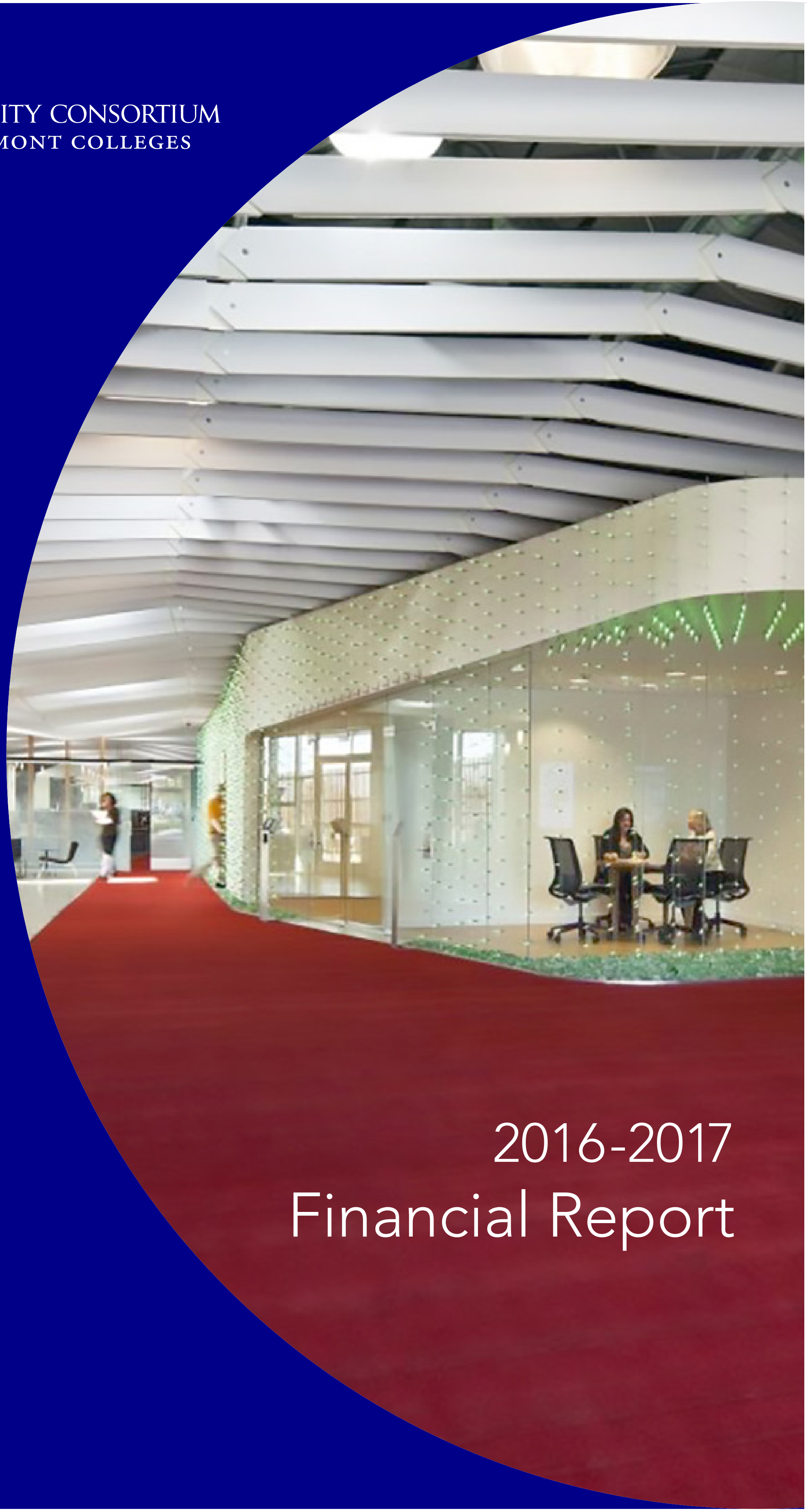
CLAREMONT UNIVERSITY CONSORTIUM
Serving THE CLAREMONT COLLEGES



2016-2017
Financial Report

CLAREMONT UNIVERSITY CONSORTIUM
ANNUAL FINANCIAL REPORT

June 30, 2017 and 2016

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"My own very deep hope is that instead of one great, undifferentiated university, we might have a group of institutions divided into small colleges - somewhat on the Oxford type - around a library and other utilities which they would use in common. In this way I should hope to preserve the inestimable personal values of the small college while securing the facilities of a great university. Such a development would be a new and wonderful contribution to American education."

James A. Blaisdell, 1923

MOSSADAMS

Report of Independent Auditors

The Board of Overseers
Claremont University Consortium

Report on the Financial Statements

We have audited the accompanying financial statements of Claremont University Consortium, which comprise the statements of financial position as of June 30, 2017 and 2016, 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 accounting principles generally accepted in the United States of America; 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.

Auditor's 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. Those standards require that we plan and perform the audits 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 auditor's 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 Claremont University Consortium as of June 30, 2017 and 2016, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
October 16, 2017

CLAREMONT UNIVERSITY CONSORTIUM
STATEMENTS OF FINANCIAL POSITION

As of June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 6,360,446	$ 9,022,795
Accounts receivable (Note 3)	4,523,461	4,295,981
Prepaid expenses, deposits and other assets	3,514,660	2,083,374
Other long-lived assets	6,313,778	3,228,441
Student loans receivable (Note 4)	2,425,790	2,654,820
Investments (Note 5)	73,803,336	58,386,507
Property, plant and equipment, net (Note 6)	41,097,123	40,067,586
Total assets	$ 138,038,594	$ 119,739,504
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued liabilities and other liabilities	$ 7,577,701	$ 8,329,927
Note payable (Note 7)	3,906,623	3,767,785
Lines of credit (Note 8)	2,861,661	155,033
Bonds payable (Note 9)	13,973,977	14,658,457
Funds held in trust for others	27,370	57,825
Asset retirement obligation (Note 6)	278,526	266,299
Total liabilities	28,625,858	27,235,326
Net assets (Note 12):		
Unrestricted	78,547,365	63,904,265
Temporarily restricted	18,165,481	15,892,073
Permanently restricted	12,699,890	12,707,840
Total net assets	109,412,736	92,504,178
Total liabilities and net assets	$ 138,038,594	$ 119,739,504

CLAREMONT UNIVERSITY CONSORTIUM
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Sales and services	$ 40,052,557	$ -	$ -	$ 40,052,557
Spending policy income	650,831	352,178	-	1,003,009
Rental income	426,263	-	-	426,263
Interest and dividends on separate investments	559,186	85,333	-	644,519
Gifts and grants	52,129	1,502,091	2,050	1,556,270
Release and reclassifications of restricted net assets	824,229	(824,229)	-	-
Total revenues and release of net assets	42,565,195	1,115,373	2,050	43,682,618
Expenses:				
Academic support services	14,509,243	-	-	14,509,243
Student services	5,908,185	-	-	5,908,185
Institutional support services	17,844,045	-	-	17,844,045
Administration and general	4,443,601	-	-	4,443,601
Total expenses	42,705,074	-	-	42,705,074
Revenues over (under) expenses	(139,879)	1,115,373	2,050	977,544
Other changes in net assets:				
Realized and unrealized gain on investments net of spending policy income	60,197	1,144,030	-	1,204,227
Redesignation of net assets	-	10,000	(10,000)	-
Net gain on sale of property and equipment	13,198,828	-	-	13,198,828
Actuarial adjustments	95,358	4,005	-	99,363
Transfers from other Claremont Colleges	1,428,596	-	-	1,428,596
Total other changes in net assets	14,782,979	1,158,035	(10,000)	15,931,014
Change in net assets	14,643,100	2,273,408	(7,950)	16,908,558
Net assets at beginning of year	63,904,265	15,892,073	12,707,840	92,504,178
Total net assets at end of year	$ 78,547,365	$ 18,165,481	$ 12,699,890	$ 109,412,736

CLAREMONT UNIVERSITY CONSORTIUM
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Sales and services	$ 39,298,814	$ -	$ -	$ 39,298,814
Spending policy income	719,900	386,009	-	1,105,909
Rental income	150,294	-	-	150,294
Interest and dividends on separate investments	446,558	38,416	-	484,974
Gifts and grants	45,858	1,500,000	76,935	1,622,793
Release and reclassifications of restricted net assets	563,800	(563,800)	-	-
Total revenues and release of net assets	41,225,224	1,360,625	76,935	42,662,784
Expenses:				
Academic support services	14,508,068	-	-	14,508,068
Student services	5,486,794	-	-	5,486,794
Institutional support services	15,109,908	-	-	15,109,908
Administration and general	5,860,240	-	-	5,860,240
Total expenses	40,965,010	-	-	40,965,010
Revenues over expenses	260,214	1,360,625	76,935	1,697,774
Other changes in net assets:				
Realized and unrealized (loss) on investments net of spending policy income	(320,567)	(2,384,730)	-	(2,705,297)
Net (loss) on disposal of property and equipment	(75,571)	-	-	(75,571)
Actuarial adjustments	54,018	(896)	(62,408)	(9,286)
Transfers from other Claremont Colleges	2,510,699	-	-	2,510,699
Total other changes in net assets	2,168,579	(2,385,626)	(62,408)	(279,455)
Change in net assets	2,428,793	(1,025,001)	14,527	1,418,319
Net assets at beginning of year	61,475,472	16,917,074	12,693,313	91,085,859
Total net assets at end of year	$ 63,904,265	$ 15,892,073	$ 12,707,840	$ 92,504,178

The accompanying notes are an integral part of the financial statements

For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 16,908,558	$ 1,418,319
Adjustments to reconcile change in net assets		
to net cash (used in) provided by operating activities:		
Depreciation expense	2,081,185	2,277,264
Amortization of bond premium, asset retirement obligation and other long-lived assets	578,459	393,307
Realized and unrealized (gain) loss on investments	(2,470,854)	1,527,547
(Gain) loss on sale of property, plant and equipment	(13,198,828)	75,571
Actuarial adjustments	(99,363)	(53,122)
Transfers from other Claremont Colleges	(1,428,596)	(2,510,699)
Contributions restricted for long-term investments	(24,142)	(76,935)
Changes in operating assets and liabilities:		
Accounts receivable	(223,475)	(2,236,488)
Prepaid expenses, deposits and other	(1,431,286)	463,188
Accounts payable, accrued and other liabilities	(656,868)	2,822,303
Defined benefit plan payable	-	(2,458,895)
Funds held in trust for others	(30,455)	(1,539,522)
Net cash provided by operating activities	4,335	101,838
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	13,469,370	-
Purchase of property, plant and equipment	(3,381,264)	(616,651)
Purchase of other long-lived assets	(3,681,049)	(1,296,558)
Proceeds from sale of investments	40,689,650	95,701,279
Purchase of investments	(53,635,625)	(95,200,217)
Loans made to students	(478,879)	(539,237)
Collection of student loans	707,909	473,194
Net cash provided by investing activities	(6,309,888)	(1,478,190)
Cash flows from financing activities:		
Proceeds from borrowings	3,506,674	838,585
Principal payments on borrowings	(1,316,208)	(630,000)
Transfers from other Claremont Colleges	1,428,596	2,510,699
Contributions restricted for long-term investments	24,142	76,935
Net cash (used in) provided by financing activities	3,643,204	2,796,219
Net (decrease) increase in cash	(2,662,349)	1,419,867
Cash at beginning of year	9,022,795	7,602,928
Cash at end of year	$ 6,360,446	$ 9,022,795
Supplemental disclosure of cash flows:		
Interest paid	$ 603,704	$ 627,758

June 30, 2017 and 2016

NOTE 1 - ORGANIZATION:

Claremont University Consortium (the "Consortium") is the central coordinating and support organization for an affiliated group of independent colleges known as The Claremont Colleges. Each college within the group is a separate corporate entity governed by its own board of trustees. The Consortium is governed by the Board of Overseers, which consists of two members from each college's board of trustees plus outside directors.

Support services provided to The Claremont Colleges by the Consortium include: a central library system, health and counseling services, ethnic centers, an interfaith chaplaincy, central bookstore, campus safety, physical plant and facilities support, and financial, real estate, risk management and employee benefits services. Additional functions include advancing The Claremont Colleges, founding additional institutions, managing land for future institutions and college expansion, and promoting cooperation among members to enhance educational excellence. These services and facilities are shared by members of the group through a combination of cost allocations based on use and direct charges for services rendered. The objective of the Consortium as a nonprofit support institution is service, and the primary obligation of accounting and reporting is for resources received and applied rather than the determination of net income. The following accounting policies of the Consortium are in accordance with those generally accepted for nonprofit organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Categories

The accompanying financial statements present information regarding the Consortium's financial position and activities according to the following net asset categories:

Unrestricted net assets include all support that is not subject to donor-imposed restrictions.

Temporarily restricted net assets include gifts of cash and securities primarily for plant construction, library and other academic support with donor imposed restrictions and accumulated earnings on temporarily and permanently restricted assets. When a donor restriction expires or the accumulated earnings are appropriated for expenditure, temporarily restricted net assets are released to unrestricted net assets.

Permanently restricted net assets include contributions and income subject to donor-imposed restrictions that they be maintained permanently by the Consortium. The donors of endowment funds generally allow the Consortium to use the income and a portion of the gains earned on these assets for general or specific purposes under the Consortium's spending policy.

Revenue Recognition

Sales and services revenues are recorded when the services are provided.

Gifts from donors, including contributions receivable (unconditional promises to give), are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Gifts of assets other than cash are recorded at their estimated fair value. Contributions to be received in future periods are discounted at an appropriate credit adjusted discount rate. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Investment returns, including investment income and gains and losses, are recorded on a trade date and reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued* :

Unrestricted Revenue and Expenses

The Consortium reports operating revenues and expenses in the unrestricted net assets section of the Statement of Activities. Operations are those annual activities which support the core mission of the Consortium.

Operating revenues include charges for business, student and academic services. Business services include community and government relations, benefits administration, campus safety, engineering and construction, utilities, repairs and maintenance, construction management and facilities planning, accounting, audit and other financial services, food service contract administration, human resources, information services, real estate and housing administration, and risk management administration. Student and academic services include health and wellness, bookstore, library, chaplains and ethnic student affairs. Operating revenues also include gifts, investment income, releases of temporarily restricted net assets and miscellaneous income.

Operating expenses (for which the operating revenues are used) include salaries and benefits, departmental expenses, depreciation, amortization and interest. These expenses are reported by functional expense categories as defined in IPEDS: academic support services, student services, institutional support services and administration and general. Program service expenses fall under the categories of academic support services, student services and institutional support services. Administration and general expenses represent Consortium support costs. Certain components of administration and general expenses are determined by allocating costs from combined use operations. These allocations are based on use estimates. Depreciation, interest and operation and maintenance of plant expense are allocated to all functional categories based on building square footage.

Concentrations of Revenue Risk

The Consortium receives a significant percentage of its revenues from the five undergraduate and two graduate institutions in The Claremont Colleges group, which are all located in the same geographic area.

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction substantially expires. At that time, the related resources are released to unrestricted net assets. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and for unexpended earnings of endowment when appropriated by the Board. It is the Consortium's policy to release the restrictions on contributions of cash or other assets received for the acquisitions of long-lived assets when the long-lived assets are placed into service.

Cash and Cash Equivalents

For the purposes of reporting cash funds, cash and cash equivalents includes demand deposit bank accounts and sweep accounts. The Consortium maintains cash on deposit at one institution. The amount on deposit fluctuates and at times exceeds the insured limit of $250,000 by the Federal Deposit Insurance Corporation, which potentially subjects the Consortium to credit risk.

Investments

Where permitted by law, the Consortium pools investments for management purposes. The remainder of the investments are managed as separate investments. Marketable securities are reported at fair value. Alternative investments are carried at estimated fair value provided by the management of alternative investment partnerships or funds. The Consortium reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a readily available market for the investment existed, and such differences could be material. At times the balances of the Consortium's investment accounts exceed the Securities Investors Protection Corporation (SIPC) limits.

June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued* :

Investments, continued

The cost of securities sold is determined by the fair value and is used to compute realized gains and losses. Unrealized gains and losses reflect the changes in fair values of investments from the prior year. Investment income and gains and losses on investments are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. The date of record for investments is the trade date. The Consortium utilizes the equity method of accounting when required.

Management of Pooled Investments

The Consortium follows an investment policy which anticipates a greater long-range return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Overseers has adopted a spending policy for pooled investments whereby annually, if the ordinary income of pooled investments is insufficient to provide the full amount of investment return specified, the balance may be appropriated from cumulative realized gains of the pooled investments. At June 30, 2017 and 2016, cumulative net gains totaling $13,656,536 and $12,418,105, respectively, are recorded in temporarily restricted and unrestricted net assets and are available for appropriation under the Consortium spending policy. The spending policy for the fiscal years ended June 30, 2017 and 2016 was 4.5% of the trailing twenty-quarter moving average market value of pooled investments or $1,003,009 and $1,105,909, respectively.

Endowment Funds

The Board of Overseers of the Consortium interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) to state that the Consortium, in the absence of explicit donor stipulations to the contrary, may appropriate for expenditure or accumulate so much of an endowment fund as the Consortium determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. As a result of this interpretation, the Consortium classifies as permanently restricted net assets (a) the value of gifts donated to the endowment, and (b) 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 Consortium in a manner consistent with the standard of prudence prescribed by California UPMIFA. Board designated funds or "Funds functioning as endowment" and their unappropriated earnings are classified as unrestricted net assets. In accordance with California UPMIFA, the Consortium 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 mission of the Consortium 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 Consortium
(7) The investment policies of the Consortium.

Fair Value Measurement of Financial Instruments

A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding the fair value of financial instruments have been derived using external market sources, estimates using present value or other valuation techniques.

June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued* :

Fair Value Measurement of Financial Instruments, continued

The Consortium carries most investments at fair value in accordance with generally accepted accounting principles. Most financial assets and financial liabilities for which the carrying amount equals fair value are considered to be Level 1 measurements in the fair value hierarchy. Under this standard, fair value is defined as the price that would be received to sell an asset (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques was 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 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Consortium has the ability to access at the measurement date;
Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active;
Level 3 – Inputs that are unobservable.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the Consortium 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 Consortium's perceived risk of that investment.

The investments in cash equivalents, mutual funds, and certain domestic and international equities are valued based on quoted market prices, and are therefore typically classified within Level 1. Cash and cash equivalents are intended for long-term reinvestment.

The investments in hedge funds, private equity funds, and limited partnerships are valued at net asset value (NAV), and are therefore classified under net asset value (NAV) per share (or equivalent). These assets are presented in the accompanying financial statements at fair value. The Consortium'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 Consortium's proportionate share of the investment. For these investments, the Consortium, through its monitoring activities, agrees with the fair value as determined by the investment managers.

The general partners of the underlying investment partnerships generally value their investments at fair value and in accordance with generally accepted accounting principles. Investments with no readily available market are valued at estimated fair value using 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 Consortium 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.

Although the Consortium uses its best judgment in determining the fair value, there are inherent limitations in any methodology. Future confirming events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon liquidation of the investments.

June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*:

Property, Plant and Equipment

Property, plant and equipment are stated at cost representing the original purchase price or the fair value at the date of the gift, less accumulated depreciation. The Consortium capitalizes plant asset purchases with a useful life of five years or more and a cost equal to or greater than $100,000 for buildings and land improvements, $25,000 for equipment, and all land and vehicles. Depreciation expense is computed on a straight-line basis over the estimated useful lives of buildings, permanent improvements and equipment (generally 40 years for buildings, 25 years for land improvements and 7 years for equipment). The costs and accumulated depreciation of assets sold or retired are removed from the accounts and related gains and losses are included in the Statements of Activities.

Other Long-Lived Assets

Other long-lived assets consists on software as a service (SaaS) agreements which are amortized over the life of the contract. SaaS is as a software delivery method that provides access to software and its functions remotely as a Web-based service over the internet. Contracts range from 60 to 81 months. As of June 30, 2017 and 2016, other long-lived assets included $6,313,778 and $3,228,441 for SaaS agreements net of amortization, respectively. Amortization expense for the years ended June 30, 2017 and 2016 was $595,712 and $411,099, respectively.

Insurance Policies

The Consortium administers workers' compensation, short-term disability and unemployment insurance programs for The Claremont Colleges. Premiums are allocated to the member institutions based on participation. Each institution self-insures for unemployment and short-term disability. Workers' compensation is insured under a loss sensitive program and the member institutions have exposure that exceeds premiums paid which are accrued for under Accounts payable, accrued liabilities and other liabilities on the Statement of Financial Position. The Consortium believes that amounts reserved are adequate to fund projected claims.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Consortium is exempt from Federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, except for taxes on unrelated business income. Since the Consortium had no material unrelated business income for the years ended June 30, 2017 and 2016, no provision for income taxes has been made in the accompanying financial statements. In accordance with generally accepted account principles, the Consortium had no uncertain tax positions at June 30, 2017 and 2016.

Recently Adopted Accounting Pronouncements

In August 2014, the Financial Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40)*, which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related footnote disclosures in certain circumstances. The guidance is effective for annual periods ending after December 15, 2016. The Organization has implemented this guidance as of and for the year ended June 30, 2017. There was no impact to the Organization as a result of this guidance.

June 30, 2017 and 2016

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable at June 30, 2017 and 2016 were as follows:

	2017	2016
The Claremont Colleges	$ 3,735,090	$ 3,982,879
Due from broker	4,988	308,740
Private grants	750,000	-
Other	33,383	4,362
Total accounts receivable	$ 4,523,461	$ 4,295,981

At June 30, 2017, the Consortium had knowledge of promises totaling up to $20 million that are contingent upon the Claremont Colleges satisfying certain donor conditions. These promises will be recognized when the conditions have been substantially met. As of June 30, 2017, The Claremont Colleges have met certain conditions and received $171,395. The remainder will be received as additional conditions are met.

NOTE 4 - STUDENT LOANS RECEIVABLE:

The Consortium entered into a renewable agreement with a private lender to administer loans to international students attending the Keck Graduate Institute (KGI), a member of The Claremont Colleges. KGI has agreed to bear all risk of defaults on loan and interest payments by program participants. As a guarantee against default, KGI has granted the Consortium an interest in its endowment funds of up to $750,000. Student loans receivable was $2,425,790 and $2,654,820 for the years ended June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the following amounts were past due under the student loan program:

		less than 270 days past due	270 days to 2 years past due	2 to 5 years past due	over 5 years past due	Total past due
2017	Donor-restricted program	$ 64,879	$ 182,431	$ 178,634	$ 23,166	$ 449,110
2016	Donor-restricted program	$ 283,931	$ 153,598	$ 109,211	$ -	$ 546,740

An allowance for doubtful accounts has not been recorded based on prior collection experience and current economic factors which, in management's judgement, could influence the ability of loan recipients to repay the amounts per the loan terms. Additionally, all loans are guaranteed by KGI.

NOTE 5 - INVESTMENTS:

Where permitted by gift agreement and/or applicable government regulations, investments are pooled. Pooled investments and allocation of pooled investment income are accounted for on a unit value method. The following is a summary of data pertaining to this method at June 30, 2017 and 2016:

	2017	2016
Unit fair value at end of year	$ 215.33	$ 205.65
Net ordinary income per average unit	$ 6.59	$ 6.45
Units owned:		
Unrestricted net assets	5,152	4,994
Temporarily restricted net assets	9,311	9,304
Permanently restricted net assets	116,486	116,526
Total units	130,949	130,824

June 30, 2017 and 2016

NOTE 5 - INVESTMENTS, C*ontinued:*

The Consortium's policy is to maintain a diversified investment portfolio. The following schedule summarizes the assets in pooled investments and the assets held as separate investments at June 30, 2017 and 2016. The carrying value of investments is based on quoted market prices and analytical pricing methods are utilized for investments for which there is no market and for the carrying value of limited partnership net assets in proportion to the Consortium's interest. The carrying values are considered fair values.

	2017	2016
Pooled investments:		
Cash equivalents	$ 624,302	$ 1,353,202
Mutual funds:		
Domestic equity	881,609	2,676,654
International equity	5,587,804	3,001,338
Fixed income	3,551,240	3,497,456
Real assets	3,639,690	3,701,647
Limited partnerships:		
Absolute return	5,789,399	5,393,779
Domestic equity	4,429,790	3,696,398
International equity	1,522,304	1,217,767
Global Opportunities - Domestic	348,903	274,920
Global Opportunities - International	501,337	417,348
Venture capital	902,207	1,134,670
Distressed debt	429,543	538,215
Total pooled investments	28,208,128	26,903,394
Separate investments:		
Cash equivalents	19,212,194	3,742,533
Mutual funds:		
Domestic equity	2,542,364	163,809
International equity	7,247,886	-
Fixed income	4,914,886	27,576,771
Real assets	3,314,011	-
Limited partnerships:		
Absolute return	3,473,472	-
Domestic equity	3,213,510	-
International equity	1,676,885	-
Total separate investments	45,595,208	31,483,113
Total investments	$ 73,803,336	$ 58,386,507

	2017	2016
By category:		
Endowment and funds functioning as endowment	$ 27,698,507	$ 26,416,069
Other	46,104,829	31,970,438
Total investments	$ 73,803,336	$ 58,386,507

June 30, 2017 and 2016

NOTE 5 - INVESTMENTS: ***Continued***

Investment returns related to the Consortium's investments for years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Interest and dividends	$ 863,111	$ 843,579
Realized and unrealized gains and losses	2,470,854	(1,527,137)
Less Income allocated for endowments administered for other colleges	(290,773)	(322,263)
Less investment management fees	(191,437)	(171,001)
Total investment income (loss)	$ 2,851,755	$ (1,176,822)
Spending policy income	$ 1,003,009	$ 1,105,909
Interest and dividends on separate investments	644,519	484,974
Realized and unrealized gain on investments net of spending policy income	1,204,227	(2,705,297)
Net investment return/(loss)	$ 2,851,755	$ (1,114,414)

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT:

Property, plant, and equipment consist of the following at June 30, 2017 and 2016:

	2017	2016
Land and land improvements	$ 11,539,127	$ 11,545,573
Buildings	47,101,081	47,296,493
Equipment	13,704,877	12,509,067
Construction in progress	1,504,270	478,458
	73,849,355	71,829,591
Less accumulated depreciation	(32,752,232)	(31,762,005)
Total plant facilities	$ 41,097,123	$ 40,067,586

In June 2017, land held at a cost and a fully depreciated building with a value of $772,166 was sold to another member of The Claremont Colleges for approximately $14 million. Gain on the sale is reflected on the line Net gain on sale of property and equipment on the Statement of Activities.

The Consortium has recorded asset retirement obligations under generally accepted accounting principles related to certain fixed assets, primarily for disposal of regulated materials upon eventual retirement of the assets. The following schedule summarizes asset retirement obligation activity for the years ended June 30, 2017 and 2016:

	2017	2016
Beginning balance	$ 266,299	$ 254,611
Accretion expense	12,227	11,688
Ending balance	$ 278,526	$ 266,299

June 30, 2017 and 2016

NOTE 7 - NOTE PAYABLE:

In February 2010, the Consortium entered an agreement with a private lender to finance student loans for international students attending KGI. The Consortium may borrow up to $4,000,000 to issue such loans. Borrowings are to be repaid to the lender in annual installments over eight years commencing 30 months after the receipt of the initial loan. Interest payable is calculated annually at the June 1 prime rate plus 2% (6.00% and 5.50% as of June 30, 2017 and 2016, respectively). The amounts payable on the loan as of June 30, 2017 and 2016 were $3,906,623 and $3,767,785, respectively. The following is a summary of future payments:

Fiscal Years Ending June 30,	Loan Payments
2018	$ 570,836
2019	687,072
2020	765,777
2021	670,334
2022	579,338
Thereafter	633,266
Total	$ 3,906,623

Interest expense was $175,407 and $161,438 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 - LINES OF CREDIT:

The Consortium has negotiated various lines of credit and other agreements with banks or financing companies for up to $12,750,710 to purchase/lease equipment, software, licenses, and services. The terms of the agreements range from 5 up to 10 years with various renewal terms and bear rates that are either fixed or prime plus 1%, the rates range from 0.0% to 9.8% and expire between 2019 and 2026. Total borrowings outstanding as of June 30, 2017 and 2016 were $2,861,661 and $155,033, respectively.

Interest expense was $33,419 and $4,300 for the years ended June 30, 2017 and 2016, respectively.

The Consortium also negotiated an unsecured revolving line of credit agreement with a bank for $10,000,000. The term of the line is for two years and expires August 31, 2018, with an annual renewal term. Any borrowings on the line would bear interest at the LIBOR daily floating rate plus 0.57%. The line of credit is subject to an unused commitment fee. Management believes the Consortium is in compliance with the various restrictive covenants of the agreement. The agreement contains an optional conversion to a term loan feature, which has not been activated as of the financial statement issuance date. There were no borrowings outstanding on the line as of June 30, 2017.

In December 2016 the Consortium entered into an irrevocable standby letter of credit with a bank in the amount of $518,854 due to nonperformance of an obligation for new improvements relating to a parcel of land owned by the Consortium from which a water company is entitled to draw. The term of the line is one year with automatic renewals without admendment for successive one year periods, but not beyond December 12, 2022.

In December 2016 the Consortium entered into two irrevocable standby letters of credit with a bank not to exceed $7,414,146 due to non-completion of obligations for the construction of public improvements relating to a parcel of land owned by the Consortium from which the local government and a contractor are entitled to draw. The terms of the lines are one year with automatic renewals without amendments for successive one year periods, but not beyond December 31, 2019. The standby letters of credit were relieved with an admendment to the agreement for completion of public improvements subsequent to June 30, 2017, see Footnote 18.

June 30, 2017 and 2016

NOTE 9 - BONDS PAYABLE:

At June 30, 2017 and 2016, bonds payable were comprised of:

	2017	2016
California Educational Facilities Authority (CEFA) 2011	$ 6,710,000	$ 7,125,000
California Educational Facilities Authority (CEFA) 2012	6,780,000	7,020,000
Subtotal bonds payable	13,490,000	14,145,000
Plus premium	959,083	1,015,049
Less cost of issuance	(475,106)	(501,592)
Total bonds payable	$ 13,973,977	$ 14,658,457

The CEFA 2011 bonds were issued in April 2011. The bond proceeds were used to refund CEFA 1999 as well as for the renovation and equipping of administrative facilities. Annual principal payments range from $185,000 to $1,025,000. Interest is payable semiannually at rates ranging from 3.0% to 5.3%. Bonds maturing after October 1, 2022 with principal balances totaling $4,680,000 are subject to mandatory redemption prices ranging from 97.84% to 98.60%.

The CEFA 2012 bonds were issued in August 2012. The bond proceeds were used to refund CIEDB 2003. Annual principal payments range from $225,000 to $595,000. Interest is payable semiannually at rates ranging from 3.0% to 5.0%.

Interest expense was $588,209 and $638,257 for the years ended June 30, 2017 and 2016, respectively, and includes amortized premium and cost of issuance of $29,480 and $29,480, respectively.

As of June 30, 2017, bond maturities were as follows:

Fiscal Years Ending June 30,	Principal Amount
2018	$ 680,000
2019	710,000
2020	735,000
2021	620,000
2022	645,000
Thereafter	10,100,000
Total	$ 13,490,000

Management believes that it is in compliance with the various restrictive covenants required by the CEFA Series 2012 and 2011 bond agreements.

NOTE 10 - EMPLOYEE BENEFIT PLANS:

Defined Contribution Plan

The Consortium maintains a defined contribution retirement plan which provides retirement benefits for certain administrative personnel through Teachers Insurance and Annuity Association, College Retirement Equity Fund, Fidelity and Vanguard mutual funds. Under this defined contribution plan, Consortium and participant contributions are used to purchase individual annuity contracts and investments equivalent to retirement benefits earned. Vesting provisions are full and immediate. Benefits commence upon retirement and pre-retirement survivor death benefits are provided. Consortium contributions to the plan for the years ended June 30, 2017 and 2016 totaled $1,590,925 and $1,429,110, respectively.

June 30, 2017 and 2016

NOTE 11 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

The following tables present the investments carried on the Statement of Financial Position by level within the valuation hierarchy as of June 30, 2017 and 2016:

	Level 1	Assets Valued Using NAV Practical Expedient	2017
Redeemable securities:			
Cash equivalents	$ 19,836,496	$ -	$ 19,836,496
Mutual funds			
Domestic equity	3,423,973	-	3,423,973
International equity	12,835,690	-	12,835,690
Fixed income	8,466,126	-	8,466,126
Real assets	6,953,701	-	6,953,701
Limited partnerships			
Domestic equity	-	7,643,300	7,643,300
International equity	-	3,199,189	3,199,189
Absolute return	-	9,262,871	9,262,871
Total redeemable securities	51,515,986	20,105,360	71,621,346
Nonredeemable securities:			
Limited partnerships			
Global Opportunities - Domestic	-	348,903	348,903
Global Opportunities - International	-	501,337	501,337
Venture capital	-	902,207	902,207
Distressed debt	-	429,543	429,543
Total nonredeemable securities	-	2,181,990	2,181,990
Total investment securities	$ 51,515,986	$ 22,287,350	$ 73,803,336

June 30, 2017 and 2016

NOTE 11 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, *Continued:*

	Level 1	Assets Valued Using NAV Practical Expedient	2016
Redeemable securities:			
Cash equivalents	$ 5,095,735	$ -	$ 5,095,735
Mutual funds			
Domestic equity	2,840,463	-	2,840,463
International equity	3,001,338	-	3,001,338
Fixed income	31,074,227	-	31,074,227
Real assets	3,701,647	-	3,701,647
Limited partnerships			
Domestic equity		3,696,398	3,696,398
International equity	-	1,217,767	1,217,767
Absolute return	-	5,393,779	5,393,779
Total redeemable securities	45,713,410	10,307,944	56,021,354
Nonredeemable securities:			
Limited partnerships			
Distressed debt	-	538,215	538,215
Global Opportunities - Domestic	-	274,920	274,920
Global Opportunities - International	-	417,348	417,348
Venture capital	-	1,134,670	1,134,670
Total nonredeemable securities	-	2,365,153	2,365,153
Total investment securities	$ 45,713,410	$ 12,673,097	$ 58,386,507

The following table shows the fair value, unfunded commitments and redemption restrictions for investments reported at 'Net Asset Value' as of June 30, 2017:

	Fair Value at June 30, 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Limited Partnerships:					
Domestic equity	$ 7,643,300	-	Monthly	30 days	(1)
International equity	3,199,189	-	Monthly	10 days	(2)
Absolute return	9,262,871	-	Quarterly/ Annually	65 - 90 days	(3)
Global Opportunities - Domestic	348,903	-	N/A	N/A	(4)
Global Opportunities - International	501,337	24,000	N/A	N/A	(4)
Venture capital	902,207	1,638,567	N/A	N/A	(4), (5)
Distressed debt	429,543	102,500	N/A	N/A	(4)
Total	$ 22,287,350	$ 1,765,067			

June 30, 2017 and 2016

NOTE 11 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS, *Continued:*

Private equity funds held at year-end have remaining lives ranging from 1 to 10 years with commitments due estimated as follows:

Year Ending June 30,	Amount
2018	$ 326,500
2019	305,250
2020	210,000
2021	923,317
	$ 1,765,067

(1) The Domestic equity funds are organized as Cayman Islands exempted limited partnerships whose investment objective is to achieve long-term growth through investments in exchange-traded funds that invest in the equity securities of U.S. companies.

(2) The International equity fund is organized as a Delaware limited partnership whose investment objective is to achieve long-term growth through investments in exchange-traded closed-end funds that invest primarily in the equity securities of non-U.S. companies.

(3) The Absolute return funds are organized as a Delaware limited partnership and as a Cayman Islands exempt fund. They are multi-manager, multi-strategy "fund of funds" formed to invest predominantly in limited partnerships and similar pooled investment vehicles. Shares may be redeemed quarterly or annually with prior notice.

(4) Limited partnerships are invested with managers whose investment strategies consist of absolute return with long/short, event driven and relative value investments, private equity with investments in fund of funds that include buy-outs, turnarounds, and distressed hard assets and venture capital with investments in fund of funds. There are no redemption rights available for investors other than the liquidation of assets held by the fund, which will result in a distribution of capital to investors.

(5) In February 2017, the Consortium committed $750,000 to a venture capital firm. Capital calls are anticipated to be paid over ten years beginning in Fiscal Year 2018.

NOTE 12 - NET ASSETS:

At June 30, 2017 and 2016, net assets consisted of the following:

	2017	2016
Unrestricted:		
Funds functioning as endowment	$ 313,874	$ 170,889
Operating and other designated funds	36,447,365	36,000,589
Property, plant and other	41,786,126	27,732,787
Total unrestricted	$ 78,547,365	$ 63,904,265
Temporarily restricted:		
Endowment	$ 14,684,742	$ 13,537,340
Other	3,480,739	2,354,733
Total temporarily restricted	$ 18,165,481	$ 15,892,073
Permanently restricted:		
Endowment	$ 12,699,890	$ 12,707,840

June 30, 2017 and 2016

NOTE 13 - ENDOWED NET ASSETS AND ENDOWED EQUITY:

Net assets of the Consortium include permanently restricted endowment, temporarily restricted endowment and funds functioning as endowment. Permanently restricted 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 UPMIFA. Unutilized income from permanently restricted endowments are held in temporarily restricted endowment. Any portion of such funds may be expended provided that the restricted funds functioning as endowment are expended in accordance with donor restrictions. Funds functioning as endowment have been established by the governing board to function as endowment (Note 2), any portion of such funds may be expended.

	2017	2016
Unrestricted endowment		
Funds functioning as endowment	$ 436,881	$ 398,951
Funds with deficiencies	(123,007)	(228,062)
Total unrestricted endowment	313,874	170,889
Temporarily Restricted		
Portion of perpetual endowment fund subject to a time restriction under California UPMIFA:		
Without donor restriction	30,270	29,293
With donor restriction	14,654,472	13,508,047
Total temporarily restricted endowment funds	14,684,742	13,537,340
Permanently restricted endowment	12,699,890	12,707,840
Total endowment	$ 27,698,506	$ 26,416,069

Changes in endowed equity as of June 30, 2017 and 2016 are displayed in the following tables:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
Investment returns:				
Interest and dividends	$ 243,526	$ -	$ -	$ 243,526
investments	1,368,050	1,144,030	-	2,512,080
Less investment management fees	(191,437)	-	-	(191,437)
Net investment returns	1,420,139	1,144,030	-	2,564,169
Endowment returns distributed to other Claremont Colleges	(290,773)	-	-	(290,773)
Endowment returns distributed to the Consortium	(1,006,381)	3,372	-	(1,003,009)
Net investment returns	122,985	1,147,402	-	1,270,387
Gifts	-	-	2,050	2,050
Transfers	20,000	-	(10,000)	10,000
Net change in endowed equity	142,985	1,147,402	(7,950)	1,282,437
Endowed equity, beginning of year	170,889	13,537,340	12,707,840	26,416,069
Endowed equity, end of year	$ 313,874	$ 14,684,742	$ 12,699,890	$ 27,698,506

Endowed equity is composed of the following assets at June 30, 2017:

Investments	$ 313,874	$ 14,684,742	$ 12,699,890	$ 27,698,506

June 30, 2017 and 2016

NOTE 13 - ENDOWED NET ASSETS AND ENDOWED EQUITY, *Continued:*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
Investment returns:				
Interest and dividends	$ 617,559	$ 38,416	$ -	$ 655,975
investments	773,219	(2,423,147)	(62,407)	(1,712,335)
Less investment management fees	(171,001)	-	-	(171,001)
Net investment returns	1,219,777	(2,384,731)	(62,407)	(1,227,361)
Endowment returns distributed to other Claremont Colleges	(322,263)	-	-	(322,263)
Endowment returns distributed to the Consortium	(1,109,250)	3,341	-	(1,105,909)
Net investment returns	(211,736)	(2,381,390)	(62,407)	(2,655,533)
Gifts	-	-	76,934	76,934
Net change in endowed equity	(211,736)	(2,381,390)	14,527	(2,578,599)
Endowed equity, beginning of year	382,625	15,918,730	12,693,313	28,994,668
Endowed equity, end of year	$ 170,889	$ 13,537,340	$ 12,707,840	$ 26,416,069

Endowed equity is composed of the following assets at June 30, 2016:

Investments	$ 170,889	$ 13,537,340	$ 12,707,840	$ 26,416,069

NOTE 14 - FUNDS WITH DEFICIENCIES IN FAIR VALUE:

From time to time, as a result of market declines, the fair value of certain donor restricted endowments were less than the historical dollar value. Deficiencies of this nature have been recorded as a reduction in unrestricted net assets and were $123,007 and $228,062 at June 30, 2017 and 2016, respectively.

NOTE 15 - OPERATING LEASES:

The Consortium enters into operating leases and space rentals during the normal course of business. The lease payments for the years ended June 30, 2017 and 2016 were $368,419 and $379,116, respectively. The following is a summary of future minimum rental payments for operating leases that have initial or remaining non-cancelable terms in excess of one year as of June 30, 2017:

Fiscal Years Ending June 30,	Lease Payments
2018	$ 376,545
2019	383,517
2020	38,282
1905	18,252
	$ 816,596

NOTE 16 - RELATED PARTY TRANSACTIONS:

It is the policy of the Consortium to provide disclosure to the Committee on Audit and Risk Management of the Board of Overseers of any related party transactions. There were no material related party transactions which required disclosure in the financial statements other than transactions with affiliated institutions.

The Consortium operates a service on a ground lease from one of the member colleges for which no rent is charged. This arrangement is designed for the mutual benefit of all The Claremont Colleges members.

June 30, 2017 and 2016

NOTE 17 - COMMITMENTS AND CONTINGENCIES:

Occasionally the Consortium is involved in certain lawsuits arising in the ordinary course of its operations. The ultimate resolution of these lawsuits is not expected to have a material effect on the Consortium's financial position or changes in net assets.

NOTE 18 - SUBSEQUENT EVENTS:

The Consortium has evaluated subsequent events through October 16, 2017, which is the date the financial statements are available for issuance, and concluded that the following subsequent event should be disclosed.

On August 9, 2017 the Consortium entered into the first amendment to the agreement for completion of public improvements with the local government that substitituted the standby letters of credit (referenced in Footnote 9) with Deeds of Trusts securing obligations in the amount of $7,414,146. The security by the Deeds of Trust satisfy the Consortiums obligaion to provide security to the local government and after the delivery of the recording and policies the standby letters of credit will be canceled.

CLAREMONT UNIVERSITY CONSORTIUM
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For additional copies, please contact:

Financial Services
101 South Mills Ave.,
Claremont, CA 91711-5053
(909) 621-8043
www.cuc.claremont.edu