



## Table of Contents

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	<b>Page</b>
<b>Report of Independent Auditors</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets	4
Consolidated Statements of Activities	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	31
Notes to the Schedule of Expenditures of Federal Awards	36
Schedule of Financial Responsibility Ratios	37
<b>Report of Independent Auditors On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	41
<b>Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b>	43
<b>Schedule of Findings and Questioned Costs</b>	46
<b>Schedule of Prior Findings</b>	49
<b>Management’s Corrective Action Plan</b>	50

## **Report of Independent Auditors**

The Board of Trustees  
Occidental College

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

#### ***Opinion***

We have audited the consolidated financial statements of Occidental College, which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Occidental College as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of financial responsibility ratios are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of financial responsibility ratios are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of Occidental 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 Occidental 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 Occidental College's internal control over financial reporting and compliance.



Los Angeles, California

November 20, 2023, except for the supplementary information which is dated January 17, 2024

## **Consolidated Financial Statements**

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2023

2022

**ASSETS**

Cash and cash equivalents

See accompanying notes.

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	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>OPERATING REVENUES</b>				
Student revenues, net	\$ 97,819,836	\$ -	\$ 97,819,836	\$ 94,378,130
Private gifts, grants, and contracts	7,058,730	3,299,584	10,358,314	14,331,556

See accompanying notes.





	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 29,612,435	\$ 7,789,091
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	10,913,554	10,665,465
Amortization of bond issuance costs and premiums	(123,211)	(123,212)
Write off of property and equipment	34,898	191,613
Change in fair value of assets held in trust by others	(186,743)	1,230,709
Net unrealized and realized (gains) losses on investments	(24,613,816)	16,546,357
Contributions restricted for long-term investments	(6,421,890)	(10,861,681)
Contributions for capital expenditures	(1,476,094)	(5,041,662)
Change in provision for student notes receivable	34,330	(24,832)
Present value adjustment for annuities	312,240	27,147
Change in value of asset retirement obligations	-	48,227
Change in value of annuities payable	713,351	(1,750,024)
Change in assets and liabilities		
Student accounts receivable	134,257	(274,024)
Contracts and grants receivable	149,753	1,359,923
Contributions receivable	(753,395)	(2,833,694)
Other assets	(611,127)	(198,615)
Accounts payable and accrued expenses	(3,777,162)	(2,246,678)
Student deposits and deferred revenue	285,635	(1,911,889)
Government loans payable	66,452	119,921
Net cash provided by operating activities	4,298,467	12,712,133
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disbursement of student notes receivables	(1,291,702)	(1,531,359)
Collection of student notes receivables	2,735,679	2,995,539
Purchases of investments	(115,756,860)	(120,895,599)
Proceeds from sales and maturities of investments	103,677,895	106,456,183
Purchases of property and equipment	(7,001,506)	(8,375,603)
Net cash used in investing activities	(17,686,494)	(21,350,839)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term investment	7,542,275	11,806,593
Proceeds received from assets held in trust	-	1,787,836
Contributions and pledge payments for capital expenditures	2,137,528	5,735,785
Repayment of government loans payable	(578,406)	(2,018,587)
	100	100

See accompanying notes.

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

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

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

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

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

**- The amounts shown for 2021 in the accompanying consolidated financial statements are included to provide a basis for comparison with 2022 and are not intended to present all information necessary for a fair presentation of the 2021 consolidated financials, a note to nonre**



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- Student tuition and fees are recorded as revenues in the period during which the related academic services are rendered. All student fees are due by June 30 for each academic year and if unpaid, remain in student accounts receivable, less allowance for doubtful accounts. The College records an allowance for doubtful accounts on student receivables based on historical experience. These receivables are unsecured and the College does not charge interest on late payments. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.

Revenues from grants and contracts that are nonreciprocal are treated as contributions. If the grant or contract is conditional, a barrier to entitlement exists, revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as an increase to assets without donor restrictions. If the grant or contract is unconditional, revenue is reported as an increase in net asset without donor restrictions. Contracts and grants receivable are generally due within one year. The College records an allowance for doubtful accounts on contracts and grants receivable based on historical experience. As of June 30, 2023 and 2022, an allowance for doubtful accounts on contracts and grants receivable was not deemed necessary.

The College recognized revenue for the Higher Education Emergency Relief Funds from the federal government in the amount of \$0 and \$4,792,630 in federal and state grants and contracts for the years ending June 30, 2023 and 2022, respectively. For the year ended June 30, 2023, the College recorded no expenditures of these funds. For the year ended June 30, 2022, the College recorded expenditures of these funds in the amount of \$2,239,053 in Student Services.

Revenues from sources other than contributions are reported as increases in net assets without donor restrictions when services are rendered. Gains and losses on investments are reported as increases or decreases to the appropriate net asset category.

Contributions are reported as increases in the appropriate category of net assets, except contributions that the donor restricts where the restrictions are met within the same fiscal year; as these contributions are included in net assets without donor restrictions. Contributions other than cash are recorded at fair value at the date of gift. Non-operating private gifts, grants, and contracts are contributions with donor restrictions for perpetually restricted endowment or capital expenditures. Unconditional contributions, including pledges to give, are recognized as revenue in the period received. Conditional promises to give are not recorded as contributions until the conditions on which they depend are substantially met.

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- Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash deposits at financial institutions, receivables, and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the Federal Deposit Insurance Corporation, or Securities Investor Protection Corporation insured limits. Concentration of credit risk with respect to student accounts receivable, student notes receivable, and contracts and grants receivable are limited due to the large number of students and grants from which amounts are due, with no single source being significant. Contribution receivable balances for three donors comprised 55% and 61% of contributions receivable as of June 30, 2023 and 2022, respectively.

- Investments are stated at fair value. The fair value of investments is based on quoted prices from national security exchanges, except for limited partnerships and venture capital funds, which are based on information provided by external investment managers at the most recent valuation period date for the fiscal year end. Management monitors the activity of external investment managers and performs reconciliations and other procedures to assure that the valuations used in the consolidated financial statements are fairly stated. The College believes the carrying amounts of these investments are a reasonable estimate of fair value. Because the limited partnerships and venture capital funds are not



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**Contributions receivable at June 30, 2023, have the following restrictions:**

	<b>2023</b>	<b>2022</b>
<b>Endowment for programs, activities and scholarships</b>	<b>\$ 2,972,295</b>	<b>\$ 3,785,663</b>
<b>Education and general</b>	<b>959,000</b>	<b>419,000</b>
<b>Building construction</b>	<b>2,583,850</b>	<b>3,396,590</b>
<b>Total contributions receivable, go</b>	<b>\$ 6,515,145</b>	<b>\$ 7,601,253</b>



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- Inputs to the valuation methodology include:

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

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

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

	Level 2	Level 1	Level 3	Level 2	Level 3	Assets Measured Using Practical Expedient	Total
Cash and cash equivalents	\$ 108,851,417						\$ 108,851,417
U.S. equities	€ 60,653,994					102,040,766 M	132,694,760
Global equities (including funds)		5,801,491				38,416,683 U	38,416,683
Energy related equities						38,416,683	38,416,683

The following table represents the Level 3 financial instruments as of June 30, 2023, the valuation technique used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Investment	Total Fair Value	Valuation Technique	Unobservable Inputs	Range
Assets held in trust by others	\$ 4,531,510	Fair Value	Remaining payments	-

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

	Fair Value June 30, 2023	Strategy	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds	\$ 221,009,419	These funds invest mostly in public domestic and international debt and equity securities. The commingled funds are held in partnership.			

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**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, 2023 and 2022, student loans represented 1.6% and 1.8% of total assets, respectively. M**

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

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- **In June 2013, the College issued \$54,995,000 in bonds through the CEFA (Series 2013A)**



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**Bonds payable at June 30, 2023, are summarized as follows:**

	<b>Authorized and Issued</b>	<b>Remaining Interest Rates</b>	<b>Remaining Bonds Outstanding</b>
<b>CEFA Revenue Bonds</b>			
<b>Series 2013B</b>	<b>\$ 6,230,000</b>	<b>2.7% to 3.35%</b>	<b>\$ 3,565,000</b>
<b>Series 2015</b>	<b>34,270,000</b>	<b>3.0% to 5.0%</b>	<b>22,925,000</b>
<b>Bond premiums, net</b>	<b>4,786,583</b>		<b>3,579,880</b>
<b>Bond issuance costs</b>	<b>(477,443)</b>		<b>(328,597)</b>
<b>Subtotal</b>	<b>44,809,140</b>		<b>29,741,283</b>

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

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Net assets consist of the following at June 30, 2023 and 2022

	2023	2022
Without donor restrictions		





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

	June 30, 2023		
	Without Restriction	With Restriction	Total
Net endowment assets, beginning of year	\$ 118,825,313	\$ 457,107,792	\$ 575,933,105
Investment return, net	7,205,639	26,730,678	33,936,317
New gifts	328,901	7,126,623	7,455,524
Matured life income and annuity contracts	3,216,448	929,836	4,146,284
Other changes, including redesignations	5,294,863	807,597	6,102,460
Appropriation for expenditures	(4,755,930)	(18,429,097)	(23,225,027)
Net endowment assets, end of year	<u>\$ 130,075,234</u>	<u>\$ 474,273,422</u>	<u>\$ 604,348,656</u>

  

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Net endowment assets, beginning of year	\$ 115,733,929	\$ 460,075,888	\$ 575,809,817
Investment return, net	422,040	2,063,000	2,485,040
New gifts	300,957	8,437,671	8,838,628
Matured life income and annuity contracts	-	2,342,114	2,342,114
Pledge payments	-	925,412	925,412
Other changes, including redesignations	6,665,470	854,339	7,519,809
Appropriation for expenditures	(4,387,083)	(17,590,632)	(21,977,715)
Net endowment assets, end of year	<u>\$ 118,825,313</u>	<u>\$ 457,107,792</u>	<u>\$ 575,933,105</u>

From time to time, the fair value of the assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor gift amounts. Deficits of this nature were \$14,000 as of June 30, 2023, relative to a corpus value of \$1,000,000. Deficits of this nature were \$338,000 as of June 30, 2022, relative to a corpus value of \$7,118,000.

Expenses by function and nature consist of the following for the year ended June 30, 2023

	Institution	Research	Public Service	Academic Support	Student Services	Institutions Support	Auxiliary Enterprises	Advancement	Total Operating Expenses
Salaries	\$ 2485,534	\$ 1,412,727	\$ 3,375,404	461,0					







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Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are issued. FA s enei tr E M ° d Missatař a t a i

## **Supplementary Information**

**Occidental College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program and Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity ID Number</u>	<u>Passed-through to Subrecipients</u>	<u>Expenditures Recognized</u>
<b>Student Financial Assistance Cluster</b>				
U.S. Department of Education:				
Direct Programs				
Federal Student Educational Opportunity Grants	84.007	N/A	\$ -	\$ 266,122
Federal Work-Study Program	84.033	N/A	-	283,384
Federal Perkins Loan Program (beginning of the year)	84.038	N/A	-	1,923,552
Federal Pell Grant Program	84.063	N/A	-	1,672,505
Federal Direct Student Loans	84.268	N/A	-	7,494,958
Total Student Financial Assistance Cluster			-	11,640,521
<b>TRIO Cluster</b>				
U.S. Department of Education:				
Direct Program				
TRIO Upward Bound	84.047	N/A	-	542,614
Upward Bound	84.047A	N/A	-	102,486
Total TRIO Cluster			-	645,100
Total U.S. Department of Education			-	12,285,621
<b>Research and Development Cluster</b>				
National Science Foundation				
Direct Programs				
Center for Undergraduate Research-Mathematics	47.049	N/A	-	332,993
The Role of Dwarf-Dwarf Galaxy Interactions over Cosmic Time	47.049	N/A	-	133,818
RUI: Development of Dianionic Enolates for the Stereoselective Synthesis of Natural and Unnatural Amino Acids	47.049	N/A	-	28,306
Geometric and Semantic Structures for Two and Three-Dimensional Shape Understanding	47.049	N/A	-	26,749
Building Bridges: Fifth EU/US Summer School on Automorphic Forms and Related Topics	47.049	N/A	-	6,977
RUI-CHE: Development of Organometallic Complexes for the Next-Generation of Non-Aqueous Redox flow batteries	47.049	N/A	-	53,801
			-	582,644
			-	(continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Occidental College**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

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Federal Grantor/Pass-Through Grantor/Program and Cluster Title	Federal Assistance Listing Number	Pass-through Entity ID Number	Passed-through to Subrecipients	Expenditures Recognized
RUI: Collaborative Research: Quantifying the roles of tectonic activity and climate as drivers of glacial-interglacial landscape evolution in the Teton Range, Wyoming	47.050	N/A	-	4,941
RUI: Collaborative Research: Understanding bioerosion from individuals to ecosystems: the impacts of biotic and abiotic stressors on sponge erosion of oyster reefs	47.050	N/A	-	95,598
MRI: Acquisition of a Malvern Particle size analyzer for interdisciplinary research and undergraduate education and research training	47.050	N/A	-	13,094
Collaborative Research: RUI: EAR-Climate: Investigating the past, present, and future of				

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See accompanying notes to the Schedule of Expenditures of Federal Awards.

# Occidental College

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See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Occidental College**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

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Federal Grantor/Pass-Through Grantor/Program and Cluster Title	Federal Assistance Listing Number	Pass-through Entity ID Number	Passed-through to Subrecipients	Expenditures Recognized
National Science Foundation Passed through the Mathematical Association of America National Research Experience for Undergraduates Program (NREUP)	47.049	DMS-1950644	-	

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See accompanying notes to the Schedule of Expenditures of Federal Awards.

# Occidental College

# Occidental College

## Notes to the Schedule of Expenditures of Federal Awards

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### Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Occidental College (the “College”) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because it presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the College.

### Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

### Note 3 – Federal Student Loan Programs

The federal student loan program listed subsequently is administered directly by the College and balances and transactions relating to this program are included in the College’s consolidated financial statements. The balance of loans at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2023, consists of:

Federal Assistance Listing Number	Program Name	Loans Outstanding at June 30, 2022	Loans Awarded During Fiscal 2023	Loan Principal Repaid / Cancelled Written Off / Assigned During Fiscal 2023	Loans Outstanding at June 30, 2023
84.038	Federal Perkins Loan Program	\$ 1,923,552	\$ -	\$ (452,663)	\$ 1,470,889



**Occidental College**  
**Schedule of Financial Responsibility Ratios**  
**Year Ended June 30, 2023**

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Section 498(c)(1) of the Higher Education Act authorizes the secretary for the Department of Education (“Department”) to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 established a methodology based on three ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several mathematical steps are required to combine an institution’s ratio results into a composite score:

- x Determine the value of each ratio;
- x Calculate a strength factor score for each ratio using the appropriate algorithm;
- x Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding

**Occidental College**  
**Schedule of Financial Responsibility Ratios (Continued)**  
**Year Ended June 30, 2023**

Primary Reserve Ratio Calculation	Reference	June 30, 2023	
Net assets without donor restrictions	BS	\$ 275,333,179	
Net assets with donor restrictions	BS	<u>524,622,600</u>	
Total net assets		799,955,779	
Less			
Annuities with donor restrictions	Note 10	(11,923,807)	
Term endowments with donor restrictions	n/a	-	
Life income funds with donor restrictions	n/a	-	
Net assets with donor restrictions: restricted in perpetuity (less annuities)	Note 10	(218,426,193)	
Net assets with donor restrictions: other for purpose or time (less annuities)	Note 10	-	\$ (5,650,248)
Unsecured related party receivables	Note 14	(649,000)	
Property, plant, and equipment – pre-implementation	*	(153,824,801)	
Property, plant, and equipment – post-implementation with outstanding debt for original purchase	*	-	
Property, plant, and equipment – post-implementation without outstanding debt for original purchase	*	(27,111,371)	
Construction in progress	Note 7	(1,882,068)	
Lease right-of-use asset pre-implementation	n/a	-	
Lease right-of-use asset post-implementation	n/a	-	
Intangible assets	n/a	-	
Add			
Post-employment and pension liabilities	n/a	-	
Long-term debt for long term purposes pre-implementation	*	94,852,171	
Long-term debt for long term purposes post-implementation	*	-	
Line of credit for construction in progress	n/a	-	
Pre-implementation right-of-use lease liabilities	n/a	-	
Post-implementation right-of-use lease liabilities	n/a	<u>-</u>	
Total expendable net assets			\$ 480,990,711
Total expenses without donor restrictions	SOA	136,425,227	
Add			
Non-operating and net investment losses	SOA	-	
Other components of net periodic pension costs	n/a	-	
Change in value of split-interest agreements	n/a	-	
Other	SOA	16,023	
Net investment losses	n/a	-	
Pension – related changes other than net periodic costs	n/a	<u>-</u>	
Total expenses without donor restrictions and losses without donor restrictions			<u>\$ 136,441,250</u>
<b>Primary reserve ratio</b>			<b>3.5</b>

\* See Pre/Post Implementation information below

**Occidental College**  
**Schedule of Financial Responsibility Ratios (Continued)**  
**Year Ended June 30, 2023**

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**Equity Ratio Calculation**

**Reference**

Net assets without donor restrictions	BS	\$	275,333,179
Net assets with donor restrictions	BS		524,622,600
			799,955,780

Less

**Occidental College**  
**Schedule of Financial Responsibility Ratios (Continued)**  
**Year Ended June 30, 2023**

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Pre/Post Implementation	Reference			
Property, plant, and equipment – pre-implementation	n/a	\$	153,824,801	*
Property, plant, and equipment – post-implementation with outstanding debt for original purchase	n/a		-	
Property, plant, and equipment – post-implementation without outstanding debt for original purchase	n/a		27,111,371	*
Construction in progress	Note 7		1,882,068	
 Total property, plant, and equipment at June 30, 2023	 Note 7	 \$	 182,818,240	
 Long-term debt for long term purposes pre-implementation	 n/a	 \$	 94,852,171	 *
Long-term debt for long term purposes post-implementation	n/a		-	
Line of credit for construction in progress	n/a		-	
 Total debt at June 30, 2023	 Note 9		 94,852,171	



**REPORTING  
OFFICER**

**Refracts**

As part of obtaining reasonable assurance about whether the College's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ~~GAAS~~

**Other**

~~GAAS~~ requires the auditor to perform limited procedures on the College's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

**Para**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with ~~GAAS~~ in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Los Angeles, California  
January 17, 2024

## Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees  
Occidental College

### Report on Compliance for the Major Federal Program

We have audited Occidental College (the College) compliance with the types of compliance requirements identified as subject to audit in the Compliance Supplement that could have a direct and material effect on the College's major federal program for the year ended June 30, 2012. The College's major federal program is identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

We conducted our audit of compliance 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 (Government

**Appendix**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the OIG's compliance based on our audit. 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 GAO's Government Auditing Standards, and the OIG's Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the OIG's compliance with the requirements of the major federal program as a whole.

In accordance with the OIG's Government Auditing Standards, and the OIG's Uniform Guidance, we

- x Exercise professional skepticism and maintain professional judgment.
- x Identify and assess the risks of material noncompliance, whether due to fraud or error, that may result in the OIG's not complying with the compliance requirements, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the OIG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- x Obtain an understanding of the OIG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the OIG's Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the OIG's internal control over compliance. Accordingly no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other



Our consideration of internal control over compliance was for the limited purpose described in the Auditors Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

# Occidental College

**Occidental College**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2023**

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**Section II – Financial Statement Findings**

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**Finding: 2023-001 – Financial Close and Reporting – Significant Deficiency in Internal Control Over Financial Reporting**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting. A strong internal control system ensures that all material transactions have been recorded timely and accurately through an effective financial close and reporting process.

**Condition/context:** During the course of our audit, we noted that the College lacks digital transformation and automation on all significant accounting processes. With the absence of automation and documentation of financial reporting procedures, the College is unable to complete certain processes because it is such a manual process. Each of these internal control deficiencies on their own do not rise to the level of a significant deficiency; however, in the aggregate they were determined to represent a significant deficiency in financial close and reporting.

**Cause:** Capacity constraints and turnover within the accounting department limited the College's ability to

**Occidental College**  
**Schedule of Findings and Qu**

**Occidental College**  
**Schedule of Prior Findings**  
**For the Year Ended June 30, 2023**

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**FINDING 2022-001 – Equipment and Real Property Management – Significant Deficiency in Internal Controls and Instance of Non-Compliance**

**Assistance  
Listing**

**Occidental College  
Management's Corrective Action Plan  
For the Year Ended June 30, 2023**

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