WHITTIER COLLEGE

Financial Statements

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

WHITTIER COLLEGE

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KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Trustees
Whittier College:

Report on the Financial Statements

We have audited the accompanying financial statements of Whittier College (the College), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Whittier College as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying list of the board of trustees and officers of the College on page 30 are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KPMG LLP

October 30, 2019

WHITTIER COLLEGE

Statements of Financial Position

June 30, 2019 and 2018

Assets		**2019**	**2018**
Cash and cash equivalents	$	14,591,696	13,747,777
Short-term investments (note 4)		35,220,564	39,035,179
Accounts and loans receivable, net (note 2)		9,747,968	9,324,645
Prepaid expenses and other assets		1,240,811	1,905,102
Pledges receivable, net (note 3)		3,608,604	4,579,411
Long-term investments (note 4)		121,411,640	118,168,155
Plant facilities, net (note 7)		109,750,222	112,868,947
Total assets	$	295,571,505	299,629,216
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	8,158,079	9,591,251
Student deposits and deferred revenue		2,489,964	2,572,137
Federal student loan funds		802,644	746,950
Interest rate swap liability (note 8)		4,073,884	2,946,076
Loans and notes payable (note 8)		55,505,300	56,447,204
Actuarial liability for life income agreements		1,855,593	2,189,880
Asset retirement obligation (note 12)		677,238	658,303
Funds held in custody for others		169,489	233,175
Total liabilities		73,732,191	75,384,976
Net assets (note 10):			
Without donor restrictions		124,316,840	127,567,273
With donor restrictions		97,522,474	96,676,967
Total net assets		221,839,314	224,244,240
Total liabilities and net assets	$	295,571,505	299,629,216

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statement of Activities

Year ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Student tuition and fees, net of $43,075,000 in student aid in 2019	$ 42,837,853	—	42,837,853
Private gifts, grants, and pledges	2,993,310	1,680,486	4,673,796
Government grants	1,118,193	—	1,118,193
Investment income	1,681,434	1,849,986	3,531,420
Auxiliary enterprises	11,254,351	—	11,254,351
Other	1,833,769	—	1,833,769
	61,718,910	3,530,472	65,249,382
Net assets released from restrictions:			
Endowment returns designated for spending	3,506,328	(3,506,328)	—
Satisfaction of donor restrictions	1,543,445	(1,543,445)	—
Total revenues and other support	66,768,683	(1,519,301)	65,249,382
Expenses:			
Compensation expenses	37,930,724	—	37,930,724
Services, supplies and other expenses	17,334,009	—	17,334,009
Plant expenditures	7,185,939	—	7,185,939
Depreciation expenses	5,717,856	—	5,717,856
Debt service-interest and other costs	2,304,027	—	2,304,027
Total expenses	70,472,555	—	70,472,555
Decrease in net assets from operating activities	(3,703,872)	(1,519,301)	(5,223,173)
Nonoperating activities:			
Net realized and unrealized gains on investments	953,927	2,657,841	3,611,768
Net change in actuarial liability for life income agreements	—	334,287	334,287
Unrealized loss on interest rate swap liability	(1,127,808)	—	(1,127,808)
Satisfaction of building gift restrictions	627,320	(627,320)	—
Increase in net assets from nonoperating activities	453,439	2,364,808	2,818,247
Change in net assets	(3,250,433)	845,507	(2,404,926)
Net assets:			
Beginning of year	127,567,273	96,676,967	224,244,240
End of year	$ 124,316,840	97,522,474	221,839,314

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statement of Activities

Year ended June 30, 2018

		Without donor restrictions	With donor restrictions	Total
Student tuition and fees, net of $39,127,920, in student aid in 2018	$	44,438,400	—	44,438,400
Private gifts, grants, and pledges		2,795,271	5,740,515	8,535,786
Government grants		1,071,217	—	1,071,217
Investment income		2,059,152	1,532,896	3,592,048
Auxiliary enterprises		10,749,255	—	10,749,255
Other		1,655,534	—	1,655,534
		62,768,829	7,273,411	70,042,240
Net assets released from restrictions:				
Endowment returns designated for spending		3,720,642	(3,720,642)	—
Satisfaction of donor restrictions		1,682,121	(1,682,121)	—
Total revenues and other support		68,171,592	1,870,648	70,042,240
Expenses:				
Compensation expenses		42,772,148	—	42,772,148
Services, supplies and other expenses		17,334,009	—	17,334,009
Plant expenditures		6,834,992	—	6,834,992
Depreciation expenses		6,123,352	—	6,123,352
Debt service-interest and other costs		2,340,369	—	2,340,369
Total expenses		75,404,870	—	75,404,870
Increase (decrease) in net assets from operating activities		(7,233,278)	1,870,648	(5,362,630)
Nonoperating activities:				
Net realized and unrealized gains on investments		336,798	3,861,780	4,198,578
Net change in actuarial liability for life income agreements		—	(40,785)	(40,785)
Contributions		—	231,620	231,620
Unrealized gain on interest rate swap liability		1,332,607	—	1,332,607
Other		(1,546,185)	—	(1,546,185)
Satisfaction of building gift restrictions		231,620	(231,620)	—
Increase in net assets from nonoperating activities		354,840	3,820,995	4,175,835
Change in net assets		(6,878,438)	5,691,643	(1,186,795)
Net assets:				
Beginning of year		134,445,711	90,985,324	225,431,035
End of year	$	127,567,273	96,676,967	224,244,240

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	(2,404,926)	(1,186,795)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense		5,717,856	6,123,352
Unrealized loss (gain) on interest rate swap liability		1,127,808	(1,332,607)
Net realized and unrealized gain on investments		(3,611,768)	(4,198,578)
Loss on sale and disposal of plant assets, net		246,948	—
Restricted contributions		(935,985)	(231,620)
Pledge write-off		—	746,644
Net change in asset retirement obligation		18,935	(18,935)
Net change in actuarial liability for life income agreements		(334,287)	40,785
Changes in operating assets and liabilities:			
Increase in accounts and loans receivable		(1,130,865)	(495,909)
Decrease (Increase) in pledges receivable		970,807	(230,982)
Decrease (Increase) in prepaid expenses and other assets		664,291	(319,489)
(Decrease) Increase in accounts payable and accrued liabilities		(1,433,174)	989,799
(Decrease) Increase in student deposits and deferred revenue		(82,173)	331,974
Net cash (used in) provided by operating activities		(1,186,533)	217,639
Cash flows from investing activities			
Purchase of plant facilities		(2,615,347)	(3,814,425)
Student loans issued, net of collections		707,541	5,163,026
Purchase of investments		(32,327,697)	(37,094,499)
Proceeds from sales of investments		36,388,565	32,827,948
Net cash provided by (used in) investing activities		2,153,062	(2,917,950)
Cash flows from financing activities			
Proceeds from restricted contributions		935,985	231,620
Payment on loans, notes payable, and interest rate swap		(927,716)	(892,555)
Payments to beneficiaries on life income agreements		(122,887)	(115,336)
Disbursements of funds held in custody for others		(63,686)	(54,330)
Federal student loan funds, net		55,694	80,356
Net cash used in financing activities		(122,610)	(750,245)
Net increase (decrease) in cash and cash equivalents		843,919	(3,450,556)
Cash and cash equivalents:			
Beginning of year		13,747,777	17,198,333
End of year	$	14,591,696	13,747,777
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$	2,126,881	2,851,064
Non-cash investing and financing activities:			
Purchases of plant facilities included in accounts payable		911,171	—
Non-cash exchange of plant facilities for space use		694,628	—

See accompanying notes to financial statements.

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization

Whittier College (the College) was founded in 1887 and is an accredited four year, private coeducational, and nationally recognized liberal arts institution. The College offers undergraduate and selected advanced degrees in education and law. The College derives most of its revenue from tuition and student fees, earnings from its endowments, and gifts from individuals, corporations, and foundations. The following accounting policies of the College are in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) and those generally accepted for colleges and universities.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting.

(c) Financial Statement Presentation

Revenue, gains, and losses are classified as without donor restrictions and with donor restrictions as follows:

Without donor restrictions net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

With donor restrictions net assets consist of contributed funds subject to specific donor imposed restrictions and earnings on those funds that have not yet been appropriated for expenditure. By law, those restrictions require that a portion of the assets be maintained in perpetuity and that a portion be maintained until appropriated for expenditure by the Board of Trustees in support of the College's programs and operations, contingent upon specific performance of a future event or a specific passage of time.

(d) Revenue Recognition

Student tuition and fees are recorded as revenue in the period during which the academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.

Gifts from donors, including pledges receivable (unconditional promises to give), are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Gifts where donor restrictions are met within the same fiscal year as the gifts are received are included in net assets without donor restrictions. Gifts of assets other than cash are recorded at their estimated fair value. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Government grant revenue is recorded as the related expenses are incurred and administrative fees are earned.

Investment returns, including investment income and gains and losses, are recorded on a trade date basis and reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Auxiliary enterprises consist of room and board, bookstore commissions, and conferences fees and are recorded as revenue when the services are provided.

(e) Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except for those that have been designated by the College as endowments, which are considered to be long term investments.

(f) Liquidity and Availability

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 expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	$	14,116,746
Short term investments		34,868,421
Accounts and loans receivable		1,853,086
Payout on board designated endowments		855,480
Payout on donor restricted endowments		3,261,526
Pledges receivable within one year		253,087
	$	55,208,346

Student loans receivable are not considered to be available to meet general expenditures because principal and interest collected on those loans are used solely to make new loans.

The College's governing board has designated a portion of its resources without donor restrictions for endowment. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board. At June 30, 2019, $31,697,059 was designated by the board as board designated endowment.

(g) Fair Value Determination of Financial Instruments

The fair value of the College's financial instruments as of June 30, 2019 and 2018, represents management's best estimates of the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there are little, if any, observable inputs, management's own judgments about the assumptions of market participants were used in pricing the asset. Those judgments are developed by management based on the best information available in the circumstances. Although the College uses its best judgment in determining the fair value of financial instruments, there are inherent limitations in any methodology.

(Continued)

Therefore, the values presented herein are not necessarily indicative of the amount the College could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon liquidation of the investments.

The College did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

The College's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level I measurements) and the lowest priority measurements involving significant unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets that the College has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the asset, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data. Level II includes government and corporate bonds due to variations in the pricing of such securities from various factors, including current interest rates, spreads, and various trade activity that impact the quoted prices for such holdings.
- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset.

The level in the fair value hierarchy within a fair value measurement in its entirety falls on the lowest level input that is significant to the fair value measurement in its entirety. The College applies the authoritative guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 10, *Fair Value Measurement*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share. According to the guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946 10 as of the reporting entity's measurement date. Accordingly, the College uses the NAV as reported by the investment managers as a practical expedient to determine the fair value of investments in investment funds, which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2019 and 2018, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient. Such assets are not classified in the fair value hierarchy in accordance with Accounting Standards Update No. 2015-07 (ASU 2015-07), *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)*. ASU 2015-07 removed the requirement to classify within the fair value hierarchy investments measured at NAV.

Fair value of the College's financial instruments is determined using the estimates, methods, and assumption as set forth below. See note 5 for further information regarding fair value disclosures for investments.

(i) Accounts and Loans Receivable, Accounts Payable, and Accrued liabilities

Reported amounts approximated fair value at June 30, 2019 and 2018, because of the terms and relatively short maturities of these financial instruments.

(ii) Pledges Receivable

Pledges receivable are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving considerations to anticipated future cash receipts (after allowance is made for uncollectible pledges) and discounting such amounts at a fair value rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level III in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary.

(iii) Interest Rate Swap Liability

Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments. These inputs fall within Level II of the fair value hierarchy.

(iv) Loans and Notes Payable

The valuation techniques and the inputs of loans and notes payable are based on observable interest rates and maturity schedules. Fair value of loans and note payable approximated the reported value at June 30, 2019 and 2018.

(v) Actuarial Liability for Life Income Agreements

The reported amount of the actuarial liability for life income agreements approximates fair value because these instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level III in the fair value hierarchy.

(h) Allocation of Investment Returns

The College follows an investment policy for its pooled investments, which anticipates a greater long term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Trustees has adopted a spending policy for pooled endowment investments whereby the amount of investment return available for current operations is determined by applying a specified percentage of 4.8% to the average market value of pooled investments for the three preceding calendar years. If the investment income of pooled investments, which includes interest and dividends, and accumulated realized and unrealized gains and losses, is insufficient to provide the full amount of investment return authorized for spending, no amounts are allocated to current operations.

(i) Plant Facilities

Property, plant, and equipment are stated at cost or estimated fair value at the date of the gift. Depreciation is computed on a straight line basis over the estimated useful lives of the assets (25 to 40 years for buildings and improvements and 5 to 7 years for equipment and library books). Expenditures for repairs and maintenance not extending the life of the assets are charged to operations when incurred. Upon sale or disposal of equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the Statement of Activities.

(j) Asset Retirement Obligation

The College accrues for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional. The College identified future asbestos abatement activities as a conditional asset retirement obligation. Asbestos abatement activities were estimated based upon historical removal costs per square foot applied to assets identified requiring asbestos abatement. The College recorded the estimate as a liability and as an increase to the recorded historical cost of the asset. The capitalized portion is depreciated over the remaining useful life of the asset. The present value of the asset retirement obligation totaled $677,238 and $658,303 utilizing a rate of 1.89% as of June 30, 2019 and 2018, respectively. The costs will continue to be accreted to expense until such point that the remediation activities are required.

(k) Interest Rate Swap Liability

The College uses an interest rate risk management strategy that incorporates the use of derivative instruments intended to minimize significant fluctuations in interest expense that are caused by interest rate volatility. Interest rate swaps involve the exchange of fixed and variable rate interest payments between two parties, based on a common notional principal amount and maturity date. All derivative instruments are recognized in the statement of financial position at their fair values and changes in fair value are recognized in the statements of activities.

(l) Federal Student Loan Funds

Funds provided by the U.S. government under the Federal Perkins Student Loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government.

(m) Fund Raising Expense

The accompanying statements of activities include fund raising expenses of $2,761,094 and $3,090,640, for the years ended June 30, 2019 and 2018, respectively, as a component of total expenses.

(n) Actuarial Liability for Life Income Agreements

The actuarial liability for life income agreements includes gift annuities, unitrusts, pooled income funds, and life estates that are reported based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 4.5% to 6.5% for the years ended June 30, 2019 and June 30, 2018 using the 2012 Group Annuity Tables.

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(o) Funds Held in Custody for Others

Funds held in custody for others total $169,489 and $233,175 at June 30, 2019 and 2018, respectively. These amounts represent money's held for organizations and social clubs on campus.

(p) Functional Allocation of Expenses

The cost of providing programs and other activities has been summarized on a functional basis in note 14. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(q) Concentration of Credit Risk

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash deposits at financial institutions, student receivables, and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the insurance limits of the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SPIC). Concentration of credit risk with respect to receivables is limited due to the number of students from which amounts are due and the low dollar amount of individual balances.

(r) Impairment of Long Lived Assets and Long Lived Assets to Be Disposed of

Long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of long lived assets may not be recoverable.

(s) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of the revenue and expenses during the reporting period. Actual results could differ from those estimates.

(t) Income Taxes

The College is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal and state income taxes. However, the College is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

(Continued)

(u) Reclassifications

Certain 2018 amounts have been reclassified for consistency with the 2019 presentation. These reclassifications had no effect on the reported change in net assets.

(v) Change in Accounting Principle

In 2019, the College adopted ASU 2016-14 – Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The standard is intended to improve net asset classification requirements and the information presented in the financial statements and notes about a Not for Profit's liquidity, financial performance, and cash flows.

The standard requires the College to reclassify its net assets from three categories (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of underwater endowment funds as a reduction of net assets with donor restrictions. In addition, the guidance requires enhanced disclosures about governing board designations; composition of net assets with donor restrictions; the College's liquidity; and expenses by both their natural and functional classification.

Net assets have been reclassified for 2018 as a result of implementing ASU 2016-14 are as follows:

	ASU 2016-14 Classifications		
2018	**Without donor restrictions**	**With donor restrictions**	**Total net**
As previously presented:			
Unrestricted	$ 127,567,273	—	127,567,273
Temporarily restricted	—	20,582,142	20,582,142
Permanently restricted	—	76,094,825	76,094,825
	$ 127,567,273	96,676,967	224,244,240

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers ASU 2014-09 – Revenue from Contracts with Customers (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The College adopted the standard during the year ended June 30, 2019. The adoption of the standard did not have a material effect on the timing of when revenue is recognized.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update ASU 2018-08 – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU provides criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The standard also provides guidance for distinguishing whether a contribution is conditional or unconditional which affect the timing of recognition. The adoption of the standard did not have a material effect on how the College recognizes revenue from contributions, grants or contracts, or the timing of their recognition.

(2) Accounts and Loans Receivable

As of June 30, accounts and loans receivable are as follows:

		2019	2018
Student accounts receivable	$	467,175	421,119
Federal Perkins loans		4,088,086	4,596,243
Other student loans		5,460,578	5,787,345
Other receivables		1,503,138	700,958
		11,518,977	11,505,665
Allowance for doubtful loans receivable		(1,558,487)	(1,685,870)
Allowance for doubtful other receivables		(212,522)	(495,150)
	$	9,747,968	9,324,645

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, 2019 and 2018, student loans represented 3.23% and 3.46% of total assets, respectively. The College is obligated to collect loans made under the Federal Perkins Student Loan program and these loans are payable, including interest at 5%, over approximately 11 years following College attendance. Other student loans are interest free and repayments commence 6 months after leaving the College. An interest rate of 10% is applied to institutional loans if that balance becomes delinquent. Both federal and institutional loans carry deferment of repayment based on certain criteria such as full time student, military, and disability. The event of death cancels both loan types.

(Continued)

As of June 30, student loans receivable are as follows:

		2019	2018
Federal Perkins loans	$	4,088,086	4,596,243
Other student loans		5,460,578	5,787,345
		9,548,664	10,383,588
Less allowance for doubtful accounts:			
Beginning of year		(1,685,870)	(2,785,583)
Decrease		127,383	1,099,713
End of year		(1,558,487)	(1,685,870)
Student loans receivable, net	$	7,990,177	8,697,718

At June 30, 2019 and 2018, the following amounts were past due under student loan programs:

			2019	2018
<240 days	past due	$	284,980	387,945
>240 days to 2 years	past due		383,905	448,374
>2 to 5 years	past due		522,796	514,707
>5 years	past due		1,712,144	1,556,198
Total past due		$	2,903,825	2,907,224

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 loans are written off only when they are deemed to be permanently uncollectible. The College may participate in the income tax return offset program allowed by the government as part of the collection efforts.

(3) Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded net of allowance for uncollectible pledges and discounted to the present value of the future cash flows utilizing rates between 1.89% and 2.74% as of June 30, 2019 and 2018, respectively. As of June 30, pledges receivables are as follows:

		2019	2018
In one year or less	$	928,088	1,379,123
Between one year and five years		1,803,556	1,052,461
More than five years		1,400,000	2,605,814
		4,131,644	5,037,398
Less discount and allowance for uncollectible pledges		(523,040)	(457,987)
	$	3,608,604	4,579,411

		2019	2018
Pledges receivable by purpose:			
Endowment for scholarships and department programs	$	2,580,846	2,519,034
Facilities construction		735,808	1,584,423
General operations		291,950	475,954
	$	3,608,604	4,579,411

(4) Investments

The following summarizes the College's investments by investment categories at June 30:

		2019	2018
Cash and cash equivalents	$	284,314	3,856,470
Money market funds		1,292,879	5,267,964
Intermediate bond funds		35,584,157	39,035,179
Mutual funds:			
International-developed stocks		20,827,647	17,354,336
Emerging markets		6,455,732	6,304,316
U.S. Large cap		6,063,133	5,706,681
U.S. Mid cap		9,234,177	5,756,419
U.S. Small cap		3,716,445	3,712,050

		2019	2018
Fixed income	$	20,717,802	19,219,100
Other		4,256,546	3,972,234
Total mutual funds		71,271,482	62,025,136
Equities:			
U.S. Large cap		4,784,902	5,208,488
U.S. Mid cap		3,390,084	2,356,324
U.S. Small cap		2,260,419	1,962,016
Emerging markets		227,624	136,535
International-developed stocks		1,768,523	1,343,455
Total equities		12,431,552	11,006,818
Alternative investments:			
Limited partnerships		4,631,767	4,614,178
Venture capital		111,365	187,408
Hedge funds		23,367,362	23,374,927
Total alternative investments		28,110,494	28,176,513
Real estate		1,882,754	1,806,000
Other		49,315	49,315
Beneficial interests in charitable remainder trusts		1,995,000	1,995,000
Unitrust investments:			
Cash and cash equivalents		354,940	563,547
Equities		1,277,839	1,171,268
Fixed income		169,599	144,903
Mutual funds		1,653,034	1,704,567
Other		274,845	247,319
Total unitrust investments		3,730,257	3,831,604
Total Investments	$	156,632,204	157,049,999

(5) Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value for each class of financial instrument measured at fair value:

(a) Money Market Funds

Money market funds are short term investments of the College and consist of actively traded, observable inputs and are classified as Level I.

(b) Mutual Funds

Mutual funds consist of several distinct funds with varying portfolio compositions and objectives. These investments are traded on an active exchange, are priced using unadjusted market quotes for identical assets, and are classified as Level I.

(c) Domestic Equities

Investments in domestic equities are measured at fair value using quoted market prices. They are classified as Level I as they are traded in an active market for which closing stock prices are readily available. This category includes large, mid, and small cap funds and emerging markets located in the domestic United States.

(d) International Equities

Investments in international equities are measured at fair value using quoted market prices. They are classified as Level I as they are traded in an active market, for which closing stock prices are readily available. This category includes large and small cap funds located outside the domestic United States.

(e) Bond Funds

Bond funds comprise intermediate bond funds. These securities are classified as Level II based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for similar assets in active markets.

(f) Beneficial Interests in Charitable Remainder Trusts

The College's beneficial interests in charitable remainder trusts administered by a third party. These involve unobservable inputs considered to be Level III in the fair value hierarchy.

(g) Real Estate

Investments in real estate include residential property holdings. Real estate investments are classified as Level III in the fair value hierarchy as they involve unobservable inputs.

(h) Alternative Investments

Investments in limited partnerships, hedge funds, and venture capital, for which there is no readily determinable fair value are not classified in the fair value hierarchy and are valued at NAV as a practical expedient.

While 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 estimate of fair value at the reporting date.

The following table summarizes the College’s investments and liabilities that are measured at fair value on a recurring basis at June 30, 2019:

	Investments measured at NAV	Investments classified in the fair value hierarchy			
		Level I	Level II	Level III	2019
Investments:					
Cash and cash equivalents	$ —	284,314	—	—	284,314
Money market funds	—	1,292,879	—	—	1,292,879
Intermediate bond funds	—	—	35,584,157	—	35,584,157
Mutual funds:					
Emerging markets	—	6,455,732	—	—	6,455,732
International-developed stocks	—	20,827,647	—	—	20,827,647
U.S. Large cap	—	6,063,133	—	—	6,063,133
U.S. Mid cap	—	9,234,177	—	—	9,234,177
U.S. Small cap	—	3,716,445	—	—	3,716,445
Fixed income	—	20,717,802	—	—	20,717,802
Other	—	4,256,546	—	—	4,256,546
Equities:					
U.S. Large cap	—	4,784,902	—	—	4,784,902
U.S. Mid cap	—	3,390,084	—	—	3,390,084
U.S. Small cap	—	2,260,419	—	—	2,260,419
Emerging markets	—	227,624	—	—	227,624
International-developed stocks	—	1,768,523	—	—	1,768,523
Alternative investments:					
Limited partnerships	4,631,767	—	—	—	4,631,767
Hedge funds	23,367,362	—	—	—	23,367,362
Venture capital	111,365	—	—	—	111,365
Real estate	—	—	—	1,882,754	1,882,754
Beneficial interests in charitable remainder trusts	—	—	—	1,995,000	1,995,000
Other	—	49,315	—	—	49,315
Unitrust investments:					
Cash and cash equivalents	—	354,940	—	—	354,940
Equities	—	1,277,839	—	—	1,277,839
Fixed income	—	—	169,599	—	169,599
Mutual funds	—	1,653,034	—	—	1,653,034
Other	—	274,845	—	—	274,845
Total investments	$ 28,110,494	88,890,200	35,753,756	3,877,754	156,632,204
Liabilities:					
Interest rate swap liability	$ —	—	(4,073,884)	—	(4,073,884)
Total liabilities	$ —	—	(4,073,884)	—	(4,073,884)

The following table summarizes the College's investments and liabilities that are measured at fair value on a recurring basis at June 30, 2018:

	Investments measured at NAV	Investments classified in the fair value hierarchy Level I	Level II	Level III	2018
Investments:					
Cash and cash equivalents	$ —	3,856,470	—	—	3,856,470
Money market funds	—	5,267,964	—	—	5,267,964
Intermediate bond funds	—	—	39,035,179	—	39,035,179
Mutual funds:					
Emerging markets	—	6,304,316	—	—	6,304,316
International-developed stocks	—	17,354,336	—	—	17,354,336
U.S. Large cap	—	5,706,681	—	—	5,706,681
U.S. Mid cap	—	5,756,419	—	—	5,756,419
U.S. Small cap	—	3,712,050	—	—	3,712,050
Fixed income	—	19,219,100	—	—	19,219,100
Other	—	3,972,234	—	—	3,972,234
Equities:					
U.S. Large cap	—	5,208,488	—	—	5,208,488
U.S. Mid cap	—	2,356,324	—	—	2,356,324
U.S. Small cap	—	1,962,016	—	—	1,962,016
Emerging markets	—	136,535	—	—	136,535
International-developed stocks	—	1,343,455	—	—	1,343,455
Alternative investments:					
Limited partnerships	4,614,178	—	—	—	4,614,178
Hedge funds	23,374,927	—	—	—	23,374,927
Venture capital	187,408	—	—	—	187,408
Real estate	—	—	—	1,806,000	1,806,000
Beneficial interests in charitable remainder trusts	—	—	—	1,995,000	1,995,000
Other	—	49,315	—	—	49,315
Unitrust investments:					
Cash and cash equivalents	—	563,547	—	—	563,547
Equities	—	1,171,268	—	—	1,171,268
Fixed income	—	—	144,903	—	144,903
Mutual funds	—	1,704,567	—	—	1,704,567
Other	—	247,319	—	—	247,319
Total investments	$ 28,176,513	85,892,404	39,180,082	3,801,000	157,049,999
Liabilities:					
Interest rate swap liability	$ —	—	(2,946,076)	—	(2,946,076)
Total liabilities	$ —	—	(2,946,076)	—	(2,946,076)

(6) Endowment

The College's endowment consists of approximately 320 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the governing board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

(a) Interpretation of Relevant Law

The College adopted guidance under U.S. GAAP on classifying net assets associated with donor restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the guidance is a requirement to determine the portion of a donor restricted endowment fund that is to be held permanently from the portion that is to be held temporarily until appropriated for expenditure.

The College has interpreted UPMIFA as requiring the permanent preservation of the fair value of the respective original gifts as of the dates of gifts to the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the College uses fund accounting to track the permanently restricted portion of donor restricted endowment funds including (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the directions of applicable donor gift instruments at the time the accumulations are added to the funds. The remaining portion of the donor restricted endowment funds that are not required to be held permanently are tracked separately and held until appropriated for expenditure by the College in a manner consistent with the standards of prudence prescribed by UPMIFA. Both the permanently held and temporarily held portions are classified together "With donor restrictions" in the accompanying financial statements. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the College

(b) Return Objectives and Risk Parameters

The College's Board of Trustees has adopted an investment and spending policy for endowment assets that attempts to provide a predictable stream of funding sources to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets to create generational equity. Endowment assets include those assets of donor restricted funds that the College must hold in perpetuity or for a donor specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the investment market while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide a better than the average rate of return of approximately 4.8%, which is the current College spending rate. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy this long term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College's investments include a diversified and strategic portfolio consisting of equities, fixed income, and alternative assets. Targeted asset allocation ranges are reviewed periodically for potential adjustment of asset mix while evaluating the relative risk of each component. The College's spending policy is determined by applying a specified percentage to the average market value of the endowment pooled investments for the three preceding calendar years. This percentage was 4.8% and 4.9% for the years ended June 30, 2019 and 2018, respectively.

(d) Endowment Net Asset Composition by Type of Funds as of June 30, 2019

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowments	$	—	87,628,535	87,628,535
Board-designated endowments		31,697,059	—	31,697,059
Total	$	31,697,059	87,628,535	119,325,594

The changes in endowment fund net assets for the year ended June 30, 2019 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 29,634,046	87,362,266	116,996,312
Investment return:			
Investment income	594,128	1,748,041	2,342,169
Net appreciation (realized and unrealized)	1,024,770	2,340,293	3,365,063
Total investment return	1,618,898	4,088,334	5,707,232
New gifts	—	935,985	935,985
Appropriation for endowment spending	(807,607)	(3,506,328)	(4,313,935)
Other	1,251,722	(1,251,722)	—
Total gifts and other changes	444,115	(3,822,065)	(3,377,950)
Endowment net assets, end of the year	$ 31,697,059	87,628,535	119,325,594

(e) Endowment Net Asset Composition by Type of Funds as of June 30, 2018

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowments	$ (226,651)	87,362,266	87,135,615
Board-designated endowments	29,860,697	—	29,860,697
Total	$ 29,634,046	87,362,266	116,996,312

The changes in endowment fund net assets for the year ended June 30, 2018 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 16,008,318	81,206,670	97,214,988
Investment return:			
Investment income	272,226	1,543,235	1,815,461
Net appreciation (realized and unrealized)	962,830	3,749,298	4,712,128
Total investment return	1,235,056	5,292,533	6,527,589
New gifts	2,750	4,757,592	4,760,342
Appropriation for endowment spending	(764,081)	(3,720,642)	(4,484,723)
Board designated transfers	13,000,000	—	13,000,000
Other	152,003	(173,887)	(21,884)
Total gifts and other changes	12,390,672	863,063	13,253,735
Endowment net assets, end of the year	$ 29,634,046	87,362,266	116,996,312

From time to time, the fair value of assets associated with individual donor restricted endowments may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature were $141,235 and $226,651 as of June 30, 2019 and 2018, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of donor restricted contributions and continued appropriation for programs that were deemed prudent by the governing board.

(7) Plant Facilities

Plant facilities consist of the following at June 30:

	2019	2018
Land	$ 6,704,442	6,704,442
Buildings and improvements	163,844,381	162,250,570
Equipment and library books	24,460,734	33,621,258
Construction in progress	1,391,420	268,016
	196,400,977	202,844,286
Less accumulated depreciation	(86,650,755)	(89,975,339)
	$ 109,750,222	112,868,947

(8) Loans and Notes Payable

As of June 30, loans and notes payable and the associated interest rates and maturities are as follows:

	Interest rate	Maturity date		2019	2018
Series 2014 tax-exempt loans:					
Variable rate	One-month LIBOR +1.25%	Due 2036	$	23,520,267	24,462,172
Fixed rate	3.75%	Due 2044		31,761,435	31,761,434
Weingart note payable				223,598	223,598
			$	55,505,300	56,447,204

Schedule of maturities:

		Principal amount
Fiscal year ending:		
2020	$	960,306
2021		1,000,051
2022		1,037,336
2023		1,075,348
2024		1,111,013
Thereafter		50,321,246
	$	55,505,300

The Series 2014 tax-exempt loans contain covenants relating to compliance with specified financial ratios. Additionally, the College has certain restrictions on future borrowings. The loans are secured by the College's plant facilities.

Note payable consists of a noninterest bearing loan that was made by the Weingart Foundation (the Foundation). The College is required to use the funds to make noninterest bearing loans to qualified students. The funds are payable to the Foundation upon notice.

Interest Rate Swap Agreements

The College maintains two interest rate swaps with Morgan Stanley Capital Services in a notional amount of $10,605,267 and $10,887,983 as of June 30, 2019 and 2018, respectively, and with Societe Generale in a notional amount of $12,915,000 and $13,560,000 as of June 30, 2019 and 2018, respectively. The intention of both interest rate swaps is to convert the floating rate interest payments the College is obligated to pay on its variable rate bonds payable into fixed rate payments at 3.16% and 3.45%, respectively.

Under the swap agreements, the College pays the swap counterparty a fixed payment of 3.16% and 3.45% and receives a variable payment computed as 67% of the 30 day London Interbank Offered Rate (LIBOR). The obligation of the College to make payments under the swap agreement constitutes a general unsecured contractual obligation of the College. Under certain circumstances, the swap agreement is subject to early termination, at which time the College could be obligated to make a substantial payment to the swap counterparty. At June 30, 2019 and 2018, the fair values of the two swap agreements were $(4,073,884) and $(2,946,076), respectively, and are included in the statements of financial position as interest rate swap liability.

(9) Employee Benefit Plans

The College participates in a defined contribution retirement plan that provides retirement benefits for academic employees and certain administrative personnel through the Teachers Insurance and Annuity Association and the College Retirement Equity Fund (TIAA). Under this defined contribution plan, the College and participant contributions are used to purchase individual annuity contracts equivalent to retirement benefits earned. Contributions made by the College vest immediately. Benefits commence upon retirement and preretirement survivor death benefits are provided. College contributions to the plan for the years ended June 30, 2019 and 2018 were $1,540,291 and $1,782,607, respectively. The College also makes available supplemental retirement accounts (SRA) through TIAA for employees who wish to make additional contributions to their retirement program.

The College maintains a 457(b) plan, which is a voluntary deferred compensation plan under the provision of the IRS Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The plan provides faculty and staff who earn in the top 10% of the College’s compensation level to defer compensation up to certain annual thresholds; this amount is $19,000 for 2019 and $18,500 for 2018. While the College currently does not contribute to the plan, it may elect to do so. Upon termination, the employee has the right to cash out his/her contribution or to select a later date for distribution. At June 30, 2019 and 2018, the College included $188,203 and $549,202, respectively, in prepaid expenditures and other assets as well as in accounts payable and accrued liabilities for contributions made by employees to the College’s 457(b) plan.

The College maintains the Emeriti Retirement Health Plan administered through TIAA. The plan offers a group medical insurance program that complements Medicare and is supported by tax advantaged savings accounts for employees who are over 40 years old, full time, and who have at least one year of service. Employees over 21 years may participate in the program using their own resources. College contributions to the plan for the years ended June 30, 2019 and 2018 were $91,594 and $95,985, respectively.

(Continued)

(10) Net Assets

The classification of net assets at June 30 is as follows:

	2019	2018
Without donor restrictions:		
Capitalized plant	$ 53,682,600	55,602,682
Plant renewal	11,153,730	14,651,141
Liquidity reserve	11,077,133	11,494,556
Board designated endowment	31,697,059	29,634,046
Other board designated	16,706,318	16,184,848
	$ 124,316,840	127,567,273
With donor restrictions:		
Time or purpose	$ 3,908,664	4,529,393
Perpetual	93,613,810	92,147,574
	$ 97,522,474	96,676,967

(11) Operating Leases

At June 30, 2019, the College was obligated under various office equipment operating lease agreements with remaining terms ranging from one month to three years, and a lease of property expiring June 30, 2020. The lease expense for the years ended June 30, 2019 and 2018 were $854,123 and $1,650,611, respectively. The following is a summary of future minimum rental payments for operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2019:

Fiscal year ending:	
2020	$ 28,934
2021	20,793
2022	17,896
2023	4,528
	$ 72,151

(12) Asset Retirement Obligation

The College has recorded an asset retirement obligation related to property and equipment, primarily for disposal of regulated materials upon eventual retirement of the assets.

The following schedule summarizes asset retirement obligation activities for the years ended June 30:

		2019	2018
Accretion expense	$	18,935	18,935
Derecognition building obligations		—	(2,267,420)
Net change in asset retirement obligation		18,935	(2,248,485)
Beginning balance		658,303	2,906,788
Ending balance	$	677,238	658,303

(13) 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 financial position.

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

(14) Functional Expenses by Natural Classification

The College has allocated certain plant and debt interest expenses across various functional expense categories to better reflect the full cost of those activities. The following methods have been used to allocate those costs:

The costs of plant maintenance, operation, preservation, and depreciation expenses have been allocated based on the square footage assigned to support each respective function. Square footage information is obtained through periodic review of assigned spaces.

Interest expenses have been allocated proportionally based on the amount of debt associated with space assigned to each respective function. Proportions are determined through periodic review of assigned spaces with associated outstanding debt on the related facilities.

Expenses by natural and functional classification for the year ended June 30, 2019, were as follows:

	Educational activities	Research	Auxiliaries	Student activities	Support activities	Allocable expenses	Total natural expenses
Compensation expenses	$ 19,539,393	450,130	865,000	7,495,523	9,495,937	84,741	37,930,724
Services, supplies and other expenses	1,487,996	464,683	3,056,199	4,386,919	7,509,248	428,964	17,334,009
Plant expenditures	—	—	—	—	—	7,185,939	7,185,939
Depreciation expenses	—	—	—	—	—	5,717,856	5,717,856
Debt service-interest & other costs	—	—	—	—	—	2,304,027	2,304,027
Allocation of expenses	4,418,295	—	5,091,876	3,010,130	3,201,226	(15,721,527)	—
Total functional expenses	$ 25,445,684	914,813	9,013,075	14,892,572	20,206,411	—	70,472,555

Educational activities include expenses for all activities that are part of the institution’s instructional program such as expenses for academic, vocational, and technical instruction; remedial and tutorial instruction; regular, special, and extension sessions; and academic support.

Research includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the College.

Auxiliary enterprises include all expenses relating to the operation of the College’s auxiliary activities such as housing, food service, parking, and so forth.

Student services are considered programmatic and include activities that, as their primary purpose, contribute to students’ emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This category also includes expenses incurred for offices of admissions, student financial services, and the registrar.

Support activities includes centralized expenses incurred to provide support services for the College’s primary mission and program functions. This category includes the College’s fundraising activities as well as executive management, fiscal operations, general administration and central technology.

(15) Subsequent Events

Subsequent events have been evaluated through October 30, 2019, the date the financial statements were issued.

WHITTIER COLLEGE

Board of Trustees
and Officers of the College