



REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS

OCCIDENTAL COLLEGE

June 30, 2022 and 2021

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Consolidated Financial Statements	
Consolidated balance sheets	3
Consolidated statements of activities	4–5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7–30



The Board of Trustees

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout

Occidental College
Consolidated Balance Sheets

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 13,281,973	\$ 6,535,192
Student accounts receivable, less allowance for doubtful accounts of \$364,171 (2022) and \$313,047 (2021)	725,123	451,099
Contracts and grants receivable	3,852,437	5,212,360
Contributions receivable, net	6,747,947	5,553,288
Other assets	2,934,505	2,735,890
Investments	666,264,327	668,371,267
Student notes receivable, net	16,036,664	

Occidental College

Consolidated Statements of Activities

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total	
OPERATING REVENUES					
Student revenues, net	\$ 94,378,130	\$ -	\$ 94,378,130	\$ 55,641,976	
Private gifts, grants and contracts	7,844,803	6,486,753	14,331,556	13,025,662	
Federal and state grants and contracts	11,079,287	-	11,079,287	7,620,659	
Auxiliary services, other	1,143,617	-	1,143,617	6 ^c 493,160	7,402,798
Investment income designated for operations	4,387,083	17,590,632	21,977,715	26,672,237	
Other	2,084,883	-	2,084,883	1,629,088	
Net assets released from restrictions	21,429,196	(21,429,196)	-	-	
 Total operating revenues	 142,346,999	 2,648,189	 144,995,188	 105,082,782	
OPERATING EXPENDITURES					
Instruction	42,500,092	-	42,500,092	38,074,552	
Research	4,566,267	-	4,566,267	4,129,882	
Public service	7,402,798	-	7,402,798	5,537,604	
Academic support	10,994,600	-	10,994,600	9,332,533	
Student services	19,324,547	-	19,324,547	13,631,322	
Institutional support					
General	14,844,030	-	14,844,030	12 TD c[(c]1 TD-.2566,267)r 0	

Occidental College
Consolidated Statements of Activities (Continued)

	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	<u>102,387,142</u>	<u>2,695,640</u>	<u>105,082,782</u>	<u>134,674,548</u>
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	<u>104,752,514</u>	<u>-</u>	<u>104,752,514</u>	<u>127,171,069</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(2,365,372)</u>	<u>2,695,640</u>	<u>330,268</u>	<u>7,503,479</u>
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	<u>25,308,823</u>	<u>110,778,898</u>	<u>136,087,721</u>	<u>(14,403,014)</u>
CHANGES IN NET ASSETS	<u>22,943,451</u>	<u>113,474,538</u>	<u>136,417,989</u>	<u>(6,899,535)</u>
NET ASSETS, beginning of year	<u>225,837,997</u>	<u>400,298,267</u>	<u>626,136,264</u>	<u>633,035,799</u>
NET ASSETS, end of year	<u>\$ 248,781,448</u>	<u>\$ 513,772,805</u>	<u>\$ 762,554,253</u>	<u>\$ 626,136,264</u>

Occidental College
Notes to Consolidated Financial Statements

Note 1 – Organization

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 on student receivables 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 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. 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 records an allowance for doubtful accounts on contracts and grants receivable based on historical experience. As of June 30, 2022 and June 30, 2021, an allowance for doubtful accounts on contracts and grants receivable was not deemed necessary. One gift from a foundation comprised 12% of the total of private gifts, grants and contracts and federal and state grants and contracts for the year ended June 30, 2022. There were no such concentrations for the year ended June 30, 2021.

The College recognized revenue for the Higher Education Emergency Relief Funds from the federal government in the amount of \$4,792,630 and \$756,655 in federal and state grants and contracts for the years ending June 30, 2022 and June 30, 2021, respectively. For the year ending June 30, 2022, the College recorded expenditures of these funds in the amount of \$2,239,053 in Student Services. For the year ending June 30, 2021, the College recorded expenditures of these funds in the amount of \$1,123,963 and \$2,561,175 in Student Services and Financial Assistance, respectively.

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. Unconditional contributions, including promises to give, are recognized as revenue in the period received. Conditional promises to

Occidental College

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 (FDIC) or Securities Investor Protection Corporation (SIPC) 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 three donors comprised 61% of contributions receivable as of June 30, 2022. Contribution receivable balances for four donors comprised 63% of contributions receivable as of June 30, 2021.

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.

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.

Occidental College

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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% of a twenty-one quarter moving average of the unit market value and the upper limit was 4.8% of a twenty-one quarter moving average of the unit market value for the fiscal year ending June 30, 2022. Due to the extraordinary impact of the pandemic during the fiscal year ended June 30, 2021, the College increased the specified percentage to 6% of all endowment funds that were budget relieving and were not underwater at June 30, 2020.

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 a 5% interest rate. 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 67raions,14n--r5.6(3(e, areld3.0359 -prw)-2.4(

Occidental College

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 4.3% 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.

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.

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP

Occidental College
Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Occidental College

Notes to Consolidated Financial Statements

Note 4 – Investments

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

	2022	2021
Cash and cash equivalents	\$ 97,597,055	\$ 79,276,997
U.S. equities	107,510,091	125,955,752
Global equities (developed) funds	54,177,424	71,815,399
Emerging markets equities funds	33,354,562	41,311,242
Domestic fixed income funds	51,209,080	55,795,709

Occidental College
Notes to Consolidated Financial Statements

Note 4 – Investments (continued)

Investment return was classified as follows for the years ended June 30:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	\$ 3,235,270	\$ 13,235,345	\$ 16,470,615
Realized gains, net	3,362,515	13,923,361	17,285,876
Unrealized losses, net	<u>(5,817,147)</u>	<u>(28,032,436)</u>	<u>(33,849,583)</u>
Total	<u>\$ 780,638</u>	<u>\$ (873,730)</u>	<u>\$ (93,092)</u>
	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	<u>25,664,251</u>	<u>108,448,469</u>	<u>134,112,720</u>
Total	<u>\$ 30,898,940</u>	<u>\$ 130,552,160</u>	<u>\$ 161,451,100</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

Note 5 – Fair Value Measurements (continued)

Fair value hierarchy – ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to

Note 5 – Fair Value Measurements (continued)

Occidental College
Notes to Consolidated Financial Statements

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, 2022 and 2021, student loans represented 1.8% and 1.9% of total assets, respectively.

At June 30, student loans consisted of the following:

	<u>2022</u>	<u>2021</u>
Federal government programs	\$ 1,923,552	\$ 2,558,408
Institutional programs (unsecured)	<u>16,539,206</u>	<u>17,368,531</u>
	<u>18,462,758</u>	<u>19,926,939</u>
Less: allowance for doubtful accounts		
Beginning of year	(2,450,926)	(2,657,317)
Decreases	16,571	177,794
Write-offs	<u>8,261</u>	<u>28,597</u>
End of year	<u>(2,426,094)</u>	<u>(2,450,926)</u>
Student notes receivable, net	<u>\$ 16,036,664</u>	<u>\$ 17,476,013</u>

The College participated in the Federal Perkins revolving loan program. The availability of funds for loans

Occidental College

Notes to Consolidated Financial Statements

Note 6 – Student Notes Receivable (continued)

At June 30, 2022 and 2021, 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
2022	\$ 682,718	\$ 173,559	\$ 1,647,085	\$ 2,503,362
2021	\$ 457,858	\$ 224,869	\$ 1,655,697	\$ 2,338,424

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:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 34,517,215	\$ 33,525,870
Buildings	281,507,341	279,831,992
Furniture and equipment	15,187,617	13,374,851
Construction-in-progress	<u>5,463,432</u>	<u>2,288,789</u>
	336,675,605	329,021,502
Less: accumulated depreciation	<u>(149,910,419)</u>	<u>(139,774,841)</u>
Property and equipment, net	<u>\$ 186,765,186</u>	<u>\$ 189,246,661</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$10,665,465 and \$10,418,724, respectively.

Occidental College
Notes to Consolidated Financial Statements

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 July 1, 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
Revenue recognized	(213,038)	(3,027,876)	(408,502)	(3,649,416)
Payments received for future performance obligations	621,572	774,931	341,015	1,737,518
BALANCES at June 30, 2022	<u>\$ 451,544</u>	<u>\$ 1,306,274</u>	<u>\$ 1,241,180</u>	<u>\$ 2,998,998</u>

Occidental College

Notes to Consolidated Financial Statements

Note 9 – Debt (continued)

Bonds payable at June 30, 2022, are summarized as follows:

	<u>Authorized and Issued</u>	<u>Remaining Interest Rates</u>	<u>Remaining Bonds Outstanding</u>
CEFA Revenue Bonds			
Series 2013B	\$ 6,230,000	2.6% to 3.35%	\$ 4,220,000
Series 2015	34,270,000	3.0% to 5.0%	24,290,000
Bond premiums, net	4,786,583		3,740,774
Bond issuance costs	<u>(477,443)</u>		<u>(346,883)</u>
Subtotal	<u>44,809,140</u>		<u>31,903,891</u>
Occidental College Taxable Bonds			
Series 2019	65,620,000	2.4% to 3.5%	65,620,000
Bond issuance costs	<u>(581,954)</u>		<u>(528,510)</u>
Subtotal	<u>65,038,046</u>		<u>65,091,490</u>
Total	<u>\$ 109,847,186</u>		<u>\$ 96,995,381</u>

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

	<u>Authorized and Issued</u>	<u>Remaining Interest Rates</u>	<u>Remaining Bonds Outstanding</u>
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	<u>(477,443)</u>		<u>(365,166)</u>
Total	<u>44,809,140</u>		<u>33,976,502</u>
Occidental College Taxable Bonds			
Series 2019	65,620,000	2.4% to 3.5%	65,620,000
Bond issuance costs	<u>(581,954)</u>		<u>(547,909)</u>
Subtotal	<u>65,038,046</u>		<u>65,072,091</u>
Total	<u>\$ 109,847,186</u>		<u>\$ 99,048,593</u>

Occidental College
Notes to Consolidated Financial Statements

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,				
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	735,000	1,670,000	-	2,405,000
2028 and thereafter	760,000	16,715,000	65,620,000	83,095,000
Total	\$ 4,220,000	\$ 24,290,000	\$ 65,620,000	\$ 94,130,000

Line of credit – On April 20, 2022, the College renewed a \$5,

Occidental College
Notes to Consolidated Financial Statements

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:

	June 30,	
	<u>2022</u>	2021
Operating activities	\$ 21,429,196	\$ 22,719,421
Capital expenditures	<u>1,933,585</u>	1,181,524
	\$ 23,362,781	\$ 23,900,945

Occidental College

Notes to Consolidated Financial Statements

Note 13 – Fundraising Expenses

During the years ended June 30, 2022 and 2021, the College incurred fundraising expenses of approximately \$5,025,000 and \$4,569,000, 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, 2022 and 2021. Contributions receivable (pledges) includes amounts from members of the College's Board of Trustees of approximately \$1,009,000 and \$1,813,000 as of June 30, 2022 and 2021, respectively. Private gifts, grants, and contracts includes amounts from members of the College's Board of Trustees of approximately \$3,916,000 and \$3,826,000 for the years ended June 30, 2022 and 2021, 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 3 Towment fud s8a2a2a2a

Occidental College

Notes to Consolidated Financial Statements

Note 16 – Endowment Funds (continued)

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	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	<u>\$ 115,733,929</u>	<u>\$ 460,075,888</u>	<u>\$ 575,809,817</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. Deficits of this nature were \$338,000 as of June 30, 2022, relative

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 consoli

