

Claremont McKenna College

2025–2026 Financial Report

CLAREMONT MCKENNA COLLEGE
ANNUAL FINANCIAL REPORT

2026 and 2025

CONTENTS

Chief Financial Officer's Report	1
Financial Highlights	4
Report of Independent Auditors	8
Consolidated Statements of Financial Position	11
Consolidated Statements of Activities	12
Consolidated Statements of Cash Flows	14
Notes to Consolidated Financial Statements	15

CLAREMONT McKENNA COLLEGE

Office of the Treasurer

November 4, 2026

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

Dear Members of the Board:

We are pleased to report another exceptional financial year for Claremont McKenna College (CMC) for the fiscal year ended June 30, 2026. CMC continues to demonstrate excellence across its academic, financial, and institutional priorities through disciplined stewardship, sustained donor support, strong investment performance, and continued investment in our student experience. The College's financial position reached new highs this year, reflecting both the successful completion of several strategic initiatives and enduring financial strength. The following are highlights of key operational and financial results that reinforce CMC's position as one of the nation's leading liberal arts colleges.

1. **Financial Strength:** CMC experienced strong growth in its financial position during fiscal year 2025-26, with total net assets increasing by 13.7 percent to $2.35 billion and total assets growing to more than $3.6 billion. Particularly noteworthy was the increase in net assets without donor restrictions, which rose by more than 50 percent to $694 million. This increase reflects strong operating performance, exceptional investment returns, and the successful completion of major capital projects funded through prior philanthropic support.

   The College also maintained a stable debt profile throughout the year with no additional long-term borrowing. Outstanding bond obligations remained essentially unchanged at approximately $522 million and continue to be structured with long-term maturities that support the College's strategic financing objectives.

2. **Endowment and Investment Performance:** The investment portfolio delivered another strong year of performance, generating more than $209 million in realized and unrealized gains after spending allocations. Total investments increased to approximately $2.7 billion, reflecting both strong market returns and new gifts. Within these investments, the CMC endowment grew by more than $200 million to approximately $1.63 billion, strengthening future support for scholarships, academic programs, faculty excellence, and institutional priorities. Investment distributions provided nearly $64 million of support for annual operations, underscoring the critical role of the endowment in sustaining CMC's educational mission while preserving long-term purchasing power for future generations.

As in prior years, a significant portion of the College's investments consists of assets pooled with other members of The Claremont Colleges through the Claremont Investment Fund. Corresponding liabilities recorded as funds held in trust for others primarily represent the interests of those institutions in the pooled investment portfolio.

3. **Robust Fundraising:** The College continued to experience outstanding philanthropic support with private gifts and grants recognized during fiscal year 2025-26 totaling more than $87 million, more than doubling the prior year's level. Contributions receivable increased to $356 million, reflecting substantial future commitments from donors who remain deeply invested in the College's mission and strategic priorities. This continued generosity provides critical support for endowment growth, capital projects, student financial aid, and academic excellence.

4. **Academic Excellence and Student Support:** CMC continued to invest significantly in the student experience and academic mission. Net student revenues increased to more than $95 million while institutional financial aid remained at approximately $32 million, reinforcing the College's commitment to accessibility and affordability. Instruction, research, academic support, and student services expenditures increased meaningfully during the year, reflecting campus expansion and continued investment in faculty, academic programs, student engagement, and campus life.

5. **Academic Development and Campus Growth:** Fiscal year 2025-26 marked a transformative milestone in the College's long-term campus master plan with the completion and opening of the Robert Day Sciences Center and the programs housed therein. This facility represents a significant enhancement to the College's academic infrastructure and provides expanded opportunities for interdisciplinary teaching, learning, and scholarship across the sciences and related fields. The project's successful completion contributed substantially to the increase in plant facilities and resulted in the release from donor restrictions of approximately $170 million of donor-restricted capital support.

   The College also continued work on additional capital initiatives designed to strengthen the student experience and support future institutional growth. Construction commitments remaining at year-end position the College to continue enhancing campus facilities in the years ahead.

6. **Stewardship and Long-Term Sustainability:** CMC's financial results reflect a disciplined approach to resource management and a long-term commitment to financial sustainability. While operating expenses increased as the College expanded campus facilities, academic programming, student support, and facility operations, the College maintained positive operating results and continued to strengthen its overall financial position. These outcomes are a testament to prudent financial stewardship, strategic planning, and the dedication of the collective College community.

Members of the Board of Trustees
November 4, 2026

Summary

At CMC, our resources are purposefully directed toward advancing our mission of preparing students for thoughtful and productive lives and responsible leadership. The College is entering fiscal year 2026-27 from a position of considerable financial strength, supported by exceptional investment performance, strong philanthropic momentum, successful completion of major capital initiatives, and ongoing commitment to academic excellence and student success. We remain focused on ensuring that CMC continues to thrive as a leading liberal arts institution while preserving the financial flexibility and resources necessary to serve future generations of students.

We thank our faculty, staff, trustees, alumni, and supporters for their unwavering dedication and contributions to the College. Together, we look forward to another successful year ahead.

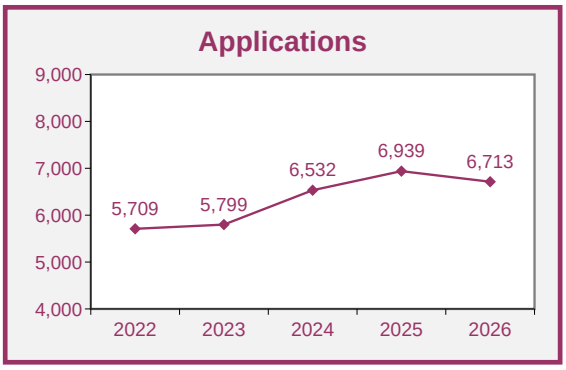
Respectfully submitted,



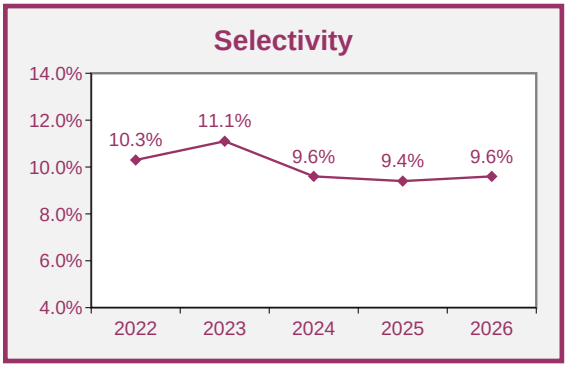
Linda Kroll
Vice President of Business, Chief Financial Officer

Financial Highlights

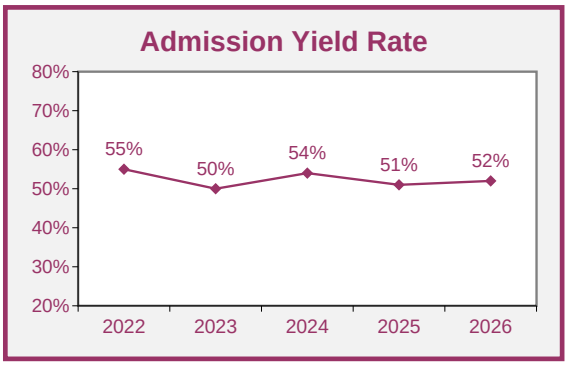
- Applications for admission in Fall 2026 were robust at 6,713. Over the last five years, applications have increased by over 18%, showing strong and growing student demand.



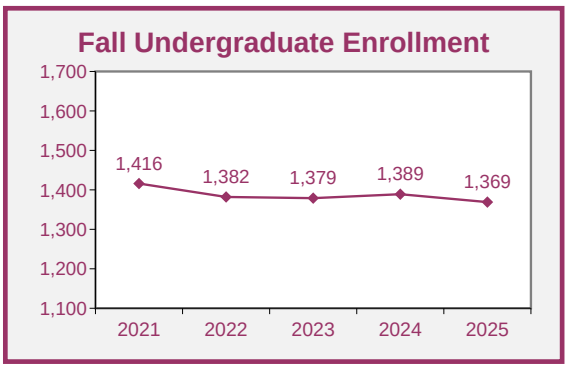
- The College's selectivity rate for freshman admission (acceptances divided by total applications) remained low at approximately 9.6% As student demand has grown over the last five years, the College has been increasingly more selective.



- The overall yield rate was 52% for Fall 2026. The total number of first years entering the College in Fall 2026 was 332 students.

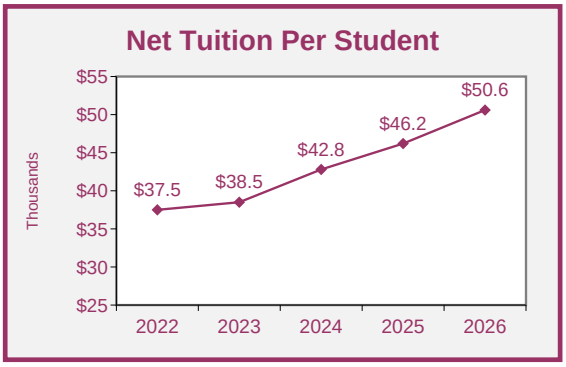


- Total fall enrollment remains stable at 1,369 in Fall 2025.

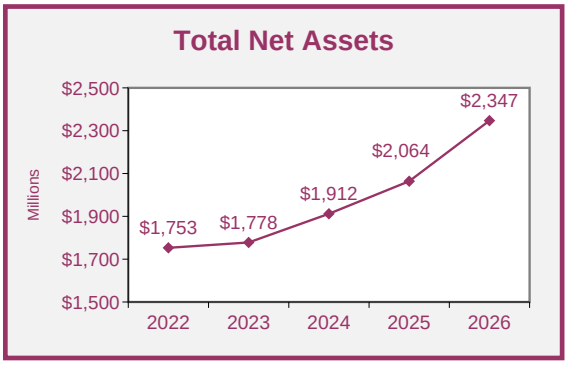


Financial Highlights

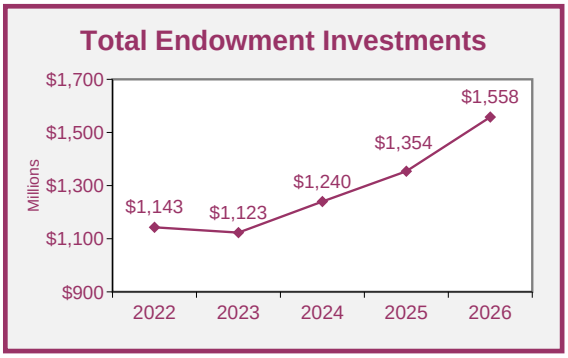
- The College's net tuition per student increased due to the increase in tuition rates and a decrease in discount rate. CMC remains higher than the 2025 median net tuition per student of $37,964 for Moody's Aa private institutions.



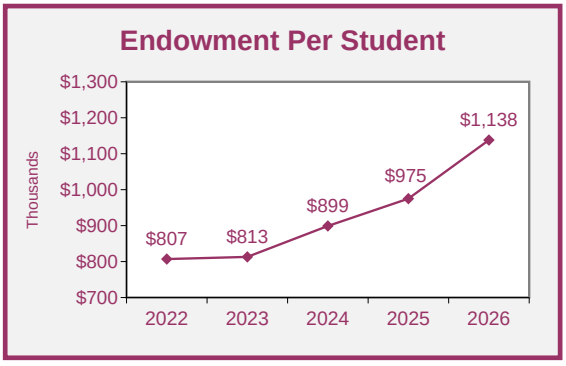
- Total net assets increased by 13.7%, primarily driven by investment realized and unrealized gains.



- Total endowment investments increased by 15.1% in 2026, after fees and spending for operations. The increase was attributable to realized and unrealized gains.

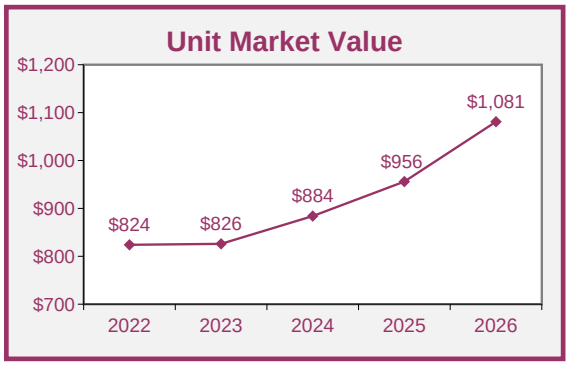


- Endowment per student increased primarily as a result of investment performance. Total endowment investments at June 30, 2026, was $1.56 billion.

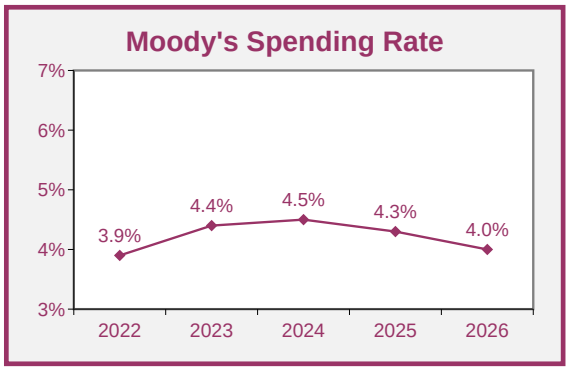


Financial Highlights

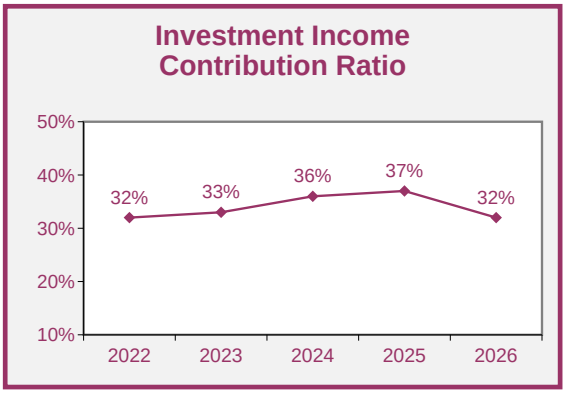
- The market value per unit in the College's investment pool increased by 13.1%. Unit market value reflects general market performance after spending for operations.



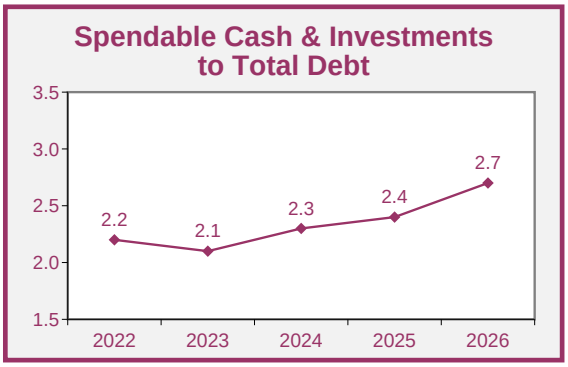
- The spending rate (spending amount per unit divided by unit market value at the beginning of the year) decreased in fiscal year 2026. This was a result of an increase in the beginning unit market value, coupled with a growth in the spending amount per unit.



- 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 remained stable over the past five years due to new gifts to the endowment and solid long-term investment performance.

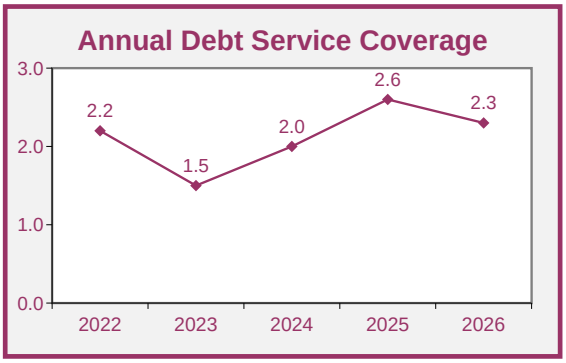


- Total spendable cash and investments to debt increased in 2026 as a result of strong investment performance. The College’s ratio of 2.7 in 2026 is slightly lower than the 2025 median value of 3.98 for Moody’s Aa private institutions. Moody's assigned a rating of Aa3 to CMC's Series 2022 Taxable Bonds.

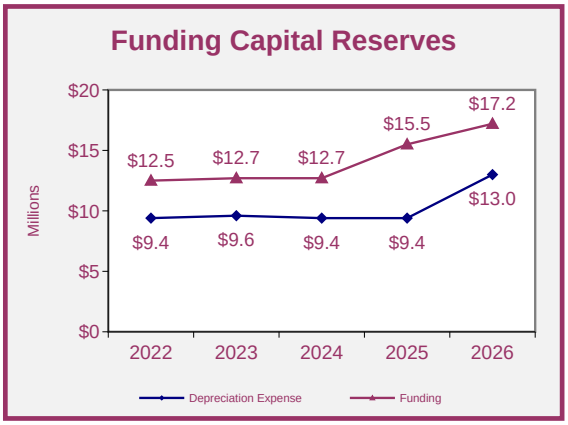


Financial Highlights

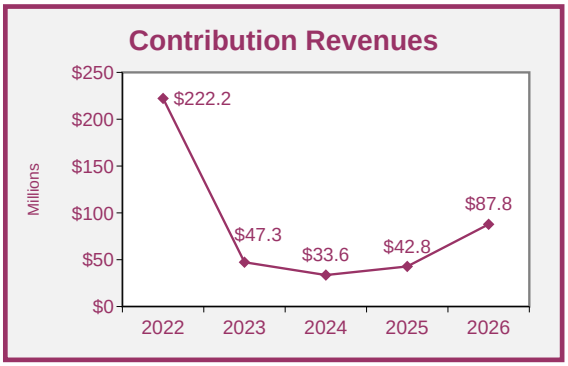
- Annual debt service coverage (the ability to make debt service payments from annual operations) slightly declined in 2026. CMC's ratio is lower than the median value of 3.17 for Moody's Aa private institutions.



- CMC continues its long standing policy of funding capital reserves for repairs, life cycle replacements, and modernization of facilities. The calculation of annual set-asides into capital reserves is based on future anticipated replacement values.



- Total contribution revenues in 2026 were strong at $87.8 million. Total contributions have varied over the past five years primarily due to the timing of receipt of large contributions receivable received towards the College's top institutional priorities and campaign goals.



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, 2026 and 2025, 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, 2026 and 2025, 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 consolidated financial statements are available to be issued.

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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 Included in the Annual Financial Report

Management is responsible for the other information included in the Claremont McKenna College and Subsidiaries' annual financial report. The other information included in the annual financial report includes the Financial Highlights and the Chief Financial Officer's Report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does 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.

Baker Tilly US, LLP

Irvine, California
November 4, 2026

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and 2025
(in thousands)

	2026	2025
ASSETS		
Cash	$ 4,423	$ 2,617
Accounts and notes receivable, net (Note 2)	13,017	13,309
Prepaid expenses and deposits	3,312	3,821
Contributions receivable, net (Note 3)	356,262	347,627
Beneficial interest in trusts (Note 4)	957	823
Investments (Note 5, Note 11)	2,685,371	2,405,908
Plant facilities, net (Note 7)	559,099	471,188
Total assets	$ 3,622,441	$ 3,245,293
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 56,905	$ 53,647
Funds held in trust for others (Note 8)	623,565	537,114
Deposits and deferred revenues	2,066	2,540
Finance lease obligation (Note 9)	1,709	1,831
Life income and annuities payable	68,042	62,927
Bonds payable (Note 10)	521,597	521,531
Government advances for student loans	132	226
Asset retirement obligation (Note 12)	1,165	1,120
Total liabilities	1,275,181	1,180,936
Net Assets (Note 13):		
Without donor restrictions	693,985	457,558
With donor restrictions	1,653,275	1,606,799
Total net assets	2,347,260	2,064,357
Total liabilities and net assets	$ 3,622,441	$ 3,245,293

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2026
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total 2026
Revenues:			
Net student revenues (Note 16)	$ 95,138	$ -	$ 95,138
Private gifts and grants	6,109	81,677	87,786
Federal grants	1,463	-	1,463
Private contracts	221	-	221
Spending policy income	24,256	39,646	63,902
Other investment income, net	8,254	59	8,313
Other revenues	4,109	-	4,109
Release of net assets	-	-	
Restricted gifts	28,616	(28,616)	-
Restricted spending policy income	29,830	(29,830)	-
Annuity and life income	98	(98)	-
Total revenues and release of net assets	198,094	62,838	260,932
Expenses:			
Instruction	72,720	-	72,720
Research	13,395	-	13,395
Academic support	11,272	-	11,272
Student services	35,810	-	35,810
Institutional support	34,567	-	34,567
Auxiliary enterprises	29,296	-	29,296
Total expenses	197,060	-	197,060
Excess of revenues over expenses	1,034	62,838	63,872
Other changes in net assets			
Realized and unrealized gain, net of spending allocation	69,290	140,408	209,698
Realized losses on contributions receivable	-	(1,017)	(1,017)
Release of net assets for plant facilities	170,369	(170,369)	-
Transfers to other Claremont Colleges	(1,224)	-	(1,224)
Actuarial adjustment	164	11,410	11,574
Donor redesignations between net asset classes	(3,206)	3,206	-
Change in net assets	236,427	46,476	282,903
Net assets at beginning of year	457,558	1,606,799	2,064,357
Net assets at end of year	$ 693,985	$ 1,653,275	$ 2,347,260

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2025
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total 2025
Revenues:			
Net student revenues (Note 16)	$ 89,538	$ -	$ 89,538
Private gifts and grants	6,063	36,723	42,786
Contribution of non-financial assets	-	-	-
Federal grants	2,730	-	2,730
Private contracts	50	-	50
Spending policy income	23,899	38,182	62,081
Other investment income, net	12,992	108	13,100
Other revenues	2,865	-	2,865
Release of net assets	-	-	
Restricted gifts	25,980	(25,980)	-
Restricted spending policy income	29,307	(29,307)	-
Annuity and life income	20	(20)	-
Total revenues and release of net assets	193,444	19,706	213,150
Expenses:			
Instruction	67,841	-	67,841
Research	12,268	-	12,268
Academic support	10,782	-	10,782
Student services	32,455	-	32,455
Institutional support	29,622	-	29,622
Auxiliary enterprises	28,569	-	28,569
Total expenses	181,537	-	181,537
Excess of revenues over expenses	11,907	19,706	31,613
Other changes in net assets			
Realized and unrealized gain, net of spending allocation	40,462	81,589	122,051
Loss on disposition of property	(112)	-	(112)
Realized losses on contributions receivable	-	(4,062)	(4,062)
Transfers to other Claremont Colleges	(565)	-	(565)
Actuarial adjustment	(21)	3,558	3,537
Donor redesignations between net asset classes	(929)	929	-
Change in net assets	50,742	101,720	152,462
Net assets at beginning of year	406,816	1,505,079	1,911,895
Net assets at end of year	$ 457,558	$ 1,606,799	$ 2,064,357

CLAREMONT MCKENNA COLLEGE
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2026 and 2025
(in thousands)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 282,903	$ 152,462
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	12,953	9,407
Amortization and accretion expense	706	605
Loss on disposal of plant facilities	-	112
Increase in beneficial interest in trusts	(134)	(191)
Change in allowance for credit losses	182	(162)
Forgiveness of notes receivable	390	386
Discount on life income contract gifts	-	916
Realized and unrealized gains on investments	(362,801)	(263,425)
Contributions restricted for long-term investments	(78,179)	(24,948)
Adjustment of actuarial liability for annuities payable	(413)	902
(Increase)/decrease in accounts and contributions receivable	(2,281)	24,996
Decrease/(increase) in prepaid expenses and deposits	509	(1,308)
Increase in accounts payable and accrued liabilities	3,406	15,046
Increase in funds held in trust for others	86,303	82,553
(Decrease)/increase in deposits and deferred revenues	(474)	1,097
Net cash used in operating activities	(56,930)	(1,552)
Cash flows from investing activities:		
Purchase of works of art	(787)	-
Purchase of plant facilities	(100,202)	(122,009)
Proceeds from sales of plant facilities	-	637
Purchases of investments	(2,230,003)	(1,512,192)
Proceeds from sales of investments	2,316,313	1,615,526
Loans made to students and employees	(1,591)	(1,603)
Collection of student and employee loans	968	749
Net cash (used)/provided by investing activities	(15,302)	(18,892)
Cash flows from financing activities:		
Payments to annuity and life income beneficiaries	(6,714)	(6,441)
Investment income for annuity and life income investments	3,259	3,099
Principal payments for leases	(592)	(535)
Contributions restricted for life income contracts	7,941	370
Contributions restricted for endowment	15,866	7,053
Contributions restricted for specific purposes	54,372	17,525
Decrease in government long-term advances for student loans	(94)	(69)
Net cash provided by financing activities	74,038	21,002
Change in cash	1,806	558
Cash, beginning of year	2,617	2,059
Cash, end of year	$ 4,423	$ 2,617

June 30, 2026 and 2025
(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 prepare students for thoughtful and productive lives and responsible leadership in business, government, and the professions. The College pursues this mission by providing a liberal arts education that emphasizes economics and political science; promotes faculty and student scholarship that contributes to intellectual vitality and an understanding of public policy issues; supports a professoriate that is dedicated to effective undergraduate teaching; reinforces a close student-teacher relationship that fosters critical inquiry; sustains an active residential and intellectual environment; sponsors scholarly support for a faculty of teacher-scholars; and champions freedom of expression, viewpoint diversity, and constructive dialogue, as well as institutional neutrality, through The Open Academy.

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. All material intercompany transactions and balances between the College and its affiliates have been eliminated in consolidation.

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.

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.

Cash:

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

Supplemental disclosures of cash flow information include the following at June 30, 2026 and 2025:

	2026	2025
Cash paid for interest	$ 18,995	$ 18,998
Plant facilities acquired by financing lease	470	1,023

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.

June 30, 2026 and 2025
(in thousands)

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

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.

Accounts and Notes Receivable:
Accounts and notes receivables are primarily related to unsecured student accounts, uncollateralized federal and institutional loans, affiliated institutions (see Note 19), and housing assistance. Student accounts and notes receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The College separates student accounts receivable into risk pools based on aging. To determine the allowance as of the consolidated statement of financial position date, the College 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, 2026, the College maintained its historical loss rates for each aging category due to consistent enrollment trends, stable historical collection performance, and minimal shifts in overall economic conditions.

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 5.7%. 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.

Investments:
Where permitted by law, the College pools investments for management purposes. The remainder is 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, 2026 and 2025. 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.

June 30, 2026 and 2025
(in thousands)

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

Management of Pooled Investments:

The College follows an investment policy which anticipates a greater long-term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Trustees has adopted a spending policy for pooled investments. 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 3.0% 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

Funds with Deficiencies:

From time to time, as a result of market declines, the fair value of certain donor restricted endowments were less than the historical dollar value. Deficiencies of this nature are recorded as a reduction in net assets with donor restrictions. The College has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations.

June 30, 2026 and 2025
(in thousands)

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

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, 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, 2026 and 2025
(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.

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. For equipment acquired through a finance lease obligation the estimated useful life is the lesser of 5 years or the useful life of the lease. 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, 2026 and 2025. 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.

Right of Use Assets and Lease Obligations:

The College recognizes a Right-of-Use (ROU) asset and lease obligations for leases with an expected term greater than twelve months and with a discounted value greater than $100 for building, $25 for equipment, and $15 for vehicle leases on it's consolidated statements of financial position measured at the lease commencement date, which is the date the College 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 discount 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 management determined it was not reasonably certain that the lease would be extended.

June 30, 2026 and 2025
(in thousands)

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

Assets Held in Trust for Others:
Funds held in trust for others includes investments held by the College as a custodian for two other members 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 members of the Claremont Colleges.

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 2012 Individual Annuity Reserving 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.

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, fees, housing, and food 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.

The College offers both need-based and merit-based aid. Institutional awards in the form of financial aid scholarships and grants, including those funded by the endowment and gifts, are reported as a reduction to student tuition revenues.

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.

June 30, 2026 and 2025
(in thousands)

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

Revenue Recognition, *Continued*:
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.

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. The College follows the policy of reporting donor-imposed restricted contribution and endowment income as revenues without donor restrictions when restrictions are met in the same period as the funds are received.

Allocation of Certain Expenses:
Expenses are 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.

Income Taxes:
The College had no unrecognized tax benefits and/or obligations or uncertain tax positions at June 30, 2026 and 2025.

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.

Reclassifications:
Certain 2025 amounts have been reclassified to conform to 2026 presentation.

June 30, 2026 and 2025
(in thousands)

NOTE 2 - ACCOUNTS AND NOTES RECEIVABLE:

Accounts and notes receivable at June 30, 2026 and 2025 are as follows:

	2026	2025
Student notes receivable	$ 8,492	$ 8,420
Federal loan funds	122	171
Other Claremont Colleges	685	1,455
Student accounts receivable	269	228
Grants and contracts receivable	332	379
Housing assistance notes receivable	3,325	3,115
Other	843	410
	14,068	14,178
Less allowance for credit loss on accounts and notes receivable	(1,051)	(869)
Net accounts and notes receivable	$ 13,017	$ 13,309

Change in the allowance for credit losses for the years ended June 30, 2026 and 2025 were as follows:

	2026	2025
Balance, beginning of the year	$ 869	$ 1,031
Provisions (Write-off), net of recoveries	182	(162)
	$ 1,051	$ 869

June 30, 2026 and 2025
(in thousands)

NOTE 3 - CONTRIBUTIONS RECEIVABLE:

Contributions receivable at June 30, 2026 and 2025 are expected to be realized as follows:

	2026	2025
Within one year	$ 42,549	$ 83,531
Between one year and five years	159,813	120,387
Thereafter	237,851	219,129
	440,213	423,047
Less discount	(83,951)	(75,360)
Less allowance for doubtful contributions receivable	-	(60)
Net contributions receivable	$ 356,262	$ 347,627

Contributions receivable at June 30, 2026 and 2025 are intended for the following uses:

	2026	2025
Endowment	$ 74,819	$ 76,675
Plant	55,230	65,066
Programmatic and current use	226,213	205,886
Net contributions receivable	$ 356,262	$ 347,627

At June 30, 2026 and 2025, 79.2% and 78.1% of contributions receivable were due from five donors, respectively.

At June 30, 2026 and 2025, the College had knowledge of conditional promises to give in the amount of $4,854 and $5,548, respectively. The promises will be recognized as revenue when the conditions are met.

Conditional promises to give at June 30, 2026 and 2025, are intended for the following uses:

	2026	2025
Scholarship endowments	$ 589	$ 589
General purposes of the College	100	100
Plant Facilities	4,165	4,859
Total conditional promises to give	$ 4,854	$ 5,548

June 30, 2026 and 2025
(in thousands)

NOTE 4 - BENEFICIAL INTERESTS IN TRUST AND FAIR VALUE MEASUREMENT:

At June 30, 2026 and 2025, the College held a beneficial interest in outside trusts of $957 and $823, 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, measured at 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. Actuarial adjustments to the fair value of the beneficial trusts may occur due to changes in estimates of the donor's life expectancy or changes in discount rates resulting from risks commensurate with the contributions. The assets are classified within Level 3 of the fair value hierarchy.

The following table includes a roll forward of the amounts for assets classified within Level 3 at June 30, 2026 and 2025:

	Beneficial Interest in Trusts
Balance at July 1, 2024	$ 750
Actuarial adjustment	73
Balance at June 30, 2025	823
Actuarial adjustment	134
Balance at June 30, 2026	$ 957

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.

NOTE 5 - 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, 2026 and 2025:

	2026	2025
Cash equivalents	$ 71,617	$ 60,852
Cash equivalents - limited use (Note 10)	9,461	9,476
Global equity	1,050,731	894,310
Domestic treasuries	113,333	120,166
Global fixed income	125,871	166,686
Private investments:		
Long/short equity	125,317	103,669
Absolute return	165,946	151,570
Private equity and venture capital	763,580	682,952
Real assets	259,515	216,227
Total by asset type	$ 2,685,371	$ 2,405,908

June 30, 2026 and 2025
(in thousands)

NOTE 6 - INVESTMENTS AT FAIR VALUE MEASUREMENT:

The following tables present financial assets and liabilities carried on the Statements of Financial Position at fair value as of June 30, 2026 and 2025:

	Level 1	Level 2	Assets Measured using NAV or Equivalent	2026
Financial Assets:				
Cash equivalents	$ 71,617	$ -	$ -	$ 71,617
Cash equivalents - limited use	9,461	-	-	9,461
Global equity	205,993	-	844,738	1,050,731
Domestic treasuries	-	113,333	-	113,333
Global fixed income	-	4,565	121,306	125,871
Private investments:	-	-	-	
Long/short equity	-	-	125,317	125,317
Absolute return	-	-	165,946	165,946
Private equity and venture capital	-	-	763,580	763,580
Real assets	-	-	259,515	259,515
Total financial assets at fair value	$ 287,071	$ 117,898	$ 2,280,402	$ 2,685,371
Financial Liabilities:				
Funds held in trust for others	$ -	$ 623,565	$ -	$ 623,565
Total financial liabilities at fair value	$ -	$ 623,565	$ -	$ 623,565

	Level 1	Level 2	Assets Measured using NAV or Equivalent	2025
Financial Assets:				
Cash equivalents	$ 60,852	$ -	$ -	$ 60,852
Cash equivalents - limited use	9,476	-	-	9,476
Global equity	170,262	-	724,048	894,310
Domestic treasuries	-	120,166	-	120,166
Global fixed income	-	3,966	162,720	166,686
Private investments:				
Long/short equity	-	-	103,669	103,669
Absolute return	-	-	151,570	151,570
Private equity and venture capital	-	-	682,952	682,952
Real assets	-	-	216,227	216,227
Total financial assets at fair value	$ 240,590	$ 124,132	$ 2,041,186	$ 2,405,908
Financial Liabilities:				
Funds held in trust for others	$ -	$ 537,114	$ -	$ 537,114
Total financial liabilities at fair value	$ -	$ 537,114	$ -	$ 537,114

June 30, 2026 and 2025
(in thousands)

NOTE 6 - INVESTMENTS AT FAIR VALUE MEASUREMENT, *Continued:*

The following table shows the fair value, unfunded commitments and redemption restrictions for investments reported at NAV at June 30, 2026:

	Fair Value at June 30, 2026	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Global equity	$ 844,738	$ -	1 day to 4 years	1 to 150 days	(1)
Global fixed income	121,306	-	1 to 90 days	5 to 60 days	(1)
Private investments:					
Long/short equity	125,317	-	1 to 36 months	60 to 90 days	(2)
Absolute return	165,946	-	3 to 12 months	60 to 90 days	(2)
Private equity and venture capital	763,580	229,525	N/A	N/A	(3)
Real assets	259,515	141,009	N/A	N/A	(3)
Total	$ 2,280,402	$ 370,534			

(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 asset 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 7 - PLANT FACILITIES:

Plant facilities are recorded at cost or estimated fair value at the date of donation and at June 30, 2026 and 2025 consists of the following:

	2026	2025
Land and land improvements	$ 74,474	$ 79,300
Buildings and permanent improvements	482,327	307,467
Equipment	31,218	29,589
Works of art	14,295	12,621
Equipment under finance lease right-of-use assets	1,863	1,989
Property held for future use	18,759	18,767
Construction in progress	123,357	195,696
	746,293	645,429
Less accumulated depreciation and amortization	(187,194)	(174,241)
Net plant facilities	$ 559,099	$ 471,188

June 30, 2026 and 2025
(in thousands)

NOTE 8 - FUNDS HELD IN TRUST FOR OTHERS:

At June 30, 2026 and 2025 funds held in trust for others consists of the following:

	2026	2025
College held third-party remainder interests held in trust	$ 792	$ 732
Other Claremont Colleges' interest in investment portfolio	622,773	536,382
Total funds held in trust for others	$ 623,565	$ 537,114

NOTE 9 - FINANCE LEASE OBLIGATION:

The College has entered into finance lease obligations for computer and lab equipment. The corresponding obligations are due in monthly and annual installments with maturities through September 2030 and are secured by associated equipment.

Amortization of finance right of use assets was $595 and $551 for the years ended June 30, 2026 and 2025, respectively. Total interest expense was $69 and $73 for the years ended June 30, 2026 and 2025, respectively.

The annual financing lease obligation is as follows:

Fiscal Years Ending June 30,	Finance Lease Payments
2027	$ 619
2028	587
2029	443
2030	134
2031	26
Less interest/present value discount	(100)
Total lease obligation	$ 1,709

The following table provides supplemental information related to the College's finance leases as of June 30, 2026 and 2025:

	2026	2025
Weighted-average remaining lease term in years for leases	3.09 years	3.59 years
Weighted-average discount rate for leases	3.61%	3.62%

June 30, 2026 and 2025
(in thousands)

NOTE 10 - BONDS PAYABLE:

At June 30, 2026 and 2025, bonds payable was comprised of the following:

	2026	2025
Taxable Bonds		
Series 2019	$ 225,000	$ 225,000
Series 2022	300,000	300,000
	525,000	525,000
Less unamortized issuance costs	(3,403)	(3,469)
Total bonds payable	$ 521,597	$ 521,531

In December 2019, the College issued $225 million of taxable bonds at a rate of 3.38%, with all principal due in 2050. This bond was used to refund various bonds issued between 2007 and 2013 that were used for capital improvements. The portion outstanding related to what was refinanced was $66,663 at June 30, 2026. 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. This bond was used to refund CEFA bonds issued in 2015 that were used for capital improvements. The portion outstanding related to what was refinanced was $107,695 at June 30, 2026. The bonds are general unsecured obligations of the College. The College is required to make semi-annual payments of interest.

Interest expense was $18,926 for the years ended June 30, 2026 and 2025.

The maturity of note and bonds payable at June 30, 2026, is as follows:

Fiscal Years Ending June 30,	Principal Amount
2027	$ -
2028	-
2029	-
2030	-
2031	-
Thereafter	525,000
	$ 525,000

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

NOTE 11 - ASSETS WHOSE USE IS LIMITED:

Indenture requirements of bond financing (see Note 10) 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 values, which approximate fair value. Assets whose use is limited, which is included in investments, totaled $9,461 and $9,476, respectively, at June 30, 2026 and 2025.

June 30, 2026 and 2025
(in thousands)

NOTE 12 - 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, 2026 and 2025:

	2026	2025
Beginning balance	$ 1,120	$ 1,077
Accretion expense	45	43
Ending balance	$ 1,165	$ 1,120

NOTE 13 - NET ASSETS:

At June 30, 2026 and 2025, net assets consists of the following:

	2026	2025
Net assets without donor restrictions:		
For operations, designated purposes and capital program	$ 350,447	$ 158,314
Housing assistance and student loans	5,644	5,478
Board designated endowment funds	337,894	293,766
Total net assets without donor restrictions	$ 693,985	$ 457,558

	2026	2025
Net assets with donor restrictions:		
Restricted for specific purposes	$ 302,266	$ 426,558
Annuity and life income contracts and agreements	42,038	29,911
Student loans	13,899	13,491
Restricted endowed equity:		
Term endowments	25,854	28,788
Portion of perpetual endowment fund subject to a time restriction under California UPMIFA:		
Without purpose restriction	38,205	32,113
With purpose restriction	608,824	475,834
Perpetual endowment funds	622,189	600,104
Total restricted endowed equity	1,295,072	1,136,839
Total net assets with donor restrictions	$ 1,653,275	$ 1,606,799

June 30, 2026 and 2025
(in thousands)

NOTE 14 - 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, 2026 were as follows:

	Without Donor Restrictions	With Donor Restrictions	2026
Investment returns:			
Investment income	$ 105,308	$ 139,960	$ 245,268
Endowment returns reinvested (or distributed for operations)	(62,661)	-	(62,661)
Spending reinvested	-	8,815	8,815
Net investment returns	42,647	148,775	191,422
Other changes in endowed equity:			
Gifts	-	14,096	14,096
Other changes	1,481	(4,638)	(3,157)
Total other changes in endowed equity	1,481	9,458	10,939
Net change in endowed equity	44,128	158,233	202,361
Endowed equity, beginning of year	293,766	1,136,839	1,430,605
Endowed equity, end of year	$ 337,894	$ 1,295,072	$ 1,632,966

At June 30, 2026, endowed equity consists of the following assets:

Contributions receivable, net of discount	$ -	$ 74,819	$ 74,819
Investments	337,894	1,220,253	1,558,147
Total endowed equity	$ 337,894	$ 1,295,072	$ 1,632,966

June 30, 2026 and 2025
(in thousands)

NOTE 14 - ENDOWMENT, *Continued*:

Changes in the College's endowment for the year ended June 30, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	2025
Investment returns:			
Investment income	$ 86,431	$ 78,661	$ 165,092
Endowment returns reinvested (or distributed for operations)	(60,897)	-	(60,897)
Spending reinvested	-	8,305	8,305
Net investment returns	25,534	86,966	112,500
Other changes in endowed equity:			
Gifts	-	7,053	7,053
Other changes	(2,058)	(6,882)	(8,940)
Total other changes in endowed equity	(2,058)	171	(1,887)
Net change in endowed equity	23,476	87,137	110,613
Endowed equity, beginning of year	270,290	1,049,702	1,319,992
Endowed equity, end of year	$ 293,766	$ 1,136,839	$ 1,430,605

At June 30, 2025, endowed equity consists of the following assets:

Contributions receivable, net of discount	$ -	$ 76,675	$ 76,675
Investments	293,766	1,060,164	1,353,930
Total endowed equity	$ 293,766	$ 1,136,839	$ 1,430,605

NOTE 15 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

As of June 30, 2026 and 2025, the College’s financial assets and liquidity resources without donor restrictions and available within one year for general expenditure are as follows:

	2026	2025
Financial Assets:		
Cash	$ 4,423	$ 2,617
Accounts and notes receivable, net	2,129	2,472
Contributions receivable, net	3,268	23,390
Short-term investments	113,244	163,730
Funds functioning as endowment	337,894	293,766
Subsequent year's endowment payout	43,919	41,692
Total financial assets available within one year	$ 504,877	$ 527,667

June 30, 2026 and 2025
(in thousands)

NOTE 15 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES, *Continued*:

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.

NOTE 16 - NET STUDENT REVENUES:

Student revenues for the years ended June 30, 2026 and 2025 consist of the following:

	2026	2025
Tuition and fees	$ 100,785	$ 96,109
Room and board	26,360	25,831
Gross student revenues	127,145	121,940
Less Financial aid	(32,007)	(32,402)
Net student revenues	$ 95,138	$ 89,538

NOTE 17 - FUNCTIONAL CLASSIFICATION OF EXPENSES:

Expenses by natural classification for the years ended June 30, 2026 and 2025, consist of the following:

	Academic Instruction and Research	Student and Auxiliary Services	Institutional Support	2026 Total
Direct employee costs	$ 57,916	$ 19,070	$ 16,343	$ 93,329
General services, travel and transportation	5,325	6,583	7,739	19,647
Shared services and joint programs	10,798	2,081	4,830	17,709
General supplies and other expenses	2,774	11,069	1,595	15,438
Plant maintenance and equipment	5,038	10,268	2,977	18,283
Interest expense	11,544	7,815	342	19,701
Depreciation expense	3,992	8,220	741	12,953
Total expenses	$ 97,387	$ 65,106	$ 34,567	$ 197,060

	Academic instruction and Research	Student and Auxiliary Services	Institutional Support	2025 Total
Direct employee costs	$ 53,836	$ 18,315	$ 14,923	$ 87,074
General services, travel and transportation	5,275	5,837	5,492	16,604
Shared services and joint programs	12,041	1,963	4,652	18,656
General supplies and other expenses	2,545	10,555	1,232	14,332
Plant maintenance and equipment	3,250	10,261	2,349	15,860
Interest expense	11,494	7,772	338	19,604
Depreciation expense	2,450	6,321	636	9,407
Total expenses	$ 90,891	$ 61,024	$ 29,622	$ 181,537

June 30, 2026 and 2025
(in thousands)

NOTE 18 - 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, 2026 and 2025 totaled $6,875 and $6,302, respectively.

NOTE 19 - INSTITUTIONAL SUPPORT FUNDRAISING EXPENSE:

Included in Institutional Support expenses are approximately $5,375 and $4,854 of expenditures related to fundraising for the years ended June 30, 2026 and 2025, respectively.

NOTE 20 - 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, 2026 and 2025 totaled approximately $8,592 and $8,284, respectively. Amounts receivable from other members of The Claremont Colleges totaled approximately $685 and $1,455 for the years ended June 30, 2026 and 2025 , respectively.

NOTE 21 - 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, 2026 and 2025 totaled $86,728 and $83,559, respectively.

The College receives contributions and promises to give from members of the Board of Trustees. For the years ended June 30, 2026 and 2025, the College received $55,790 and $9,339, respectively, of total private gifts and grants from members of the Board of Trustees. For the year ended June 30, 2026, contributions from a single member of the Board of Trustees totaled $36,456 and represented approximately 65% of the college's total private gifts and grants, and the contributions from five other Board members totalled $6,270 and represented approximately 11%. For the year ended June 30, 2025, private gifts and grants from three members of the Board of Trustees represented approximately 11% of total private gifts and grants. At June 30, 2026 and 2025, contributions receivable from members of the Board of Trustees totaled $294,006 and $274,106, respectively.

June 30, 2026 and 2025
(in thousands)

NOTE 22 - 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.

The College's grant and contract funding is subject to various risks, including changes in government policy and potential executive orders issued by the current federal administration. These recent executive orders may result in modifications, delays, or cancellations of such federal grants and contracts. The College has assessed these risks and believes that any potential impact from such executive orders is uncertain. The ultimate effect on the College's financial position and changes in net assets will depend on future governmental actions and the timing of their implementation. The College will continue to monitor developments related to these executive orders and will take appropriate actions as necessary

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 athletic facility totaling approximately $51,000 as of June 30, 2026.

NOTE 23 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 4, 2026, which corresponds to the date when the financial statements are issued.