POMONA COLLEGE

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
Pomona College:

Report on the Financial Statements

We have audited the accompanying financial statements of Pomona College (the College), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
December 18, 2015

POMONA COLLEGE

Statements of Financial Position

June 30, 2015 and 2014

(In thousands of dollars)

Assets		**2015**	**2014**
Cash and cash equivalents	$	5,570	6,704
Accounts and other receivables, net of allowance		36,253	18,870
Prepaid expenses and deposits		2,693	2,122
Short-term investments		46,559	41,050
Contributions receivable, net		23,341	53,510
Notes receivable, net of allowance		12,778	13,289
Long-term investments:			
Pooled		2,163,627	2,176,580
Separately invested		131,763	132,829
Property, plant, and equipment, net of accumulated depreciation		396,358	373,176
Total assets	$	2,818,942	2,818,130
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	10,767	15,794
Accrued payroll and other liabilities		15,515	14,210
Life income and annuities obligation		78,255	75,940
Long-term debt		195,885	192,246
Government advances for student loans		4,751	4,835
Funds held in trust for others		12,602	12,247
Total liabilities		317,775	315,272
Net assets:			
Unrestricted		1,246,223	1,209,517
Temporarily restricted		902,272	944,197
Permanently restricted		352,672	349,144
Total net assets		2,501,167	2,502,858
Total liabilities and net assets	$	2,818,942	2,818,130

See accompanying notes to financial statements.

POMONA COLLEGE

Statement of Activities

Year ended June 30, 2015

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Student revenues	$ 97,862	—	—	97,862
Less student financial aid	(37,209)	—	—	(37,209)
Net student revenues	60,653	—	—	60,653
Federal grants and contracts	1,601	—	—	1,601
Private gifts and grants	10,916	6,786	2,490	20,192
Private contracts	1,573	—	—	1,573
Endowment income appropriated for operations	76,568	—	—	76,568
Sales and services of education departments	550	—	—	550
Other revenues	616	—	—	616
	91,824	6,786	2,490	101,100
Net assets released from restriction	63,459	(61,842)	(1,617)	—
Transfers among net asset categories	11	(11)		—
Total revenues, gains, and other support	215,947	(55,067)	873	161,753
Expenses:				
Instruction	61,176	—	—	61,176
Research	3,085	—	—	3,085
Public service	1,867	—	—	1,867
Academic support	14,336	—	—	14,336
Student services	20,225	—	—	20,225
Institutional support	28,896	—	—	28,896
Auxiliary enterprises	27,549	—	—	27,549
Total expenses	157,134	—	—	157,134
Increase (decrease) in net assets from operating activities	58,813	(55,067)	873	4,619
Nonoperating activities:				
Net realized and unrealized gain on investments	28,498	34,713	1,024	64,235
Investment income	3,829	171	646	4,646
Endowment income appropriated for operations	(76,568)	—	—	(76,568)
Changes in actuarially determined gift liabilities	1,548	161	985	2,694
Comprehensive loss on staff retirement plan	(1,317)	—	—	(1,317)
Annuity and life income funds released	21,903	(21,903)	—	—
Change in net assets from nonoperating activities	(22,107)	13,142	2,655	(6,310)
Change in net assets	36,706	(41,925)	3,528	(1,691)
Net assets, beginning of year	1,209,517	944,197	349,144	2,502,858
Net assets, end of year	$ 1,246,223	902,272	352,672	2,501,167

See accompanying notes to financial statements.

POMONA COLLEGE

Statement of Activities

Year ended June 30, 2014

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Student revenues	$ 91,355	—	—	91,355
Less student financial aid	(33,972)	—	—	(33,972)
Net student revenues	57,383	—	—	57,383
Federal grants and contracts	2,317	—	—	2,317
Private gifts and grants	7,560	16,179	8,815	32,554
Private contracts	982	—	—	982
Endowment income appropriated for operations	72,095	—	—	72,095
Sales and services of education departments	541	—	—	541
Other revenues	935	—	34	969
	84,430	16,179	8,849	109,458
Net assets released from restriction	53,511	(52,961)	(550)	—
Transfers among net asset categories	255	(255)	—	—
Total revenues, gains, and other support	195,579	(37,037)	8,299	166,841
Expenses:				
Instruction	58,479	—	—	58,479
Research	3,079	—	—	3,079
Public service	1,209	—	—	1,209
Academic support	13,891	—	—	13,891
Student services	18,852	—	—	18,852
Institutional support	28,439	—	—	28,439
Auxiliary enterprises	27,429	—	—	27,429
Total expenses	151,378	—	—	151,378
Increase (decrease) in net assets from operating activities	44,201	(37,037)	8,299	15,463
Nonoperating activities:				
Net realized and unrealized gain on investments	145,589	180,733	874	327,196
Investment income	5,540	315	864	6,719
Endowment income appropriated for operations	(72,095)	—	—	(72,095)
Changes in actuarially determined gift liabilities	11,104	5,603	7,177	23,884
Comprehensive gain on staff retirement plan	508	—	—	508
Annuity and life income funds released	1,103	(1,102)	(1)	—
Increase in net assets from nonoperating activities	91,749	185,549	8,914	286,212
Change in net assets	135,950	148,512	17,213	301,675
Net assets, beginning of year	1,073,567	795,685	331,931	2,201,183
Net assets, end of year	$ 1,209,517	944,197	349,144	2,502,858

See accompanying notes to financial statements.

POMONA COLLEGE

Statements of Cash Flows

Years ended June 30, 2015 and 2014

(In thousands of dollars)

		2015	2014
Cash flows from operating and nonoperating activities:			
Change in net assets	$	(1,691)	301,675
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		14,823	13,865
Accretion of interest on CEFA bonds		2,746	2,620
Amortization of bond premium		(1,127)	(1,164)
Contributions restricted for long-term investment		(12,658)	(15,529)
Net realized and unrealized gain on investments		(64,235)	(327,196)
Noncash gifts		(1,814)	(690)
Adjustments of actuarial liabilities		(2,694)	(23,884)
Change in assets and liabilities:			
Increase in accounts receivable		(17,383)	(16,518)
Decrease (increase) in contributions receivable		30,569	(6,966)
Decrease (increase) in inventory		16	(98)
Decrease (increase) in prepaid expenses and deposits		(587)	(477)
Increase (decrease) in accounts payable		(7,342)	1,057
Increase in accrued payroll and other liabilities		1,508	305
Net cash used in operating activities		(59,869)	(73,000)
Cash flows from investing activities:			
Additions to property, plant, and equipment		(35,895)	(32,592)
Purchase of investments		(962,839)	(893,359)
Proceeds from sale of investments		1,045,280	989,214
Disbursements of student loans		(931)	(1,016)
Collections of student loans		1,442	1,384
Disbursements of trust deed loans		(4,724)	(4,765)
Collections of trust deed loans		2,607	2,240
Net cash provided by investing activities		44,940	61,106
Cash flows from financing activities:			
Proceeds from contributions restricted for:			
Investment in endowment		8,115	7,836
Investment in life income		2,130	627
Investment in plant		2,413	7,066
Proceeds from loan		3,250	1,000
Government advances for student loans		(84)	(186)
Payments on CEFA bonds payable		(1,230)	(1,185)
Investment income restricted for long-term investment		2,032	2,005
Payments on life income and annuities obligation		(2,831)	(2,692)
Net cash provided by financing activities		13,795	14,471
Net change in cash		(1,134)	2,577
Cash and cash equivalents, beginning of year		6,704	4,127
Cash and cash equivalents, end of year	$	5,570	6,704
Supplementary cash flow information:			
Cash paid during the year for interest	$	6,589	6,565

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Organization

Founded in 1887, Pomona College (the College) is an independent, coeducational liberal arts college offering instruction in all major fields of the fine arts, humanities, social sciences, and natural sciences. The College has an enrollment of approximately 1,635 students and a student-faculty ratio of eight to one.

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

(b) Basis of Presentation

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

(c) Classification of Net Assets

The accompanying financial statements present information regarding the College’s financial position and activities according to the following three net asset categories:

Unrestricted Net Assets

Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions, contingent upon specific performance of a future event or a specific passage of time before the College may spend the funds, and earnings on endowment funds that have not yet been appropriated.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor restrictions requiring that the assets be maintained in perpetuity. The investment income generated from these assets is temporarily restricted until appropriated by the board of trustees in support of the College’s programs and operations.

(Continued)

(d) Cash and Cash Equivalents

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

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

(e) Investments

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

(f) Management of Pooled Investments

The College follows an investment policy that anticipates a greater long-term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields, the board of trustees has adopted a spending policy for pooled investments whereby annually, if the ordinary income from the pooled investments is insufficient to provide the full amount of investment return specified by the adopted spending policy, the balance may be appropriated from cumulative realized gains of the pooled investments.

(g) Fair Value of Financial Instruments

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

Fair value of the College’s financial instruments is determined using the estimates, methods, and assumptions as set forth below. See note 6 for further information regarding investments and their fair value.

(i) Cash equivalents, Accounts and Other Receivables, Accounts Payable, Accrued Payroll, and Other Liabilities

Fair value approximates book value due to the short maturity of these instruments.

A reasonable estimate of the fair value of student loans extended under government loan programs has not been made as the loans can only be assigned to the U.S. government.

(ii) CEFA Bonds Payable

Fair value of bonds is estimated with Level 2 inputs, based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for similar maturities and credit quality. See note 8 for further information regarding CEFA bonds payable and their fair value.

(iii) Life Income and Annuities Obligation

The carrying amount of annuity and trust obligations approximates fair value as the instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy.

(h) Property, Plant, and Equipment

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

(i) Art Collection

The College does not record or capitalize its art collections. The fine art collections of the College are housed in the Pomona College Museum of Art. Among important holdings are the Kress Collection of 15th and 16th century Italian panel paintings; over 5,000 examples of Pre-Columbian to 20th century American Indian art and artifacts; and a large collection of American and European prints, drawings, and photographs. All works in the collection are catalogued, preserved, cared for, and monitored according to professional museum standards, and are subject to a policy that requires proceeds from deaccession to be used exclusively for acquisition of art works.

(j) Life Income and Annuities Obligation

The actuarial liability for life income and annuity contracts and agreements are based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 2.00% to 7.25% and over estimated lives according to the Annuity 2012 Mortality Tables.

(k) Revenue and Expense Recognition

Student tuition and fees are recorded as revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues and are included in accrued payroll and other liabilities on the statements of financial position. Revenues from federal grants and contracts are recorded as allowable expenditures under such agreements are incurred. Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, and nature of fund-raising activity. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments, investment income, and other revenues are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation.

(Continued)

(l) Allocation of Certain Expenses

The statements of activities present expenses by functional classification. Depreciation expense, operation and maintenance of plant, and interest expense are allocated based on square footage occupancy of college facilities. Included in institutional support expense for the years ended June 30, 2015 and 2014 are $7,843,000 and $8,026,000, respectively, of expenses related to fund-raising.

(m) Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. At that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

(n) Estates and Trusts

The College is named beneficiary of various estates in probate. Unless the ultimate amount available for distribution can be determined before the close of the probate proceedings, the College does not record these amounts until the time of asset distribution. Trusts in which the College is named as irrevocable beneficiary, but is not a trustee, are recorded when the College is notified by the trustee and the ownership percentage and valuation are determined.

(o) Estimates

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

(p) Income Taxes

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

(Continued)

The preparation of financial statements in conformity with GAAP prescribes for all entities, including pass-through entities, minimum thresholds for financial statement recognition of an uncertain position taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction) and requires certain expanded tax disclosures. No such uncertain tax positions exist for the College at June 30, 2015 and 2014. The College files income tax returns in the U.S. Federal and the State of California jurisdictions, and is no longer subject to federal and state income tax examinations for tax years before 2008.

(2) Net Student Revenues

Student revenues for the years ended June 30, 2015 and 2014, in thousands of dollars, consist of the following:

		2015	2014
Tuition and fees	$	75,766	70,619
Room and board		22,096	20,736
Gross student revenues		97,862	91,355
Less:			
Sponsored financial aid		(16,951)	(14,830)
Unsponsored financial aid		(20,258)	(19,142)
Student financial aid		(37,209)	(33,972)
Net student revenues	$	60,653	57,383

"Sponsored" financial aid consists of funds provided by external entities (including donors of restricted funds), whereas "unsponsored" aid consists of funds provided by the College.

(3) Accounts and Other Receivables

Accounts and other receivables, net of allowance at June 30, 2015 and 2014, in thousands of dollars, are as follows:

		2015	2014
Private gifts and grants	$	1,855	795
Investments		31,675	15,295
Federal grants and contracts		2,434	2,622
Sales and other		352	207
		36,316	18,919
Less allowance for doubtful accounts		(63)	(49)
Accounts and other receivables, net of allowance	$	36,253	18,870

(4) Notes Receivable

Notes receivable at June 30, 2015 and 2014, in thousands of dollars, are as follows:

		2015	2014
Loans receivable from students	$	13,743	14,143
Less allowance for doubtful accounts		(965)	(854)
Notes receivable, net of allowance	$	12,778	13,289

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

(5) Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are recorded after discounting, at rates ranging from 2.00% to 3.05% to the present value of the future cash flows. Unconditional promises to give received during the years ended June 30, 2015 and 2014 have been discounted at credit-adjusted rates commensurate with the risks associated with the contribution in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Book value approximates fair value.

The College has been named remainderman in certain split-interest agreements. These trust agreements require that the trustee make annual or more frequent payments to the beneficiaries. Upon the death of the beneficiaries or other termination of the trusts, the remaining trust assets will be distributed to the College and other remaindermen as stipulated in the trust agreements. The College has recorded its beneficial interest in these split-interest agreements based on the present value of future cash flows using a discount rate of 7.07%. The actuarial assumption used in this calculation is based on the expected return on assets in effect at the date of the valuation. The underlying trust assets are valued at fair value and consist primarily of securities that are traded on the active market.

At June 30, 2015 and 2014, unconditional promises to give, in thousands of dollars, are expected to be received in the following periods:

		2015	2014
In one year or less	$	9,421	10,805
Between one year and five years		10,599	18,556
More than five years		77	800
		20,097	30,161
Less discount		(848)	(1,352)
Pledged contributions		19,249	28,809
Split-interest agreements		4,092	24,701
Contributions receivable, net	$	23,341	53,510

Unconditional promises to give and split-interest agreements at June 30, 2015 and 2014, in thousands of dollars, have the following restrictions:

		2015	2014
Endowment for programs, activities, and scholarships	$	7,766	12,050
Building construction		5,205	23,834
Education and general		11,218	18,978
		24,189	54,862
Less discount		(848)	(1,352)
Contributions receivable, net	$	23,341	53,510

(Continued)

(6) Investments

(a) Fair Value Measurement

The fair value of investments at June 30, 2015 and 2014, in thousands of dollars, is as follows:

	2015	2014
Pooled investments:		
Cash and cash equivalents	$ 47,028	48,467
U.S. equities	312,825	301,144
Non-U.S. equities	234,649	232,249
Emerging markets	189,142	190,966
Fixed income	175,287	182,103
Venture capital	299,023	241,566
Private equity	133,741	154,363
Absolute return	488,043	497,951
Real assets[1]	283,889	327,771
Total long-term investments – pooled	2,163,627	2,176,580
Separately invested:		
Cash and cash equivalents	5,441	5,803
U.S. equities	32,528	33,414
Non-U.S. equities	2,788	2,922
Fixed income	73,519	74,864
Real assets[1]	4,326	3,636
Other	13,161	12,190
Total long-term investments – separately invested	131,763	132,829
Short-term investments (cash and cash equivalents)	46,559	41,050
	$ 2,341,949	2,350,459

[1] Real assets include marketable hard assets, private real estate/timber, private energy and mining.

The College's investment income net of related expenses for the years ended June 30, 2015 and 2014 was as follows, in thousands of dollars:

		2015	2014
Interest and dividends	$	10,099	11,196
Less investment expenses		(5,453)	(4,477)
Investment income		4,646	6,719
Net realized and unrealized gains on investments		64,235	327,196
Total investment income, net	$	68,881	333,915

(b) *Absolute Return Strategies*

Investments utilizing an absolute return strategy are less liquid than the College's other investments. These investments typically include certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments may result in loss due to changes in the market (market risk). The following tables summarize these investments by investment strategy type at June 30, 2015 and 2014, in thousands of dollars.

	2015			
Absolute return strategy	**Number of funds**		**Cost**	**Fair value**
Diversified arbitrage	5	$	76,122	153,625
Long-short equity	9		147,152	221,440
Event arbitrage	3		51,421	85,751
Distressed securities	1		15,000	27,227
	18	$	289,695	488,043

	2014			
Absolute return strategy	**Number of funds**		**Cost**	**Fair value**
Diversified arbitrage	5	$	87,225	183,013
Long-short equity	8		138,705	217,701
Event arbitrage	2		26,921	67,901
Distressed securities	1		15,000	29,336
	16	$	267,851	497,951

(c) Pending Purchases and Sales

At June 30, 2015 and 2014, the College had pending security purchases and sales of approximately $1,078,000 and $1,572,000 and $261,000 and $1,065,000, respectively, included in the "other" category of separately invested assets on page 14.

(d) Pooled Fund

Where permitted by gift agreements and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income are accounted for on a unit fair value method. The following table summarizes data pertaining to this method for the years ended June 30, 2015 and 2014, in thousands of dollars:

		2015	2014
Unit fair value at end of year	$	1,041	1,045
Units owned:			
Unrestricted:			
Funds functioning as endowment		896,336	893,103
Designated for annuity and life income funds		69,402	68,066
Total unrestricted		965,738	961,169
Temporarily restricted:			
Restricted for specific purposes		3,323	3,323
Funds functioning as endowment		219	179
Annuities and life income funds		7,643	8,422
Total temporarily restricted		11,185	11,924
Permanently restricted:			
Endowment funds		1,105,308	1,099,490
Annuities and life income funds		27,093	25,098
Total permanently restricted		1,132,401	1,124,588
Total units	$	2,109,324	2,097,681
Weighted average units		2,101,978	2,095,950
Net pooled investment income per weighted average unit	$	45	

(e) Fair Value Hierarchy

The College's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

Level 2 – Quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally include equity swaps, forward contracts, certain fixed-income securities, over-the-counter option contracts, and certain other derivatives.

Level 3 – Pricing inputs are unobservable for the asset and reflect management's own assumptions to determine fair value.

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

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

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

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

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

Changes in Accounting Policies:

Effective in fiscal year 2015, the College retroactively adopted the provisions of ASU No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to classify within the fair value hierarchy table in Levels 2 or 3 investments in certain funds measured at NAV as a practical expedient to estimate fair value. The ASU also requires that any NAV-measured investments excluded from the fair value hierarchy table be summarized as an adjustment to the table so that total investments can be reconciled to the Consolidated Statement of Financial Position. As a result of the adoption, the June 30, 2014 fair value hierarchy table was restated to reflect the removal of NAV-measured investments of $321,043,000 previously classified in Level 2 and $1,449,957,000 in Level 3. In addition, the June 30, 2013 opening balance in the Level 3 roll forward was restated to reflect the removal of NAV-measured investments aggregating $1,275,796,000.

Basis of Reporting

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

The general partners of the underlying investment partnerships generally value their investments at fair value. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

The following tables summarize the valuation of the College's investments, in thousands of dollars, by the fair value hierarchy levels as of June 30, 2015 and 2014:

	Investments measured at NAV	2015 Investments Classified in the Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	$ —	47,028	—	—	47,028
U.S. equities	271,122	26,203	15,500	—	312,825
Non-U.S. equities	234,649	—	—	—	234,649
Emerging markets	137,301	51,841	—	—	189,142
Fixed income	60,722	28,144	86,421	—	175,287
Venture capital	299,023	—	—	—	299,023
Private equity	133,741	—	—	—	133,741
Absolute return	488,043	—	—	—	488,043
Real assets	168,305	115,584	—	—	283,889
Total pooled investments	1,792,906	268,800	101,921	—	2,163,627
Other invested assets:					
Cash and cash equivalents	—	52,000	—	—	52,000
U.S. equities	—	32,527	—	1	32,528
Non-U.S. equities	—	2,788	—	—	2,788
Fixed income	—	14,257	59,262	—	73,519
Real assets	—	44	—	4,282	4,326
Other	—	70	12,668	423	13,161
Total other invested assets	—	101,686	71,930	4,706	178,322
Total	$ 1,792,906	370,486	173,851	4,706	2,341,949

		Investments measured at NAV	2014 Investments Classified in the Fair Value Hierarchy			
			Level 1	Level 2	Level 3	Total
Pooled investments:						
Cash and cash equivalents	$	—	48,467	—	—	48,467
U.S. equities		258,604	42,540	—	—	301,144
Non-U.S. equities		228,911	3,338	—	—	232,249
Emerging markets		131,971	58,995	—	—	190,966
Fixed income		43,179	46,045	92,879	—	182,103
Venture capital		241,566	—	—	—	241,566
Private equity		154,363	—	—	—	154,363
Absolute return		497,951	—	—	—	497,951
Real assets		214,555	113,216	—	—	327,771
Total pooled investments		1,771,100	312,601	92,879	—	2,176,580
Other invested assets:						
Cash and cash equivalents		—	46,853	—	—	46,853
U.S. equities		—	33,409	—	5	33,414
Non-U.S. equities		—	2,922	—	—	2,922
Fixed income		—	15,096	59,768	—	74,864
Real assets		—	—	—	3,636	3,636
Other		—	70	12,116	4	12,190
Total other invested assets		—	98,350	71,884	3,645	173,879
Total	$	1,771,100	410,951	164,763	3,645	2,350,459

Investments measured at NAV are not classified in the fair value hierarchy.

The following is a reconciliation of Level 3 assets for which unobservable inputs were used to determine fair value. The tables represent the activity of Level 3 securities held at the beginning and end of the period, in thousands of dollars:

	June 30, 2015					
	Beginning balance at June 30, 2014	**Realized gains (losses)**	**Changes in unrealized gains (losses)**	**Purchases**	**Sales**	**Ending balance at June 30, 2015**
Other invested assets:						
U.S. equities	$ 5	(4)	—	—	—	1
Real assets	3,636	—	121	525	—	4,282
Other	4	—	—	419	—	423
Total other invested assets	3,645	(4)	121	944	—	4,706

Change in unrealized gains for the period included in the increase in net assets for assets still held at the reporting date (in thousands) $ 121

	June 30, 2014					
	Beginning balance at June 30, 2013	**Realized gains (losses)**	**Changes in unrealized gains (losses)**	**Purchases**	**Sales**	**Ending balance at June 30, 2014**
Other invested assets:						
U.S. equities	$ 6	—	(1)	—	—	5
Real assets	4,151	(76)	78	—	(517)	3,636
Other	4	—	—	—	—	4
Total other invested assets	4,161	(76)	77	—	(517)	3,645

Change in unrealized gains for the period included in the increase in net assets for assets still held at the reporting date (in thousands)	$ 77

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 of an investment company or have the attributes of an investment company. Per Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, the following table lists investments in other investment companies (in partnership format) by major category, in millions of dollars:

	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	$ 299.0	82	1–15 years	$ 54.2	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Private equity/distressed	Buyout and distressed funds in U.S. and international	133.7	51	1–15 years	71.2	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	168.3	53	1–15 years	78.0	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Total private investments		601.0	186		203.4				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	488.0	18	N/A	—	N/A	Ranges between monthly with 30 days' notice, to annually with 180 days' notice.	1 fund has two months remaining of a twelve month lock-up period	3 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	703.8	15	N/A	—	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling three-year lock-up period. 1 fund has a rolling 2 year lock-up period.	1 fund has a 50% annual gate; 1 fund has a 25% annual gate; 1 fund has a 20% annual gate
Total		$ 1,792.8	219		$ 203.4				

[1] These funds are in private equity structure with no ability to be redeemed.

[2] Of these commitments, approximately $72,000,000 is due within one year.

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 of an investment company or have the attributes of an investment company. Per Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, the following table lists investments in other investment companies (in partnership format) by major category, in millions of dollars:

	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments[2]	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	$ 241.6	78	1–15 years	$ 54.2	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Private equity/distressed	Buyout and distressed funds in U.S. and international	154.4	45	1–15 years	71.2	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	214.6	47	1–15 years	78.0	up to 6 years	N/A [1]	N/A [1]	N/A [1]
Total private investments		610.6	170		203.4				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	498.0	16	N/A	—	N/A	Ranges between monthly with 30 days' notice, to annually with 180 days' notice.	1 fund has two months remaining of a twelve month lock-up period	3 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	662.5	12	N/A	—	N/A	Ranges between monthly with 30 days' notice, to tri-annually with 90 days' notice.	2 funds have rolling three-year lock-up periods	1 fund has a 50% annual gate; 1 fund has a 25% annual gate; 1 fund has a 20% annual gate
Total		$ 1,771.1	198		$ 203.4				

[1] These funds are in private equity structure with no ability to be redeemed.

[2] Of these commitments, approximately $72,000,000 is due within one year.

(7) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2015 and 2014, in thousands of dollars, are as follows:

		2015	2014
Land	$	6,326	6,516
Land improvements		26,364	23,183
Buildings		466,455	438,274
Equipment		47,498	45,043
Construction in progress		52,387	48,009
		599,030	561,025
Less accumulated depreciation		(202,672)	(187,849)
Property, plant, and equipment, net of accumulated depreciation	$	396,358	373,176

Outstanding commitments for construction contracts amounted to approximately $8,271,000 and $35,600,000 as of June 30, 2015 and 2014, respectively.

(8) Long-term Debt

Long-term debt consists of bonds payable and a loan payable.

Bonds payable, in thousands of dollars, issued through the California Educational Facilities Authority (CEFA), and associated interest rates and maturities at June 30, 2015 and 2014 are as follows, in thousands of dollars:

	2015			
	Interest rates	**Maturity dates**		**Principal amount**
Series 2011A	4.0%	2014–2017	$	2,620
Series 2009A	5.0	2019, 2024		62,290
Series 2008A	4.4%–5.0%	2018		64,474
Series 2005A	4.4%–5.2%	2018–2045		58,053
				187,437
Plus unamortized premium				4,198
CEFA bonds payable				191,635
Private placement loan payable				4,250
			$	195,885

(Continued)

	2014			
	Interest rates	**Maturity dates**		**Principal amount**
Series 2011A	4.0%	2014–2017	$	3,850
Series 2009A	5.0	2019, 2024		62,290
Series 2008A	4.4%–5.0%	2018		63,665
Series 2005A	4.4%–5.2%	2018–2045		56,116
				185,921
Plus unamortized premium				5,325
CEFA bonds payable				191,246
Private placement loan payable				1,000
			$	192,246

		Principal amount
Schedule of maturities:		
Year(s) ending:		
2016	$	1,285
2017		1,335
2018		67,005
2019		33,670
2020		—
2021–2047		84,142
	$	187,437

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

At June 30, 2015 and 2014, the fair value of the College’s CEFA bonds payable was approximately $204,344,000 and $207,081,000, respectively. Fair value was estimated based upon dealer quotes for similar instruments.

On June 26, 2014, the College executed a $25 million private placement tax-exempt loan agreement with First Republic Bank and California Municipal Finance Authority. The interest rate is fixed at 3.25% and the funds can be drawn down over three years. The term is 30 years. As of June 30, 2015 and 2014, $4.25 million and $1 million had been drawn down, respectively.

(9) Funds Held in Trust for Others

Funds held in trust for others at June 30, 2015 and 2014, in thousands of dollars, are as follows:

		2015	2014
Remaindermen trusts payable	$	12,602	12,247
Total funds held for others	$	12,602	12,247

(10) Net Assets

At June 30, 2015 and 2014, net assets consist of the following, in thousands of dollars:

		2015	2014
Unrestricted:			
For plant and other designated purposes	$	81,649	64,338
Designated for annuity and life income funds		36,303	36,029
Funds functioning as endowment		932,740	933,153
Invested in property, plant, and equipment, net of related debt		195,531	175,997
Total unrestricted		1,246,223	1,209,517
Temporarily restricted:			
Restricted for specific purposes		19,295	33,391
Annuity and life income funds		24,093	46,395
Donor-restricted endowment funds		245	151
Accumulated unappropriated gains on endowment		858,639	864,260
Total temporarily restricted		902,272	944,197
Permanently restricted:			
Loan funds		15,691	15,909
Annuity and life income funds		29,902	29,338
Endowment funds		307,079	303,897
Total permanently restricted		352,672	349,144
Total net assets	$	2,501,167	2,502,858

(11) Retirement Plans

The College participates with other members of The Claremont Colleges in two retirement plans administered by the Claremont University Consortium – a defined-contribution plan and a defined-benefit plan. These plans cover all of the College’s eligible employees.

The defined-contribution plan provides retirement benefits for all employees through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under this plan, College contributions are used to purchase fixed and/or variable annuities offered by TIAA-CREF. Vesting provisions are full and immediate. Benefits commence upon retirement and preretirement survivor death benefits are provided. In conjunction with this plan, employees are able to contribute a portion of their salary into a tax-deferred annuity account and invest such assets in mutual funds offered by TIAA-CREF, Fidelity Investments Institutional Services Company, Inc., or The Vanguard Group.

Prior to July 1, 2005, certain retirement eligible employees participated in a defined-benefit plan, wherein the benefits were based on years of service, compensation, and the amount of employee contributions, if any. On June 30, 2005, the plan was frozen and all participants were immediately eligible to become participants in the defined-contribution plan. The defined-benefit plan continues to be funded in accordance with the Employee Retirement Income Security Act of 1974 and for the years ended June 30, 2015 and 2014, the plan has met the minimum funding requirements. Plan assets are invested in a diversified group of equity and fixed-income securities, in an insurance company's separate and general accounts. At June 30, 2015 and 2014, the College's allocation of net pension costs was approximately $231,000 and $368,000, respectively. Also at June 30, 2015 and 2014, the College had a reserve for future funding payments of approximately $2,278,000 and $1,390,000 that was included in accrued payroll and other liabilities on the statements of financial position and approximately $4,133,000 and $3,610,000, respectively, related to contributions made by employees to the College's 457(b) Plan that were included in separately invested assets and accrued payroll and other liabilities on the statements of financial position.

For the years ended June 30, 2015 and 2014, the College's contributions to these plans amounted to approximately $6,344,000 and $6,191,000, respectively. Also included in the statements of activities for the years ended June 30, 2015 and 2014 is a comprehensive loss of $1,317,000 and a comprehensive gain of $508,000, respectively, relating to the staff retirement plan.

(12) Workers' Compensation

The College participates with other members of The Claremont Colleges in collective insurance agreements including self-insurance for workers' compensation. At June 30, 2015 and 2014, the College had approximately $104,000 and $339,000, respectively, in accounts payable to provide for payment of claims pending. Management believes that the ultimate disposition of these or other claims would not result in any material adjustments to the financial statements.

(13) Endowment

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

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

(a) Interpretation of Relevant Law

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

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

(b) Return Objective and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom benchmark that reflects the College's current asset allocation targets and a simple benchmark composed of 85% of the S&P 500 Index and 15% of the Barclays Capital Government/Credit Bond Index, while assuming a moderate level of investment risk.

(Continued)

The College expects its endowment funds to attain, over time and within acceptable risk levels, an average annual real rate of return of approximately 6.00%, net of all investment management and related fees and without regard to whether the return is in the form of income or capital gains. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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

The College has a policy of appropriating for distribution each year 4.50% to 5.50% of its endowment funds' average fair value over the prior 12 quarters through June 30 one year prior to the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate at least equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. In May 2010, the board of trustees approved a two-year deviation from the College's endowment payout policy to permit the 12-quarter average spending rate to fall below 4.50% and to permit the growth in spending per unit to fall below 4.00%. The temporary reduction in endowment payout was a response to the impact of the 2008 financial crisis on the value of the endowment. For years ended June 30, 2015 and 2014, the board of trustees authorized distributions of $76,568,000 and $72,095,000, respectively, based on an approved spending rate of 4.50%, for current operations from the realized investment gains of pooled investments.

Endowment net assets consist of the following at June 30, 2015 and 2014, in thousands of dollars:

		2015			
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$	(53)	245	307,079	307,271
Board-designated endowment funds		189,478	—	—	189,478
Accumulated unappropriated gains		743,315	858,639	—	1,601,954
Total endowment net assets	$	932,740	858,884	307,079	2,098,703

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	151	303,897	304,048
Board-designated endowment funds	186,089	—	—	186,089
Accumulated unappropriated gains	747,064	864,260	—	1,611,324
Total endowment net assets	$ 933,153	864,411	303,897	2,101,461

Changes in endowment net assets for the year ended June 30, 2015 are as follows, in thousands of dollars:

	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2014	$ 933,153	864,411	303,897	2,101,461
Pooled investment returns:				
Earned income	4,184	—	—	4,184
Net realized and unrealized gains on investments during the year	28,302	34,713	997	64,012
Total pooled investment returns	32,486	34,713	997	68,196
Distributions per spending policy	(76,568)	—	—	(76,568)
Net pooled investment returns appropriated to pool	(44,082)	34,713	997	(8,372)
Other changes in endowment:				
Gifts	3,069	35	1,734	4,838
Releases, changes, losses, and transfers per donor restrictions	46	52	(117)	(19)

(Continued)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment income reinvested	$ 221	7	568	796
Appropriation of endowment assets for expenditure	40,333	(40,333)	—	—
Total other changes in endowment	43,669	(40,239)	2,185	5,615
Total changes in endowed equity	(413)	(5,527)	3,182	(2,758)
Endowment net assets, June 30, 2015	$ 932,740	858,884	307,079	2,098,703

Changes in endowment net assets for the year ended June 30, 2014 are as follows, in thousands of dollars:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2013	$ 803,067	733,748	286,626	1,823,441
Pooled investment returns:				
Earned income	6,178	—	—	6,178
Net realized and unrealized gains on investments during the year	146,656	179,672	—	326,328
Total pooled investment returns	152,834	179,672	—	332,506
Distributions per spending policy	(72,095)	—	—	(72,095)
Net pooled investment returns appropriated to pool	80,739	179,672	—	260,411
Other changes in endowment:				
Gifts	85	15	8,713	8,813
Releases, changes, losses, and transfers per donor restrictions	12,579	(12,550)	7,796	7,825

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment income reinvested	$ 203	6	762	971
Appropriation of endowment assets for expenditure	36,480	(36,480)	—	—
Total other changes in endowment	49,347	(49,009)	17,271	17,609
Total changes in endowed equity	130,086	130,663	17,271	278,020
Endowment net assets, June 30, 2014	$ 933,153	864,411	303,897	2,101,461

(e) Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficits of this nature that are reported in unrestricted net assets were $52,000 and $0 as of June 30, 2015 and 2014, respectively. Deficits result from unfavorable market fluctuations that occur after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(14) Affiliated Institutions

The amounts paid by the College to Claremont University Consortium for the common student and administrative services and the use of facilities for the years ended June 30, 2015 and 2014 totaled $7,157,000 and $6,883,000, respectively.

(15) Commitments and Contingencies

(a) Line of Credit

At June 30, 2015 and 2014, the College had a $50,000,000 line of credit, which expires on February 28, 2014. Any borrowings on the line would bear interest at a rate set by the bank (2.25% per annum at June 30, 2015 and 2014) and is subject to change from time to time. There were no borrowings outstanding on the line at June 30, 2015 or 2014.

(b) Federal Funding

Certain federal grants that the College administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The College expects that such amounts, if any, would not have a significant impact on the financial position of the College.

(16) Subsequent Events

Subsequent events have been evaluated through December 18, 2015, which is the date the financial statements were issued.