



REPORTS OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS  
WITH FEDERAL AWARDS  
SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

## Table of Contents

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	PAGE
<b>Report of Independent Auditors</b>	1–2
<b>Consolidated Financial Statements</b>	
Consolidated balance sheets	3
Consolidated statements of activities	4–5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7–30
<b>Supplementary Information</b>	
Schedule of expenditures of federal awards	31–34
Notes to the schedule of expenditures of federal awards	35
Schedule of financial responsibility ratios	36–39
<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>	40–41
<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>	42–43
<b>Schedule of Findings and Questioned Costs</b>	44
<b>Summary Schedule of Prior Audit Findings</b>	45



## Other Matters

### Summarized Comparative Information

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

### Other Information

Our audits were 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), and the 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 audits 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 information is 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 October 25, 2021, 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

**Occidental College**  
**Consolidated Balance Sheets**

<b>ASSETS</b>		June 30,	
	2021	2020	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,535,192	\$ 9,262,576	
Restricted cash	-	1,023,778	
Student accounts receivable, less allowance for doubtful accounts of \$313,047 (2021) and \$350,841(2020)	451,099	644,661	
Contracts and grants receivable	5,212,360	3,044,218	
Contributions receivable, net	5,553,288	6,545,415	
Other assets	2,735,890	2,777,050	
Investments	668,371,267	524,890,973	
Student notes receivable, net	17,476,013	19,559,873	
Assets held in trust by others	7,363,313	5,925,209	
Property and equipment, net	189,246,661	191,836,085	
Total assets	<b>\$ 902,945,083</b>	<b>\$ 765,509,838</b>	
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 17,492,754	\$ 18,423,169	
Student deposits and deferred revenue	4,910,896	2,139,569	
Government loans payable	2,544,136	3,066,807	
Annuities payable	13,618,727	11,985,460	
Asset retirement obligations	2,775,724	2,726,765	
Debt	99,048,593	101,031,804	
Total liabilities	140,390,830	139,373,574	
<b>NET ASSETS</b>			
Without donor restrictions	248,781,448	225,837,997	
With donor restrictions	513,772,805	400,298,267	
Total net assets	762,554,253	626,136,264	
Total liabilities and net assets	<b>\$ 902,945,083</b>	<b>\$ 765,509,838</b>	

# Occidental College

## Consolidated Statements of Activities

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

## Occidental College

### Consolidated Statements of Activities (Continued)

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

# Occidental College

## Consolidated Statements of Cash Flows

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



## **Occidental College**

### **Notes to Consolidated Financial Statements**

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#### **Note 1 – Organization**

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

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

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#### **Note 2 – Summary of Significant Accounting Policies**



## Occidental College

### Notes to Consolidated Financial Statements

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

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

Contributions are reported as increases in the appropriate category of net assets, except contributions that the donor restricts where the restrictions are met within the same fiscal year, as these contributions are included in net assets without donor restrictions. Contributions other than cash are recorded at fair value at the date of gift. Non-operating private gifts, grants, and contracts are contributions with donor restrictions for perpetually restricted endowment or capital expenditures. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recorded as contributions until the conditions on which they depend are substantially met. Unconditional promises to give are donor commitments where there is sufficient evidence they exist, verifiable documentation, no ambiguous conditions, and they are legally enforceable. If these contributions are to be received after a year and/or over a number of years, they are discounted at a rate equivalent with the credit-adjusted short-term and mid-term rate. The discount is amortized and recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. In addition, an allowance for uncollectible promises to give, based on past collection experience, is recorded.

**Cash and cash equivalents** – Cash and cash equivalents include short-term, highly liquid investments with a maturity date of three months or less at the time of purchase. Cash and cash equivalents representing assets held as endowment and similar funds and assets held for annuity and life income payments are included in investments. Cash and cash equivalents are reported at cost which approximates fair value.

# Occidental College

## Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Concentration of credit risk** – Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash deposits at financial institutions, receivables, and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) insured limits. Concentration of credit risk with respect to student accounts receivable, contracts and grants receivable, and contributions receivable, are limited due to the large number of students, grantors, and donors from which amounts are due, with no single source being significant.

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

**Investments** – Investments are stated at fair value. The fair value of investments is based on quoted prices from national security exchanges, except for limited partnerships, and venture capital funds which are based on information provided by external investment managers at the most recent valuation period date for the fiscal year-end. Management monitors the activity of external investment managers and performs reconciliations and other procedures to assure that the valuations used in the consolidated financial statements are fairly stated. The College believes the carrying amounts of these investments are a reasonable estimate of fair value. Because the limited partnerships, and venture capital investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. Realized and unrealized gains and losses on investments are the difference between the fair value and the cost basis of the investments. The realized and unrealized gains and losses, net of investment expenses, are reported in the consolidated statements of activities. Real estate is stated at cost.

All investments of net assets with donor restrictions and without donor restrictions designated as endowment funds are carried in an investment pool unless special considerations or donor stipulations require that they be held separately.

**Management of pooled investments** – Where permitted by gift agreement and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income, net of investment expenses, are accounted for on a unit-market value method. The College follows an investment policy for its pooled endowment investments which anticipates a greater long-term return through investing for capital appreciation and long-term growth. According to the College's endowment spending policy, the amount of investment return available for current operations is determined by applying a specified percentage of a twenty-one-quarter average unit market value to the units held as of September 30 of the prior fiscal year. Due to the extraordinary impact of the pandemic during the fiscal year ended June 30, 2021, the College increased the specified percentage from 5% to 6% of all endowment funds that were budget relieving and were not underwater at June 30, 2020. The College is planning to apply a 4.9% specified percentage for the year ending June 30, 2022.

**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Assets held in trust by others** – Trusts in which the College is named as irrevocable beneficiary, but is not trustee, are recorded as assets held in trust by others when the College is notified by the trustee. The assets are recorded at fair value based on the statements from the trustees, which are derived from the fair value of the underlying investments of the trusts, and the College's ownership interest in the trust. The College is named beneficiary of various estates in probate. Unless the ultimate amount available for distribution can be determined before the close of the probate proceedings, the College does not record these amounts until the point of asset distribution.

**Collections** – Collections, such as rare books and works of art, which were acquired through purchases and contributions since the College's inception, are not recognized as assets. These collections are held solely for their potential educational value or historical significance. Management has determined that the cost to establish the current fair value is deemed to exceed the benefit and therefore the collections were not assigned a value for the purpose of capitalization. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items have been restricted by donors.

**Annuities payable** – The College uses the actuarial method of recording life income and annuity contract net assets. Under this method, when a gift is received, cash or investments received are recorded at fair value, while the present value of the aggregate annuity obligation is recorded as a liability, based upon life expectancy tables. The remainder is recorded as revenue in the appropriate net asset category. Investment income and some gains are credited, and annuity payments and investment losses are charged to the liability accounts, with periodic adjustments made between the liability and the net assets to record actuarial gains or losses. The actuarial liability is based on the present value of future payments discounted at 2.62% and the 2012 IAR Mortality Table.

**Asset retirement obligations** – GAAP defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the College. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The obligation to perform the asset retirement activity is unconditional, and accordingly, a liability has been recognized.

# Occidental College

## Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Bond issuance costs** – Bond issuance costs represent issuance and underwriters' costs related to the California Educational Facilities Authority (CEFA) Series 2013A and 2013B, the CEFA Series 2015 Bonds and the Occidental College Taxable Bonds, Series 2019. The CEFA Series 2013A bonds were legally defeased in the year ended June 30, 2020, and the associated bond defeasance expense was written off. Bond issuance costs are included as a component of bonds payable on the consolidated balance sheets (Note 9). These amounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

**Use of estimates** – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. While management believes that these estimates are adequate as of June 30, 2021 and 2020, it is possible that actual results could differ from those estimates.

**Income taxes** – The College operates as a not-for-profit organization and has been recognized by the Internal Revenue Service as an organization exempt from income taxation pursuant to Internal Revenue Code Section 501(c)(3) on its income other than unrelated business income and has also been recognized by the Franchise Tax Board as exempt from state franchise or income tax pursuant to California Revenue and Taxation Code Section 23701(d) on its income other than unrelated business income. Otway is a single member LLC and therefore disregarded for federal income tax purposes.

As required by GAAP, the College and Otway have identified and evaluated their significant tax positions and have determined that there is no material unrecognized benefit or liability to be recorded. There are no uncertain tax positions for t refBsn4r5.1(e)-and h res micad-2.6(.6.6(9tvh(T\*.0 b)5.1((fi.2(s)l2or liabil16 TfB)hd)5.7(s...7(

**Occidental College**  
**Notes to Consolidated Financial Statements**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

**Note 3 – Contributions Receivable**

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and gift revenue in the appropriate net asset category. Contributions are recorded after discounting at the risk adjusted rate. The risk adjusted rates range from 0.14% and 3.48% for the years ended June 30, 2021 and 2020, respectively. Amortization of the discount is included in gift revenue.

As of June 30, unconditional promises to give are expected to be collected in the following periods:

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

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

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

## Occidental College

### Notes to Consolidated Financial Statements

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#### Note 4 – Investments

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

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

At June 30, 2021 and 2020, investments include approximately \$32,214,000 and \$26,314,000, respectively, in securities related to life income and annuity contracts.

The following schedule summarizes the College's in



**Occidental College**  
**Notes to Consolidated Financial Statements**

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**Note 4 – Investments (continued)**

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

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends, interest and rents	\$ 2,067,452	\$ 8,451,376	\$ 10,518,828
Realized gains, net	3,167,237	13,652,315	16,819,552
Unrealized gains, net	25,664,251	48,027,459	73,691,710

# Occidental College

## Notes to Consolidated Financial Statements

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### Note 5 – Fair Value Measurements (continued)

**Level 2** – Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable of the asset or liability; and

Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

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

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The College evaluates its hierarchy disclosures each re.0009 Tc--09 T-.00n29 ea1 Tcrts g pts 5.2(r de)5.2(r d, bas5.2(r)dabili )

**Occidental College**  
**Notes to Consolidated Financial Statements**

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**Note 5 – Fair Value Measurements (continued)**

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

	Level 1	Level 2	Level 3	Assets Valued Using NAV Practical Expedient	Total
Cash and cash equivalents (including restricted cash)	\$ 79,276,997	\$ -	\$ -	\$ -	\$ 79,276,997
U.S. equities	38,291,389	-	-	87,664,363	125,955,752
Global equities (developed) funds	8,331,708	-	-	63,483,691	71,815,399
Emerging markets equities funds	-	-	-	41,311,242	41,311,242
Domestic fixed income	-	-	-	-	-

# Occidental College

## Notes to Consolidated Financial Statements

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### Note 5 – Fair Value Measurements (continued)

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

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



# Occidental College

## Notes to Consolidated Financial Statements

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### Note 6 – Student Notes Receivable (continued)

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

### Note 7 – Property and Equipment

Property and equipment consists of the following at June 30:

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

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

### Note 8 – Deferred Revenue

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

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

**Note 9 – Debt**

**California Educational Facility Authority (CEFA) Bonds** – In June 2013, the College issued \$54,995,000 in bonds through the CEFA (Series 2013A and 2013B Bonds), with a premium of \$7,391,497. The College issued serial bonds with fixed-interest rates ranging from 0.40%–5.00%, payable on April 1 and October 1 through 2043. The CEFA Series 2013A and 2013B Bonds were used to legally defease \$44,435,000 of the College’s previously issued and outstanding CEFA Series 2005A bonds, as well as to provide funds for certain capital projects. The loan agreements for the 2013A and 2013B Bonds contain no restrictive covenants and the loans are unsecured.

In December 2015, the College issued \$34,270,000 in bonds through the CEFA (Series 2015 Bonds), with a premium of \$4,786,583. The College issued serial bonds with fixed-interest rates ranging from 3.00%–5.00%, payable on April 1 and October 1 through 2046. The CEFA Series 2015 Bonds were used to refund \$13,855,000 of the College’s previously issued and outstanding CEFA Series bonds (Series 2005B bonds and Series 2008 bonds), as well as to provide funds for certain capital projects. The amount recorded as loss due to the defeasance was \$2,472,055. The loan agreements for the 2015 Bonds contain no restrictive covenants and the loans are unsecured.

**Occidental College Taxable Bonds, Series 2019** – In October 2019, the College issued \$65,620,000 in bonds. The College issued serial bonds with fixed-interest rates ranging from 2.435%–3.508%, payable on April 1 and October 1 through 2049. The Occidental College Taxable Bonds, Series 2019 were used to legally defease \$46,470,000 of the College’s previously issued and outstanding CEFA Series 2013A bonds, as well as to provide funds for certain capital projects. The amount recorded as loss due to the defeasance was \$610,326, which was allocated to various functional categories in the same manner as plant costs. The loan agreements for the 2019 Bonds contain no restrictive covenants and the loans are unsecured.

## Occidental College

### Notes to Consolidated Financial Statements

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#### Note 9 – Debt (continued)

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

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

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

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



**Occidental College**  
**Notes to Consolidated Financial Statements**

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**Note 9 – Debt (continued)**

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

Years Ending June 30,	Series 2013B CEFA Bonds	Series 2015 CEFA Bonds	Series 2019 Bonds	Total
2022	\$ 630,000	\$ 1,300,000	\$ -	\$ 1,930,000
2023	655,000	1,365,000	-	2,020,000
2024	670,000	1,440,000	-	2,110,000
2025	690,000	1,515,000	-	2,205,000
2026	710,000	1,585,000	-	2,295,000
2027 and thereafter	<u>1,495,000</u>	<u>18,385,000</u>	<u>65,620,000</u>	<u>85,500,000</u>
Total	<u>\$ 4,850,000</u>	<u>\$ 25,590,000</u>	<u>\$ 65,620,000</u>	<u>\$ 96,060,000</u>

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



**Note 10 – Net Assets (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose

## **Occidental College**

### **Notes to Consolidated Financial Statements**

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#### **Note 13 – Fundraising Expenses**

During the years ended June 30, 2021 and 2020, the College incurred fundraising expenses of approximately \$4,569,000 and \$5,693,000, respectively, exclusive of communication, publication, and event-related expenses for the purposes of maintaining alumni and public relations. These expenses are included in the Advancement functional classification on the consolidated statements of activities.

#### **Note 14 – Related Parties**

Some members of the Board of Trustees contributed to the College in the form of gifts and pledges, during the years ended June 30, 2021 and 2020. Contributions receivable (pledges) includes amounts from members of the College's Board of Trustees





**Occidental College**  
**Notes to Consolidated Financial Statements**

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**Note 17 – Functional Expenses (continued)**

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The consolidated statements of activities present expenses by functional classification. Employee benefits including employment taxes are allocated based on employee classification and salaries charged to each function. Operation and maintenance of plant expenses are allocated to functional categories based on building square footage dedicated to that specific function.

**Note 18 – Liquidity and Availability**

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

	2021	2020
Cash and cash equivalents	\$ 6,535,192	9,262,576

# Occidental College

## Notes to Consolidated Financial Statements

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### **Note 18 – Liquidity and Availability (continued)**

As part of the College's liquidity management, the College maintains a short-term investment portfolio with daily liquidity. Included in the amount of financial assets available at year end for current use above is Designated Funds Functioning as Endowment in the amount of \$115,733,929 and \$87,614,751 as of June 30, 2021 and 2020, respectively. Although the College does not intend to spend amounts other than those appropriated for general expenditure as part of its annual budget approval and appropriation process, these funds could be made available if necessary through Board action.

The College expects to have sufficient resources available to cover general expenditures.

### **Note 19 – Subsequent Events**

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are issued. The College recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The College's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued.

The College evaluated its consolidated financial statements for subsequent events through October 25, 2021, the date the consolidated financial statements were available to be issued.



## **Supplementary Information**



**Occidental College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021 (Continued)**

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	-	55,676
RUI: Collaborative Research: Timing of slip along the Sierra Nevada frontal fault zone, California: A thermochronologic study	47.050	N/A	-	13,559
			-	69,235
MRI: Acquisition of a High-Performance Computing Cluster for Occidental College	47.070	N/A	-	352,121
			-	352,121
CAREER: Integrating undergraduate research, citizen science, and museum genomics to explore a century of change in North American birds	47.074	N/A	-	147,046
MRI: Launching an undergraduate-driven Genomics Center through acquisition of an Illumina MiSeq	47.074	N/A	-	40,007
RUI: CSBR: Natural History: Securing and digitizing an extensive spatio-temporal collection of southern California's marine biodiversity	47.074	N/A	-	79,220
RUI: Marine Vampire Microbiome Project (MVP) Blood-feeding marine invertebrates and their bacterial accomplices	47.074	N/A	-	43,485
Digitization PEN: oBird: 3D Photogrammetry of Museum Specimens for Phenomics across the Avian Tree of Life	47.074	N/A	13,725	48,990
			13,725	



**Occidental College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021 (Continued)**

<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>
U.S. Department of Agriculture				
Passed through the California Department of Food and Agriculture (CDFA)				
Growing Together: Building Sustainable School Gardens in Los Angeles	10.170	AM200100XXXXG032	-	59,542
Total U.S. Department of Agriculture			-	59,542
U.S. Department of Education				
Passed through Los Angeles Unified School District				
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP 4 LA)	84.334	P334A180080	-	973,315
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP 4 LA)	84.334	P334A140118-19	-	457,165
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP 4 LA)	84.334	P334A180081	-	838,347
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP 4 LA)	84.334	P334A190002	-	108,634
			-	2,377,461
Passed through Regents of University of California				
Every Student Succeeds Act 2020 (CSMP ESSA20)	84.367	S367A200005	-	80,000
Total U.S. Department of Education			-	2,457,461
Total Other Programs (Pass-Through Funding)			-	2,517,003
Total Other Programs			-	6,291,462
Total Expenditures of Federal Awards			\$ 114,416	\$ 20,170,012

# **Occidental College**

## **Notes to 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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. (CFR) Part 200,

**Occidental College**  
**Schedule of Financial Responsibility Ratios**  
**Year Ended June 30, 2021**

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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:

Determine the value of each ratio;

Calculate a strength factor score for each ratio using the appropriate algorithm;

Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and

Add the weighted scores to arrive at the composite score.

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in Title IV programs under provisional certifications for three years. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to the Department of 10 percent or more of its previous year’s Title IV funding, as determined by the Department.

The source for each balance below has been referenced to either the consolidated statement of financial position (SOFP), consolidated statement of activities (SOA), or a specific footnote.

# Occidental College

## Schedule of Financial Responsibility Ratios

### Year Ended June 30, 2021 (Continued)

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#### Primary Reserve Ratio Calculation

#### Reference

Net assets without donor restrictions	SOPF	\$	248,781,448
Net assets with donor restrictions	SOPF		513,772,805
Total net assets			762,554,253
Less			
Annuities with donor restrictions	Note 10		(18,309,463)
Net assets with donor restrictions: restricted in perpetuity (less annuities)	Note 10		(199,676,289)
Net assets with donor restrictions: other for purpose or time (less annuities)	Note 10		(1,226,608)
Unsecured related party receivables	Note 14		(1,813,000)
Property, plant and equipment - pre-implementation	*		(156,555,109)
Property, plant and equipment - post-implementation with outstanding debt for Original Purchase	*		(19,150,000)
Property, plant and equipment - post-implementation without outstanding debt for Original Purchase	*		(11,252,763)
Construction in progress	Note 7		(2,288,789)
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	n/a		-
Long-term debt for long term purposes post-implementation	n/a		-



**Occidental College**  
**Schedule of Financial Responsibility Ratios**  
**Year Ended June 30, 2021 (Continued)**

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**Equity Ratio Calculation**

	<b>Reference</b>	
Net assets without donor restrictions	SOFP	\$ 248,781,448
Net assets with donor restrictions	SOFP	513,772,805
		762,554,253
Less		
Lease right-of-use assets pre-implementation	n/a	-
Intangible assets	n/a	-
Unsecured related-party receivables	Note 14	(1,813,000)
Add		

# Occidental College

## Schedule of Financial Responsibility Ratios

### Year Ended June 30, 2021 (Continued)

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Pre/Post Implementation	Reference		
Property, plant and equipment - pre-implementation	n/a	\$	156,555,109
Property, plant and equipment - post-implementation with outstanding debt for Original Purchase	n/a		19,150,000
Property, plant and equipment - post-implementation without outstanding debt for Original Purchase	n/a		11,252,763
Construction in progress	Note 7		2,288,789
 Total property, plant, and equipment at June 30, 2021	 Note 7	 \$	 189,246,661
 Long-term debt for long term purposes pre-implementation	 n/a	 \$	 79,898,593
Long-term debt for long term purposes post-implementation	n/a		19,150,000
Line of credit for construction in progress			-
 Total debt at June 30, 2021	 Note 9	 \$	 99,048,593

**Step 1:** Calculate the strength factor score for each ratio by using the following algorithms:

Primary Reserve strength factor score = 10 x the primary reserve ratio result

Equity strength factor score = 6 x the equity ratio result

Negative net income ratio result:

Net Income strength factor = 1 + (25 x net income ratio result)

Positive net income ratio result:

Net income strength factor = 1 + (50 x net income ratio result)

Zero result for net income ratio:

Net income strength factor = 1

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score

for the ratio is 3.

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**Compliance and Other Matters**

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 .

**Purpose of this Report**

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Los Angeles, California  
October 25, 2021



## **Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of

**Occidental College**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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**Section I – Summary of Auditor’s Results**

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**Consolidated Financial Statements**

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to consolidated financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Identification of each Major Federal Q -9.540078D0 Tc

**Occidental College**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2021**

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None reported.