REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS

OCCIDENTAL COLLEGE

June 30, 2021 and 2020

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Trustees
Occidental College

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Occidental College (the "College"), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2021 and 2020, and the consolidated 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.

Other Matter

We have previously audited the Occidental College June 30, 2019, consolidated financial statements, and our report dated October 31, 2019, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein was derived from the consolidated financial statements of Occidental College as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Moss Adams LLP

Los Angeles, California
October 25, 2021

ASSETS

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	$ 6,535,192	$ 9,262,576
Restricted cash	-	1,023,778
Student accounts receivable, less allowance for doubtful accounts of $313,047 (2021) and $350,841(2020)	451,099	644,661
Contracts and grants receivable	5,212,360	3,044,218
Contributions receivable, net	5,553,288	6,545,415
Other assets	2,735,890	2,777,050
Investments	668,371,267	524,890,973
Student notes receivable, net	17,476,013	19,559,873
Assets held in trust by others	7,363,313	5,925,209
Property and equipment, net	189,246,661	191,836,085
Total assets	$ 902,945,083	$ 765,509,838

LIABILITIES AND NET ASSETS

	June 30, 2021	June 30, 2020
LIABILITIES		
Accounts payable and accrued expenses	$ 17,492,754	$ 18,423,169
Student deposits and deferred revenue	4,910,896	2,139,569
Government loans payable	2,544,136	3,066,807
Annuities payable	13,618,727	11,985,460
Asset retirement obligations	2,775,724	2,726,765
Debt	99,048,593	101,031,804
Total liabilities	140,390,830	139,373,574
NET ASSETS		
Without donor restrictions	248,781,448	225,837,997
With donor restrictions	513,772,805	400,298,267
Total net assets	762,554,253	626,136,264
Total liabilities and net assets	$ 902,945,083	$ 765,509,838

Occidental College
Consolidated Statements of Activities

	Without Donor Restrictions	With Donor Restrictions	For the Years Ended June 30, 2021 Total	2020 Total
OPERATING REVENUES				
Student revenues, net	$ 55,641,976	$ -	$ 55,641,976	$ 88,596,871
Private gifts, grants and contracts	8,968,802	4,056,860	13,025,662	12,185,825
Federal and state grants and contracts	7,620,659	-	7,620,659	7,843,826
Auxiliary services, other	493,160	-	493,160	2,087,484
Investment income designated for operations	5,314,036	21,358,201	26,672,237	21,441,495
Other	1,629,088	-	1,629,088	2,519,047
Net assets released from restrictions	22,719,421	(22,719,421)	-	-
Total operating revenues	102,387,142	2,695,640	105,082,782	134,674,548
OPERATING EXPENDITURES				
Instruction	38,074,552	-	38,074,552	44,324,180
Research	4,129,882	-	4,129,882	3,643,891
Public service	5,537,604	-	5,537,604	6,221,712
Academic support	9,332,533	-	9,332,533	10,853,860
Student services	13,631,322	-	13,631,322	17,731,519
Institutional support				
General	12,833,910	-	12,833,910	14,649,069
Advancement	5,912,322	-	5,912,322	7,575,665
Auxiliary services, student and other	15,300,389	-	15,300,389	22,171,173
Total operating expenditures	104,752,514	-	104,752,514	127,171,069
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,365,372)	2,695,640	330,268	7,503,479
OTHER CHANGES IN NET ASSETS				
Net assets released for capital expenditures	1,181,524	(1,181,524)	-	-
Private gifts, grants and contracts non-operating	-	3,985,205	3,985,205	12,507,600
Present value adjustment for annuities	-	(2,849,050)	(2,849,050)	102,478
Annuity funds released	47,242	(47,242)	-	-
Change in fair value of assets held in trust by others	-	1,438,104	1,438,104	(236,841)
Investment gain (loss), net	25,366,319	108,147,143	133,513,462	(26,776,251)
Redesignation of net assets	(1,286,262)	1,286,262	-	-
Total other changes in net assets	25,308,823	110,778,898	136,087,721	(14,403,014)
CHANGES IN NET ASSETS	22,943,451	113,474,538	136,417,989	(6,899,535)
NET ASSETS, beginning of year	225,837,997	400,298,267	626,136,264	633,035,799
NET ASSETS, end of year	$ 248,781,448	$ 513,772,805	$ 762,554,253	$ 626,136,264

See accompanying notes.

	Without Donor Restrictions	With Donor Restrictions	For the Years Ended June 30, 2020 Total	2019 Total
OPERATING REVENUES				
Student revenues, net	$ 88,596,871	$ -	$ 88,596,871	$ 85,901,454
Private gifts, grants and contracts	9,686,449	2,499,376	12,185,825	12,543,667
Federal and state grants and contracts	7,843,826	-	7,843,826	4,608,928
Auxiliary services, other	2,087,484	-	2,087,484	2,626,648
Investment income designated for operations	4,285,341	17,156,154	21,441,495	20,847,073
Other	2,519,047	-	2,519,047	2,748,401
Net assets released from restrictions	17,978,077	(17,978,077)	-	-
Total operating revenues	132,997,095	1,677,453	134,674,548	129,276,171
OPERATING EXPENDITURES				
Instruction	44,324,180	-	44,324,180	43,655,920
Research	3,643,891	-	3,643,891	4,009,678
Public service	6,221,712	-	6,221,712	4,768,011
Academic support	10,853,860	-	10,853,860	11,370,312
Student services	17,731,519	-	17,731,519	16,119,215
Institutional support				
General	14,649,069	-	14,649,069	13,817,436
Advancement	7,575,665	-	7,575,665	8,849,329
Auxiliary services, student and other	22,171,173	-	22,171,173	24,047,549
Total operating expenditures	127,171,069	-	127,171,069	126,637,450
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	5,826,026	1,677,453	7,503,479	2,638,721
OTHER CHANGES IN NET ASSETS				
Net assets released for capital expenditures	6,946,405	(6,946,405)	-	-
Private gifts, grants and contracts non-operating	2,159,175	10,348,425	12,507,600	10,388,534
Present value adjustment for annuities	-	102,478	102,478	1,292
Change in fair value of assets held in trust by others	-	(236,841)	(236,841)	(43,571)
Investment (loss) gain, net	(4,632,455)	(22,143,796)	(26,776,251)	7,526,556
Redesignation of net assets	(1,513,556)	1,513,556	-	-
Total other changes in net assets	2,959,569	(17,362,583)	(14,403,014)	17,872,811
CHANGES IN NET ASSETS	8,785,595	(15,685,130)	(6,899,535)	20,511,532
NET ASSETS, beginning of year	217,052,402	415,983,397	633,035,799	612,524,267
NET ASSETS, end of year	$ 225,837,997	$ 400,298,267	$ 626,136,264	$ 633,035,799

Occidental College
Consolidated Statements of Cash Flows

	Years Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 136,417,989	$ (6,899,535)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	10,418,724	9,568,263
Amortization of bond issuance costs and premiums	(123,211)	(109,099)
Write off of property and equipment	10,302	24,112
Change in fair value of assets held in trust by others	(1,438,104)	236,841
Net unrealized and realized (gains) losses on investments	(150,932,272)	11,649,063
Contributions restricted for long-term investments	(3,985,205)	(9,591,088)
Contributions for capital expenditures	-	(2,916,512)
Change in provision for student notes receivable	(177,794)	(42,213)
Present value adjustment for annuities	54,564	56,678
Change in value of asset retirement obligations	48,959	48,201
Change in value of annuities payable	2,856,806	(102,478)
Change in assets and liabilities		
Student accounts receivable	193,562	(106,909)
Contracts and grants receivable	(2,168,142)	880,397
Contributions receivable	341,023	2,471,475
Other assets	41,160	1,019,858
Accounts payable and accrued expenses	(930,415)	(791,090)
Student deposits and deferred revenue	2,771,327	(995,762)
Government loans payable	135,250	115,675
Net cash (used in) provided by operating activities	(6,465,477)	4,515,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Disbursement of student notes receivables	(1,130,962)	(2,119,378)
Collection of student notes receivables	3,392,616	3,163,829
Purchases of investments	(133,285,651)	(140,526,142)
Proceeds from sales and maturities of investments	140,737,629	135,641,993
Purchases of property and equipment	(7,839,602)	(17,738,774)
Net cash provided by (used in) investing activities	1,874,030	(21,578,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	4,001,269	8,519,573
Contributions for capital expenditures	635,040	1,313,810
Repayment of note payable	-	(447,226)
Repayment of government loans payable	(657,921)	(974,113)
Repayment of bonds payable	(1,860,000)	(54,458,794)
Issuance of bonds payable	-	65,038,046
Distributions of annuities payable	(1,278,103)	(1,252,667)
Net cash provided by financing activities	840,285	17,738,629
NET CHANGE IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH)	(3,751,162)	676,034
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH), beginning of year	10,286,354	9,610,320
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH), end of year	$ 6,535,192	$ 10,286,354
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 3,559,660	$ 3,566,753
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unpaid property and equipment purchases	$ 1,170,164	$ 2,192,484

See accompanying notes.

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 (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 GAAP. All intercompany balances have been eliminated in consolidation.

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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

Invested in property and equipment – includes property and equipment stated at cost or fair value at the date of gift, less accumulated depreciation and 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, 2021.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 doubtful accounts. The college records an allowance for doubtful accounts based on historical experience. 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.

Revenues 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 assets without donor restrictions. If the grant or contract is unconditional, revenue is reported as an increase in net asset without donor restrictions. Contracts and grants receivable are generally due within one year. The college does not record an allowance for doubtful accounts for contracts and grants receivable based on historical experience.

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.

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. Contributions, including unconditional 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.

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.

Note 2 – 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, receivables, and investments in marketable securities. 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 student accounts receivable, contracts and grants receivable, and contributions receivable, are limited due to the large number of students, grantors, and donors from which amounts are due, with no single source being significant.

Restricted cash – Certain proceeds of the serial bonds which are held by trustees are restricted as to use in accordance with the requirements of the trust agreements. Restricted cash is comprised of cash and cash equivalents and are recorded at cost, which approximates fair value.

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 investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. 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.

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 specified percentage of a twenty-one-quarter average unit market value to the units held as of September 30 of the prior fiscal year. Due to the extraordinary impact of the pandemic during the fiscal year ended June 30, 2021, the College increased the specified percentage from 5% to 6% of all endowment funds that were budget relieving and were not underwater at June 30, 2020. The College is planning to apply a 4.9% specified percentage for the year ending June 30, 2022.

Note 2 – Summary of Significant Accounting Policies (continued)

Student notes receivable – The College administers a federal student loan program, the Perkins Student Loan program and two institutional loan programs. Loans made under the federal student loan program have a 10-year repayment period, with interest rates between 3% and 5%. In the event of termination of the program, the loan repayments would be distributed to the federal government and the College on the basis of their relative contributions to the program. It is anticipated that any uncollectible loan balances would be treated in a similar manner. Loans made under the institutional loan programs have a 10-year repayment period, with interest rates between 0% and 5%.

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 2.62% and the 2012 IAR Mortality Table.

Asset retirement obligations – 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.

Note 2 – Summary of Significant Accounting Policies (continued)

Bond issuance costs – Bond issuance costs represent issuance and underwriters' costs related to the California Educational Facilities Authority (CEFA) Series 2013A and 2013B, the CEFA Series 2015 Bonds and the Occidental College Taxable Bonds, Series 2019. The CEFA Series 2013A bonds were legally defeased in the year ended June 30, 2020, and the associated bond defeasance expense was written off. 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.

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 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, 2021 and 2020, 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 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, 2021 or 2020. There have been no related tax penalties or interest, which would be classified as a tax expense in the consolidated statements of activities.

Fair value of financial instruments – Except for investments and estates and trusts, which are discussed above, for the other financial instruments for which it is practical, the following methods and assumptions are used to estimate fair value:

Receivables – Amounts receivable under student accounts receivable, contracts and grants receivable, contributions receivable, and trust deeds receivable are carried at cost, less allowance for doubtful accounts, which approximates fair value. Determination of the fair value of student notes receivable could not be made without incurring excessive costs.

Long-term debt – Fair value was estimated based upon the discounted amount of future cash outflows based on current rates available to the College for debt of the same remaining maturities.

Note 2 – Summary of Significant Accounting Policies (continued)

Recently adopted accounting standard – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The core principle of this ASU is that a lessee should recognize an asset and a liability for almost all leases. Lessees should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing their right to use the underlying asset for the lease term. On July 1, 2020, the College adopted this ASU using the retrospective method. The adoption had no impact on the College's consolidated financial statements.

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

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% and 3.48% for the years ended June 30, 2021 and 2020, respectively. 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:

	2021	2020
Less than one year	$ 1,933,401	$ 1,998,301
Between one year and five years	3,042,177	4,103,893
Later than five years	1,450,000	1,450,000
	6,425,578	7,552,194
Less: discount	(700,538)	(804,344)
allowance for uncollectible amounts	(171,752)	(202,435)
Contributions receivable, net	$ 5,553,288	$ 6,545,415

Contributions receivable at June 30, 2021, have the following restrictions:

Endowment for programs, activities and scholarships	$ 2,230,575
Education and general	599,140
Building construction	3,595,863
Total contributions receivable, gross	$ 6,425,578

Note 4 – Investments

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

	2021	2020
Cash and cash equivalents	$ 79,276,997	$ 91,408,906
U.S. equities	125,955,752	90,134,836
Global equities (developed) funds	71,815,399	59,562,153
Emerging markets equities funds	41,311,242	33,969,165
Domestic fixed income funds	55,795,709	52,034,380
Absolute return funds	61,465,732	52,268,297
Marketable inflation hedging assets funds	30,812,516	27,127,858
Private equity and venture capital	200,358,589	117,931,614
Real estate	1,579,331	453,764
	$ 668,371,267	$ 524,890,973

At June 30, 2021 and 2020, investments include approximately $32,214,000 and $26,314,000, 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:

	2021	2020
Dividends, interest and rents	$ 10,518,828	$ 7,684,547
Realized gains, net	16,819,552	12,413,829
Unrealized gains (losses), net	134,112,720	(24,062,892)
	161,451,100	(3,964,516)
Less: investment expense	(1,265,401)	(1,370,240)
investment income designated for operations	(26,672,237)	(21,441,495)
Investment gain (loss), net of allocation to operations and investment expense	$ 133,513,462	$ (26,776,251)

Note 4 – Investments (continued)

Investment return, net of investment expenses, was classified as follows for the years ended June 30:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	$ 2,067,452	$ 8,451,376	$ 10,518,828
Realized gains, net	3,167,237	13,652,315	16,819,552
Unrealized gains, net	25,664,251	108,448,469	134,112,720
Total	$ 30,898,940	$ 130,552,160	$ 161,451,100

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	$ 2,135,456	$ 5,549,091	$ 7,684,547
Realized gains, net	2,434,864	9,978,965	12,413,829
Unrealized losses, net	(4,674,633)	(19,388,259)	(24,062,892)
Total	$ (104,313)	$ (3,860,203)	$ (3,964,516)

Note 5 – Fair Value Measurements

The College accounts for its investments at fair value. Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, defined fair value, established a framework used to measure fair value, and expanded disclosures about fair value measurements. The standard prioritized, within the measurement of fair value, the use of market-based information over College-specific information and established a three-level hierarchy for fair value measurement based on the transparency of information, such as the pricing source used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

> **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.

Note 5 – Fair Value Measurements (continued)

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's 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.

Note 5 – Fair Value Measurements (continued)

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

	June 30, 2021				
	Level 1	Level 2	Level 3	Assets Valued Using NAV Practical Expedient	Total
Cash and cash equivalents (including restricted cash)	$ 79,276,997	$ -	$ -	$ -	$ 79,276,997
U.S. equities	38,291,389	-	-	87,664,363	125,955,752
Global equities (developed) funds	8,331,708	-	-	63,483,691	71,815,399
Emerging markets equities funds	-	-	-	41,311,242	41,311,242
Domestic fixed income funds	38,828,336	-	-	16,967,373	55,795,709
Absolute return funds	-	-	-	61,465,732	61,465,732
Marketable inflation hedging assets funds	30,812,516	-	-	-	30,812,516
Private equity and venture capital	-	-	-	200,358,589	200,358,589
Assets held in trust by others	-	-	7,363,313	-	7,363,313
Total	$ 195,540,946	$ -	$ 7,363,313	$ 471,250,990	$ 674,155,249

	June 30, 2020				
	Level 1	Level 2	Level 3	Assets Valued Using NAV Practical Expedient	Total
Cash and cash equivalents (including restricted cash)	$ 92,432,684	$ -	$ -	$ -	$ 92,432,684
U.S. equities	22,632,080	-	-	67,502,756	90,134,836
Global equities (developed) funds	6,744,809	-	-	52,817,344	59,562,153
Emerging markets equities funds	5,393,528	-	-	28,575,637	33,969,165
Domestic fixed income funds	41,398,987	-	-	10,635,393	52,034,380
Absolute return funds	-	-	-	52,268,297	52,268,297
Marketable inflation hedging assets funds	27,127,858	-	-	-	27,127,858
Private equity and venture capital	-	-	-	117,931,614	117,931,614
Assets held in trust by others	-	-	5,925,209	-	5,925,209
Total	$ 195,729,946	$ -	$ 5,925,209	$ 329,731,041	$ 531,386,196

At June 30, 2021 and 2020, investments held at cost totaled $1,579,331 and $453,764, respectively.

Note 5 – Fair Value Measurements (continued)

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

	June 30, 2021						
	Beginning Balance July 1, 2020	Purchases	Redemptions	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Interest and Dividends	Ending Balance June 30, 2021
Assets held in trust by others	$ 5,925,209	$ -	$ -	$ -	$ 1,438,104	$ -	$ 7,363,313

	June 30, 2020						
	Beginning Balance July 1, 2019	Purchases	Redemptions	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Interest and Dividends	Ending Balance June 30, 2020
Assets held in trust by others	$ 6,162,050	$ -	$ -	$ -	$ (236,841)	$ -	$ 5,925,209

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 consolidated 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, 2021	Strategy	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds	$ 209,426,669	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	61,465,732	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	108,105,459	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.	65,574,727	N/A	N/A
Venture capital	92,253,130	Investments in privately held start up and or fast growing companies expected to generate returns above traditional equity markets.	12,257,536	N/A	N/A
Total	$ 471,250,990		$ 77,832,263		

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, 2021 and 2020, student loans represented 1.9% and 2.6% of total assets, respectively.

At June 30, student loans consisted of the following:

	2021	2020
Federal government programs	$ 2,558,408	$ 3,319,208
Institutional programs	17,368,531	18,897,982
	19,926,939	22,217,190
Less: allowance for doubtful accounts		
Beginning of year	(2,657,317)	(2,739,665)
Decreases	177,794	42,213
Write-offs	28,597	40,135
End of year	(2,450,926)	(2,657,317)
Student loans receivable, net	$ 17,476,013	$ 19,559,873

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 $2,544,136 and $3,066,807 at June 30, 2021 and 2020, 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 program result in a reduction of the funds available for loan and a decrease in the liability to the government.

At June 30, 2021 and 2020, 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
2021	$ 457,858	$ 224,869	$ 1,655,697	$ 2,338,424
2020	$ 640,966	$ 228,766	$ 1,671,799	$ 2,541,531

Note 6 – Student Notes Receivable (continued)

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

Note 7 – Property and Equipment

Property and equipment consists of the following at June 30:

	2021	2020
Land and improvements	$ 33,525,870	$ 30,180,387
Buildings	279,831,992	259,190,302
Furniture and equipment	13,374,851	13,395,654
Construction-in-progress	2,288,789	19,473,492
	329,021,502	322,239,835
Less: accumulated depreciation	(139,774,841)	(130,403,750)
Property and equipment, net	$ 189,246,661	$ 191,836,085

Depreciation expense for the years ended June 30, 2021 and 2020, was $10,418,724 and $9,568,263, respectively.

Note 8 – Deferred Revenue

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

	Summer Conferences	Conditional Contributions and Grants	Other Deferred Revenue	Total
BALANCES at June 30, 2019	$ 934,436	$ 840,389	$ 1,360,506	$ 3,135,331
Revenue recognized	(1,001,874)	(1,180,951)	(286,921)	(2,469,746)
Payments received for future performance obligations	73,614	1,129,047	271,323	1,473,984
BALANCES at June 30, 2020	6,176	788,485	1,344,908	2,139,569
Revenue recognized	-	(8,426,411)	(189,813)	(8,616,224)
Payments received for future performance obligations	36,834	11,197,145	153,572	11,387,551
BALANCES at June 30, 2021	$ 43,010	$ 3,559,219	$ 1,308,667	$ 4,910,896

Note 9 – Debt

California Educational Facility Authority (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 0.40%–5.00%, 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 agreements for the 2015 Bonds contain 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 2.435%–3.508%, 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 agreements for the 2019 Bonds contain no restrictive covenants and the loans are unsecured.

Note 9 – Debt (continued)

Bonds payable at June 30, 2021, are summarized as follows:

	Authorized and Issued	Remaining Interest Rates	Remaining Bonds Outstanding
CEFA Revenue Bonds			
Series 2013B	$ 6,230,000	2.25% to 3.35%	$ 4,850,000
Series 2015	34,270,000	3.0% to 5.0%	25,590,000
Bond premiums, net	4,786,583		3,901,668
Bond issuance costs	(477,443)		(365,166)
Subtotal	$ 44,809,140		$ 33,976,502
Occidental College Taxable Bonds			
Series 2019	$ 65,620,000	2.4% to 3.5%	$ 65,620,000
Bond issuance costs	(581,954)		(547,909)
Subtotal	65,038,046		65,072,091
Total	$ 109,847,186		$ 99,048,593

Bonds payable at June 30, 2020, are summarized as follows:

	Authorized and Issued	Remaining Interest Rates	Remaining Bonds Outstanding
CEFA Revenue Bonds			
Series 2013A & 2013B	$ 6,230,000	2.1% to 3.35%	$ 5,475,000
Series 2015	34,270,000	3.0% to 5.0%	26,825,000
Bond premiums, net	4,786,583		4,062,562
Bond issuance costs	(477,443)		(383,451)
Total	$ 44,809,140		$ 35,979,111
Occidental College Taxable Bonds			
Series 2019	$ 65,620,000	2.4% to 3.5%	$ 65,620,000
Bond issuance costs	(581,954)		(567,307)
Subtotal	65,038,046		65,052,693
Total	$ 109,847,186		$ 101,031,804

Note 9 – Debt (continued)

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,				
2022	$ 630,000	$ 1,300,000	$ -	$ 1,930,000
2023	655,000	1,365,000	-	2,020,000
2024	670,000	1,440,000	-	2,110,000
2025	690,000	1,515,000	-	2,205,000
2026	710,000	1,585,000	-	2,295,000
2027 and thereafter	1,495,000	18,385,000	65,620,000	85,500,000
Total	$ 4,850,000	$ 25,590,000	$ 65,620,000	$ 96,060,000

Line of credit – On February 1, 2020, the College renewed a $5,000,000 line of credit with a bank, expiring on February 1, 2022. Interest at the bank's prime rate is payable monthly. The line of credit is collateralized by an all blanket UCC filing and has no covenants. No amounts were drawn on the line of credit as of or during the years ended June 30, 2021 and 2020.

Note 10 – Net Assets

Net assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Without donor restrictions		
Designated – educational and general	$ 20,204,307	$ 27,840,110
Designated – functioning as endowment	115,733,929	87,614,751
Designated – student loan funds	6,926,534	6,677,154
Designated – renewal and replacement	9,559,325	4,298,271
Invested in property and equipment	96,357,353	99,407,711
Total net assets without donor restrictions	248,781,448	225,837,997
With donor restrictions		
Restricted for time and purpose		
Restricted for specific purposes	8,769,809	8,062,717
Accumulated endowment investment gains	277,191,576	172,788,229
Life income and annuity contracts	10,596,962	8,593,662
Property and equipment funds	1,226,608	1,754,298
Contributions receivable, net	3,509,479	4,418,401
Assets held in trust by others	5,089,581	4,120,077
Total restricted for time and purpose net assets	306,384,015	199,737,384
Perpetually restricted		
Endowment corpus	182,884,312	178,686,429
Life income and annuity contracts	7,712,501	5,483,564
Student loan funds	12,474,436	12,458,744
Contributions receivable, net	2,043,809	2,127,014
Assets held in trust by others	2,273,732	1,805,132
Total perpetually restricted net assets	207,388,790	200,560,883
Total net assets with donor restrictions	513,772,805	400,298,267
Total net assets	$ 762,554,253	$ 626,136,264

Note 10 – Net Assets (continued)

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:

	2021	2020
Operating activities	$ 22,719,421	$ 17,978,077
Capital expenditures	1,181,524	6,946,405
	$ 23,900,945	$ 24,924,482

Note 11 – Net Student Revenues

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

	2021	2020
Tuition and fees	$ 101,874,594	$ 116,168,001
Room and board	2,466,676	22,333,560
Less: financial assistance	(48,699,294)	(49,904,690)
	$ 55,641,976	$ 88,596,871

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, 2021 and 2020, were approximately $2,999,000 and $4,688,000, 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. As a cost-cutting measure due to the impact of the pandemic, the College's matching contribution was suspended between August 1, 2020 and June 30, 2021.

Note 13 – Fundraising Expenses

During the years ended June 30, 2021 and 2020, the College incurred fundraising expenses of approximately $4,569,000 and $5,693,000, 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, 2021 and 2020. Contributions receivable (pledges) includes amounts from members of the College's Board of Trustees of approximately $1,813,000 and $2,628,000 as of June 30, 2021 and 2020, respectively. Private gifts, grants, and contracts includes amounts from members of the College's Board of Trustees of approximately $3,826,000 and $6,459,000 for the years ended June 30, 2021 and 2020, 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.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health development, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the College's. In response to COVID-19, the College has implemented various cost-cutting measures including a hiring freeze and reduced discretionary spending. It is not possible for the College to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

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 of investments
6) Other resources of the College
7) Investment policy of the College

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

	June 30, 2021		
	Without Restriction	With Restriction	Total
Net endowment assets, beginning of year	$ 87,614,751	$ 351,474,658	$ 439,089,409
Investment return, net	30,450,971	122,240,370	152,691,341
New gifts	1,628,955	3,665,873	5,294,828
Matured life income and annuity contracts	-	-	-
Pledge payments	-	394,064	394,064
Other changes, including redesignations	1,353,288	3,659,124	5,012,412
Appropriation for expenditures	(5,314,036)	(21,358,201)	(26,672,237)
Net endowment assets, end of year	$ 115,733,929	$ 460,075,888	$ 575,809,817

Note 16 – Endowment Funds (continued)

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Net endowment assets, beginning of year	$ 89,466,181	$ 358,628,455	$ 448,094,636
Investment return, net	(1,356,327)	(4,779,339)	(6,135,666)
New gifts	3,100,732	7,806,348	10,907,080
Matured life income and annuity contracts	-	2,243,033	2,243,033
Pledge payments	-	1,071,515	1,071,515
Other changes, including redesignations	689,506	3,660,800	4,350,306
Appropriation for expenditures	(4,285,341)	(17,156,154)	(21,441,495)
Net endowment assets, end of year	$ 87,614,751	$ 351,474,658	$ 439,089,409

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. Deficits of this nature were $490,000 as of June 30, 2020, relative to a corpus value of $21,117,000. There were no deficits as of June 30, 2021.

Note 17 – Functional Expenses

Expenses by function and nature consist of the following for the year ended June 30, 2021:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Advancement	Auxiliary Enterprises Expenditures	Total Operating Expenses
Salaries	$ 23,135,413	$ 1,171,296	$ 3,075,748	$ 3,492,652	$ 6,771,756	$ 6,021,006	$ 3,916,751	$ 3,299,656	$ 50,884,278
Employee benefits and taxes	5,586,787	222,257	801,901	978,202	2,080,082	1,866,232	1,162,351	1,408,952	14,106,764
Depreciation and amortization	4,102,803	196,766	110,315	547,268	1,393,287	356,380	112,093	3,476,601	10,295,513
Interest expense	641,257	-	-	34,531	68,775	477,583	-	2,032,409	3,254,555
Services and supplies	1,388,566	2,394,204	912,296	3,097,961	2,713,866	3,313,115	675,199	2,172,643	16,667,850
Maintenance and operations	3,219,726	145,359	637,344	1,181,919	603,556	799,594	45,928	2,910,128	9,543,554
	$ 38,074,552	$ 4,129,882	$ 5,537,604	$ 9,332,533	$ 13,631,322	$ 12,833,910	$ 5,912,322	$ 15,300,389	$ 104,752,514

Expenses by function and nature consist of the following for the year ended June 30, 2020:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Advancement	Auxiliary Enterprises Expenditures	Total Operating Expenses
Salaries	$ 23,729,652	$ 993,293	$ 3,443,065	$ 3,959,530	$ 8,494,812	$ 6,226,680	$ 4,283,460	$ 5,812,711	$ 56,943,203
Employee benefits and taxes	6,646,306	238,889	1,029,291	1,164,350	2,729,490	1,874,119	1,467,429	1,835,502	16,985,376
Depreciation and amortization	3,592,676	175,285	98,402	474,002	1,378,013	317,148	110,654	3,312,984	9,459,164
Interest expense	582,579	-	-	35,816	74,852	431,206	-	2,108,041	3,232,494
Services and supplies	5,566,014	2,046,564	818,236	3,675,665	4,267,345	4,748,306	1,665,183	5,392,861	28,180,174
Maintenance and operations	4,206,953	189,860	832,718	1,544,497	787,007	1,051,610	48,939	3,709,074	12,370,658
	$ 44,324,180	$ 3,643,891	$ 6,221,712	$ 10,853,860	$ 17,731,519	$ 14,649,069	$ 7,575,665	$ 22,171,173	$ 127,171,069

Note 17 – Functional Expenses (continued)

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. Operation and maintenance of plant expenses are allocated to functional categories based on building square footage dedicated to that specific function.

Note 18 – Liquidity and Availability

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

	2021	2020
Cash and cash equivalents	$ 6,535,192	$ 9,262,576
Student accounts receivable, net	451,099	644,661
Contracts and grants receivable	5,212,360	3,044,218
Contributions receivable, net	5,553,288	6,545,415
Investments	668,371,267	524,890,973
Student notes receivable, net	17,476,013	19,559,873
Total financial assets	703,599,219	563,947,716
Less		
Restricted investments not available for operations next year	(310,632,184)	(200,856,215)
Any long-term portions of the receivables	(22,008,898)	(26,105,288)
Permanent endowment	(182,884,312)	(178,686,429)
Total financial assets available within one year	188,073,825	158,299,784
Liquidity resources		
Bank lines of credit (available balances)	5,000,000	5,000,000
The following year's expected endowment distribution	21,977,000	25,913,000
Total financial assets and liquidity resources available within one year	$ 215,050,825	$ 189,212,784

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.

Note 18 – Liquidity and Availability (continued)

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 $115,733,929 and $87,614,751 as of June 30, 2021 and 2020, 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.

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 25, 2021, the date the consolidated financial statements were available to be issued.