



**POMONA COLLEGE**

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

## **POMONA COLLEGE**

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## **Independent Auditors' Report**

The Board of Trustees  
Pomona College:

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Pomona College (the College), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date the financial statements are issued.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government Auditing Standards* 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 financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, 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 solely 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 the effectiveness of the College's 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**

Irvine, California  
December 11, 2024

# POMONA COLLEGE

## Statements of Financial Position

June 30, 2024 and 2023

(In thousands of dollars)

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 1,652	2,373
Accounts and other receivables, net	7,029	5,397
Prepaid expenses, deposits and other assets	11,899	14,151
Short-term investments	133,245	122,629
Contributions receivable, net	42,408	27,776
Notes receivable, net	7,602	7,983
Long-term investments:		
Pooled	3,182,029	2,952,377
Separately invested	119,678	112,189
Property, plant, and equipment, net	412,095	423,800
Total assets	\$ 3,917,637	3,668,675
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 5,556	3,918
Accrued payroll and other liabilities	29,972	22,026
Life income and annuities obligation	144,612	136,848
Long-term debt	238,887	240,176
Government advances for student loans	384	540
Funds held in trust for others	5,153	4,896
Total liabilities	424,564	408,404
Net assets:		
Without donor restrictions	1,614,013	1,523,203
With donor restrictions	1,879,060	1,737,068
Total net assets	3,493,073	3,260,271
Total liabilities and net assets	\$ 3,917,637	3,668,675

See accompanying notes to financial statements.

**POMONA COLLEGE**

Statement of Activities

Year ended June 30, 2024

(In thousands of dollars)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Student revenues, net (includes student financial aid of \$60,429)	\$ 80,608	—	80,608
Federal grants and contracts	2,977	—	2,977
Private gifts and grants	8,716	24,121	32,837
Private contracts	1,359	50	1,409
Pooled income appropriated for operations	113,777	—	113,777
Sales and services of education departments	3,811	90	3,901
Other revenues	686	8	694
	<u>211,934</u>	<u>24,269</u>	<u>236,203</u>
Net assets released from donor restrictions	<u>70,145</u>	<u>(70,145)</u>	<u>—</u>
Total revenues, gains, and other support	<u>282,079</u>	<u>(45,876)</u>	<u>236,203</u>
Expenses:			
Instruction	82,395	—	82,395
Research	3,606	—	3,606
Public service	2,124	—	2,124
Academic support	23,448	—	23,448
Student services	30,621	—	30,621
Institutional support	48,900	—	48,900
Auxiliary enterprises	40,948	—	40,948
Total expenses	<u>232,042</u>	<u>—</u>	<u>232,042</u>
Increase (decrease) in net assets from operating activities	<u>50,037</u>	<u>(45,876)</u>	<u>4,161</u>
Nonoperating activities:			
Net realized and unrealized gains on investments	137,143	174,227	311,370
Net investment income	17,529	15,247	32,776
Pooled income appropriated for operations	(113,777)	—	(113,777)
Pooled income appropriated for annuities	(4,287)	(1,947)	(6,234)
Changes in actuarially determined gift liabilities	7,033	1,755	8,788
Other actuarial adjustments	392	—	392
Annuity and life income funds released and liquidated	(3,280)	(1,409)	(4,689)
Other	20	(5)	15
Change in net assets from nonoperating activities	<u>40,773</u>	<u>187,868</u>	<u>228,641</u>
Change in net assets	<u>90,810</u>	<u>141,992</u>	<u>232,802</u>
Net assets, beginning of year	<u>1,523,203</u>	<u>1,737,068</u>	<u>3,260,271</u>
Net assets, end of year	<u>\$ 1,614,013</u>	<u>1,879,060</u>	<u>3,493,073</u>

See accompanying notes to financial statements.

**POMONA COLLEGE**

Statement of Activities

Year ended June 30, 2023

(In thousands of dollars)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Student revenues, net (includes student financial aid of \$55,234)	\$ 80,346	—	80,346
Federal grants and contracts	3,491	—	3,491
Private gifts and grants	6,280	11,517	17,797
Private contracts	951	—	951
Pooled income appropriated for operations	107,828	—	107,828
Sales and services of education departments	3,353	12	3,365
Other revenues	733	6	739
	<u>202,982</u>	<u>11,535</u>	<u>214,517</u>
Net assets released from donor restrictions	<u>68,957</u>	<u>(68,957)</u>	<u>—</u>
Total revenues, gains, and other support	<u>271,939</u>	<u>(57,422)</u>	<u>214,517</u>
Expenses:			
Instruction	77,025	—	77,025
Research	3,236	—	3,236
Public service	2,001	—	2,001
Academic support	23,354	—	23,354
Student services	29,690	—	29,690
Institutional support	41,877	—	41,877
Auxiliary enterprises	41,018	—	41,018
Total expenses	<u>218,201</u>	<u>—</u>	<u>218,201</u>
Increase (decrease) in net assets from operating activities	<u>53,738</u>	<u>(57,422)</u>	<u>(3,684)</u>
Nonoperating activities:			
Net realized and unrealized gains on investments	46,841	59,203	106,044
Net investment income	17,057	17,400	34,457
Pooled income appropriated for operations	(107,828)	—	(107,828)
Pooled income appropriated for annuities	(4,114)	(1,896)	(6,010)
Changes in actuarially determined gift liabilities	5,204	4,627	9,831
Other actuarial adjustments	(113)	—	(113)
Annuity and life income funds released and liquidated	(1,572)	(3,265)	(4,837)
Other	1,425	—	1,425
Change in net assets from nonoperating activities	<u>(43,100)</u>	<u>76,069</u>	<u>32,969</u>
Change in net assets	<u>10,638</u>	<u>18,647</u>	<u>29,285</u>
Net assets, beginning of year	<u>1,512,565</u>	<u>1,718,421</u>	<u>3,230,986</u>
Net assets, end of year	<u>\$ 1,523,203</u>	<u>1,737,068</u>	<u>3,260,271</u>

See accompanying notes to financial statements.

**POMONA COLLEGE**

Statements of Cash Flows

Years ended June 30, 2024 and 2023

(In thousands of dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 232,802	29,285
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	20,966	19,918
Accretion of interest on CEFA bonds	1,821	1,876
Amortization of bond cost of issuance	45	45
Contributions restricted for long-term investment	(24,252)	(18,705)
Net realized and unrealized gains on investments	(311,370)	(106,044)
Noncash gifts	(7,219)	(4,883)
Donated securities	(10,079)	(6,321)
Adjustments of actuarial liabilities	(8,788)	(9,831)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,632)	197
Decrease (increase) in contributions receivable	(14,633)	114
Decrease in prepaid expenses, deposits and other assets	3,765	579
Increase (decrease) in accounts payable	1,573	(8,385)
Increase in accrued payroll and other liabilities	7,945	3,311
Decrease in lease obligation	(1,513)	(1,280)
Net cash used in operating activities	<u>(110,569)</u>	<u>(100,124)</u>
Cash flows from investing activities:		
Additions to property, plant, and equipment	(9,196)	(14,354)
Purchase of investments	(1,162,350)	(909,575)
Proceeds from sale of investments	1,233,657	989,431
Proceeds from sale of donated securities	10,084	6,341
Disbursements of student loans	(767)	(652)
Collections of student loans	1,148	1,271
Disbursements of trust deed loans	(3,661)	(5,693)
Collections of trust deed loans	3,182	3,009
Net cash provided by investing activities	<u>72,097</u>	<u>69,778</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	12,019	8,288
Investment in life income	12,233	9,181
Investment in plant	1	1,236
Government student loans return of fund	(156)	(190)
Payments on long-term debt	(3,155)	(3,155)
Investment income on life income and annuities	2,127	1,747
Proceeds from life income and annuities	17,809	15,285
Payments on life income and annuities	(2,867)	(2,631)
Payments on funds held in trust for others	(260)	(2,377)
Net cash provided by financing activities	<u>37,751</u>	<u>27,384</u>
Net change in cash and cash equivalents	<u>(721)</u>	<u>(2,962)</u>
Cash and cash equivalents, beginning of year	<u>2,373</u>	<u>5,335</u>
Cash and cash equivalents, end of year	\$ <u>1,652</u>	\$ <u>2,373</u>
Supplementary cash flow information:		
Cash paid during the year for interest	\$ 6,095	6,085

See accompanying notes to financial statements.



## **POMONA COLLEGE**

### **Notes to Financial Statements**

June 30, 2024 and 2023

#### **(1) Summary of Significant Accounting Policies**

##### **(a) Reporting Organization**

Founded in 1887, Pomona College (the College) is an independent, coeducational liberal arts college offering instruction in all major fields of the fine arts, humanities, social sciences, and natural sciences. The College has an enrollment of approximately 1,750 students and a student-faculty ratio of eight to one.

Pomona College is a member of an affiliated group of colleges known as The Claremont Colleges. Each affiliated college is a separate corporate entity governed by a separate board of trustees. The Claremont University Consortium, a member of this group, acts as the coordinating institution, which provides common student and administrative services including certain central facilities utilized by all the colleges. The costs of these services and facilities are shared by the members of the group.

##### **(b) Basis of Presentation**

The accompanying financial statements of the College are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

##### **(c) Classification of Net Assets**

The accompanying financial statements present information regarding the College's financial position and activities within the following two net asset categories:

###### **(i) Net Assets without Donor Restrictions**

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

###### **(ii) Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions, (1) that will be met either by actions of the College or the passage of time or (2) that are to be permanently maintained by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

##### **(d) Cash and Cash Equivalents**

Cash includes all short term, highly liquid investments with original maturities of three months or less when purchased. Cash and cash equivalents representing assets held in the investment pool and short-term investments are included in long-term investments (see Note 6).

The College maintains cash in various financial institutions, which periodically exceeds federally insured limits.

##### **(e) Investments**

Investments are reflected at fair value. The College uses net asset value (NAV) as a practical expedient for determining fair value of its financial instruments, in cases where appropriate criteria are met.

## **POMONA COLLEGE**

### **Notes to Financial Statements**

June 30, 2024 and 2023

**(f) Management of Pooled Investments**

The College follows an investment policy that 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, the board of trustees has adopted a spending policy for pooled investments whereby annually, if the ordinary income from the pooled investments is insufficient to provide the full amount of investment return specified by the adopted spending policy, the balance may be appropriated from cumulative realized gains of the pooled investments.

**(g) Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets (generally, 7 years for equipment and land improvements, 40 years for buildings and 30 years for residence halls). Construction in progress will be depreciated over the useful lives of the respective assets when they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

**(h) Art Collection**

The collection, which was acquired through purchase and contributions since the College's inception, is not recognized as an asset on the statement of financial position. 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 are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

**(i) Life Income and Annuities Obligation**

The actuarial liability for life income and annuity contracts and agreements are based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 0.97% to 7.50% and over estimated lives according to the 2012 IAR Mortality Tables.

**(j) Revenue and Expense Recognition**

Student tuition and fees are recorded as student revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues and are included in accrued payroll and other liabilities on the statements of financial position. Revenues from federal grants and contracts are recorded as allowable expenditures under such agreements as incurred. Contributions, including unconditional promises to give, are recognized as gift revenue in the period received and are reported as increases in the appropriate class of net assets. Contributions that contain a donor-imposed condition are not recorded until the condition is met. A donor-imposed condition must include both a barrier and a right of asset return or pledge cancellation. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, and nature of fund-raising activity. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments, investment

**POMONA COLLEGE**  
Notes to Financial Statements  
June 30, 2024 and 2023

income, and other revenues are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation.

**(k) Allocation of Certain Expenses**

The statements of activities present expenses by functional classification. Depreciation expense, operation and maintenance of plant, and interest expense are allocated based on square footage occupancy of College facilities. Expenses related to fund-raising, included in institutional support, are \$18,816,000 and \$13,951,000, respectively, for the years ended June 30, 2024 and 2023.

**(l) Expiration of Donor-Imposed Restrictions**

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. At that time, the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The College follows the policy of reporting as unrestricted support donor-imposed restricted contributions whose restrictions are met in the same period as received. It is the College's policy to lift the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the funds are expended.

**(m) Estates and Trusts**

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 time of asset distribution. Trusts in which the College is named as irrevocable beneficiary, but is not a trustee, are recorded when the College is notified by the trustee and the ownership percentage and valuation are determined.

**(n) Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**(o) Income Taxes**

The College is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) 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 financial statements taken as a whole.

The College is an applicable educational institution under IRC Section 4968 and therefore subject to a 1.4% excise tax on its net investment income. At June 30, 2024 and 2023, the College has recorded

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Notes to Financial Statements  
June 30, 2024 and 2023

excise tax liabilities of \$4,300,000 and \$800,000, respectively, included in accrued payroll and other liabilities.

**(p) Liquidity and Availability**

At June 30, 2024 and 2023, financial assets available within one year for general expenditure were as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,079	1,199
Accounts and other receivables, net	7,029	5,397
Short-term investments	11,133	13,116
Contributions receivable	4,050	2,801
Subsequent year's endowment payout	<u>70,178</u>	<u>67,567</u>
Total financial assets available within one year without board action	93,469	90,080
Short-term investments designated for operations and plant	55,558	46,153
Separately invested investments designated for operations and plant	33,753	34,163
Funds functioning as endowment available for operations	<u>1,264,986</u>	<u>1,178,385</u>
Total financial assets available within one year	<u>\$ 1,447,766</u>	<u>1,348,781</u>

The College's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. Supplementing student and gift revenues is the pooled income appropriated for operations, otherwise known as endowment payout. The unitized pool of investments is managed closely to meet the liquidity requirements of the monthly payout draw as well as funding for capital calls and new investments. Sources of liquidity within the pool include cash, dividends and investment income, capital distributions and the sale of holdings.

Investments designated for operations and plant could be redesignated for general expenditures by the board on either a temporary or permanent basis. The College has a long-standing practice of not withdrawing quasi-endowed funds to retire debt or provide funding for capital projects. Should adverse circumstances warrant a withdrawal, these funds, or a portion thereof could be made available through board action.

**POMONA COLLEGE**

Notes to Financial Statements

June 30, 2024 and 2023

**(2) Student Revenues, Net**

Student revenues for the years ended June 30, 2024 and 2023, in thousands of dollars, consist of the following:

	<u>2024</u>	<u>2023</u>
Tuition and fees	\$ 106,641	102,396
Room and board	<u>34,396</u>	<u>33,184</u>
Gross student revenues	<u>141,037</u>	<u>135,580</u>
Less:		
Sponsored financial aid	(26,806)	(25,068)
Un-sponsored financial aid	<u>(33,623)</u>	<u>(30,166)</u>
Student financial aid	<u>(60,429)</u>	<u>(55,234)</u>
Student revenues, net	<u>\$ 80,608</u>	<u>80,346</u>

“Sponsored” financial aid consists of funds provided by external entities (including donors of restricted funds), whereas “un-sponsored” aid consists of funds provided by the College.

**(3) Accounts and Other Receivables, Net**

Accounts and other receivables, net of allowance at June 30, 2024 and 2023, in thousands of dollars, are as follows:

	<u>2024</u>	<u>2023</u>
Private gifts and grants	\$ 411	—
Federal grants and contracts	1,265	15
Sales and other	<u>5,517</u>	<u>5,536</u>
	7,193	5,551
Less allowance for doubtful accounts	<u>(164)</u>	<u>(154)</u>
Accounts and other receivables, net of allowance	<u>\$ 7,029</u>	<u>5,397</u>

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Notes to Financial Statements  
June 30, 2024 and 2023

**(4) Notes Receivable, Net**

Notes receivable at June 30, 2024 and 2023, in thousands of dollars, are as follows:

	<u>2024</u>	<u>2023</u>
Loans receivable from students	\$ 7,883	8,308
Less allowance for doubtful accounts	<u>(281)</u>	<u>(325)</u>
Notes receivable, net of allowance	<u>\$ 7,602</u>	<u>7,983</u>

Determination of the fair value of student loans receivable, which are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition, could not be made without incurring excessive costs.

**(5) Contributions Receivable, Net**

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are recorded after discounting, at rates ranging from 0.97% to 3.48% to the present value of the future cash flows. Unconditional promises to give received during the years ended June 30, 2024 and 2023 have been discounted at credit-adjusted rates commensurate with the risks associated with the contribution in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Book value approximates fair value.

The College has been named remainderman in certain life income and annuities. These trust agreements require that the trustee make annual or more frequent payments to the beneficiaries. Upon the death of the beneficiaries or other termination of the trusts, the remaining trust assets will be distributed to the College and other remaindermen as stipulated in the trust agreements. The College has recorded its beneficial interest in these life income and annuities based on the present value of future cash flows using a discount rate of 6.50%. The actuarial assumption used in this calculation is based on the expected return on assets in effect at the date of the valuation. The underlying trust assets are valued at fair value and consist primarily of securities that are traded on the active market.

**POMONA COLLEGE**

Notes to Financial Statements

June 30, 2024 and 2023

At June 30, 2024 and 2023, unconditional promises to give, in thousands of dollars, are expected to be received in the following periods:

	<u><b>2024</b></u>	<u><b>2023</b></u>
In one year or less	\$ 17,800	6,042
Between one year and five years	12,256	4,667
More than five years	<u>1,500</u>	<u>7,497</u>
	31,556	18,206
Less discount	<u>(1,005)</u>	<u>(1,240)</u>
Pledged contributions	30,551	16,966
Life income and annuities	<u>11,857</u>	<u>10,810</u>
Contributions receivable, net	\$ <u><u>42,408</u></u>	<u><u>27,776</u></u>

Unconditional promises to give and life income and annuities at June 30, 2024 and 2023, in thousands of dollars, have the following restrictions:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Endowment for programs, activities, and scholarships	\$ 11,107	5,549
Building construction	6,884	7,712
Education	<u>25,422</u>	<u>15,755</u>
	43,413	29,016
Less discount	<u>(1,005)</u>	<u>(1,240)</u>
Contributions receivable, net	\$ <u><u>42,408</u></u>	<u><u>27,776</u></u>

**POMONA COLLEGE**  
Notes to Financial Statements  
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**(6) Investments**

**(a) Fair Value Measurement**

The fair value of investments at June 30, 2024 and 2023, in thousands of dollars, is as follows:

	<u>2024</u>	<u>2023</u>
Pooled investments:		
Cash and cash equivalents	\$ 153,988	112,253
Domestic equities	569,737	509,330
International equities	215,973	251,680
Emerging markets	163,972	157,741
Fixed income	198,871	213,027
Fixed income – trust deeds	23,022	22,361
Venture capital	614,865	595,469
Private equity	249,691	228,559
Absolute return	543,126	512,231
Real assets <sup>1</sup>	<u>448,784</u>	<u>349,726</u>
Total long-term investments – pooled	<u>3,182,029</u>	<u>2,952,377</u>
Separately invested:		
Cash and cash equivalents	15,762	23,022
Domestic equities	28,802	18,771
International equities	11,768	10,873
Fixed income	60,137	56,314
Real assets <sup>1</sup>	3,141	3,141
Other	<u>68</u>	<u>68</u>
Total long-term investments – separately invested	119,678	112,189
Short-term investments	<u>133,245</u>	<u>122,629</u>
	<u>\$ 3,434,952</u>	<u>3,187,195</u>

<sup>1</sup> Real assets include marketable hard assets, private real estate/timber and private energy/mining.



**POMONA COLLEGE**

Notes to Financial Statements

June 30, 2024 and 2023

The College's investment income net of related expenses for the years ended June 30, 2024 and 2023 was as follows, in thousands of dollars:

	<b>2024</b>	<b>2023</b>
Interest and dividends	\$ 46,431	46,228
Less investment expenses	<u>(13,655)</u>	<u>(11,771)</u>
Net investment income	32,776	34,457
Net realized and unrealized gains on investments	<u>311,370</u>	<u>106,044</u>
Total investment income, net	\$ <u><u>344,146</u></u>	<u><u>140,501</u></u>

**(b) Absolute Return Strategies**

These investments typically include certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments may result in loss due to changes in the market (market risk). The following tables summarize these investments by investment strategy type at June 30, 2024 and 2023, in thousands of dollars.

	<b>2024</b>		
<b>Absolute return strategy</b>	<b>Number of funds</b>	<b>Cost</b>	<b>Fair value</b>
Diversified arbitrage	6	\$ 98,381	202,569
Private diversifiers	16	92,555	103,085
Long-short equity	4	74,403	122,107
Global Macro/Systematic	3	44,478	72,634
Event arbitrage	<u>1</u>	<u>35,030</u>	<u>42,731</u>
	<u>30</u>	\$ <u><u>344,847</u></u>	<u><u>543,126</u></u>

	<b>2023</b>		
<b>Absolute return strategy</b>	<b>Number of funds</b>	<b>Cost</b>	<b>Fair value</b>
Diversified arbitrage	5	\$ 61,203	161,852
Private diversifiers	14	83,854	88,252
Long-short equity	4	79,315	123,655
Global Macro/Systematic	3	74,754	99,089
Event arbitrage	<u>1</u>	<u>35,025</u>	<u>39,383</u>
	<u>27</u>	\$ <u><u>334,151</u></u>	<u><u>512,231</u></u>

**POMONA COLLEGE**  
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**(c) Pending Purchases and Sales**

At June 30, 2024 and 2023, the College had pending security purchases of \$16,562,000 and \$1,007,000, respectively; and pending security sales of \$2,080,000 and \$18,077,000, respectively.

**(d) Pooled Fund**

Where permitted by gift agreements and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income are accounted for on a unit fair value method. The following table summarizes data pertaining to this method for the years ended June 30, 2024 and 2023, in thousands of dollars:

	<u>2024</u>	<u>2023</u>
Unit fair value at end of year	\$ 1,409	1,312
Units owned:		
Net assets without donor restrictions:		
Funds functioning as endowment	899,192	899,126
Designated for annuity and life income funds	<u>88,368</u>	<u>86,431</u>
Total net assets without donor restrictions	<u>987,560</u>	<u>985,557</u>
Net assets with donor restrictions:		
Restricted for specific purposes	9,805	8,800
Endowment funds	1,223,109	1,217,983
Annuities and life income funds	<u>37,699</u>	<u>38,012</u>
Total with donor restrictions	<u>1,270,613</u>	<u>1,264,795</u>
Total units	<u><u>2,258,173</u></u>	<u><u>2,250,352</u></u>
Weighted average units	2,268,140	2,245,806
Net pooled investment income per weighted average unit	\$ 53	51

**(e) Fair Value Hierarchy**

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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets. Assets and liabilities classified as Level 1 generally include listed equities, futures, options, and certain fixed-income securities.

**Level 2** – Quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally

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include equity swaps, forward contracts, certain fixed-income securities, over-the-counter option contracts, and certain other derivatives.

**Level 3** – Pricing inputs are unobservable for the asset and reflect management’s own assumptions to determine fair value. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the College uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers, and other factors. An investment’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the College’s perceived risk of that investment.

The investments in cash and cash equivalents, short-term investments, certain domestic and international equities, certain emerging markets, certain real assets, and certain domestic fixed income are valued based on quoted market prices, and are, therefore, classified within Level 1.

The investments in certain international equities, certain emerging markets, domestic fixed income, and international fixed income are valued based on quoted market prices of comparable assets, and are, therefore, classified within Level 2.

Certain nonpooled investments, primarily in real assets, are classified as Level 3. Management’s assumptions are used to determine fair value.

Investments measured at net asset value (NAV), as a practical expedient for fair value, are excluded from the fair value hierarchy. The investments in private equity, venture capital, absolute return hedge funds, certain real assets, certain investment funds focused on domestic and international equities, and international fixed incomes are held primarily through limited partnerships and commingled funds for which fair value is estimated using net asset value (NAV) reported by fund managers as a practical expedient. Such assets are not classified in the fair value hierarchy.

#### *Basis of Reporting*

Pooled investments are presented in the accompanying financial statements at fair value. The College’s determination of fair value is based upon the best available information provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the College’s proportionate share of the partner’s capital of the investment partnerships as reported by their general partners. For these investments, the College has determined, through its monitoring activities, to rely on the fair market value as determined by the investment managers.

The general partners of the underlying investment partnerships generally value their investments at fair value. Investments with no readily available market are generally valued according to the

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## Notes to Financial Statements

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mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

The following tables summarize the valuation of the College's investments, in thousands of dollars, by the fair value hierarchy levels as of June 30, 2024 and 2023. Investments measured at net asset value (NAV) are not classified in the fair value hierarchy:

	Investments measured at NAV	2024			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	153,988	—	—	153,988
Domestic equities	565,454	4,283	—	—	569,737
International equities	215,973	—	—	—	215,973
Emerging markets	158,981	4,991	—	—	163,972
Fixed income	45,114	11,506	142,251	—	198,871
Fixed income – trust deeds	—	—	—	23,022	23,022
Venture capital	614,865	—	—	—	614,865
Private equity	249,691	—	—	—	249,691
Absolute return	523,053	20,073	—	—	543,126
Real assets	347,297	101,487	—	—	448,784
Total pooled investments	2,720,428	296,328	142,251	23,022	3,182,029
Separately invested and short-term investments:					
Cash and cash equivalents	—	149,007	—	—	149,007
Domestic equities	—	28,802	—	—	28,802
International equities	—	11,768	—	—	11,768
Fixed income	—	50,387	9,750	—	60,137
Real assets	—	—	—	3,141	3,141
Other	—	—	68	—	68
Total separately invested and short-term investments	—	239,964	9,818	3,141	252,923
Total	\$ 2,720,428	536,292	152,069	26,163	3,434,952

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## Notes to Financial Statements

June 30, 2024 and 2023

	Investments measured at NAV	2023			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	112,253	—	—	112,253
Domestic equities	474,923	34,407	—	—	509,330
International equities	251,680	—	—	—	251,680
Emerging markets	153,148	4,593	—	—	157,741
Fixed income	41,487	5,200	166,340	—	213,027
Fixed income – trust deeds	—	—	—	22,361	22,361
Venture capital	595,408	61	—	—	595,469
Private equity	228,559	—	—	—	228,559
Absolute return	512,231	—	—	—	512,231
Real assets	258,622	91,104	—	—	349,726
Total pooled investments	2,516,058	247,618	166,340	22,361	2,952,377
Separately invested and short-term investments:					
Cash and cash equivalents	—	145,651	—	—	145,651
Domestic equities	—	18,771	—	—	18,771
International equities	—	10,873	—	—	10,873
Fixed income	—	45,553	10,761	—	56,314
Real assets	—	—	—	3,141	3,141
Other	—	—	68	—	68
Total separately invested and short-term investments	—	220,848	10,829	3,141	234,818
Total	\$ 2,516,058	468,466	177,169	25,502	3,187,195

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Notes to Financial Statements  
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The following table presents NAV valued investments with applicable funding commitments, redemption, and restrictions as of June 30, 2024 (in millions):

		June 30, 2024							
Strategy		NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments <sup>2</sup>	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 614.9	129	1–15 years	\$ 106.8	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Private equity/distressed	Buyout and distressed funds in U.S. and international	352.7	76	1–15 years	221.0	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	347.3	63	1–15 years	74.4	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Total private investments		1,314.9	268		402.2				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	420.0	13	N/A	—	N/A	Ranges between monthly with 10 days' notice, to annually with 180 days' notice.	1 fund has a rolling 3 year lock-up period. 1 fund has a 1 year lock-up period.	4 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	985.5	12	N/A	7.5	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling 1 year lock-up period.	1 fund has a 20% annual gate.
Total		\$ 2,720.4	293		\$ 409.7				

<sup>1</sup> These funds are in private equity structure with no ability to be redeemed.

<sup>2</sup> The timing and amount of unfunded commitments to be exercised in any particular future year is uncertain.

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The following table presents NAV valued investments with applicable funding commitments, redemption, and restrictions as of June 30, 2023 (in millions):

		June 30, 2023							
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments <sup>2</sup>	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 595.4	128	1–15 years	\$ 112.0	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Private equity/distressed	Buyout and distressed funds in U.S. and international	316.8	80	1–15 years	248.0	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	258.6	60	1–15 years	91.2	up to 6 years	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Total private investments		1,170.8	268		451.2				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	424.0	13	N/A	—	N/A	Ranges between monthly with 10 days' notice, to annually with 180 days' notice.	1 fund has a rolling 3 year lock-up period. 1 fund has a 1 year lock-up period.	4 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	921.3	12	N/A	7.5	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling 1 year lock-up period.	1 fund has a 20% annual gate.
Total		\$ 2,516.1	293		\$ 458.7				

<sup>1</sup> These funds are in private equity structure with no ability to be redeemed.

<sup>2</sup> The timing and amount of unfunded commitments to be exercised in any particular future year is uncertain.

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**(7) Property, Plant, and Equipment, Net**

Property, plant, and equipment at June 30, 2024 and 2023, in thousands of dollars, are as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 11,843	11,843
Land improvements	13,642	13,497
Buildings	655,454	653,408
Equipment	43,342	37,853
Construction in progress	6,971	5,390
	<u>731,252</u>	<u>721,991</u>
Less accumulated depreciation	<u>(319,157)</u>	<u>(298,191)</u>
Property, plant, and equipment, net of accumulated depreciation	<u>\$ 412,095</u>	<u>423,800</u>

Outstanding commitments for design and construction contracts amounted to approximately \$4,140,000 and \$1,550,000 as of June 30, 2024 and 2023, respectively.

**(8) Long-Term Debt**

Long-term debt consists of bonds payable and loans payable.

Bonds payable, in thousands of dollars, issued directly and through the California Educational Facilities Authority (CEFA) and the California Municipal Finance Authority (CMFA), and associated interest rates and maturities at June 30, 2024 and 2023 are as follows, in thousands of dollars:

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>2024</u>	<u>2023</u>
			<u>Principal amount</u>	
Series 2020A	2.9 %	2051	\$ 206,055	206,055
Series 2005A (CEFA)	4.4%–5.2%	2024-2041	34,025	35,359
			<u>240,080</u>	<u>241,414</u>
Less unamortized cost of issuance			<u>(1,193)</u>	<u>(1,238)</u>
Total long-term debt			<u>\$ 238,887</u>	<u>240,176</u>



**POMONA COLLEGE**

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	<u>Principal amount</u>
Schedule of maturities of bonds payable are (in thousands):	
Years ending:	
2025	\$ 3,006
2026	2,861
2027	2,720
2028	2,583
2029	2,452
2030–2051	<u>226,458</u>
	<u>\$ 240,080</u>

The CEFA agreement contains covenants relating to maintenance of the College, insurance, and other general items.

On February 3, 2005, the College executed the issuance of \$41,880,000 of tax-exempt bonds through the CEFA. The issuance included \$16,735,000 of current interest bonds and \$25,145,000 of capital appreciation bonds. Proceeds of \$16,204,000 were used to refund the Series 1999B CEFA bonds. The remaining proceeds were used to finance the cost of the acquisition, construction, renovation of certain educational facilities.

On October 28, 2020, the College executed the issuance of \$206,055,000 of taxable bonds. Proceeds were used to refund the Series 2017A bonds, the private placement loan with First Republic Bank and the private placement loan with Boston Private.

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**(9) Net Assets**

At June 30, 2024 and 2023, net assets consist of the following, in thousands of dollars:

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
For plant and other designated purposes	\$ 128,875	118,767
Loan funds	1,451	1,335
Designated for annuity and life income funds	47,887	41,494
Funds functioning as endowment	1,264,986	1,178,385
Invested in property, plant, and equipment, net of related debt	<u>170,814</u>	<u>183,222</u>
Total without donor restrictions	<u>1,614,013</u>	<u>1,523,203</u>
With donor restrictions:		
Endowment funds	446,391	434,175
Restricted for specific purposes and time	71,454	59,586
Annuity and life income funds	47,812	43,474
Loan funds	15,815	15,370
Accumulated unappropriated gains on endowment	<u>1,297,588</u>	<u>1,184,463</u>
Total with donor restrictions	<u>1,879,060</u>	<u>1,737,068</u>
Total net assets	<u>\$ 3,493,073</u>	<u>3,260,271</u>

**(10) Retirement Plans**

The College participates with other members of The Claremont Colleges in a defined contribution retirement plan administered by the Claremont University Consortium. This plan provides retirement benefits for all employees through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA). Under this plan, College contributions are used to purchase fixed and/or variable annuities offered by TIAA. Vesting provisions are full and immediate. Benefits commence upon retirement and pre-retirement survivor death benefits are provided. In conjunction with this plan, employees are able to contribute a portion of their salary into a tax-deferred annuity account and invest such assets in mutual funds offered by TIAA, Fidelity Investments Institutional Services Company, Inc., or The Vanguard Group. For the years ended June 30, 2024 and 2023, the College's contributions to this plan amounted to approximately \$8,090,000 and \$7,449,000, respectively.

For the years ended June 30, 2024 and 2023, contributions made by employees to the College's 457(b) Plan of approximately \$8,939,000 and \$7,708,000, respectively, were included in separately invested assets and accrued payroll and other liabilities on the statements of financial position.

**(11) Workers' Compensation**

The College participates with other members of The Claremont Colleges in collective insurance agreements including self-insurance for workers' compensation. At June 30, 2024 and 2023, the College had receivables of approximately \$886,000 and \$494,000, respectively, in accrued payroll and other

## **POMONA COLLEGE**

### **Notes to Financial Statements**

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liabilities to provide for payment of claims pending. Management believes that the ultimate disposition of these or other claims would not result in any material adjustments to the financial statements.

#### **(12) Endowment**

The net assets of the College include permanent endowment funds and funds functioning as endowment. Permanent endowments are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized as provided for under the California Uniform Prudent Management of Institutional Funds Act (CUPMIFA). While funds functioning as endowment have been established by the board of trustees to function as endowment, any portion of such funds may be expended.

The College's endowment consists of approximately 1,800 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### ***(a) Interpretation of Relevant Law***

The board of trustees of the College has interpreted the CUPMIFA (the Act) as permitting the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The portion of the donor-restricted endowment fund related to accumulated earnings on endowments is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, 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 and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

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### (b) Return Objective and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity 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 a custom benchmark that reflects the College's current asset allocation targets and a simple benchmark composed of 70% of the MSCI All Country World Index (ACWI) and 30% of the Bloomberg US Agg. Bond Index, while assuming a moderate level of investment risk.

The College expects its endowment funds to attain, over time and within acceptable risk levels, an average annual real rate of return of approximately 5.00%, net of all investment management and related fees and without regard to whether the return is in the form of income or capital gains. Actual returns in any given year may vary from this amount.

### (c) Strategies Employed for Achieving Objectives

To satisfy its 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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### (d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has a policy of appropriating for distribution each year 4.50% to 5.50% of its endowment funds' average fair value over the prior 20 quarters through June 30 one year prior to the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate at least equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. For years ended June 30, 2024 and 2023, the board of trustees authorized distributions of \$113,297,000 and \$107,415,000, respectively, for current operations.

Endowment net assets consist of the following at June 30, 2024 and 2023, in thousands of dollars:

	2024		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment	\$ (195)	446,391	446,196
Board-designated endowment	189,728	—	189,728
Accumulated unappropriated gains	1,075,453	1,297,588	2,373,041
Total	\$ 1,264,986	1,743,979	3,008,965

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	<b>2023</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment	\$ (1,945)	434,175	432,230
Board-designated endowment	189,866	—	189,866
Accumulated unappropriated gains	990,464	1,184,462	2,174,926
Total	\$ 1,178,385	1,618,637	2,797,022

Changes in endowment net assets for the year ended June 30, 2024 are as follows, in thousands of dollars:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2023	\$ 1,178,385	1,618,637	2,797,022
Pooled investment returns:			
Investment income	9,408	12,782	22,190
Net realized and unrealized gains on investments	123,231	167,362	290,593
Total pooled investment gains	132,639	180,144	312,783
Distributions per spending policy	(113,297)	—	(113,297)
Net pooled investment gains appropriated to pool	19,342	180,144	199,486
Other changes in endowment:			
Gifts	2	10,087	10,089
Releases, changes, and transfers per donor restrictions	1,622	(1,184)	438
Endowment income reinvested	438	1,492	1,930
Appropriation of endowment assets for expenditure	65,197	(65,197)	—
Total other changes in endowment	67,259	(54,802)	12,457
Total changes in endowment	86,601	125,342	211,943
Endowment net assets, June 30, 2024	\$ 1,264,986	1,743,979	3,008,965

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Notes to Financial Statements  
June 30, 2024 and 2023

Changes in endowment net assets for the year ended June 30, 2023 are as follows, in thousands of dollars:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ 1,170,280	1,594,692	2,764,972
Pooled investment returns:			
Investment income	11,287	15,223	26,510
Net realized and unrealized gains on investments	<u>41,865</u>	<u>56,741</u>	<u>98,606</u>
Total pooled investment gains	53,152	71,964	125,116
Distributions per spending policy	<u>(107,415)</u>	<u>—</u>	<u>(107,415)</u>
Net pooled investment (losses) gains appropriated to pool	<u>(54,263)</u>	<u>71,964</u>	<u>17,701</u>
Other changes in endowment:			
Gifts	—	8,089	8,089
Releases, changes, and transfers per donor restrictions	283	4,228	4,511
Endowment income reinvested	405	1,344	1,749
Appropriation of endowment assets for expenditure	<u>61,680</u>	<u>(61,680)</u>	<u>—</u>
Total other changes in endowment	<u>62,368</u>	<u>(48,019)</u>	<u>14,349</u>
Total changes in endowment	<u>8,105</u>	<u>23,945</u>	<u>32,050</u>
Endowment net assets, June 30, 2023	<u>\$ 1,178,385</u>	<u>1,618,637</u>	<u>2,797,022</u>

**(13) Affiliated Institutions**

The amounts paid by the College to Claremont University Consortium for the common student and administrative services and the use of facilities for the years ended June 30, 2024 and 2023 totaled \$10,954,000 and \$10,049,000, respectively.

**(14) Related Parties**

As of June 30, 2024 and 2023, \$12,291,000 and \$10,930,000 of gross contribution receivables are due from Board of Trustee members.

# POMONA COLLEGE

## Notes to Financial Statements

June 30, 2024 and 2023

### (15) Commitments and Contingencies

#### (a) Line of Credit

At June 30, 2024, the College had three lines of credit from two institutions which in total provide \$100,000,000 in additional liquidity; there were no borrowings outstanding on these lines of credit at that date. The uncommitted line (\$40,000,000) is renegotiated annually and currently provides the following interest rate options: Daily Simple Secured Overnight Financing Rate plus 50 basis points, Term Secured Overnight Financing Rate plus 50 basis points or the Prime rate minus 150 basis points. The committed lines (\$60,000,000 in total) are renegotiated every two years and currently provide the following interest rate options: Daily Simple Secured Overnight Financing Rate plus 55 or 93 basis points (depending on the line), Term Secured Overnight Financing Rate plus 55 or 93 basis points (depending on the line) or the Prime rate minus 150 basis points. At June 30, 2024 the one-month Term Secured Overnight Financing Rate plus 93 basis points equaled 6.27%.

#### (b) Federal Funding

Certain federal grants that 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 financial position of the College.

### (16) Functional Expenses by Natural Classification

Certain categories of expenses that are attributable to more than one program or supporting function are allocated based on various methods. Specifically, facilities, interest and depreciation are allocated among functional classifications based on usage of space and square footage. Information technology costs are allocated based on software usage and the overall employees in the various functional categories. All other costs are charged directly to the appropriate functional category.

Expenses by natural and functional classification for the years ended June 30, 2024 and 2023, were as follows:

	2024						
	Salaries and benefits	Services	Depreciation and amortization	Interest expense	Plant operations and utilities	Other operating expenses	Total
Instruction	\$ 55,896	2,880	6,801	2,553	3,838	10,427	82,395
Research	960	314	—	—	252	2,080	3,606
Public service	1,197	74	4	2	35	812	2,124
Academic support	9,201	6,488	2,353	883	1,253	3,270	23,448
Student services	17,116	2,801	2,831	1,063	1,425	5,385	30,621
Institutional support	23,179	16,825	1,033	389	2,154	5,320	48,900
Auxiliary enterprises	15,303	3,261	8,059	3,026	4,304	6,995	40,948
Total	\$ 122,852	32,643	21,081	7,916	13,261	34,289	232,042

**POMONA COLLEGE**

Notes to Financial Statements

June 30, 2024 and 2023

		<b>2023</b>					
	<b>Salaries and benefits</b>	<b>Services</b>	<b>Depreciation and amortization</b>	<b>Interest expense</b>	<b>Plant operations and utilities</b>	<b>Other operating expenses</b>	<b>Total</b>
Instruction	\$ 52,789	3,990	6,794	2,568	3,322	7,562	77,025
Research	1,000	405	—	—	119	1,712	3,236
Public service	1,153	247	4	2	8	587	2,001
Academic support	9,302	6,311	2,350	888	1,155	3,348	23,354
Student services	15,878	2,496	2,828	1,069	1,339	6,080	29,690
Institutional support	21,109	14,735	1,032	391	507	4,103	41,877
Auxiliary enterprises	14,298	4,642	8,050	3,043	3,801	7,184	41,018
Total	<u>\$ 115,529</u>	<u>32,826</u>	<u>21,058</u>	<u>7,961</u>	<u>10,251</u>	<u>30,576</u>	<u>218,201</u>

**(17) Income Taxes**

**(a) Deferred Taxes**

The College has recorded a deferred tax asset reflecting the benefit of federal and state unrelated business taxable income loss carryforwards and credits, which expire in varying amounts in varying time periods. Included in net operating loss carryforward are \$17,563,500 and \$17,625,500 of federal losses for the tax years 2024 and 2023, respectively, that arose after the 2017 tax year which are available to reduce future federal taxable income, if any, over an indefinite period. In addition, the College has recorded a deferred tax asset reflecting the benefit of accumulated unrealized investment losses, not subject to expiration, that are available to offset future realized gains subject to IRC Section 4968 excise taxes. The composition of carryforward benefits that give rise to the deferred tax asset are as follows:

		<b>2024</b>			
		<b>Federal</b>	<b>State</b>	<b>Excise tax</b>	<b>Total</b>
Carryforwards	\$	55,080,792	23,401,470	—	78,482,262
Credits		10,215,977	—	—	10,215,977
Unrealized losses		—	—	205,957,775	205,957,775
Total	\$	<u>65,296,769</u>	<u>23,401,470</u>	<u>205,957,775</u>	<u>294,656,014</u>

		<b>2023</b>			
		<b>Federal</b>	<b>State</b>	<b>Excise tax</b>	<b>Total</b>
Carryforwards	\$	64,089,085	23,082,575	—	87,171,660
Credits		11,080,087	—	—	11,080,087
Unrealized losses		—	—	397,656,748	397,656,748
Total	\$	<u>75,169,172</u>	<u>23,082,575</u>	<u>397,656,748</u>	<u>495,908,495</u>



# POMONA COLLEGE

## Notes to Financial Statements

June 30, 2024 and 2023

Realization of these assets is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards and credits. The valuation allowance primarily related to foreign tax credits and net operating losses arising before the 2018 tax year subject to expiration. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those loss carryforwards and credits are available.

		2024			
		Federal	State	Excise tax	Total
Deferred tax assets	\$	21,782,943	1,577,856	2,883,409	26,244,208
Valuation allowance		(16,667,081)	(1,577,856)	(1,534,458)	(19,779,395)
Net federal deferred tax asset	\$	<u>5,115,862</u>	<u>—</u>	<u>1,348,951</u>	<u>6,464,813</u>

  

		2023			
		Federal	State	Excise tax	Total
Deferred tax assets	\$	24,538,795	1,539,774	5,567,194	31,645,763
Valuation allowance		(20,235,954)	(1,534,201)	(476,730)	(22,246,885)
Net federal deferred tax asset	\$	<u>4,302,841</u>	<u>5,573</u>	<u>5,090,464</u>	<u>9,398,878</u>

### (b) Income Taxes

Income tax expense is reported as a component of net investment income in the accompanying statement of activities. The significant components of income tax expense consist of the following:

	2024	2023
Federal and state, deferred	\$ (765,454)	697,839
Federal excise tax, deferred	3,741,514	415,590
Federal and state, current	32,419	51,553
Federal excise tax, current	3,784,692	1,604,612
Total income tax expense	\$ <u>6,793,171</u>	<u>2,769,594</u>

### (18) Subsequent Events

Subsequent events have been evaluated through December 11, 2024, which corresponds to the date when the financial statements were available to be issued.