specific borrowers and the level of delinquent loans. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the federal government in certain non-repayment situations. In these situations the federal portion of the loan balance is guaranteed. Allowances have been established based on experience, and balances deemed noncollectable are written off through a charge to credit losses and a credit to notes receivable. The University follows federal guidelines for determining when student loans are delinquent or past due. Federal guarantees subject to the federal loan programs are not subject to credit risk and are excluded from the estimates for allowances for credit losses.

In January 2024, the University issued a promissory note to Scripps College in connection with the sale agreement of the University's art building to Scripps. The promissory note has a principal amount of $22,948,276 and is due April 1, 2025. The promissory note is collateralized by a deed of trust and no allowance for credit losses was recorded based on the collateralization.

Deposits and Deferred Revenue:

Deposits and deferred revenue represent revenues collected but not substantially earned as of June 30. This is comprised of revenue or deposits for student summer tuition recognized during the fall semester. As the summer semester is conducted over a fiscal year period, deferred revenue is recorded for revenue related to those programs that take place in the next fiscal year.

Investments:

Where permitted by law, the University pools investments for management purposes. The remaining investments are managed as separate investments. Investments are reported at fair value, except for real estate investments, trust deed loans, and certain other miscellaneous assets which are stated at the original appraisal value and are not revalued on a recurring basis. Investments are stated at fair value as of the most recent valuation prior to year end. The University 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. Those estimated fair values may differ significantly from the values that would have been used had a readily available market for these securities existed. 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 fair values of investments from the prior year. In the absence of explicit donor stipulation or legal restrictions, investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions. The date of record for investments is the trade date.

Concentration of Credit Risk:

Investment securities are exposed to various risks, such as changes in interest rates, credit ratings, and market fluctuations. At times, balances in the University's cash and investment accounts exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) insured limits. Due to the level of risk associated with certain investment securities and investment contracts and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the University's account balances and the amounts reported in the consolidated statements of financial position and the consolidated statements of activities.

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Management of Pooled Investments:
The University follows an investment policy that 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 rate for the fiscal years as approved by the Board of Trustees was 11.00% and 7.25% of the average unit market value at the end of the 12 contiguous quarters, the last of which ended on September 30 of the preceding fiscal year for the years ended June 30, 2024 and 2023.

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

(1) Duration and preservation of the donor-restricted endowment fund
(2) Mission of the University and purpose of the endowment fund
(3) General economic conditions
(4) Possible effects of inflation and deflation
(5) Expected total return from income and depreciation of investments
(6) Other resources of the University
(7) Investment policy of the University

Funds with Deficiencies:
From time to time, as a result of market declines, the fair value of certain donor-restricted endowments falls below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature have been recorded as reductions in net assets with donor restrictions. As of June 30, 2024 and 2023, funds with an original gift value of approximately $42,220,000 and $38,822,000 and fair value of approximately $39,253,000 and $36,395,000 were deficient by approximately $2,966,000 and $2,426,000, respectively. As the fair value of the investments increases, the deficiency will reverse.

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.

The University carries most investments and its beneficial interest in trusts held by a third party at fair value. Cash and cash equivalents and other investments are carried at cost, which approximates fair value. 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. Fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value and 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).

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fair Value of Financial Instruments, continued:
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 University 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 University 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 University's perceived risk of that investment.

The investments in cash equivalents, certain domestic and international equities, mutual funds, fixed income funds, and other assets are valued based on quoted market prices and are therefore typically classified within Level 1.

The investments in certain debt securities are valued based on quoted market prices of comparable assets and are typically classified within Level 2.

The investments in hedge funds, private equity funds, limited partnerships, and the University's beneficial interest in trusts held by third parties, which are recorded within contributions receivable, are valued utilizing unobservable inputs. These assets are presented in the accompanying consolidated financial statements at fair value. The University has concurred with the fair value as provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the University's proportionate share of the partner's capital of the investment partnerships or the University's allocations in investment funds. With the exception of beneficial interest in trusts held by third parties, which are classified within Level 3, the fair value of these investments has been estimated

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

Collections:
The University capitalizes its collections of works of art at their appraised or estimated current fair value upon date of gift.

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Plant Facilities:
Plant facilities consist of property, plant, and equipment, which are stated at cost representing the original purchase price or the fair value at the date of the gift, less accumulated depreciation computed on a straight-line basis over the estimated useful lives of buildings, permanent improvements, and equipment. The University capitalizes all buildings and building improvements with a cost basis over $100,000 as well as equipment and land improvements with a cost basis over $25,000 and an estimated useful life in excess of one year. The University has adopted useful lives for depreciation of 7 years for equipment and 40 years for buildings. The cost and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains or losses are included in the consolidated statements of activities. Asset retirement obligations are recorded based on estimated settlement dates and methods. Expenditures for maintenance, repairs, and renewals are charged to expense as incurred.

Proceeds from the disposal of equipment acquired with federal funds will be transferred to the federal awarding agency. No federal project equipment was disposed of during the years ended June 30, 2024 and 2023. No property or equipment has been acquired with restricted assets where title may revert to another party.

Asset Retirement Obligations:
Asset retirement obligations are estimated costs and obligations associated with the retirement of long-lived assets. These liabilities were initially recorded at fair value and the related asset retirement costs were recorded as decreases in net assets without donor restrictions. Asset retirement costs are subsequently accreted over the useful lives of the related assets. The asset retirement obligation of approximately $1,871,100 and $1,768,600 at June 30, 2024 and 2023, respectively, is included in accrued liabilities on the consolidated statements of financial position. Accretion expense was $102,502 and $69,261 for the years ended June 30, 2024 and 2023, respectively.

Annuity and Life Income Contracts and Agreements:
The University has legal title to annuity and life income contracts and agreements subject to life interests of beneficiaries. Life income and annuities payable represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds. 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 expenditures.

The University 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 credited with investment income and gains and is charged with investment 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 rate of 6.0% to 7.5% and over estimated lives according to the 2012 Individual Annuity Reserving (IAR) Unisex Mortality Tables at June 30, 2024 and at June 30, 2023, respectively.

Use of Estimates:
The preparation of consolidated financial statements in conformity with U.S. GAAP 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.

Income Taxes:
The University is exempt from Federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, except for taxes on unrelated business income. Since the University had no material unrelated business income for the years ended June 30, 2024 and 2023, no provision for income taxes has been made in the accompanying financial statements. In accordance with U.S. GAAP, the University had no unrecognized tax benefits at June 30, 2024 and 2023.

June 30, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Accounting Pronouncements:
Effective July 1, 2023, the University adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326), which required the use of the current expected credit losses ("CECL") impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities and trade receivables), net investments in leases, and certain off balance sheet credit exposures. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The University adopted this standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new or enhanced disclosures only.

Redesignation of Net Assets:
Certain amounts previously received from donors have been transferred among net asset categories due to changes in donor designations.

Reclassifications:
Certain 2023 amounts have been reclassified to conform to 2024 presentation. The reclassifications had no impact on the previously reported change in net assets or net assets.

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2024 and 2023 are as follows:

	2024	2023
Student accounts	$ 5,029,324	$ 4,433,712
Grants and contracts	1,017,962	825,184
The Claremont Colleges and other	182,453	751,840
	6,229,739	6,010,736
Less allowance for credit losses	(1,841,619)	(1,350,464)
Net accounts receivable	$ 4,388,120	$ 4,660,272

Changes in the allowance for credit losses for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Balance, beginning of year	$ 1,350,464	$ 1,042,010
Provisions	465,933	308,454
Write-off net of recoveries	25,222	-
	$ 1,841,619	$ 1,350,464

NOTE 4 – CONTRIBUTIONS RECEIVABLE:

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenue of the appropriate net asset category. Unconditional promises to give were discounted at rates ranging from 4.1% to 6.6% and are expected to be realized in the following years ended June 30:

	2024	2023
In one year or less	$ 7,860,833	$ 7,180,000
Between one year and five	25,784,667	27,095,000
More than five years	7,900,690	12,860,931
	41,546,190	47,135,931
Less discount to present value	(3,596,478)	(5,025,802)
Net contributions receivable	$ 37,949,712	$ 42,110,129

June 30, 2024 and 2023

NOTE 4 - CONTRIBUTIONS RECEIVABLE, CONTINUED:

Contributions receivable at June 30, 2024 and 2023 are intended for the following uses:

	2024	2023
General support	$ 1,983,715	$ 610,101
Plant facilities	35,965,997	41,485,028
Endowment	-	15,000
Total	$ 37,949,712	$ 42,110,129

The University had a conditional promise to give totaling $5,406,071. This promise to give is intended for academic programming and support. As the amount is conditional, it is not recognized as revenue until the conditions are met. No revenue was recognized in the current year, and the remaining conditional balance of $82,739 was deemed uncollectible at June 30, 2024.

The University is beneficiary to certain trusts where a third party acts as trustee. The present value of these interests is recorded in contributions receivable on the consolidated statements of financial position.

The following tables present the beneficial interest in trusts carried on the consolidated statements of financial position by level within the valuation hierarchy as of June 30, 2024 and 2023:

	Level 1	Level 2	Level 3	2024
Beneficial interest in trusts held by third parties	$ -	$ -	$ 400,690	$ 400,690

	Level 1	Level 2	Level 3	2023
Beneficial interest in trusts held by third parties	$ -	$ -	$ 360,931	$ 360,931

	Balance at June 30, 2023	Additions/ (Maturities)	Actuarial Adjustment	Balance at June 30, 2024
Beneficial interest in trusts held by third parties	$ 360,931	$ -	$ 39,759	$ 400,690

	Balance at June 30, 2022	Additions/ (Maturities)	Actuarial Adjustment	Balance at June 30, 2023
Beneficial interest in trusts held by third parties	$ 310,016	$ -	$ 50,915	$ 360,931

The significant unobservable inputs used in the fair value measurement of the University's beneficial interest in trusts are the mortality rate and risk factor used in the rate to discount the cash flow of the trusts. For June 30, 2024 and 2023, the mortality rate was 16 and 17 years and the risk rate was 7% and 6% respectively. Significant increases (decreases) in any of the inputs would result in a significantly lower (higher) fair value measurement.

Net unrealized gains (losses) on beneficial interest in trusts in the tables above are reflected as a component of "actuarial adjustment" on the consolidated statements of activities.

June 30, 2024 and 2023

NOTE 5 – NOTES RECEIVABLE:

Notes receivable at June 30, 2024 and 2023, are as follows:

	2024	2023
Federal loan funds - student notes receivable	$ 186,771	$ 273,708
Other loans	22,948,276	-
	23,135,047	273,708
Less allowance for credit losses	-	-
Net notes receivable	$ 23,135,047	$ 273,708

In January 2024, the University entered into an agreement with Scripps College, a member of The Claremont Colleges for $22,948,276 for the sale of property. The terms of the note include interest only payments on the outstanding balance at a rate of 4.89% due monthly on the first day of each month. Principal payments are due quarterly beginning October 1, 2024 and ending April 1, 2025.

NOTE 6 – INVESTMENTS:

The following schedule summarizes the assets in pooled investments and the assets held as separate investments at June 30, 2024 and 2023.

Investments:	2024	2023
Cash equivalents	$ 2,733,852	$ 1,625,086
Equities		
Domestic	45,596,008	58,598,809
International	8,535,451	12,102,738
Mutual funds	38,635,553	41,087,404
Government and corporate bonds	48,410,944	25,777,289
Hedge funds	2,091,756	1,725,371
Private equity limited partnership interests	41,571,918	39,155,123
Fixed income funds	18,482,808	18,249,394
Real properties	48,329	48,329
Trust deed loans	300,000	353,334
Other assets	834,057	725,956
Total investments	$ 207,240,676	$ 199,448,833

June 30, 2024 and 2023

NOTE 6 – INVESTMENTS, CONTINUED:

The following schedule shows investments by category, at June 30, 2024 and 2023.

	2024	2023
Endowment and funds functioning as endowment:		
Pooled	$ 190,891,719	$ 190,209,359
Separately invested	14,786,457	7,818,221
Total endowment and funds functioning as endowment	205,678,176	198,027,580
Annuity and life income contracts and agreements:		
Separately invested	2,324,466	2,132,517
Total annuity and life income contracts and agreements	2,324,466	2,132,517
Other investments:		
Pooled	51,971	51,886
Pooled investments borrowing	(7,870,853)	(11,919,635)
Separately invested	7,056,916	11,156,485
Total other investments	(761,966)	(711,264)
Total investments:		
Total pooled	190,943,690	190,261,245
Total separately invested	16,296,986	9,187,588
Total investments	$ 207,240,676	$ 199,448,833

The University holds certain investments at cost and does not revalue the assets on a recurring basis. At June 30, 2024 and 2023, investments held at cost were $367,614 and $420,948, respectively.

June 30, 2024 and 2023

NOTE 7 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following table presents the investments held by third parties carried on the consolidated statements of financial position by level within the valuation hierarchy as of June 30, 2024:

	Level 1	Level 2	Assets Measured Using NAV Practical Expedient	2024
Cash and cash equivalents	$ 2,733,852	$ -	$ -	$ 2,733,852
Common stock				
Domestic	45,596,008	-	-	45,596,008
International	8,535,451	-	-	8,535,451
Mutual funds	25,780,889	-	12,854,664	38,635,553
Government and corporate bonds	-	48,410,944	-	48,410,944
Hedge funds	-	-	2,091,756	2,091,756
Private equity limited partnership interests	-	-	41,571,918	41,571,918
Fixed income funds	18,482,808	-	-	18,482,808
Other assets	814,772	-	-	814,772
Total	$ 101,943,780	$ 48,410,944	$ 56,518,338	$ 206,873,062

The following table presents the investments held by third parties carried on the consolidated statements of financial position by level within the valuation hierarchy as of 2023:

	Level 1	Level 2	Assets Measured Using NAV Practical Expedient	2023
Cash and cash equivalents	$ 1,625,086	$ -	$ -	$ 1,625,086
Common stock				-
Domestic	58,598,809	-	-	58,598,809
International	12,102,738	-	-	12,102,738
Mutual funds	23,053,307	-	18,034,097	41,087,404
Government and corporate bonds	-	25,777,289	-	25,777,289
Hedge funds	-	-	1,725,371	1,725,371
Private equity limited partnership interests	-	-	39,155,123	39,155,123
Fixed income funds	18,249,394	-	-	18,249,394
Other assets	706,671	-	-	706,671
Total	$ 114,336,005	$ 25,777,289	$ 58,914,591	$ 199,027,885

June 30, 2024 and 2023

NOTE 7 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, CONTINUED:

The following table shows the fair value, unfunded commitments, and redemption restrictions for investments reported at NAV as of June 30, 2024:

	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Investments:					
Mutual Funds - Domestic	$ 6,060,847		Daily	N/A	(d)
Mutual Funds - International	6,793,817		Daily	N/A	(e)
Hedge funds:					
Growth oriented	2,091,756	$ -	Quarterly	65 days	(a)
Private equity limited partnership interests	41,571,918	25,296,782	None	N/A	(b),(c)
	$ 56,518,338	$ 25,296,782			

Private equity held at year-end have remaining lives ranging from 2 to 15 years with commitments due estimated as approximately $25,300,000 from 2024 through June of 2039.

(a) Investments that are expected to generate long-term capital appreciation and maintain the purchasing power of the portfolio. This group of investments is expected to exhibit both higher volatility and a significant correlation to global equity markets. These investments could include strategies such as global equities, and distressed credit and equity strategies.
(b) Funds that are invested with managers whose strategies consist of direct investments in the debt and equity of private and public companies. These include event driven, relative value investments, private equity positions including buy-outs, energy, growth strategies, turnarounds, distressed hard assets, opportunistic private commercial real estate, consumer products sector, and venture capital. There are no redemption rights available for investors other than liquidation of assets held by the fund or termination of the limited partnership which will result in a distribution of capital to investors.
(c) Investments that are expected to increase potential yield and return expectations and have lower liquidity than traditional stock and bond investments. Includes globally diversified, unique return strategies and diversified across vintages.
(d) The fund invests, under normal circumstances, at least 80% of its net assets in a portfolio of equity investments in small capitalization issuers domiciled in the U.S. or whose securities are principally traded in the U.S. The fund's equity investments may include common stock, preferred stock, securities convertible into common stock, warrants, rights and American and international depository receipts.
(e)The fund invests, under normal circumstances, at least 80% of its net assets in equity investments in companies that are domiciled outside of the U.S. or whose securities are principally traded outside of the U.S. The fund's equity investments may include common stock, preferred stock, securities convertible into common stock, warrants, rights and American and international depository receipts. In addition, such investments may include futures, options, swaps and other instruments with similar economic exposures to equity investments in companies that are domiciled outside of the U.S. or whose securities are principally traded outside of the U.S.

June 30, 2024 and 2023

NOTE 8 – PLANT FACILITIES:

Plant facilities are recorded at cost or estimated fair value at date of donation and consist of the following at June 30, 2024 and 2023:

	2024	2023
Land and land improvements	$ 23,280,692	$ 23,976,350
Buildings and building improvements	57,090,434	60,900,493
Equipment	9,999,577	9,685,636
Construction in progress	3,158,241	1,623,135
	93,528,944	96,185,614
Less accumulated depreciation	(35,719,872)	(36,375,461)
Net plant facilities	$ 57,809,072	$ 59,810,153

NOTE 9 – LEASES:

The University entered into an operating lease obligation for the leaseback of a building sold to a member of The Claremont Colleges in January 2024. The corresponding obligations are due in monthly installments with maturities through May 2026.

Operating lease costs for the years ended June 30, 2024 and 2023 were $264,664 and $0, respectively.

The annual lease obligation at June 30, 2024 is as follows:

Fiscal Years Ending June 30,	Operating Lease Payments
2025	$ 566,808
2026	519,574
	1,086,382
Less interest/present value discount	(62,053)
Total lease obligation	$ 1,024,329

The following table provides supplemental information related to the University's operating leases as of June 30, 2024:

	Operating Lease
Weighted-average remaining lease term in years	1.92
Weighted-average discount rate	5.95%
Cash paid for amounts included in the measurement of operating lease liabilities	$ 236,170

NOTE 10 – LIABILITY FOR DEFERRED COMPENSATION PLAN:

The University has a deferred compensation plan under IRC Section 457(b) to provide eligible employees the option to defer a portion of their compensation on a pre-tax basis. The deferred compensation asset is included in investments. Participants have no greater rights to such assets than any other unsecured creditor.

The deferred compensation liability, representing amounts due to these employees were $4,657,018 and $3,973,291 as of June 30, 2024 and 2023, respectively.

June 30, 2024 and 2023

NOTE 11 – NOTES AND BONDS PAYABLE:

At June 30, 2024 and 2023, notes and bonds payable were comprised of the following:

	2024	2023
Line of credit	$ 4,000,000	$ 4,500,000
Term loan	1,758,619	1,914,627
Bonds issued through the California Municipal Finance Authority (CMFA):		
Series 2020 A	4,675,000	4,675,000
Series 2020 B	28,220,000	28,220,000
Series 2020 C	1,295,000	1,820,000
	39,948,619	41,129,627
Unamortized net premium, net of issuance costs	415,102	402,046
Total notes and bonds payable	$ 40,363,721	$ 41,531,673

Notes and bonds Payable:

In June 2018, the University entered into a Term Loan in the amount of $2,600,000. This Term Loan carries a fixed interest rate of 4.40% with a maturity date of 2033. Annual payments on the loan are $237,700. This Term Loan is unsecured and contains various covenants, which include the maintenance of certain financial ratios as defined in the agreement.

In June 2020, the University issued CMFA Refunding Revenue Bonds Series 2020A, 2020B, and 2020C in the aggregate principal amounts of $4,675,000, $28,220,000, and $2,320,000, respectively. The proceeds of the aforementioned bond issuances were used to refund the then outstanding CEFA 2016A, 2016B, and 2016C bonds.

The CMFA Series 2020A Bonds are due beginning in 2026 with the last payment due in 2034. Payments range from $370,000 to $595,000. Interest is payable semiannually at 3.2%.

The CMFA Series 2020B Bonds are due beginning in 2026 with the last payment due in 2054. Payments range from $135,000 to $2,055,000. Interest is payable semiannually at 5.0%.

The CMFA Series 2020C Bonds were due beginning in 2022 with the last payment due in 2027. Payments range from $40,000 to $570,000. Interest is payable annually at 4.25%.

The CMFA Series 2020A, 2020B, and 2020C Bonds contain various covenants, which include the maintenance of certain financial ratios as defined in the agreement, and the bonds are not collateralized.

June 30, 2024 and 2023

NOTE 11 – NOTES AND BONDS PAYABLE, CONTINUED:

Line of Credit:
The University has a $6,000,000 unsecured line of credit with a bank. The line of credit has an unutilized fee of 25 basis points on the unused portion of the line. Any borrowings on the line bear interest at a per annum rate equal to the Prime Rate (8.50% and 8.25% at 2024 and 2023, respectively). At 2024 and 2023, the outstanding balance on the line of credit was $4,000,000 and $4,500,000, respectively. The line of credit agreement contains various restrictive covenants which include the maintenance of certain financial ratios, as defined in the agreement.

The principal maturity of notes and bonds payable at June 30, 2024 is as follows:

Fiscal Years Ending June 30,	Principal Amount
2025	$ 4,706,210
2026	738,421
2027	755,955
2028	803,826
2029	822,048
Thereafter	32,122,159
	$ 39,948,619

NOTE 12 – NET ASSETS:

Net assets consist of the following at June 30, 2024 and 2023:

	2024	2023
Net assets without donor restrictions:		
Available for operations	$ 3,516,590	$ (19,816,918)
For specific purpose	4,481,771	4,100,534
Funds functioning as endowment	26,797,445	22,528,166
Plant	16,206,847	18,068,994
Auxiliary	(7,145,684)	(7,145,684)
Total net assets without donor restrictions	43,856,969	17,735,092
Net assets with donor restrictions:		
Time or purpose:		
Restricted for specific purposes	$ 10,228,511	$ 7,192,117
Time or purpose endowment funds	39,808,779	36,544,264
Plant facilities	53,464,757	51,983,788
Annuity and life income contracts and agreements	371,266	318,488
Total time or purpose restricted net assets	103,873,313	96,038,657
Perpetual:		
Perpetual endowment funds	141,023,542	140,921,740
Annuity and life income contracts and agreements	1,500,081	1,322,128
Total perpetual net assets	142,523,623	142,243,868
Total net assets with donor restrictions	246,396,936	238,282,525
Total net assets	$ 290,253,905	$ 256,017,617

June 30, 2024 and 2023

NOTE 13 – ENDOWMENT NET ASSETS:

The net assets of the University include donor-restricted endowment funds and funds functioning as endowment. Donor-restricted endowments are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized as provided for under California UPMIFA. Funds functioning as endowment are funds designated by the Board of Trustees to function as endowment, and are expendable.

Changes in the University's endowment for the year ended June 30, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment 2024
Investment returns:			
Net investment gains	$ 32,607	$ 7,402	$ 40,009
Realized and unrealized losses, net of appropriations	562,362	(805,030)	(242,668)
Net investment returns	594,969	(797,628)	(202,659)
Net investment returns reinvested	520,007	2,708,806	3,228,813
Net cumulative investment returns	1,114,976	1,911,178	3,026,154
Other changes:			
Gifts	300	58,376	58,676
Loss on contribution receivable	-	(15,000)	(15,000)
Redesignation of net assets	3,154,003	1,411,763	4,565,766
Total other changes in endowed net assets	3,154,303	1,455,139	4,609,442
Net change in endowed net assets	4,269,279	3,366,317	7,635,596
Endowed net assets, beginning of year	22,528,166	177,466,004	199,994,170
Endowed net assets, end of year	$ 26,797,445	$ 180,832,321	$ 207,629,766

At June 30, 2024, endowed net assets consist of the following assets:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment 2024
Investments	$ 24,857,355	$ 180,820,821	$ 205,678,176
Other	1,940,090	-	1,940,090
Collections and works of art	-	11,500	11,500
Total endowed net assets	$ 26,797,445	$ 180,832,321	$ 207,629,766

June 30, 2024 and 2023

NOTE 13 – ENDOWMENT NET ASSETS, CONTINUED:

Changes in the University's endowment for the year ended June 30, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment 2023
Investment returns:			
Net investment losses	$ (813,613)	$ (59,625)	$ (873,238)
Realized and unrealized gains, net of appropriations	915,205	2,301,506	3,216,711
Net investment returns	101,592	2,241,881	2,343,473
Net investment returns reinvested	294,472	1,481,446	1,775,918
Net cumulative investment returns	396,064	3,723,327	4,119,391
Other changes:			
Gifts	300	94,583	94,883
Board-designated net assets released for operations	(319,048)	(312,108)	(631,156)
Annuity and life income contracts released	-	137,849	137,849
Total other changes in endowed net assets	(318,748)	(79,676)	(398,424)
Net change in endowed net assets	77,316	3,643,651	3,720,967
Endowed net assets, beginning of year	22,450,850	173,822,353	196,273,203
Endowed net assets, end of year	$ 22,528,166	$ 177,466,004	$ 199,994,170

At June 30, 2023, endowed net assets consist of the following assets:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment 2023
Contributions receivable, net	$ -	$ 15,000	$ 15,000
Investments	20,588,076	177,439,504	198,027,580
Other	1,940,090	-	1,940,090
Collections and works of art	-	11,500	11,500
Total endowed net assets	$ 22,528,166	$ 177,466,004	$ 199,994,170

At June 30, 2024 and 2023, endowment net assets consist of the following:

	2024	2023
Endowment net assets without donor restrictions		
Funds functioning as endowment	$ 26,797,445	$ 22,528,166
Endowment net assets with donor restrictions		
Portion of endowment funds subject to a time restriction under California UPMIFA		
Without purpose restriction	11,833,195	12,263,708
With purpose restriction	27,975,584	24,280,556
Perpetual	141,023,542	140,921,740
Total endowment net assets with donor restrictions	180,832,321	177,466,004
Total endowment net assets	$ 207,629,766	$ 199,994,170

June 30, 2024 and 2023

NOTE 14 – LIQUIDITY AND AVAILABILITY:

At June 30, 2024 and 2023, the University's financial assets and liquidity resources available within one year for general expenditure are as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 15,684,106	$ 5,813,516
Accounts receivable, net	4,388,120	4,660,272
Contributions receivable, net	7,860,833	7,165,000
Board designations:		
Funds functioning as endowment	19,651,761	-
Total financial assets available within one year	47,584,820	17,638,788
Liquidity resources:		
Bank lines of credit (available balance)	2,000,000	1,500,000
Total financial assets and liquidity resources available within one year	$ 49,584,820	$ 19,138,788

The University's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. To manage liquidity, the University maintains a line of credit that may be drawn upon as needed during the year to manage cash flows (Note 11).

The University is currently in the process of selling an additional piece of property that will provide additional liquidity resources (Note 23).

NOTE 15 – NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2024 and 2023, consist of the following:

	2024	2023
Tuition and fees	$ 44,265,494	$ 47,475,423
Less financial aid	(13,086,426)	(14,237,428)
Net student revenues	$ 31,179,068	$ 33,237,995

NOTE 16 – CONTRIBUTIONS OF NONFINANCIAL ASSETS:

The following table presents the contributions of nonfinancial assets recorded at fair value at the time of the gift for the year ended June 30, 2024:

Category	Revenue Recognized	Utilization in Program Activities	Donor Restriction	Valuation Techniques and Inputs
Art and collectibles	$ 212,400	General	No restriction	(1)

(1) Used an Appraiser to estimate the current fair market value of the artwork. The appraised fair market value was used to value the art contributed and revenue recognized.

There were no contributions of nonfinancial assets for the year ended June 30, 2023.

June 30, 2024 and 2023

NOTE 17 – NATURAL CLASSIFICATION OF EXPENSES BY FUNCTION:

Expenses by natural classification for the year ended June 30, 2024 consists of:

	Compensation	Occupancy Maintenance and Plant	Services	Other	2024
Expenses:					
Instruction	$ 20,583,799	$ 4,280,161	$ 2,501,965	$ 286,376	$ 27,652,301
Research	3,062,539	436,018	1,699,435	76,751	5,274,743
Academic support	4,660,290	403,734	3,229,630	212,896	8,506,550
Student services	3,763,166	576,215	1,115,543	92,630	5,547,554
Institutional support	6,645,218	1,153,764	6,270,440	869,743	14,939,165
Student aid	703,921	-	433,246	26,172	1,163,339
Auxiliary enterprises	-	1,056,504	252,951	3,899	1,313,354
Total expenses	$ 39,418,933	$ 7,906,396	$ 15,503,210	$ 1,568,467	$ 64,397,006

Expenses by natural classification for the year ended June 30, 2023 consists of:

	Compensation	Occupancy Maintenance and Plant	Services	Other	2023
Expenses:					
Instruction	$ 20,974,635	$ 3,964,277	$ 1,884,584	$ 378,062	$ 27,201,558
Research	3,946,803	386,435	3,063,144	96,449	7,492,831
Academic support	4,522,150	361,981	2,979,870	98,510	7,962,511
Student services	3,725,867	544,629	1,618,850	67,043	5,956,389
Institutional support	6,721,587	1,293,574	4,976,568	717,496	13,709,225
Student aid	606,213	2,174	819,066	24,219	1,451,672
Auxiliary enterprises	-	1,053,162	196,427	2,577	1,252,166
Total expenses	$ 40,497,255	$ 7,606,232	$ 15,538,509	$ 1,384,356	$ 65,026,352

NOTE 18 – FUNDRAISING EXPENSE:

Institutional support expenses in the consolidated statements of activities for the years ended June 30, 2024 and 2023, include $1,582,362 and $1,647,614, respectively, of expenses related to fundraising.

NOTE 19 – EMPLOYEE BENEFIT PLANS:

The University participates with other members of The Claremont Colleges (Note 21) in a defined contribution retirement plan that provides retirement benefits for employees through Teachers Insurance and Annuity Association and The College Retirement Equity Fund. Under this defined contribution plan, University 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. University contributions to the plan for the years ended June 30, 2024 and 2023, totaled $1,455,853 and $1,536,313, respectively.

NOTE 20 - RELATED PARTIES:

The University receives contributions and promises to give from members of the Board of Trustees. Total contributions from trustees during fiscal years ended June 30, 2024 and 2023, totaled $455,646 and $230,646, respectively. At June 30, 2024 and 2023, there were $246,000 and $0 contributions receivable from members of the Board of Trustees, respectively.

June 30, 2024 and 2023

NOTE 21 – AFFILIATED INSTITUTIONS:

The University is a member of an affiliated group of institutions known as The Claremont Colleges, comprised of Pomona College, Claremont Graduate University, Scripps College, Claremont McKenna College, Harvey Mudd College, Pitzer College, Keck Graduate Institute, and The Claremont Colleges, Inc. Each member is a separate corporate entity governed by its own board of trustees. The Claremont Colleges, Inc. is the central coordinating institution that provides common student and administrative services and certain central facilities for all The Claremont Colleges. The costs of these services and facilities are shared by the members of the group. The University paid $4,440,192 and $5,036,768 for these services and facilities, which included $1,417,861 and $1,385,129 for library operations and acquisitions, for the years ended June 30, 2024 and 2023, respectively.

NOTE 22 – COMMITMENTS AND CONTINGENCIES:

In 2021, the University entered into a multi-year agreement with a service provider. The agreement has an initial term of five years and contains language pertaining to management fees, renewal options, performance targets, and other clauses consistent with service agreements. Annual payments range from approximately $1,446,000 to $1,792,000. As of June 30, 2024, the remaining service contract commitment is approximately $1,792,000 over the next year.

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

Certain federal grants, including financial aid which the University 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 University expects such amounts, if any, would not have a significant impact on the consolidated financial position of the University.

The University has remaining commitments on contracts to complete the construction of an academic building totaling approximately $3,945,000 for the year ended June 30, 2024.

NOTE 23 – SUBSEQUENT EVENTS:

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

On September 19, 2024, the University received full payment of $22,948,276 on a note receivable from a member of the Claremont Colleges that was outstanding as of June 30, 2024. This note receivable was originally recorded in January 2024 and was scheduled to be paid in full on April 1, 2025.

On September 27, 2024, the University completed the sale of vacant land to a member of the Claremont Colleges for the amount of $9,045,000.

The University has evaluated subsequent events through October 4, 2024, which is the date the consolidated financial statements are available to be issued, and concluded that there were no additional events or transactions requiring disclosure.