Claremont McKenna College

2021–2022 Financial Report

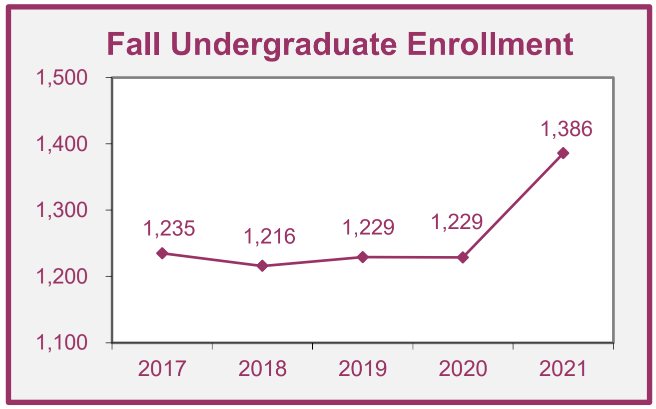
CLAREMONT MCKENNA COLLEGE
ANNUAL FINANCIAL REPORT

2022 and 2021

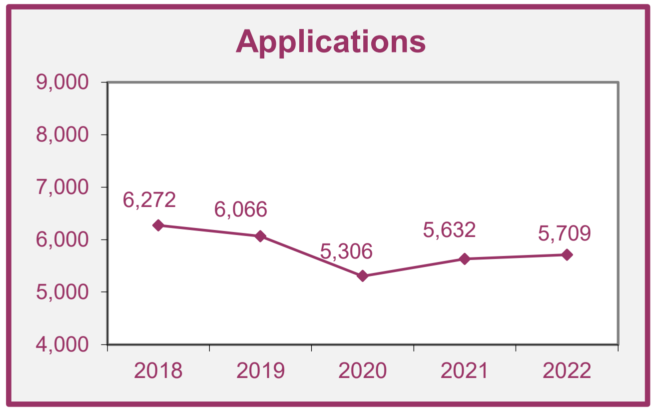
CONTENTS

Financial Highlights

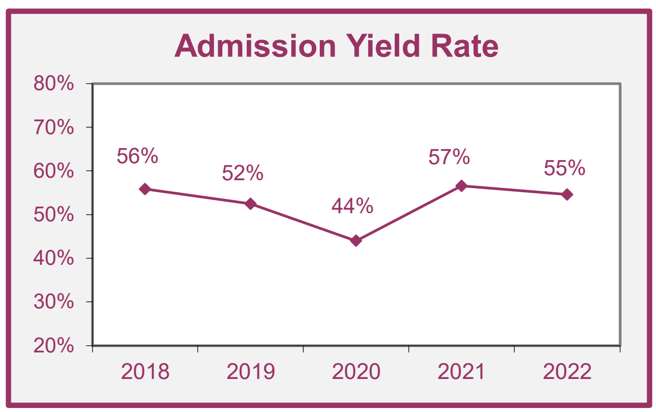
- Fall 2021 enrollment was higher than in 2020 due to decreased study abroad participation and the previous year's admissions deferrals due to the pandemic, leading to enrollment exceeding CMC's target of 1,220. The total fiscal year 2021-22 average annual FTE enrollment, including off-campus and study-abroad programs, was 1,374. Fall of 2022 enrollment is in line with historical trends.



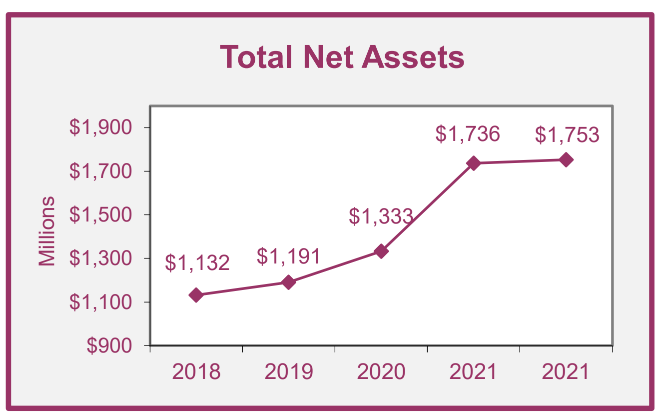
- Applications for admission in the Fall of 2022 increased by 1% to 5,709. The College's selectivity rate for freshman admission (acceptances divided by total applications) remained low at approximately 10%.



- The overall yield rate decreased to 55% for the Fall of 2022 primarily due to a decline in the number of offers of admission. Though overall yield rate decreased, it is still in line with the five year average. The total number of first years entering the College in the Fall of 2022 was 322 students.

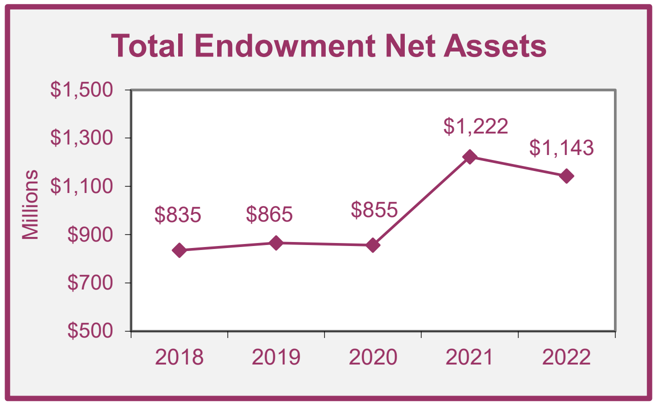


- Total net assets increased by 1%, primarily driven by growth in contributions receivable, while being partially offset by investment unrealized and realized losses.

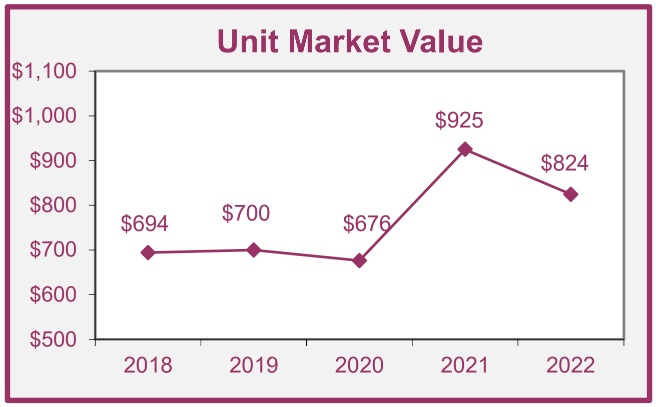


Financial Highlights

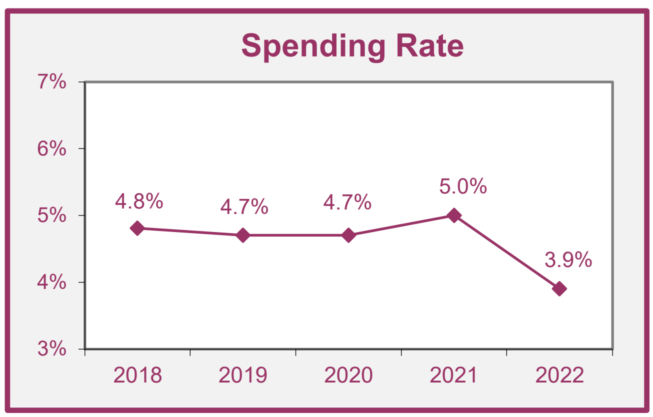
- Total endowment net assets decreased by 6.5% in 2022, after fees and spending for operations. The net decrease was primarily attributable to realized and unrealized losses as well as returns distributed for operations.



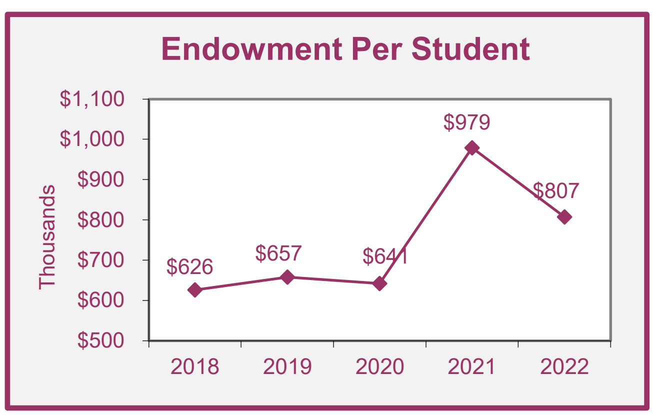
- The market value per unit in the College's investment pool decreased by 10.9%. Unit market value reflects general market performance after spending for operations.



- The spending rate (spending amount per unit divided by unit market value at the beginning of the year) decreased in fiscal year 2022. This was a result of the increase in the unit market value at the end of fiscal year 2021.

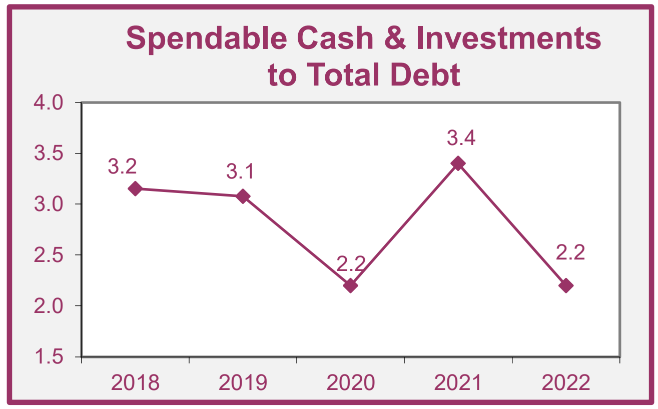


- Endowment per student decreased primarily as a result of the decrease in the market value of the endowment as of June 30, 2022. Total endowment at June 30, 2022, was $1.1 billion.

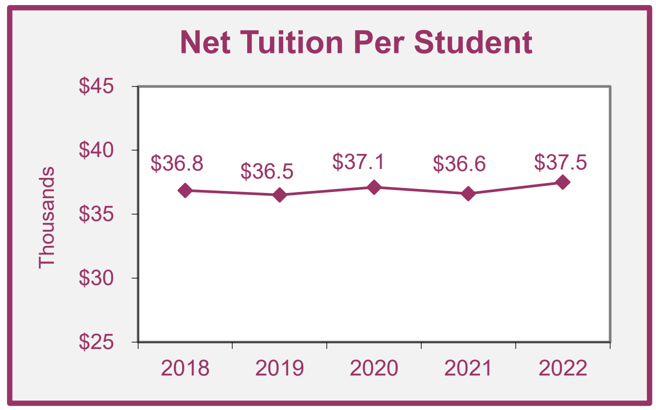


Financial Highlights

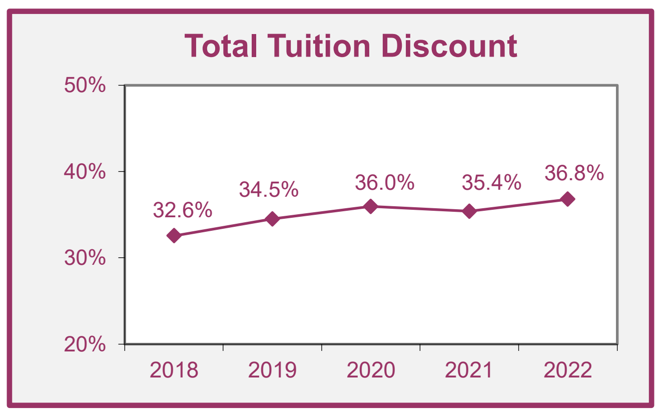
- Total spendable cash and investments to debt decreased as a result of new bonds issued by the College. The College's ratio of 2.2 is slightly lower than the 2021 median value of 4.5 for Moody's Aa private institutions. Moody's assigned a rating of Aa3 to CMC's Series 2022 Taxable Bonds.



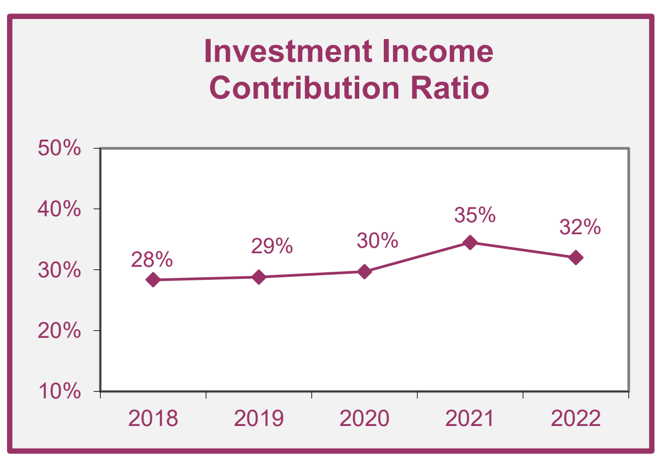
- The College's net tuition per student increased slightly due to the increase in tuition rates, while partially being offset by an increase in discount rate. CMC remains higher than the 2021 median net tuition per student of $33,263 for Moody's Aa private institutions.



- The total tuition discount (financial aid divided by tuition and fees revenues) increased due to higher tuition revenues during 2022, as well as an increase in additional scholarship giving received during the year. CMC's discount is lower than the 2021 median discount of 40.2% for Moody's Aa private institutions.

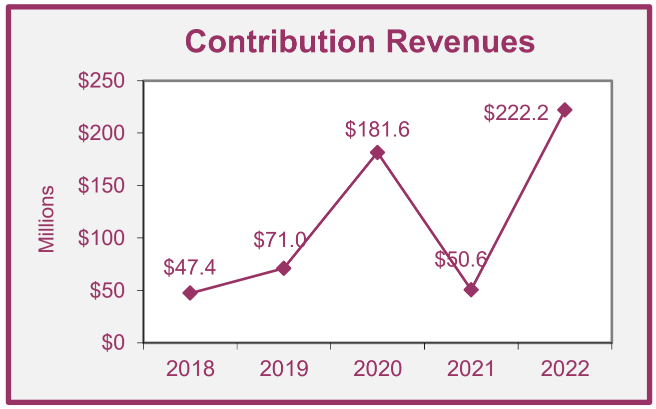


- CMC's endowment and a prudent spending policy produce sufficient investment income to make a significant contribution toward covering the operational costs of a CMC education. The investment income contribution ratio has experienced a steady increase over the past four years due primarily to new gifts to the endowment, with 2021 being unusually high given expense reductions during the year.

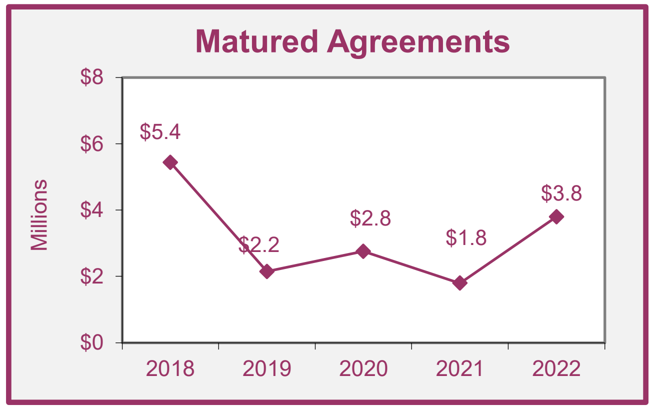


Financial Highlights

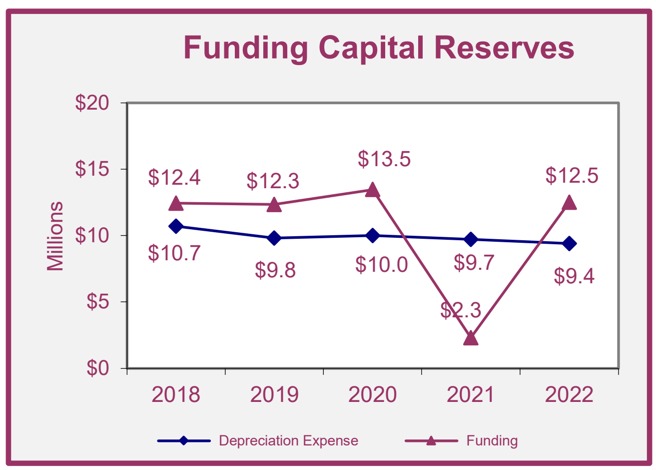
- Total contribution revenues in 2022 and 2020 were exceptional at $222.2 million and $181.6 million, respectively, primarily due to large contributions receivable received towards the College's top institutional priorities and campaign goals.



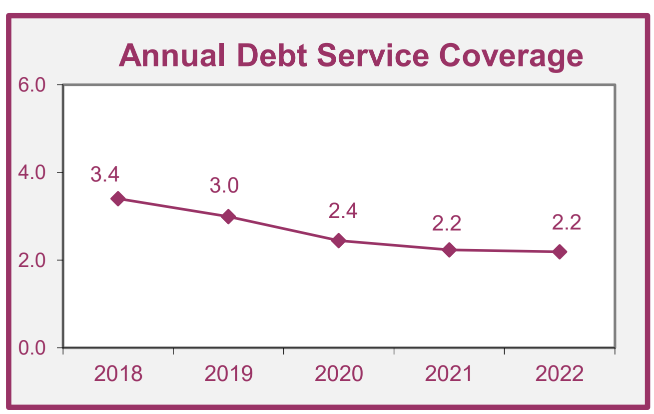
- Although unpredictable from year to year, matured annuity and life income agreements continue to provide significant resources to the College's endowment and operating funds.



- CMC returned to its long standing policy of funding capital reserves for repairs, life cycle replacements, and modernization of facilities in 2022. The calculation of annual set-asides into capital reserves is based on future anticipated replacement values. CMC intentionally deferred a transfer of approximately $12.3 million of operating funds to the capital reserves originally scheduled in 2021 to upcoming budget years.



- Annual debt service coverage (the ability to make debt service payments from annual operations) was flat in 2022. CMC's ratio is lower than the median value of 3.4 for Moody's Aa private institutions.



CLAREMONT McKENNA COLLEGE

Office of the Treasurer

October 25, 2022

Members of the Board of Trustees
Claremont McKenna College
Claremont, California

Dear Members of the Board:

Fiscal year 2021-22 was a year marked by celebrations and milestone achievements. CMC successfully resumed on campus operations in Fall 2021, following the forced closure of the campus since March 2020 due to COVID-19. After eighteen months away from campus classrooms and residential life, students were thrilled to resume the immersive in-person experience that makes CMC stand apart. Fiscal year 2021-22 was also spent commemorating and reflecting on the last 75 years of the College's history as part of CMC's 75th anniversary. Finally, we looked toward the future, fulfilling major fundraising goals set by the Campaign for CMC and furthering the founding mission of cultivating responsible leaders.

Contribution revenue received during the year (with and without donor restriction) reached an all-time high of $222.2 million. This was driven by an extraordinary $140 million pledge received from alumnus and trustee George R. Roberts '66 to build improvements in the central and eastern areas of the CMC campus as envisioned in the CMC Master Plan, including 75 acres of land east of Claremont Blvd. Through the gift, CMC will double the footprint of its residential Claremont campus to over 150 acres. To honor George Roberts' gift, the Board of Trustees has designated the entire CMC campus east of Mills Avenue "The Roberts Campus."

CMC also celebrated the naming of its new Robert Day Sciences Center, an iconic facility that will serve as home to CMC's new Kravis Department of Integrated Sciences. The new center honors CMC alumnus, fifty-year trustee, and W.M. Keck Foundation chair and chief executive officer Robert Day '65 P'12. The Robert Day Sciences Center will foster transparent and dynamic interaction between students, faculty, staff, and experts, as well as across all disciplines, applied research, and hands-on learning opportunities. Designed by world renowned architecture firm, BIG-Bjarke Ingels Group, the center's open and light filled design is a metaphor for conversations between core disciplines and the College's innovation of undergraduate sciences education.

Recruiting and admission of new students remains strong. Total student enrollment on campus in Fall 2021 was 1,386, which exceeded the College's normal targeted on campus enrollment of 1,220. The increase in enrollment was largely due to students that deferred their admission from the prior year because of the pandemic. To accommodate the increased number of students, CMC expanded its housing capacity by leasing nearby, newly built apartment units. An aroundthe-clock shuttle service was launched for the safe transport of students to and from campus. CMC also made significant investments in its food service program, including rotating specialty food trucks to supplement regular meal service options, to-go and order ahead options through GrubHub, and extended mealtime hours. Robust health and safety measure were enacted including vaccination mandates for students, masking requirements, surveillance testing, outdoor classrooms, and isolation housing. The College engaged Hamilton Health Box Inc. to manage all COVID-19 related testing, health monitoring, quarantine, and isolation protocols.

Consolidated Statements of Financial Position

A notable change in the Consolidated Statements of Financial Position at fiscal year-end was a $155 million increase in contributions receivable. Contributions receivable are reflected at their net present value of future cash flows, less an allowance based on the estimated collectability of each pledge. Pledges received during the year were largely in furtherance of the College's top strategic priorities, particularly the integrated sciences initiative and major capital projects identified through the Master Plan. Another notable change in the Consolidated Statements of Financial Position was a $190 million increase in bonds payable. In January 2022, the College successfully issued $300 million of 100-year bonds at a historically low rate of 3.775%, which represented the 7th lowest yield among higher education century bonds priced since 2011. Approximately $107 million of the bond proceeds were placed in escrow to advance refund Series 2015 bonds. After the costs of issuance, net new bond proceeds amounted to approximately $190 million. This new capital will provide important flexibility to bridge finance multi-year pledges, support strategic initiatives, provide positive arbitrage in the event rates rise, and to extend the maturities of CMC's debt structure.

While it was a turbulent year for markets, additions to the investment pool from unspent new bond proceeds offset decreases in the pool due to unrealized and realized investment losses. Total investment assets ended the year unchanged from the prior year at $2.1 billion. Total investment assets include assets pooled from other members of The Claremont Colleges. A corresponding "funds held in trust for others" liability of $403 million represents the non-CMC Claremont Colleges' interest in the investment portfolio as of year-end. As previously mentioned, total investment assets also include unspent bond proceeds from the Series 2019 and Series 2022 bond issuances. CMC's long-term investment pool realized a -7.1% return, net of investment management fees, for the 1-year period ending June 30, 2022. The endowment portfolio has generated a 9.5% annualized investment return over a 10-year period.

Distributions from the endowment are governed by a Board approved "spending policy formula." The formula is designed to preserve the endowment's real (inflation-adjusted) purchasing power while providing a predictable, stable, and constant (in real terms) stream of operating budget support. CMC's spending policy formula allows spending per unit in the investment pool to increase by 2% per year provided that the resulting increase falls within a collar of 4.5% to 5.5% of a twenty-quarter average unit market value. The spending rate for fiscal year 2021-22 was 3.9%, calculated by dividing the formula-based spending per unit plus additional board approved spending appropriations by the beginning market value of a unit in the investment pool. The 2021-22 spending rate is below the portfolio's 5-year average spending rate of 4.6% due to the sizable jump in the unit market value at the end of fiscal year 2020-21.

Investment income, in the form of spending distributions from the endowment, contributed approximately 32% toward funding the College's operating expenses which has been on a positive upward trajectory over the past five years.

The combination of investment assets being held flat and increased outstanding debt had a negative impact on CMC's total spendable cash and investments to total debt ratio. The ratio moved from 3.4 times in the prior year to 2.2 times in 2021-22. CMC's annual debt service coverage ratio (a measure of the ability to make debt service payments from annual operations) remained stable at 2.2 times due to a reduction in debt service during 2021-22 associated with the advance refunding of Series 2015 bonds.

Total plant facilities assets increased slightly during 2021-22 with approximately $20 million of assets placed into service, offset by a $9 million increase in accumulated depreciation. The balance of plant facilities assets is expected to increase to a greater extent over the next several fiscal years, as the College embarks on construction of the 135,000 square foot Robert Day Sciences Center. The Robert Day Sciences Center is anticipated to be completed and placed into service by Fall 2024. The College has a long-standing practice of annual set-asides to capital reserves to fund future renovations, repairs, and maintenance of facilities. During 2021-22, the College transferred total funding of approximately $12.5 million to capital reserves.

Consolidated Statements of Activities

The Consolidated Statement of Activities provides detail of the changes in net assets during the fiscal year. Total revenues were higher in 2021-22, primarily due to approximately $222.2 million in contributions raised during the year. Fiscal year 2021-22 was a record-breaking year for fundraising. To date, the Campaign for CMC has generated over $934 million in gift commitments as measured under CASE standards, far surpassing the Campaign's original fundraising target of $800 million.

Total revenues without donor restrictions increased by approximately $35 million due to the resumption of room and board revenue from reopening the residential campus in Fall 2021. Net tuition per student increased by 2.5% from the prior year, which was lower than the increase in tuition and fees of 4.5%. This was primarily due to a planned increase in the College's discount rate (financial aid as a percentage of tuition and fees) from 35.4% in 2020-21 to 36.8% in 2021-22. CMC continues to maintain a need-blind admission policy and meet-all-need financial aid policy, and College affordability remains a top institutional priority.

Total expenses increased to varying degrees across all functional expense line items. The most significant changes in operating expenses related to increased spending in auxiliary operations, travel, supplies, and events in conjunction with the reopening of the campus in Fall 2021. The College implemented several targeted cost savings measures during 2020-21 to offset the loss of room and board revenue, including reductions in employer retirement contributions, partial and full furloughs for staff whose workloads were reduced due to not having students on campus, and executive pay reductions. Many such spending lines were restored to pre-pandemic levels during 2021-22. Additional expenses of approximately $10 million were incurred during the year associated with health and safety protocols in response to COVID-19.

Within the net assets without donor restrictions category, prior to other changes in net assets, CMC ended the year with a positive excess of revenues over expenses of $2.1 million. After incorporating realized and unrealized investment losses and other changes in net assets, CMC experienced a decrease in net assets without donor restrictions of $69 million. In total, net assets (both with and without donor restrictions) increased by $16 million during 2021-22.

Consolidated Statements of Cash Flows

Net cash flows decreased by $408,000 in fiscal year 2021-22. The net cash used in operating activities of $182 million and net cash used in investing activities of $224 million was partially offset by net cash provided by financing activities of $405 million. Net cash provided by financing activities was influenced by additional contributions restricted for specific purposes as well as the new bond proceeds generated during the year. Operating cash reserves are invested using a blended strategy that seeks to maintain an appropriate level of liquidity matching the timeline of expected use of the cash. Cash flow forecasts are reviewed regularly by the Finance Committee of the Board of Trustees.

Summary

Fiscal year 2021-22 will be remembered as a year in which CMC made significant leaps forward in furthering the goals outlined in the 2019 Strategy Report. As we celebrated CMC's 75th Anniversary year with engaging festivities, we also heralded major announcements about our plans to transform and expand our campus. In the fall, we announced the new Robert Day Sciences Center, an iconic facility that will serve as home to CMC's new integrated sciences program and further expand the College's commitment to preparing future leaders. And in February, CMC announced the new Kravis Department of Integrated Sciences department, rooted in CMC's foundational liberal arts and leadership mission. Rounding out the year, we revealed our plans for the Roberts Campus, which doubles our campus footprint. I look forward to reflecting on the progress of these positive and exciting milestones in CMC's history in future reports.

Respectfully submitted,

Erin Watkins

Erin Watkins
Vice President of Business, Chief Financial Officer

MOSSADAMS

Report of Independent Auditors

The Board of Trustees
Claremont McKenna College and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Claremont McKenna College and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 consolidated financial position of Claremont McKenna College and Subsidiaries as of June 30, 2022 and 2021, and the changes in their net assets and their 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 Claremont McKenna College and Subsidiaries 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 Claremont McKenna College and Subsidiaries' ability to continue as a going concern for one year after the date that the financial statements are 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 Claremont McKenna College and Subsidiaries' 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 Claremont McKenna College and Subsidiaries' 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.

Other Information

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the Financial Highlights and Treasurer's Report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Irvine, California
October 25, 2022

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021
(in thousands)

	2022	2021
ASSETS		
Cash	$ 1,016	$ 1,424
Accounts and notes receivable, net (Note 2)	14,597	14,051
Prepaid expenses and deposits	3,221	2,081
Contributions receivable, net (Note 3)	410,821	255,422
Beneficial interest in trusts (Note 3)	851	1,127
Investments (Note 4)	2,088,561	2,114,214
Plant facilities, net (Note 6)	291,377	280,337
Total assets	$ 2,810,444	$ 2,668,656
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 32,402	$ 21,783
Funds held in trust for others (Note 7)	403,362	445,935
Deposits and deferred revenues	2,245	1,669
Life income and annuities payable	62,282	58,914
Liabilities associated with investments	34,242	70,295
Lease obligation (Note 8)	603	810
Bonds payable (Note 9)	521,333	331,366
Government advances for student loans	411	490
Asset retirement obligation (Note 11)	996	958
Total liabilities	1,057,876	932,220
Net Assets (Note 12):		
Without donor restrictions	370,900	439,752
With donor restrictions	1,381,668	1,296,684
Total net assets	1,752,568	1,736,436
Total liabilities and net assets	$ 2,810,444	$ 2,668,656

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Revenues:			
Net student revenues (Note 15)	$ 73,758	$ -	$ 73,758
Private gifts and grants	5,412	216,820	222,232
Federal grants	5,571	-	5,571
Private contracts	32	-	32
Spending policy income	19,327	33,000	52,327
Other investment income, net	3,692	46	3,738
Other revenues	1,852	-	1,852
Release of net assets			
Restricted gifts	22,147	(22,147)	-
Restricted spending policy income	27,460	(27,460)	-
Annuity and life income	723	(723)	-
Total revenues and release of net assets	159,974	199,536	359,510
Expenses:			
Instruction	48,091	-	48,091
Research	11,066	-	11,066
Academic support	9,462	-	9,462
Student services	28,215	-	28,215
Institutional support	34,436	-	34,436
Auxiliary enterprises	26,624	-	26,624
Total expenses	157,894	-	157,894
Excess of revenues over expenses	2,080	199,536	201,616
Other changes in net assets			
Realized and unrealized loss, net of spending allocation	(67,932)	(108,009)	(175,941)
Loss on bond defeasance	(2,443)	-	(2,443)
Realized losses on contributions receivable	-	(26)	(26)
Release of net assets for plant facilities	610	(610)	-
Transfers to other Claremont Colleges	(360)	-	(360)
Actuarial adjustment	(154)	(6,560)	(6,714)
Donor redesignations between net asset classes	(653)	653	-
Change in net assets	(68,852)	84,984	16,132
Net assets at beginning of year	439,752	1,296,684	1,736,436
Net assets at end of year	$ 370,900	$ 1,381,668	$ 1,752,568

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2021
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Revenues:			
Net student revenues (Note 15)	$ 46,019	$ -	$ 46,019
Private gifts and grants	4,606	46,013	50,619
Federal grants	1,643	-	1,643
Private contracts	93	-	93
Spending policy income	15,628	31,808	47,436
Other investment income, net	3,212	79	3,291
Other revenues	2,175	6	2,181
Release of net assets			-
Restricted gifts	27,335	(27,335)	-
Restricted spending policy income	22,965	(22,965)	-
Annuity and life income	719	(719)	-
Total revenues and release of net assets	124,395	26,887	151,282
Expenses:			
Instruction	41,027	-	41,027
Research	9,244	-	9,244
Academic support	7,721	-	7,721
Student services	20,027	-	20,027
Institutional support	25,197	-	25,197
Auxiliary enterprises	17,936	-	17,936
Total expenses	121,152	-	121,152
Excess of revenues over expenses	3,243	26,887	30,130
Other changes in net assets			
Realized and unrealized gains, net of spending allocation	100,922	259,781	360,703
Realized losses on contributions receivable	-	(1,653)	(1,653)
Release of net assets for plant facilities	812	(812)	-
Transfers to other Claremont Colleges	109	-	109
Actuarial adjustment	173	14,015	14,188
Donor redesignations between net asset classes	(1,308)	1,308	-
Change in net assets	103,951	299,526	403,477
Net assets at beginning of year	335,801	997,158	1,332,959
Net assets at end of year	$ 439,752	$ 1,296,684	$ 1,736,436

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2022 and 2021
(in thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 16,132	$ 403,477
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	9,441	9,653
Amortization and accretion expense	129	173
Loss on debt defeasance	(8,026)	-
Increase (decrease) in beneficial interest in trusts	276	(85)
Change in allowance for doubtful accounts	(105)	24
Discount on life income contract gifts	6,600	1,645
Realized and unrealized (losses) gains on investments	193,161	(566,568)
Gifts-in-kind	(285)	-
Contributions restricted for long-term investments	(208,822)	(18,617)
Adjustment of actuarial liability for annuities payable	(1,878)	2,400
(Increase)/decrease in accounts and contributions receivable	(155,836)	25,779
Increase in prepaid expenses and deposits	(1,140)	(754)
Increase in accounts payable and accrued liabilities	10,619	4,870
Increase/(decrease) in funds held in trust for others	(42,573)	123,894
Increase/(decrease) in deposits and deferred revenues	576	(2,257)
Net cash used in operating activities	(181,731)	(16,366)
Cash flows from investing activities:		
Purchase of works of art	(381)	-
Purchase of plant facilities	(19,665)	(7,850)
Purchases of investments	(2,197,175)	(1,027,046)
Proceeds from sales of investments	2,029,667	1,026,545
(Decrease) / increase in liabilities associated with investments	(36,053)	12,980
Loans made to students and employees	(1,351)	(1,483)
Collection of student and employee loans	1,347	1,717
Net cash provided by/(used in) investing activities	(223,611)	4,863
Cash flows from financing activities:		
Payments to annuity and life income beneficiaries	(5,173)	(5,018)
Investment income for annuity and life income investments	3,819	2,619
Proceeds from bonds and notes payable	300,000	-
Debt issuance costs	(2,570)	-
Defeasance of bonds payable	(96,300)	-
Principal payments for bonds and leases	(3,585)	(4,021)
Contributions restricted for life income contracts	2,617	2,512
Contributions restricted for endowment	2,362	11,494
Contributions restricted for specific purposes	203,843	4,611
Decrease in government advances for student loans	(79)	(159)
Net cash provided by financing activities	404,934	12,038
Change in cash	(408)	535
Cash, beginning of year	1,424	889
Cash, end of year	$ 1,016	$ 1,424

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Established in 1946, Claremont McKenna College (the "College") is a highly selective, independent, coeducational, residential, liberal arts college. The College's mission, within the mutually supportive framework of The Claremont Colleges (Note 19), is to educate students for thoughtful and productive lives and responsible leadership in business, government, and the professions, and to support faculty and student scholarship that contributes to intellectual vitality and the understanding of public policy issues. The College pursues this mission by providing a liberal arts education that emphasizes economics and political science, a professoriate that is dedicated to effective teaching, a close student-teacher relationship that fosters critical inquiry, an active residential and intellectual environment that promotes responsible citizenship, and a program of research institutes and scholarly support that makes possible a faculty of teacher-scholars.

The College is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding California provisions. The objective of the College is to maintain and conduct a nonprofit educational institution. The primary purpose of the accounting and reporting is the recording of resources received and applied rather than the determination of net income.

The consolidated financial statements include the College and all other entities in which the College has significant financial interest and control (Note 19). All material intercompany transactions and balances between the College and its affiliates have been eliminated in consolidation.

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

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

Net Asset Categories:
The accompanying consolidated financial statements present information regarding the College's financial position and activities according to two categories of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions that are either to be maintained in perpetuity by the College or subject to restrictions that will be met either by actions of the College or the passage of time.

Revenue Recognition:
Student tuition and fees revenues are 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 College determined there are no costs that are capitalized to obtain or to fulfill a contract with a student.

Contributions of private gifts and grants, 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 in more than one year are discounted at an appropriate discount rate.

Revenue from grants and contracts that are nonreciprocal are treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists; revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as an increase to net assets without donor restrictions. If the grant or contract is unconditional, revenue is reported as an increase in net assets without donor restrictions.

Collectability of student accounts, notes receivable, and contributions receivable are reviewed both individually and in the aggregate. Allowances have been established based on experience, and balances deemed uncollectible are written off through a charge to bad debt expense or the provision for doubtful accounts and a decrease to accounts, notes, or contributions receivable. The College follows federal guidelines for determining when student loans are delinquent or past due for both federal and institutional loans.

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued:*

Release 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 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 when unexpended endowment earnings are appropriated by the Board of Trustees. Contributions of cash or other assets received for the acquisition of long-lived assets are released from restriction when the long-lived assets are placed into service.

Allocation of Certain Expenses:
Expenses are generally reported as decreases in net assets without donor restrictions. The Consolidated Statements of Activities present expenses by functional classification. Depreciation and the cost of operation and maintenance of plant facilities 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. Other expenses are recorded to their respective functional category based on their relative direct charge.

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

Supplemental disclosures of cash flow information include the following at June 30, 2022 and 2021:

	2022	2021
Cash paid for interest	$ 9,811	$ 5,629
Plant facilities acquired by financing lease	150	339

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 according to the State's required timelines 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, investments and receivables. At times, balances in the College's cash and investment accounts exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) insured limits. Concentration of credit risk with respect to receivables are limited due to the large number of students from which amounts are due, with no one account being significant.

Contributions Receivable:
Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenue of the appropriate net asset category. Contributions receivable are recorded after discounting to the present value of future cash flows at rates ranging from 1.2% to 4.9%. An allowance for uncollectible contributions receivable is estimated based upon management's assessments of historical and expected net collections. The College evaluates collectability of contributions receivable on an annual basis and writes off those deemed uncollectible.

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued:*

Investments:
Where permitted by law, the College pools investments for management purposes. The remainder of investments are managed as separate investments. Marketable securities are reported at fair value. Non-marketable investments are carried at estimated fair value provided by the management of the non-marketable investment partnerships or funds at June 30, 2022 and 2021. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the investments. Because non-marketable investments are not readily marketable, the estimated value is subject to uncertainty and such differences could be material.

The cost of securities sold is determined by the average cost method and is used to compute realized gains and losses. Unrealized gains and losses reflect the changes in the fair values of investments from the prior year. Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Investment income is reported net of management and custody fees. The date of record for investments is the trade date.

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-term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Trustees has adopted a spending policy for pooled investments. If the ordinary income portion of pooled investments return is insufficient to provide the full amount of investment return specified, the balance may be appropriated from realized gains of the pooled investments. Cumulative net realized gains and transfers of ordinary income in excess of the spending policy ("cumulative gains") are held in their respective net asset categories and are available for appropriation under the College's spending policy. The Board of Trustees may, at its discretion, approve additional spending for special projects. The amount of investment return available for current operations will be determined by applying an increase of 2.0% to the prior year unit spending rate, provided that the resulting calculation falls within a collar of 4.5% to 5.5% of a twenty quarter average unit fair value.

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 net assets with donor restrictions the original value of gifts donated to the endowment, original value of subsequent gifts to the endowment, and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restriction until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA, which includes consideration of the:

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

Assets Held in Trust for Others:
Funds held in trust for others includes investments held by the College as a custodian for another member of the Claremont Colleges and the value of third-party remainder interest held in trust by the College. Investments held for others are included in the College's investment portfolio. Upon written notification, investments held for others may be withdrawn, subject to certain limitations as established in a participation agreement with the other member of the Claremont Colleges.

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued:*

Plant Facilities:
Plant facilities consist of property, plant, equipment and works of art 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. Plant purchases with a useful life of 5 years or more and a cost equal to or greater than $100 for land improvements and buildings and $25 for equipment are capitalized. Estimated useful lives are generally 7 years for equipment, 50 years for buildings and 25 years for permanent improvements. Building improvements that extend the remaining useful life of the building are depreciated over a period not to exceed 20 years. Land, works of art and construction in progress are not depreciated. 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 transfers to its capital project reserves an amount to allow for the preservation of its existing facilities into the future. Asset retirement obligations are recorded based on estimated settlement dates and methods.

No significant property or equipment has been pledged as collateral or otherwise subject to lien for the years ended June 30, 2022 and 2021. Proceeds from the disposal of equipment acquired with federal funds are transferred to the federal awarding agency. No property or equipment has been acquired with restricted assets where title may revert to another party.

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 expenses.

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 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 rates ranging from 0.4% to 9.0% and over estimated lives according to the IRS Annuity 2012 Mortality Tables.

The College is subject to additional legally mandated annuity reserve requirements by the State of California on its California gift annuity contracts. On December 2, 1998, the Insurance Commission Chief Counsel granted the College permission to invest its reserves for California annuities pursuant to Insurance Code Section 11521.2(b). This approval is subject to the following conditions: (1) maintain a nationally recognized statistical organization bond rating of “A” or better and (2) maintain an endowment to gift annuity ratio of at least 10:1.

Liabilities Associated with Investments:
The College may sell securities that it does not own in anticipation of a decline in the fair value of that security. The value of the open short position is recorded as a liability, and the College records an unrealized gain or loss to the extent of the difference between the proceeds received and value of the open short position. The College will recognize a realized gain or loss upon the termination of the short sale. The College is also liable to pay any dividends declared during the period the short sale is open.

Cash equivalents and domestic treasuries, recorded in investments, of $71,635 and $92,000 were provided at June 30, 2022 and 2021 to collateralize securities sold short.

Income Taxes:
The College had no unrecognized tax benefits and/or obligations at June 30, 2022 and 2021.

Redesignation of Net Assets:
Certain amounts previously received from donors have been transferred among net asset categories due to changes in donor designations and are reflected in the donor redesignations between net asset categories on the Consolidated Statements of Activities.

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued:*

Use of Estimates:
The preparation of consolidated financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 College carries most investments at fair value in accordance with generally accepted accounting principles. Fair value is defined as the price that would be received to sell an asset (i.e. the "exit price") in a transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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.

Investments in cash equivalents and certain global fixed income and global equity funds are valued based on quoted market prices and are therefore typically classified within Level 1.

Investments in domestic treasuries are valued based on quoted market prices of comparable assets and typically classified within Level 2.

Investments in hedge funds, private equity funds, other private investments, and certain investment funds focused on domestic and international equities and fixed income are held primarily through limited partnerships and comingled funds for which fair value is estimated using net asset value (NAV) reported by fund managers as a practical expedient.

Certain private investments and the College's beneficial interest in trusts valued utilizing unobservable inputs, and which have had no trading activity or cannot be redeemed at NAV or its equivalent on or near the reporting date, are 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 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 value as determined by the investment managers.

June 30, 2022 and 2021
(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued:*

Fair Value of Financial Instruments: *Continued*

The general partners and fund managers of the underlying investment partnerships generally value their investments at fair value and in accordance with GAAP. Investments with no readily available market are generally valued according to the estimated fair value 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 partnership and if it 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 fair value, the values presented herein are not necessarily indicative of the amount that the College could realize in a current transaction. Future 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 redemption of the investments.

Reclassifications:
Certain 2021 amounts have been reclassified to conform to 2022 presentation.

New Accounting Pronouncements:
In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under ASU 2020-07, contributed nonfinancial assets are required to be presented as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The College adopted this ASU on July 1, 2021 using the retrospective method. The adoption of the ASU did not have a material impact on the College's consolidated financial statements.

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts and notes receivable at June 30, 2022 and 2021 are as follows:

	2022	2021
Student notes receivable	$ 6,868	$ 6,601
Federal loan funds	365	435
Other Claremont Colleges	1,727	1,344
Student accounts receivable	307	512
Grants and contracts receivable	2,459	1,841
Housing assistance notes receivable	3,336	3,524
Other	410	774
	15,472	15,031
Less allowance for doubtful accounts and notes receivable	(875)	(980)
Net accounts and notes receivable	$ 14,597	$ 14,051

June 30, 2022 and 2021
(in thousands)

NOTE 3 - CONTRIBUTIONS RECEIVABLE AND BENEFICIAL INTEREST IN TRUSTS:

Contributions receivable at June 30, 2022 and 2021 are expected to be realized as follows:

	2022	2021
Within one year	$ 39,763	$ 26,828
Between one year and five years	196,132	95,682
Thereafter	282,960	212,751
	518,855	335,261
Less discount	(106,369)	(78,214)
Less allowance for doubtful contributions receivable	(1,665)	(1,625)
Net contributions receivable	$ 410,821	$ 255,422

Contributions receivable at June 30, 2022 and 2021 are intended for the following uses:

	2022	2021
Endowment	$ 82,316	$ 91,075
Plant	77,712	35,611
Other	250,793	128,736
Net contributions receivable	$ 410,821	$ 255,422

At June 30, 2022 and 2021, 82.8% and 92.9% of contributions receivable were due from five donors, respectively.

At June 30, 2022 and 2021, the College had knowledge of conditional promises to give in the amount of $689 and $1,751, respectively. The promises will be recognized as revenue when the conditions are met.

Conditional promises to give at June 30, 2022 and 2021, are intended for the following uses:

	2022	2021
Endowed chairs for new and existing faculty positions	$ -	$ 1,062
Scholarship endowments	589	589
General purposes of the College	100	100
Total conditional promises to give	$ 689	$ 1,751

At June 30, 2022 and 2021, the College held beneficial interest in outside trusts of $851 and $1,127, respectively. These trusts are administered by outside trustees, with the College deriving income and/or a residual interest from the assets. When an irrevocable trust is established or the College is notified of its existence, the College recognizes its beneficial interest in the trust as a contribution at fair value, which is measured as the fair value of the estimated expected future benefits to be received when the trust assets are distributed. The contribution revenue recognized is classified as an increase in net assets with donor restrictions based on the time or use restrictions placed by the donor upon the College's beneficial interest in the assets. Periodic adjustments to the beneficial interest to reflect changes in the fair value, life expectancy, and discount rate are recognized as actuarial gains or losses. The discount rates used are commensurate with the risks associated with the contribution.

June 30, 2022 and 2021
(in thousands)

NOTE 4 - INVESTMENTS:

It is the College's policy to establish and maintain a diversified investment portfolio. The carrying value of investments are based on the quoted market prices, analytical pricing methods for investments for which there is no market, and the carrying value of limited partnership net assets in proportion to the College's interest. The carrying values are considered fair values. The following schedule summarizes the assets in pooled investments and the assets held as separate investments at June 30, 2022 and 2021:

	2022	2021
Cash equivalents	$ 111,677	$ 126,179
Cash equivalents - limited use (Note 10)	8,676	6,513
Global equity	728,309	785,785
Domestic treasuries	261,687	196,929
Global fixed income	110,780	77,062
Private investments:		
Long/short equity	77,741	97,641
Absolute return funds	113,081	111,782
Private equity and venture capital	549,668	633,955
Real assets	126,942	78,368
Total by asset type	$ 2,088,561	$ 2,114,214

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following tables present financial assets and liabilities carried on the Statements of Financial Position at fair value as of June 30, 2022 and 2021:

	Level 1	Level 2	Level 3	Assets Held at NAV or Equivalent	2022
Financial Assets:					
Cash equivalents	$ 111,677	$ -	$ -	$ -	$ 111,677
Cash equivalents - limited use	8,676	-	-	-	8,676
Global equity	129,630	-	-	598,679	728,309
Domestic treasuries	-	261,687	-	-	261,687
Global fixed income	-	4,313	-	106,467	110,780
Private investments:					
Long/short equity	-	-	-	77,741	77,741
Absolute return	-	-	-	113,081	113,081
Private equity and venture capital	-	-	-	549,668	549,668
Real assets	-	-	720	126,222	126,942
Beneficial interest in trusts	-	-	851	-	851
Total financial assets at fair value	$ 249,983	$ 266,000	$ 1,571	$ 1,571,858	$ 2,089,412
Financial Liabilities:					
Funds held in trust for others	$ -	$ 401,373	$ -	$ -	$ 401,373
Liabilities associated with investments:					
Securities sold short	-	34,242	-	-	34,242
Total financial assets at fair value	$ -	$ 435,615	$ -	$ -	$ 435,615

June 30, 2022 and 2021
(in thousands)

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, *Continued:*

	Level 1	Level 2	Level 3	Assets Held at NAV or Equivalent	2021
Financial Assets:					
Cash equivalents	$ 126,179	$ -	$ -	$ -	$ 126,179
Cash equivalents - limited use	6,513	-	-	-	6,513
Global equity	81,664	-	-	704,121	785,785
Domestic treasuries	-	196,929	-	-	196,929
Global fixed income	5,033	-	-	72,029	77,062
Private investments:					
Long/short equity	-	-	-	97,641	97,641
Absolute return	-	-	-	111,782	111,782
Private equity and venture capital	-	-	-	633,955	633,955
Real assets	-	-	720	77,648	78,368
Beneficial interest in trusts	-	-	1,127	-	1,127
Total financial assets at fair value	$ 219,389	$ 196,929	$ 1,847	$ 1,697,176	$ 2,115,341
Financial Liabilities:					
Funds held in trust for others	$ -	$ 442,652	$ -	$ -	$ 442,652
Liabilities associated with investments:					
Securities sold short	-	70,295	-	-	70,295
Total financial assets at fair value	$ -	$ 512,947	$ -	$ -	$ 512,947

The following table includes a roll forward of the amounts for assets classified within Level 3 at June 30, 2022 and 2021:

	Real Assets	Beneficial Interest in Trusts	Total
Balance at July 1, 2020	$ 1,803	$ 1,042	$ 2,845
Sales	(1,083)	-	(1,083)
Actuarial adjustment	-	85	85
Balance at June 30, 2021	720	1,127	1,847
Actuarial adjustment	-	(276)	(276)
Balance at June 30, 2022	$ 720	$ 851	$ 1,571

Net appreciation/(depreciation) on investments and beneficial interest in trusts are reflected in the line "Realized and unrealized gains/(losses), net of spending allocation" and "Other investment income," respectively, on the Consolidated Statements of Activities. The College's policy is to recognize transfers in and transfers out of Level 1, Level 2, and Level 3 at the beginning of the reporting period.

June 30, 2022 and 2021
(in thousands)

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, *Continued:*

The following table shows the fair value, unfunded commitments and redemption restrictions for investments reported at NAV at June 30, 2022:

	Fair Value at June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Global equity	$ 598,679	none	1 day to 4 years	1 to 150 days	(1)
Global fixed income	106,467	none	1 to 90 days	5 to 60 days	(1)
Private investments:					
Long/short equity	77,741	$ -	1 to 36 months	60 to 90 days	(2)
Absolute return	113,081	9,000	3 to 12 months	60 to 90 days	(2)
Private equity and venture capital	549,668	221,690	N/A	N/A	(3)
Real assets	126,222	109,872	N/A	N/A	(3)
Total	$ 1,571,858	$ 340,562			

(1) These categories include investments in commingled fund vehicles that invest in debt and equity securities. The debt funds serve as a deflation hedge for the portfolio, while the equity allocation seeks total return and growth. The fair values of the investments in these categories have been estimated using the NAV per statement as reported by each underlying fund. Most funds have no significant redemption restrictions in place.

(2) This category includes investments in global long/short, event driven, diversified arbitrage, distressed securities, and other multi-strategy hedge fund vehicles. The hedge fund allocation is intended to reduce risk by mitigating volatility of the equity markets and targets positive and stable absolute returns. The fair values of the investments in this category have been estimated using the NAV per share as reported by each underlying fund.

(3) These categories include investments in leveraged buyout, distressed securities, venture capital, and real assset private limited partnership funds. The real asset funds serve as an inflation hedge for the portfolio and the other private categories are included for total return enhancement. The fair values of the investments in these categories have been estimated using the College's ownership percentage of the total NAV for each underlying fund. The contractual life of these funds ranges from ten to fifteen years and distributions will be received as the underlying investments are realized.

NOTE 6 - PLANT FACILITIES:

Plant facilities are recorded at cost or estimated fair value at the date of donation and at June 30, 2022 and 2021 consists of the following:

	2022	2021
Land and land improvements	$ 50,254	$ 48,613
Buildings and permanent improvements	311,490	311,489
Equipment	27,377	27,377
Works of art	11,078	10,412
Equipment under finance lease right-of-use assets	3,102	2,952
Property held for future use	15,520	15,520
Construction in progress	21,095	3,072
	439,916	419,435
Less: accumulated depreciation and amortization	(148,539)	(139,098)
Net plant facilities	$ 291,377	$ 280,337

June 30, 2022 and 2021
(in thousands)

NOTE 7 - FUNDS HELD IN TRUST FOR OTHERS:

At June 30, 2022 and 2021 funds held in trust for others consists of the following:

	2022	2021
College held third-party remainder interests held in trust	$ 1,989	$ 3,283
Other Claremont Colleges' interest in investment portfolio	401,373	442,652
Total funds held in trust for others	$ 403,362	$ 445,935

NOTE 8 - FINANCING LEASE OBLIGATION:

The College entered into financing lease obligations to finance the acquisition of certain equipment. The corresponding obligations are due in monthly and annual installments with maturities through August 2026 and are secured by associated equipment.

The annual financing lease obligation is as follows:

Fiscal Years Ending June 30,	Amount
2023	$ 286
2024	179
2025	90
2026	42
2027	6
	$ 603

NOTE 9 - BONDS PAYABLE:

At June 30, 2022 and 2021, bonds payable was comprised of the following:

	2022	2021
Taxable Bonds		
Series 2019	$ 225,000	$ 225,000
Series 2022	300,000	-
Bonds issued through California Educational Facilities Authority (CEFA):		
Series 2015	-	99,490
	525,000	324,490
Plus unamortized premium	-	8,870
Less unamortized issuance costs	(3,667)	(1,994)
Total bonds payable	$ 521,333	$ 331,366

The California Educational Facilities Authority (CEFA) Series 2015 bonds were fully defeased through the issuance of the Taxable Series 2022 bonds. A loss of $2,443 was recognized for the year ending June 30, 2022, representing the difference between the amount of defeased bonds series and the net carrying value of the new debt.

In December 2019, the College issued $225 million of taxable bonds at a rate of 3.38%, with all principal due in 2050. The bonds are general unsecured obligations of the College. The College is required to make semi-annual payments of interest.

In January 2022, the College issued $300 million of taxable bonds at a rate of 3.78%, with all principal due in 2122. The bonds are general unsecured obligations of the College. The College is required to make semi-annual payments of interest.

Interest expense was $14,687 and $11,602 for the years ended June 30, 2022 and 2021, respectively.

June 30, 2022 and 2021
(in thousands)

NOTE 9 - BONDS PAYABLE: ***Continued***

The maturity of note and bonds payable at June 30, 2022, is as follows:

Fiscal Years Ending June 30,	Principal Amount
2023	$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	525,000
	$ 525,000

The Taxable Series 2019 and 2022 bond agreements contain various non-restrictive covenants as defined in the agreements.

NOTE 10 - ASSETS WHOSE USE IS LIMITED:

Indenture requirements of bond financing (see Note 9, '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 recorded at fair value, which approximates fair value. Assets whose use is limited, which is included in investments, totaled $8,676 and $6,513, respectively, at June 30, 2022 and 2021.

NOTE 11 - ASSET RETIREMENT OBLIGATION:

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

The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2022 and 2021:

	2022	2021
Accretion expense	$ 38	$ 37
Beginning balance	958	921
Ending balance	$ 996	$ 958

NOTE 12 - NET ASSETS:

At June 30, 2022 and 2021, net assets consists of the following:

	2022	2021
Net assets without donor restrictions:		
For operations, designated purposes, and plant facilities	$ 89,578	$ 162,924
Housing assistance and student loans	5,876	6,012
Board designated endowment funds	275,446	270,816
Total net assets without donor restrictions	$ 370,900	$ 439,752

June 30, 2022 and 2021
(in thousands)

NOTE 12 - NET ASSETS, *Continued*:

	2022	2021
Net assets with donor restrictions:		
Restricted for specific purposes	$ 404,208	$ 214,337
Annuity and life income contracts and agreements	15,911	28,191
Term endowments	48,587	48,009
Portion of perpetual endowment fund subject to a time restriction under California UPMIFA:		
Without purpose restriction	25,724	30,610
With purpose restriction	340,842	439,006
Student loans	12,009	11,746
Perpetual endowment funds	534,387	524,785
Total net assets with donor restrictions	$ 1,381,668	$ 1,296,684

NOTE 13 - ENDOWMENT:

The net assets of the College include perpetual endowments and funds functioning as endowments. Perpetual endowments are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized as provided under UPMIFA. 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 year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	2022
Investment returns:			
Investment income (loss)	$ 21,690	$ (103,013)	$ (81,323)
Endowment returns reinvested (or distributed for operations)	(50,457)	5,644	(44,813)
Net investment returns	(28,767)	(97,369)	(126,136)
Other changes in endowed equity:			
Gifts	-	10,350	10,350
Transfer to quasi-endowment	35,000	-	35,000
Other changes	(1,603)	(5,851)	(7,454)
Total other changes in endowed equity	33,397	4,499	37,896
Net change in endowed equity	4,630	(92,870)	(88,240)
Endowed equity, beginning of year	270,816	1,042,410	1,313,226
Endowed equity, end of year	$ 275,446	$ 949,540	$ 1,224,986

At June 30, 2022, endowed equity consists of the following assets:

Contributions receivable, net of discount	$ -	$ 82,316	$ 82,316
Investments	275,446	867,224	1,142,670
Total endowed equity	$ 275,446	$ 949,540	$ 1,224,986

June 30, 2022 and 2021
(in thousands)

NOTE 13 - ENDOWMENT, *Continued*:

Changes in the College's endowment for the year ended June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	2021
Investment returns:			
Investment income (loss)	$ 120,951	$ 255,058	$ 376,009
Endowment returns reinvested (or distributed for operations)	(46,943)	5,347	(41,596)
Net investment returns	74,008	260,405	2,975,353
Other changes in endowed equity:			
Gifts	-	26,611	26,611
Other changes	2,115	(2,182)	(67)
Total other changes in endowed equity	2,115	24,429	26,544
Net change in endowed equity	76,123	284,834	360,957
Endowed equity, beginning of year	194,693	757,576	952,269
Endowed equity, end of year	$ 270,816	$ 1,042,410	$ 1,313,226

At June 30, 2021, endowed equity consists of the following assets:

	Without Donor Restrictions	With Donor Restrictions	2021
Contributions receivable, net of discount	$ -	$ 91,075	$ 91,075
Investments	270,816	951,335	1,222,151
Total endowed equity	$ 270,816	$ 1,042,410	$ 1,313,226

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies for donor-restricted endowment funds were $991 and $0 at June 30, 2022 and 2021, respectively. Deficiencies for donor-restricted endowment funds were recorded as a reduction in endowments with donor restrictions.

NOTE 14 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

As of June 30, 2022 and 2021, the College's financial assets and liquidity resources without donor restrictions and available within one year for general expenditure are as follows:

	2022	2021
Financial Assets:		
Cash	$ 1,016	$ 1,424
Accounts and notes receivable, net	4,903	4,471
Contributions receivable, net	3,816	12,318
Short-term investments	257,317	191,467
Funds functioning as endowment	275,446	270,816
Subsequent year's endowment payout	35,942	33,837
Total financial assets available within one year	$ 578,440	$ 514,333

The College's cash flows have seasonal variability due to tuition billing and a concentration of contributions received at calendar and fiscal year-ends. The College has accounted for this variability through a disciplined budget approach. The College does not normally spend from its Board-designated funds functioning as endowment, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process. However, Board-designated funds functioning as endowment could be made available for general expenditure with board approval.

June 30, 2022 and 2021
(in thousands)

NOTE 15 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2022 and 2021 consist of the following:

	2022	2021
Tuition and fees	$ 81,695	$ 70,329
Room and board	22,159	608
Gross student revenues	103,854	70,937
Less Financial aid	(30,096)	(24,918)
Net student revenues	$ 73,758	$ 46,019

NOTE 16 - FUNCTIONAL CLASSIFICATION OF EXPENSES:

Expenses by natural classification for the years ended June 30, 2022 and 2021, consist of the following:

	Academic instruction and Research	Student and Auxiliary Services	Institutional Support	2022 Total
Direct employee costs	$ 44,998	$ 15,492	$ 13,841	$ 74,331
General services, travel and transportation	4,546	6,126	8,353	19,025
Shared services and joint programs	7,481	1,572	3,799	12,852
General supplies and other expenses	1,593	8,173	2,241	12,007
Plant maintenance and equipment	2,894	7,713	4,852	15,459
Interest expense	4,655	9,332	792	14,779
Depreciation expense	2,452	6,431	558	9,441
Total expenses	$ 68,619	$ 54,839	$ 34,436	$ 157,894

	Academic instruction and Research	Student and Auxiliary Services	Institutional Support	2021 Total
Direct employee costs	$ 39,601	$ 11,360	$ 10,842	$ 61,803
General services, travel and transportation	2,434	3,428	3,875	9,737
Shared services and joint programs	5,980	1,597	3,340	10,917
General supplies and other expenses	1,376	2,561	3,838	7,775
Plant maintenance and equipment	2,162	5,299	2,126	9,587
Interest expense	3,933	7,142	605	11,680
Depreciation expense	2,506	6,576	571	9,653
	$ 57,992	$ 37,963	$ 25,197	$ 121,152

NOTE 17 - EMPLOYEE BENEFIT PLANS:

The College participates, with other members of The Claremont Colleges (Note 19), in a defined contribution retirement plan which provides retirement benefits to eligible personnel through Teachers Insurance and Annuity Association. Under this defined contribution plan, the 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, 2022 and 2021 totaled $7,762 and $2,348, respectively.

June 30, 2022 and 2021
(in thousands)

NOTE 18 - INSTITUTIONAL SUPPORT FUNDRAISING EXPENSE:

Included in Institutional Support expenses are approximately $4,167 and $4,102 of expenditures related to fundraising for the years ended June 30, 2022 and 2021, respectively.

NOTE 19 - 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. The Claremont Colleges, Inc. (formerly 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, 2022 and 2021 totaled approximately $6,525 and $6,139, respectively.

During the fiscal year ended June 30, 2018, the College formed Claremont Investment Fund (the "Fund"), a California nonprofit public benefit corporation organized exclusively for charitable and education purposes within the meaning of IRC Section 501(C)(3). The Fund is a Type I supporting organization under IRC Section 509(a)(3) that shall be operated exclusively for the benefit of the College and those members of The Claremont Colleges (collectively, the "Supported Organizations") that may be approved by the College's Board of Trustees from time to time. On July 1, 2018, the Supported Organizations began pooling their endowment and other investment assets in the Fund in a diversified investment strategy approved by the College's Board of Trustees.

NOTE 20 - RELATED PARTY TRANSACTIONS:

The College holds investments in certain limited partnerships in which certain members of the Board of Trustees are limited partners or are affiliated with management of the related partnerships. Investments in these limited partnerships at June 30, 2022 and 2021 totaled $35,266 and $37,374, respectively.

The College receives contributions and promises to give from members of the Board of Trustees. For the years ended June 30, 2022 and 2021, the College received $229,062 and $33,125, respectively, of total private gifts and grants from members of the Board of Trustees. For the years ended June 30, 2022 and 2021, private gifts and grants from the Board of Trustees were comprised approximately of 75% and 61% from two and one members, respectively. At June 30, 2022 and 2021, contributions receivable from members of the Board of Trustees totaled $379,420 and $215,178, respectively.

NOTE 21 - COMMITMENTS AND CONTINGENCIES:

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

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 change in net assets of the College.

The College has remaining contract commitments to complete the construction of a new science building totaling approximately $129,000 as of June 30, 2022.

NOTE 22 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 25, 2022, which corresponds to the date when the financial statements are available for issuance.