

Report of Independent Auditors
and Consolidated Financial Statements

Occidental College

June 30, 2025 and 2024



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Report of Independent Auditors

The Board of Trustees
Occidental College

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Occidental College, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Occidental College as of June 30, 2025 and 2024, and the changes in net assets and 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 Occidental College 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 Consolidated 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 consolidated 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 Occidental College's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 Occidental College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Occidental College's ability to continue as a going concern for a reasonable period of time.

Other Matter

We have previously audited Occidental College's June 30, 2024, consolidated financial statements, and our report dated November 26, 2024, expressed an unmodified opinion on these audited consolidated financial statements. In our opinion, the summarized comparative information presented herein which was derived from the consolidated financial statements of Occidental College as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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.

Baker Tilly US, LLP

Los Angeles, California
October 29, 2025

Consolidated Financial Statements

Occidental College
Consolidated Balance Sheets
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 11,242,520	\$ 11,174,590
Student accounts receivable, less allowance for credit losses of \$341,928 (2025) and \$460,385 (2024)	755,621	676,168
Contracts and grants receivable	2,575,309	6,473,471
Contributions receivable, net	4,089,455	5,274,932
Other assets	2,771,943	1,781,557
Investments	808,167,637	756,952,159
Student notes receivable, net	12,179,026	13,382,171
Assets held in trust by others	5,244,097	5,009,128
Property and equipment, net	<u>185,983,998</u>	<u>185,169,578</u>
Total assets	<u>\$ 1,033,009,606</u>	<u>\$ 985,893,754</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 18,760,336	\$ 14,746,779
Student deposits and deferred revenue	2,233,621	4,162,578
Government loans payable	887,549	1,115,100
Annuities payable	10,626,377	10,581,575
Asset retirement obligations	2,941,662	2,823,951
Debt	<u>90,290,749</u>	<u>92,618,960</u>
Total liabilities	<u>125,740,294</u>	<u>126,048,943</u>
NET ASSETS		
Without donor restrictions	311,308,228	293,122,951
With donor restrictions	<u>595,961,084</u>	<u>566,721,860</u>
Total net assets	<u>907,269,312</u>	<u>859,844,811</u>
Total liabilities and net assets	<u>\$ 1,033,009,606</u>	<u>\$ 985,893,754</u>

See accompanying notes.

Occidental College
Consolidated Statements of Activities
Years Ended June 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	For the Years Ended June 30,	
			2025	2024
OPERATING REVENUES				
Student revenues, net	\$ 109,182,690	\$ -	\$ 109,182,690	\$ 101,615,574
Private gifts, grants, and contracts	10,223,890	-	10,223,890	13,254,970
Federal and state grants and contracts	7,091,934	-	7,091,934	6,566,219
Auxiliary services, other	1,834,419	-	1,834,419	2,334,643
Investment income designated for operations	5,625,625	19,944,503	25,570,128	24,438,589
Other	3,168,464	-	3,168,464	3,279,820
Net assets released from restrictions	23,610,849	(23,610,849)	-	-
Total operating revenues	160,737,871	(3,666,346)	157,071,525	151,489,815
OPERATING EXPENDITURES				
Instruction	50,343,039	-	50,343,039	48,093,330
Research	7,004,293	-	7,004,293	5,977,842
Public service	5,850,348	-	5,850,348	6,988,492
Academic support	14,365,371	-	14,365,371	13,675,080
Student services	20,293,264	-	20,293,264	18,152,589
Institutional support				
General	19,838,347	-	19,838,347	16,525,513
Advancement	8,694,057	-	8,694,057	8,121,463
Auxiliary services, student, and other	27,620,799	-	27,620,799	25,698,881
Total operating expenditures	154,009,518	-	154,009,518	143,233,190
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	6,728,353	(3,666,346)	3,062,007	8,256,625
OTHER CHANGES IN NET ASSETS				
Net assets released for capital expenditures	1,559,008	(1,559,008)	-	-
Private gifts, grants, and contracts, non-operating	-	7,250,597	7,250,597	11,125,830
Return of funds to grantor	(1,090,994)	(912,466)	(2,003,460)	-
Present value adjustment for annuities	-	(686,882)	(686,882)	(947,756)
Annuity funds released	174,899	(174,899)	-	-
Change in fair value of assets held in trust by others	-	234,968	234,968	477,618
Investment gain, net	10,828,447	28,738,824	39,567,271	40,976,715
Redesignation of net assets	(14,436)	14,436	-	-
Total other changes in net assets	11,456,924	32,905,570	44,362,494	51,632,407
CHANGES IN NET ASSETS	18,185,277	29,239,224	47,424,501	59,889,032
NET ASSETS, beginning of year	293,122,951	566,721,860	859,844,811	799,955,779
NET ASSETS, end of year	\$ 311,308,228	\$ 595,961,084	\$ 907,269,312	\$ 859,844,811

See accompanying notes.

Occidental College
Consolidated Statements of Activities
Years Ended June 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	For the Years Ended June 30,	
			2024	2023
OPERATING REVENUES				
Student revenues, net	\$ 101,615,574	\$ -	\$ 101,615,574	\$ 97,819,836
Private gifts, grants, and contracts	7,784,499	5,470,471	13,254,970	10,358,313
Federal and state grants and contracts	6,566,219	-	6,566,219	6,900,186
Auxiliary services, other	2,334,643	-	2,334,643	2,047,030
Investment income designated for operations	5,264,476	19,174,113	24,438,589	23,225,027
Other	3,279,820	-	3,279,820	2,974,784
Net assets released from restrictions	23,636,620	(23,636,620)	-	-
Total operating revenues	150,481,851	1,007,964	151,489,815	143,325,176
OPERATING EXPENDITURES				
Instruction	48,093,330	-	48,093,330	44,405,924
Research	5,977,842	-	5,977,842	5,131,750
Public service	6,988,492	-	6,988,492	7,550,665
Academic support	13,675,080	-	13,675,080	12,489,292
Student services	18,152,589	-	18,152,589	17,873,773
Institutional support				
General	16,525,513	-	16,525,513	15,910,991
Advancement	8,121,463	-	8,121,463	7,701,234
Auxiliary services, student, and other	25,698,881	-	25,698,881	25,361,598
Total operating expenditures	143,233,190	-	143,233,190	136,425,227
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	7,248,661	1,007,964	8,256,625	6,899,949
OTHER CHANGES IN NET ASSETS				
Net assets released for capital expenditures	41,500	(41,500)	-	-
Private gifts, grants, and contracts				
non-operating	-	11,125,830	11,125,830	7,897,984
Present value adjustment for annuities	-	(947,756)	(947,756)	(713,351)
Annuity funds released	72,144	(72,144)	-	-
Change in fair value of assets held in trust				
by others	-	477,618	477,618	186,743
Investment gain, net	10,427,467	30,549,248	40,976,715	15,341,109
Redesignation of net assets	-	-	-	-
Total other changes in net assets	10,541,111	41,091,296	51,632,407	22,712,485
CHANGES IN NET ASSETS	17,789,772	42,099,260	59,889,032	29,612,434
NET ASSETS, beginning of year	275,333,179	524,622,600	799,955,779	770,343,344
NET ASSETS, end of year	\$ 293,122,951	\$ 566,721,860	\$ 859,844,811	\$ 799,955,778

See accompanying notes.

Occidental College
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 47,424,501	\$ 59,889,032
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	11,390,829	11,171,621
Amortization of bond issuance costs and premiums	(123,211)	(123,211)
Write off of property and equipment	-	11,899
Change in fair value of assets held in trust by others	(234,968)	(477,618)
Net unrealized and realized gains on investments	(47,969,100)	(53,033,781)
Contributions restricted for long-term investments	(4,898,284)	(5,953,096)
Contributions for capital expenditures	(2,172,734)	(5,625,615)
Change in provision for student notes receivable	(91,852)	(62,219)
Change in value of annuities payable	426,256	261,430
Change in value of asset retirement obligations	117,711	-
Change in discount on contributions receivable	555,802	471,665
Change in allowance for uncollectible contribution receivable	202,468	163,143
Present value adjustment for annuities	686,882	947,756
Change in assets and liabilities		
Student accounts receivable	(79,453)	(85,303)
Contracts and grants receivable	3,898,162	(2,770,787)
Contributions receivable	2,192,220	1,466,365
Other assets	(990,386)	1,764,075
Accounts payable and accrued expenses	4,013,557	3,277,865
Student deposits and deferred revenue	(1,928,957)	877,945
Government loans payable	132,554	64,334
Net cash provided by operating activities	12,551,997	12,235,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Disbursement of student notes receivables	(1,036,600)	(1,239,137)
Collection of student notes receivables	2,331,597	2,477,542
Purchases of investments	(151,069,230)	(130,465,125)
Proceeds from sales and maturities of investments	146,057,840	127,847,276
Purchases of property and equipment	(12,205,250)	(13,534,859)
Net cash used in investing activities	(15,921,643)	(14,914,303)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	4,898,284	5,953,096
Contributions and pledge receipts for capital expenditures	2,172,734	5,625,615
Repayment of government loans payable	(360,105)	(382,775)
Repayment of bonds payable	(2,205,000)	(2,110,000)
Distributions of annuities payable	(1,068,337)	(1,043,274)
Net cash provided by financing activities	3,437,576	8,042,662
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,930	5,363,859
CASH AND CASH EQUIVALENTS, beginning of year	11,174,590	5,810,731
CASH AND CASH EQUIVALENTS, end of year	\$ 11,242,520	\$ 11,174,590
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 3,241,975	\$ 3,327,770
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unpaid property and equipment purchases	\$ 4,652,639	\$ 2,062,380

See accompanying notes.

Occidental College

Notes to Consolidated Financial Statements

Note 1 – Organization

Occidental College (the College) is an independent, coeducational college of liberal arts and sciences, founded in 1887. Occidental College seeks to provide an education of high quality in the best tradition of the liberal arts, emphasizing thorough competence in a chosen field of study together with a broad understanding of our historical and cultural heritage and the relationships among fields of knowledge.

On June 30, 2016, Occidental College formed a single-member limited liability company, Otway Properties, LLC (Otway), under the California Revised Uniform Limited Liability Company Act, in order to hold title to certain real property.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and reporting – The accompanying consolidated financial statements of the College, a not-for-profit educational institution, have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The College reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Consolidation – The activities of Otway are consolidated in the College's consolidated financial statements, as required by U.S. GAAP. All intercompany balances have been eliminated in consolidation.

Operating measure – The College divides its statements of activities into operating and other changes in net assets. The operating activities of the College include all income and expenses related to carrying out its educational mission. Operating revenues include investment income and investment gains used to fund current operations.

Net assets without donor restrictions – Net assets without donor restrictions are comprised of assets which are for operating purposes or assets which are not subject to donor-imposed restrictions and are general in nature. Net assets without donor restrictions have been segregated into the following categories:

Educational and general – includes funds that are internally designated for operational or special use.

Functioning as endowment – includes certain gifts not otherwise restricted and Board designations of assets to function as endowment. Board designated endowments are typically maintained for general operating purposes and student scholarships.

Student loan funds – includes lending activity to students utilizing College resources designated for that purpose as well as funds intended for a general College loan program.

Renewal and replacement – includes amounts internally designated for renewal and replacement of property and equipment.

Occidental College

Notes to Consolidated Financial Statements

Invested in property and equipment – includes property and equipment stated at cost or fair value at the date of gift, less accumulated depreciation net of any related debt. Plant purchases with a useful life of five years or more and a cost equal to or greater than \$25,000 for land improvements, \$50,000 for buildings, and \$5,000 for furniture and equipment are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives for land improvements (up to 40 years), buildings (up to 40 years), and furniture and equipment (up to 10 years). Upon disposition of assets, the cost and related accumulated depreciation is removed with the resulting gain or loss recognized in net assets without donor restrictions. The College follows the policy of generally recording contributions of property and equipment directly to net assets without donor restrictions. However, if the donor stipulates how long the assets must be used, the contributions are recorded as with donor restrictions support. Management has evaluated operating results and considered significant events, if any, and determined that property and equipment are not impaired at June 30, 2025 and 2024.

Net assets with donor restrictions – Net assets with donor restrictions are those assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations, or that expire by the passage of time. Such assets include accumulated endowment investment gains, certain charitable remainder unitrusts, pooled income funds, gift annuities, and certain contributions receivable for which the ultimate purpose of the proceeds is without donor restrictions. The College has legal title to life income and annuity contracts and agreements, subject to life interests of the beneficiaries. No significant financial benefit is or can be realized until the contractual obligations are released.

Other net assets with donor restrictions are those assets subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Such assets primarily include the College's perpetual endowment, certain charitable remainder unitrusts, and loan funds established by donors.

Expenses – Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions are reported as "net assets released from restrictions" from net assets with donor restrictions to net assets without donor restrictions. Donor restrictions on gifts to acquire long-lived assets are met in the period in which the assets are placed into service.

The consolidated financial statements present expenses by functional classification in accordance with the overall educational mission of the College.

Depreciation expense is allocated to the functional categories directly based upon the nature of the underlying assets. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds. Plant operations and maintenance represents space-related costs that are allocated to the functional categories directly and/or based on the square footage occupancy. Information technology service expense is allocated to functional categories based on employee and student headcount.

Revenue recognition – Student tuition and fees are recorded as revenues in the period during which the related academic services are rendered. All student fees are due by June 30 for each academic year and if unpaid, remain in student accounts receivable, less allowance for credit losses. The College records an allowance for credit losses on student receivables based on historical experience, knowledge of current conditions, economic factors, and expectations about future collectability. These receivables are unsecured and the College does not charge interest on late payments. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.

Occidental College

Notes to Consolidated Financial Statements

Contributions are reported as increases in the appropriate category of net assets, except contributions that the donor restricts where the restrictions are met within the same fiscal year, as these contributions are included in net assets without donor restrictions. Contributions other than cash are recorded at fair value at the date of gift. Non-operating private gifts, grants, and contracts are contributions with donor restrictions for perpetually restricted endowment or capital expenditures. Unconditional contributions, including promises to give, are recognized as revenue in the period received. Conditional promises to give are not recorded as contributions until the conditions on which they depend are substantially met. Unconditional promises to give are donor commitments where there is sufficient evidence they exist, verifiable documentation, no ambiguous conditions, and they are legally enforceable. If these contributions are to be received after a year and/or over a number of years, they are discounted at a rate equivalent with the credit-adjusted short-term and mid-term rate. The discount is amortized and recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. In addition, an allowance for uncollectible promises to give, based on past collection experience, is recorded.

Revenues from grants and contracts that are nonreciprocal are treated as 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 assets without donor restrictions. As of June 30, 2025 and 2024 the College had collected advances of \$605,074 and \$2,671,836, respectively of conditional grant or contract revenue awaiting revenue recognition. If a grant or contract is unconditional and there are no remaining restrictions as to their purpose or for time, revenue is reported as an increase in net asset without donor restrictions. Contracts and grants receivable are generally due within one year. The College records an allowance for doubtful accounts on contracts and grants receivable based on historical experience. As of June 30, 2025 and 2024, an allowance for doubtful accounts on contracts and grants receivable was not deemed necessary.

During fiscal year 2025, the College returned \$2,003,460 of grants funds to a grantor due to unspent program funds. These amounts are reflected as a reduction in other changes in net assets.

Revenues from sources other than contributions are reported as increases in net assets without donor restrictions when services are rendered. Gains and losses on investments are reported as increases or decreases to the appropriate net asset category based on whether a restricted gift is added to the investment portfolio.

Cash and cash equivalents – Cash and cash equivalents include short-term, highly liquid investments with a maturity date of three months or less at the time of purchase. Cash and cash equivalents representing assets held as endowment and similar funds and assets held for annuity and life income payments are included in investments. Cash and cash equivalents are reported at cost which approximates fair value.

Concentration of credit risk – Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash deposits at financial institutions, receivables, and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the Federal Deposit Insurance Corporation, or Securities Investor Protection Corporation insured limits. Concentration of credit risk with respect to student accounts receivable, student notes receivable, and contracts and grants receivable are limited due to the large number of students and grantors from which amounts are due, with no single source being significant. Contribution receivable balances for four donors comprised 62% of contributions receivable as of June 30, 2025 and 2024.

Occidental College

Notes to Consolidated Financial Statements

Investments – Investments are stated at fair value. The fair value of investments is based on quoted prices from national security exchanges, except for limited partnerships and venture capital funds, which are based on information provided by external investment managers at the most recent valuation period date for the fiscal year-end. Management monitors the activity of external investment managers and performs reconciliations and other procedures to assure that the valuations used in the consolidated financial statements are fairly stated. The College believes the carrying amounts of these investments are a reasonable estimate of fair value. Because the limited partnerships and venture capital funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. Realized and unrealized gains and losses on investments are the difference between the fair value and the cost basis of the investments. The realized and unrealized gains and losses, net of investment expenses, are reported in the consolidated statements of activities. Real estate is stated at cost less any impairment.

All investments of net assets with donor restrictions and without donor restrictions designated as endowment funds are carried in an investment pool unless special considerations or donor stipulations require that they be held separately.

Management of pooled investments – Where permitted by gift agreement and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income, net of investment expenses, are accounted for on a unit-market value method. The College follows an investment policy for its pooled endowment investments which anticipates a greater long-term return through investing for capital appreciation and long-term growth. According to the College's endowment spending policy, the amount of investment return available for current operations is determined by applying a 2% growth rate to the previous year's spending amount, subject to lower and upper limits. The lower limit was 4.3% of a twenty-one quarter moving average of the unit market value and the upper limit was 4.6% of a twenty-one quarter moving average of the unit market value for the fiscal year ended June 30, 2025. The lower limit was 4.3% of a twenty-one quarter moving average of the unit market value and the upper limit was 4.7% of a twenty-one quarter moving average of the unit market value for the fiscal year ended June 30, 2024.

Student notes receivable – The College issues uncollateralized loans to students based on financial need. Student loans are funded through federal government loans programs or institutional resources. Student loans receivable are carried at the amount of unpaid principal less an estimate for credit losses. Allowances for credit losses are established based on prior collection experience and future economic factors, which, in management's judgement, could influence the ability of loan recipients to repay the amounts per the loan terms. On October 1, 2017, the Federal Perkins Extension Act of 2015 expired and no longer permits new loans to be awarded. The College continues to collect payments on past loans and remits payments to the U.S. government for the federal share as they are notified to do so.

Occidental College

Notes to Consolidated Financial Statements

Assets held in trust by others – Trusts in which the College is named as irrevocable beneficiary, but is not trustee, are recorded as assets held in trust by others when the College is notified by the trustee. The assets are recorded at fair value based on the statements from the trustees, which are derived from the fair value of the underlying investments of the trusts, and the College's ownership interest in the trust. The College is named beneficiary of various estates in probate. Unless the ultimate amount available for distribution can be determined before the close of the probate proceedings, the College does not record these amounts until the point of asset distribution.

Collections – Collections, such as rare books and works of art, which were acquired through purchases and contributions since the College's inception, are not recognized as assets. These collections are held solely for their potential educational value or historical significance. Management has determined that the cost to establish the current fair value is deemed to exceed the benefit and therefore the collections were not assigned a value for the purpose of capitalization. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items have been restricted by donors.

Annuities payable – The College uses the actuarial method of recording life income and annuity contract net assets. Under this method, when a gift is received, cash or investments received are recorded at fair value, while the present value of the aggregate annuity obligation is recorded as a liability, based upon life expectancy tables. The remainder is recorded as revenue in the appropriate net asset category. Investment income and some gains are credited, and annuity payments and investment losses are charged to the liability accounts, with periodic adjustments made between the liability and the net assets to record actuarial gains or losses. The actuarial liability is based on the present value of future payments discounted at 4.73% and the 2012 IAR Mortality Table.

Asset retirement obligations – U.S. GAAP defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the College. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The obligation to perform the asset retirement activity is unconditional, and accordingly, a liability has been recognized. The liability is recorded at fair value when incurred and is based on the estimated future costs to retire the asset, discounted to present value using a credit-adjusted risk-free rate. A corresponding asset retirement cost is capitalized as part of the related asset and depreciated over its useful life. The liability is increased over time through accretion expense and adjusted for changes in estimated costs or timing. Upon settlement, any difference between the recorded liability and actual cost is recognized in that period.

Bond issuance costs – Bond issuance costs represent issuance and underwriters' costs related to the California Educational Facilities Authority (CEFA) Series 2013B, the CEFA Series 2015 Bonds and the Occidental College Taxable Bonds, Series 2019. Bond issuance costs are included as a component of bonds payable on the consolidated balance sheets (Note 9). These amounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Occidental College

Notes to Consolidated Financial Statements

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. While management believes that these estimates are adequate as of June 30, 2025 and 2024, it is possible that actual results could differ from those estimates.

Income taxes – The College operates as a not-for-profit organization and has been recognized by the Internal Revenue Service as an organization exempt from income taxation pursuant to Internal Revenue Code Section 501(c)(3) on its income other than unrelated business income and has also been recognized by the Franchise Tax Board as exempt from state franchise or income tax pursuant to California Revenue and Taxation Code Section 23701(d) on its income other than unrelated business income. Otway is a single member LLC and therefore disregarded for federal income tax purposes.

As required by U.S. GAAP, the College and Otway have identified and evaluated their significant tax positions and have determined that there is no material unrecognized benefit or liability to be recorded. There are no uncertain tax positions for the years ended June 30, 2025 or 2024. There have been no related tax penalties or interest, which would be classified as a tax expense in the consolidated statements of activities.

Note 3 – Contributions Receivable

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and gift revenue in the appropriate net asset category. Contributions are recorded after discounting at the risk adjusted rate. The risk adjusted rates range from 0.14%-5.0% for the years ended June 30, 2025 and 2024. Amortization of the discount is included in gift revenue.

As of June 30, unconditional promises to give are expected to be collected in the following periods:

	2025	2024
	<u>2025</u>	<u>2024</u>
Less than one year	\$ 1,665,834	\$ 2,425,682
Between one year and five years	2,381,891	2,609,058
Later than five years	<u>800,000</u>	<u>875,000</u>
	4,847,725	5,909,740
Less: discount	(555,802)	(471,665)
allowance for uncollectible amounts	<u>(202,468)</u>	<u>(163,143)</u>
Contributions receivable, net	<u><u>\$ 4,089,455</u></u>	<u><u>\$ 5,274,932</u></u>

Occidental College

Notes to Consolidated Financial Statements

Contributions receivable at June 30, 2025, have the following restrictions:

	2025	2024
Endowment for programs, activities, and scholarships	\$ 2,530,391	\$ 2,500,071
Education and general	1,519,000	1,168,000
Building construction	798,334	2,241,669
	<hr/>	<hr/>
Total contributions receivable, gross	\$ 4,847,725	\$ 5,909,740
	<hr/>	<hr/>

Note 4 – Investments

The following schedule summarizes the assets in pooled investments and the assets held as separate investments at June 30:

	2025	2024
Cash and cash equivalents	\$ 119,989,148	\$ 104,260,226
U.S. equities	35,515,978	31,860,972
Global equities (developed) funds	6,055,835	5,487,699
Domestic fixed income funds	48,868,509	45,738,382
Marketable inflation hedging assets funds	25,330,482	23,566,765
Private equity and venture capital	242,066,661	123,158,659
Private investment funds	329,809,163	422,362,028
Real estate	531,861	517,428
	<hr/>	<hr/>
	\$ 808,167,637	\$ 756,952,159
	<hr/>	<hr/>

At June 30, 2025 and 2024, investments include approximately \$22,484,000 and \$21,111,000, respectively, in securities related to life income and annuity contracts. The following schedule summarizes the College's investment return for the years ended June 30:

	2025	2024
Dividends, interest and rents	\$ 18,580,255	\$ 13,742,505
Realized gains, net	28,991,248	9,853,350
Unrealized gains, net	18,977,852	43,180,431
	<hr/>	<hr/>
	66,549,355	66,776,286
Less: investment expense	(1,411,956)	(1,360,982)
investment income designated for operations	(25,570,128)	(24,438,589)
	<hr/>	<hr/>
Investment gains, net of allocation to operations and investment expense	\$ 39,567,271	\$ 40,976,715
	<hr/>	<hr/>

Occidental College

Notes to Consolidated Financial Statements

Investment return was classified as follows for the years ended:

	June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	\$ 7,407,585	\$ 11,172,670	\$ 18,580,255
Realized gains	6,429,977	22,561,271	28,991,248
Unrealized gains	3,886,844	15,091,008	18,977,852
Investment fees	(1,270,334)	(141,622)	(1,411,956)
Total	<u>\$ 16,454,072</u>	<u>\$ 48,683,327</u>	<u>\$ 65,137,399</u>

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	\$ 6,350,083	\$ 7,392,422	\$ 13,742,505
Realized gains	2,019,869	7,833,481	9,853,350
Unrealized gains	9,216,396	33,964,035	43,180,431
Investment fees	(1,894,405)	533,423	(1,360,982)
Total	<u>\$ 15,691,943</u>	<u>\$ 49,723,361</u>	<u>\$ 65,415,304</u>

Note 5 – Fair Value Measurements

The College accounts for its investments at fair value in accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value, and expanded disclosure requirements for fair value measurements.

ASC 820 defines the term “fair value” as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. As required by ASC 820, the College’s policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements.

Occidental College

Notes to Consolidated Financial Statements

Fair value hierarchy – ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels, considering the relative reliability of the inputs. The fair value hierarchy assigns the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of an input to the valuation that is significant to the fair value measurement. The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable of the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The College evaluates its hierarchy disclosures each reporting period and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the College expects that changes in classifications between different levels will be rare.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The College's valuation methodologies used for alternative investments measured at fair value is based on net asset value (NAV) of shares held by the College at fiscal year end. The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Occidental College

Notes to Consolidated Financial Statements

The following table presents the investments, assets, and liabilities held by others carried on the consolidated balance sheets by level within the valuation hierarchy at June 30:

June 30, 2025					
	Level 1	Level 2	Level 3	Assets Measured Using NAV Practical Expedient	Total
Financial Assets:					
Cash and cash equivalents	\$ 119,989,148	\$ -	\$ -	\$ -	\$ 119,989,148
U.S. equities	35,515,978	-	-	-	35,515,978
Global equities (developed) funds	6,055,835	-	-	-	6,055,835
Domestic fixed income funds	48,868,509	-	-	-	48,868,509
Marketable inflation hedging assets funds	25,330,482	-	-	-	25,330,482
Private equity and venture capital	-	-	-	242,066,661	242,066,661
Private investment funds:					
U.S. equities	-	-	-	129,875,727	129,875,727
Global equities (developed) funds	-	-	-	59,249,281	59,249,281
Emerging markets equities funds	-	-	-	41,125,236	41,125,236
Domestic fixed income funds	-	-	-	25,148,476	25,148,476
Absolute return funds	-	-	-	67,604,492	67,604,492
Marketable inflation hedging assets funds	-	-	-	6,805,951	6,805,951
Real estate	-	-	531,861	-	531,861
Assets held in trust by others	-	-	5,244,097	-	5,244,097
Total financial assets at fair value	\$ 235,759,952	\$ -	\$ 5,775,958	\$ 571,875,824	\$ 813,411,734
Financial Liabilities:					
Annuities payable	\$ -	\$ -	\$ 10,626,377	\$ -	\$ 10,626,377
Total financial liabilities at fair value	\$ -	\$ -	\$ 10,626,377	\$ -	\$ 10,626,377
June 30, 2024					
	Level 1	Level 2	Level 3	Assets Measured Using NAV Practical Expedient	Total
Financial Assets:					
Cash and cash equivalents	\$ 104,260,226	\$ -	\$ -	\$ -	\$ 104,260,226
U.S. equities	31,860,972	-	-	-	31,860,972
Global equities (developed) funds	5,487,699	-	-	-	5,487,699
Emerging markets equities funds	-	-	-	-	-
Domestic fixed income funds	45,738,382	-	-	-	45,738,382
Absolute return funds	-	-	-	-	-
Marketable inflation hedging assets funds	23,566,765	-	-	-	23,566,765
Private equity and venture capital	-	-	-	123,158,659	123,158,659
Private investment funds:					
U.S. equities	-	-	-	55,266,010	55,266,010
Global equities (developed) funds	-	-	-	43,633,011	43,633,011
Emerging markets equities funds	-	-	-	23,208,950	23,208,950
Domestic fixed income funds	-	-	-	63,736,593	63,736,593
Absolute return funds	-	-	-	9,906,939	9,906,939
Marketable inflation hedging assets funds	-	-	-	226,610,528	226,610,528
Real estate	-	-	517,425	-	517,425
Assets held in trust by others	-	-	5,009,128	-	5,009,128
Total financial assets at fair value	\$ 210,914,044	\$ -	\$ 5,526,553	\$ 545,520,690	\$ 761,961,287
Financial Liabilities:					
Annuities payable	\$ -	\$ -	\$ 10,581,575	\$ -	\$ 10,581,575
Total financial liabilities at fair value	\$ -	\$ -	\$ 10,581,575	\$ -	\$ 10,581,575

Occidental College

Notes to Consolidated Financial Statements

At June 30, 2025 and 2024, investments held at cost totaled \$531,861 and \$517,428, respectively.

The following table summarizes the reconciliation of the College's Level 3 assets and liabilities for the years ended June 30:

	June 30, 2025						
	Beginning Balance July 1, 2024	Purchases	Redemptions	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Interest and Dividends	Ending Balance June 30, 2025
Assets held in trust by others	\$ 5,009,128	\$ -	\$ -	\$ -	\$ 234,969	\$ -	\$ 5,244,097
Annuities payable	\$ 10,581,575	\$ -	\$ -	\$ -	\$ 44,802	\$ -	\$ 10,626,377

	June 30, 2024						
	Beginning Balance July 1, 2023	Purchases	Redemptions	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Interest and Dividends	Ending Balance June 30, 2024
Assets held in trust by others	\$ 4,531,510	\$ -	\$ -	\$ -	\$ 477,618	\$ -	\$ 5,009,128
Annuities payable	\$ 10,415,662	\$ -	\$ -	\$ -	\$ 165,913	\$ -	\$ 10,581,575

The following table represents the Level 3 financial instruments as of June 30, 2025, the valuation technique used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Investment	Total Fair Value	Valuation Technique	Unobservable Inputs	Range
Assets held in trust by others	\$ 5,244,097	Income approach	Remaining payments and remaining life of donor	4.73%

Occidental College

Notes to Consolidated Financial Statements

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value, and (b) prepare their financial statements consistent with the measurement principles or have the attributes of an investment company. The following table lists those investments by major class:

	Fair Value June 30, 2025	Strategy	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds	\$ 262,204,671	These funds invest mostly in public domestic and international debt and equity securities. The commingled funds are held in partnership or trust format.	\$ -	Range from weekly to 184 days	3-90 days notice
Absolute return funds	67,604,492	Hedge funds looking to generate steady returns in the range of 7 to 12 percent with relatively low volatility and relatively low correlations to the equity markets.	-	Range from monthly to 3 years	10-184 days notice
Private equity	157,815,262	Investments in leveraged buyout, distressed securities, real estate, and energy private limited partnership funds that are meant to generate long term returns similar to the US stock market but would also be expected to perform better in a market in which inflation is rapidly rising.	74,538,036	N/A	N/A
Venture capital	84,251,399	Investments in privately held start up and or fast growing companies expected to generate returns above traditional equity markets.	13,606,117	N/A	N/A
Total	<u>\$ 571,875,824</u>		<u>\$ 88,144,153</u>		

Occidental College

Notes to Consolidated Financial Statements

Note 6 – Student Notes Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. At June 30, 2025 and 2024, student loans represented 1.2% and 1.4% of total assets, respectively.

At June 30, student loans consist of the following:

	2025	2024
Federal government programs	\$ 780,460	\$ 1,073,172
Institutional programs (unsecured)	13,704,919	14,707,204
	<u>14,485,379</u>	<u>15,780,376</u>
Less: allowance for credit losses		
Beginning of year	(2,398,205)	(2,460,424)
(Increases) decreases	86,683	36,728
Write-offs	<u>5,169</u>	<u>25,491</u>
End of year	<u>(2,306,353)</u>	<u>(2,398,205)</u>
Student notes receivable, net	<u>\$ 12,179,026</u>	<u>\$ 13,382,171</u>

The College participated in the Federal Perkins revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$887,549 and \$1,115,100 at June 30, 2025 and 2024, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated balance sheets.

As of October 1, 2017, under Federal law, the College may no longer award new Perkins loans to undergraduate students and may not make subsequent disbursements to undergraduate students after June 30, 2018.

Outstanding loans cancelled under the federal program result in a reduction of the funds available for loan and a decrease in the liability to the government.

At June 30, 2025 and 2024, the following amounts were past due under student loan programs:

June 30,	In Default Less than 240 days	In Default Between 240 Days and 2 Years	In Default More than 2 Years	Total Past Due
2025	\$ 547,520	\$ 299,727	\$ 1,781,202	\$ 2,628,448
2024	\$ 433,010	\$ 305,077	\$ 1,649,453	\$ 2,387,540

Occidental College

Notes to Consolidated Financial Statements

Allowances for credit losses are established based on prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

Note 7 – Property and Equipment

Property and equipment consist of the following at June 30:

	2025	2024
Land and improvements	\$ 35,517,163	\$ 35,517,163
Buildings	308,259,635	298,041,198
Furniture and equipment	12,993,589	13,854,776
Construction-in-progress	7,175,260	6,211,499
	363,945,647	353,624,636
Less: accumulated depreciation	(177,961,649)	(168,455,058)
Property and equipment, net	<u>\$ 185,983,998</u>	<u>\$ 185,169,578</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$11,390,829 and \$11,171,621, respectively.

Note 8 – Deferred Revenue

The activity and balances for student deposits and deferred revenue from contracts with customers and grantors are shown in the following table:

	Summer Conferences	Conditional Contributions and Grants	Other Deferred Revenue	Total
BALANCES at July 1, 2023	\$ 558,955	\$ 1,510,035	\$ 1,215,644	\$ 3,284,634
Previously deferred revenue recognized	(558,955)	(1,510,035)	(1,215,644)	(3,284,634)
Cash received	1,213,953	3,248,239	1,711,891	6,174,083
Current revenue recognized	(884,502)	(576,403)	(550,600)	(2,011,505)
BALANCES at June 30, 2024	329,451	2,671,836	1,161,291	4,162,578
Previously deferred revenue recognized	(329,451)	(2,671,836)	(1,161,291)	(4,162,578)
Cash received	919,261	2,741,871	2,302,377	5,963,509
Payments returned to grantor	-	(2,003,460)	-	(2,003,460)
Current revenue recognized	(700,277)	(133,337)	(892,814)	(1,726,428)
BALANCES at June 30, 2025	<u>\$ 218,984</u>	<u>\$ 605,074</u>	<u>\$ 1,409,563</u>	<u>\$ 2,233,621</u>

Occidental College

Notes to Consolidated Financial Statements

Note 9 – Debt

CEFA Bonds – In June 2013, the College issued \$54,995,000 in bonds through the CEFA (Series 2013A and 2013B Bonds), with a premium of \$7,391,497. The College issued serial bonds with fixed-interest rates ranging from 2.70%–3.35%, payable on April 1 and October 1 through 2043. The CEFA Series 2013A and 2013B Bonds were used to legally defease \$44,435,000 of the College’s previously issued and outstanding CEFA Series 2005A bonds, as well as to provide funds for certain capital projects. The loan agreements for the 2013A and 2013B Bonds contain no restrictive covenants and the loans are unsecured.

In December 2015, the College issued \$34,270,000 in bonds through the CEFA (Series 2015 Bonds), with a premium of \$4,786,583. The College issued serial bonds with fixed-interest rates ranging from 3.00%–5.00%, payable on April 1 and October 1 through 2046. The CEFA Series 2015 Bonds were used to refund \$13,855,000 of the College’s previously issued and outstanding CEFA Series bonds (Series 2005B bonds and Series 2008 bonds), as well as to provide funds for certain capital projects. The amount recorded as loss due to the defeasance was \$2,472,055. The loan agreement for the 2015 Bonds contains no restrictive covenants and the loans are unsecured.

Occidental College Taxable Bonds, Series 2019 – In October 2019, the College issued \$65,620,000 in bonds. The College issued serial bonds with fixed-interest rates ranging from 2.44%–3.51%, payable on April 1 and October 1 through 2049. The Occidental College Taxable Bonds, Series 2019 were used to legally defease \$46,470,000 of the College’s previously issued and outstanding CEFA Series 2013A bonds, as well as to provide funds for certain capital projects. The amount recorded as loss due to the defeasance was \$610,326, which was allocated to various functional categories in the same manner as plant costs. The loan agreement for the 2019 Bonds contains no restrictive covenants and the loans are unsecured.

Bonds payable at June 30, 2025, are summarized as follows:

	Authorized and Issued	Remaining Interest Rates	Remaining Bonds Outstanding
CEFA Revenue Bonds			
Series 2013B	\$ 6,230,000	3.00% to 3.35%	\$ 2,205,000
Series 2015	34,270,000	3.00% to 5.0%	19,970,000
Bond premiums, net	4,786,583		3,258,096
Bond issuance costs	(477,443)		(292,031)
Subtotal	<u>44,809,140</u>		<u>25,141,065</u>
Occidental College Taxable Bonds			
Series 2019	65,620,000	2.40% to 3.50%	65,620,000
Bond issuance costs	(581,954)		(470,316)
Subtotal	<u>65,038,046</u>		<u>65,149,684</u>
Total	<u><u>\$ 109,847,186</u></u>		<u><u>\$ 90,290,749</u></u>

Occidental College

Notes to Consolidated Financial Statements

Bonds payable at June 30, 2024, are summarized as follows:

	Authorized and Issued	Remaining Interest Rates	Remaining Bonds Outstanding
CEFA Revenue Bonds			
Series 2013B	\$ 6,230,000	3.00% to 3.35%	\$ 2,895,000
Series 2015	34,270,000	3.00% to 5.0%	21,485,000
Bond premiums, net	4,786,583		3,418,986
Bond issuance costs	(477,443)		(310,315)
Subtotal	<u>44,809,140</u>		<u>27,488,671</u>
Occidental College Taxable Bonds			
Series 2019	65,620,000	2.40% to 3.50%	65,620,000
Bond issuance costs	(581,954)		(489,711)
Subtotal	<u>65,038,046</u>		<u>65,130,289</u>
Total	<u><u>\$ 109,847,186</u></u>		<u><u>\$ 92,618,960</u></u>

Future principal payment requirements on the bonds payable are summarized as follows:

	Series 2013B CEFA Bonds	Series 2015 CEFA Bonds	Series 2019 Bonds	Total
Years Ending June 30,				
2026	\$ 710,000	\$ 1,585,000	\$ -	\$ 2,295,000
2027	735,000	1,670,000	-	2,405,000
2028	760,000	1,750,000	-	2,510,000
2029	-	790,000	1,715,000	2,505,000
2030	-	830,000	1,750,000	2,580,000
2031 and thereafter	-	13,345,000	62,155,000	75,500,000
Total	<u><u>\$ 2,205,000</u></u>	<u><u>\$ 19,970,000</u></u>	<u><u>\$ 65,620,000</u></u>	<u><u>\$ 87,795,000</u></u>

Line of credit – On January 16, 2025, the College received a \$5,000,000 line of credit with a bank, expiring on January 16, 2027 with a variable interest rate of 3.50% to 7.50%. Interest at the bank's prime rate was payable monthly. The line of credit was unsecured and there were no applicable covenants. No amounts were drawn on the line of credit as of or during the year ended June 30, 2025.

Occidental College

Notes to Consolidated Financial Statements

Note 10 – Net Assets

Net assets consist of the following at June 30, 2025 and 2024:

	2025	2024
Without donor restrictions		
Designated – educational and general	\$ 38,587,723	\$ 30,921,263
Designated – functioning as endowment	156,444,637	143,836,641
Designated – student loan funds	7,355,782	7,186,102
Designated – renewal and replacement	10,928,248	12,716,356
Invested in property and equipment	97,991,838	98,462,589
	<u>311,308,228</u>	<u>293,122,951</u>
With donor restrictions		
Restricted for time and purpose		
Restricted for specific purposes	7,602,571	10,953,128
Accumulated endowment investment gains	325,342,205	299,112,065
Life income and annuity contracts	6,667,734	5,940,571
Property and equipment funds	12,872,787	12,259,061
Contributions receivable, net	1,857,847	3,025,619
Assets held in trust by others	4,814,679	4,587,514
	<u>359,157,823</u>	<u>335,877,958</u>
Perpetually restricted		
Endowment corpus	216,585,353	211,348,778
Life income and annuity contracts	4,946,693	4,326,471
Student loan funds	12,610,189	12,497,725
Contributions receivable, net	2,231,608	2,249,313
Assets held in trust by others	429,418	421,615
	<u>236,803,261</u>	<u>230,843,902</u>
Total net assets with donor restrictions	<u>595,961,084</u>	<u>566,721,860</u>
Total net assets	<u>\$ 907,269,312</u>	<u>\$ 859,844,811</u>

Occidental College

Notes to Consolidated Financial Statements

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	June 30,	
	2025	2024
Operating activities	\$ 23,610,849	\$ 23,636,620
Capital expenditures	1,559,008	41,500
Annuity Funds released	174,899	72,144
	\$ 25,344,756	\$ 23,750,264

Note 11 – Net Student Revenues

Net student revenues for the years ended June 30 consist of the following:

	June 30,	
	2025	2024
Tuition and fees	\$ 130,761,962	\$ 121,349,378
Room and board	31,310,786	28,789,376
Less: financial assistance	(52,890,058)	(48,523,180)
	\$ 109,182,690	\$ 101,615,574

Note 12 – Retirement Plan

All academic and nonacademic employees are eligible to participate in the Teachers Insurance and Annuity Association (TIAA) and/or the College Retirement Equity Fund (CREF) defined contribution programs. TIAA is a nonprofit, legal reserve life insurance and annuity company and CREF is a nonprofit corporation companion to TIAA.

Benefits are funded by contributions from both the College and participating employees. All contributions are credited to participant accounts, and all College contributions are fully vested. The College's contributions for the years ended June 30, 2025 and 2024, were approximately \$5,326,309 and \$5,075,291, respectively, which are included as expenditures in the consolidated statements of activities. Eligible employees who enroll in the plan receive a non-elective contribution equal to 6% of the employee's annual compensation as defined in the plan. In addition to the College's 6% contribution, the College matches employee contributions from 1% to 4% of the employee's salary based on the employee's contribution.

Occidental College

Notes to Consolidated Financial Statements

Note 13 – Fundraising Expenses

During the years ended June 30, 2025 and 2024, the College incurred fundraising expenses of approximately \$6,627,450 and \$5,760,740, respectively, exclusive of communication, publication, and event-related expenses for the purposes of maintaining alumni and public relations. These expenses are included in the Advancement functional classification on the consolidated statements of activities.

Note 14 – Related Parties

Some members of the Board of Trustees contributed to the College in the form of gifts and pledges, during the years ended June 30, 2025 and 2024. Contributions receivable (pledges) includes amounts from members of the College's Board of Trustees of approximately \$960,000 and \$1,329,000 as of June 30, 2025 and 2024, respectively. Private gifts, grants, and contracts includes amounts from members of the College's Board of Trustees of approximately \$3,327,022 and \$7,563,806 for the years ended June 30, 2025 and 2024, respectively. Pledge receivable balances from members of the College's Board of Trustees total approximately \$950,000 and \$1,329,000 for the years ended June 30, 2025 and 2024, respectively. In addition, members of the Board of Trustees are often also affiliated with separate private foundations that provide financial support in the form of gifts and pledges to the College.

Note 15 – Commitments and Contingencies

In the normal course of operations, the College is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the College's consolidated financial position.

Certain federal grants which the College administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The College expects that such amounts, if any, would not have a significant impact on the consolidated balance sheet of the College.

Occidental College

Notes to Consolidated Financial Statements

Note 16 – 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, the 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 also classified as net assets with donor restrictions until those amounts are appropriated for expenditures by the College in a manner consistent with the standard of prudence prescribed by UPMIFA, which includes the:

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

Occidental College

Notes to Consolidated Financial Statements

The following represents a description of the changes in net endowment assets for the years ended June 30:

	June 30, 2025		
	Without Restriction	With Restriction	Total
Net endowment assets, beginning of year	\$ 143,836,641	\$ 510,460,842	\$ 654,297,483
Investment return, net	12,969,766	45,216,894	58,186,660
New gifts	818,904	4,898,284	5,717,188
Matured life income and annuity contracts	214,796	238,465	453,261
Other changes, including redesignations	4,230,155	1,057,576	5,287,731
Appropriation for expenditures	(5,625,625)	(19,944,503)	(25,570,128)
Net endowment assets, end of year	<u>\$ 156,444,637</u>	<u>\$ 541,927,558</u>	<u>\$ 698,372,195</u>

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Net endowment assets, beginning of year	\$ 130,075,234	\$ 474,273,429	\$ 604,348,663
Investment return, net	12,709,223	46,058,947	58,768,170
New gifts	561,251	5,953,096	6,514,347
Matured life income and annuity contracts	38,413	2,504,348	2,542,761
Other changes, including redesignations	5,716,996	845,135	6,562,131
Appropriation for expenditures	(5,264,476)	(19,174,113)	(24,438,589)
Net endowment assets, end of year	<u>\$ 143,836,641</u>	<u>\$ 510,460,842</u>	<u>\$ 654,297,483</u>

From time to time, the fair value of the assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor gift amounts. No deficits of this nature happened as of June 30, 2025 and 2024, respectively relative to a corpus value of \$1,000,000.

Occidental College

Notes to Consolidated Financial Statements

Note 17 – Functional Expenses

Expenses by function and nature consist of the following for the year ended June 30, 2025:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Advancement	Auxiliary Enterprises Expenditures	Total Operating Expenses
Salaries	\$ 26,936,484	\$ 1,942,779	\$ 3,136,292	\$ 5,228,332	\$ 9,602,504	\$ 8,285,839	\$ 5,064,436	\$ 7,160,630	\$ 67,357,296
Employee benefits and taxes	7,741,724	416,068	941,531	1,541,270	3,044,273	2,720,249	1,667,522	2,089,331	20,161,968
Depreciation and amortization	4,250,249	252,645	120,271	578,771	1,462,539	326,750	92,567	4,183,826	11,267,618
Interest expense	554,484	-	-	34,531	41,643	427,637	-	1,938,876	2,997,171
Services and supplies	5,696,701	4,168,071	629,974	5,067,122	5,119,273	6,571,603	1,781,060	5,734,140	34,767,944
Maintenance and operations	5,163,397	224,730	1,022,280	1,915,345	1,023,032	1,506,269	88,472	6,513,996	17,457,521
	<u>\$ 50,343,039</u>	<u>\$ 7,004,293</u>	<u>\$ 5,850,348</u>	<u>\$ 14,365,371</u>	<u>\$ 20,293,264</u>	<u>\$ 19,838,347</u>	<u>\$ 8,694,057</u>	<u>\$ 27,620,799</u>	<u>\$ 154,009,518</u>

Expenses by function and nature consist of the following for the year ended June 30, 2024:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Advancement	Auxiliary Enterprises Expenditures	Total Operating Expenses
Salaries	\$ 25,724,567	\$ 1,609,413	\$ 3,409,660	\$ 4,889,459	\$ 8,921,674	\$ 6,540,496	\$ 4,462,992	\$ 6,742,786	\$ 62,301,047
Employee benefits and taxes	7,360,192	376,062	1,005,260	1,498,255	2,823,879	2,447,772	1,495,724	1,920,376	18,927,520
Depreciation and amortization	4,180,295	850,278	127,040	579,424	933,052	380,040	93,627	3,904,655	11,048,411
Interest expense	648,152	-	-	34,531	49,171	442,550	-	1,884,588	3,058,992
Services and supplies	5,588,204	2,921,054	1,535,599	4,989,426	4,512,195	5,340,570	1,943,135	5,744,168	32,574,351
Maintenance and operations	4,591,920	221,035	910,933	1,683,985	912,618	1,374,085	125,985	5,502,308	15,322,869
	<u>\$ 48,093,330</u>	<u>\$ 5,977,842</u>	<u>\$ 6,988,492</u>	<u>\$ 13,675,080</u>	<u>\$ 18,152,589</u>	<u>\$ 16,525,513</u>	<u>\$ 8,121,463</u>	<u>\$ 25,698,881</u>	<u>\$ 143,233,190</u>

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The consolidated statements of activities present expenses by functional classification. Employee benefits including employment taxes are allocated based on employee classification and salaries charged to each function. Maintenance and operations of plant expenses are allocated to functional categories based on building square footage dedicated to that specific function. Salaries, Employee benefits, and taxes and Services and supplies for Maintenance and operations are included in Maintenance and operations.

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Notes to Consolidated Financial Statements

Note 18 – Liquidity and Availability

The College's financial assets and liquidity resources available to meet its general expenditures within one year of the consolidated balance sheet dates are as follows:

	June 30,	
	2025	2024
Cash and cash equivalents	\$ 11,242,520	\$ 11,174,590
Student accounts receivable, net	755,621	676,168
Contracts and grants receivable	2,575,309	6,473,471
Contributions receivable, net	4,089,455	5,274,932
Investments	808,167,637	756,952,159
Student notes receivable, net	12,179,026	13,382,171
	<hr/>	<hr/>
Total financial assets	839,009,568	793,933,491
	<hr/>	<hr/>
Less		
Restricted investments not available for operations next year	(359,325,636)	(332,481,770)
Any long-term portions of the receivables	(16,268,481)	(18,657,103)
Corpus endowment	(216,585,353)	(211,348,778)
	<hr/>	<hr/>
Total financial assets available within one year	246,830,098	231,445,840
	<hr/>	<hr/>
Liquidity resources		
Bank lines of credit (available balances)	5,000,000	-
	<hr/>	<hr/>
The following year's expected endowment distribution	26,539,209	25,570,128
	<hr/>	<hr/>
Total financial assets and liquidity resources available within one year	\$ 278,369,307	\$ 257,015,968
	<hr/>	<hr/>

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all operating expenditures.

As part of the College's liquidity management, the College maintains a short-term investment portfolio with daily liquidity. Included in the amount of financial assets available at year end for current use above is Designated Funds Functioning as Endowment in the amount of \$156,444,637 and \$143,836,641 as of June 30, 2025 and 2024, respectively. Although the College does not intend to spend amounts other than those appropriated for general expenditure as part of its annual budget approval and appropriation process, these funds could be made available, if necessary, through Board action.

The College expects to have sufficient resources available to cover general expenditures.

Occidental College

Notes to Consolidated Financial Statements

Note 19 – Subsequent Events

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

The College evaluated its consolidated financial statements for subsequent events through October 29, 2025, the date the consolidated financial statements were available to be issued.

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