THE COLORADO COLLEGE AND SUBSIDIARIES
COLORADO SPRINGS, COLORADO

FINANCIAL REPORT
JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Colorado College and Subsidiaries
Colorado Springs, Colorado

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Colorado College and Subsidiaries (the College), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the consolidated 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 College'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the College as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the College changed accounting policies related to its revenue recognition requirements by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09*, Revenue from Contracts with Customers (Topic 606*). Accordingly, the accounting change has been retrospectively applied. No cumulative-effect adjustment to net assets was recorded because the adoption did not significantly the impact the College's reported historical revenue. The College also adopted FASB ASU 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Accordingly, the accounting change has been prospectively applied with no cumulative-effect adjustment to net assets. Our opinion is not modified with respect to these matters.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's financial statements. The Report of the Senior Vice President for Finance and Administration is presented for purposes of additional analysis and is not a required part of the financial statements.

The Report of the Senior Vice President for Finance and Administration has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

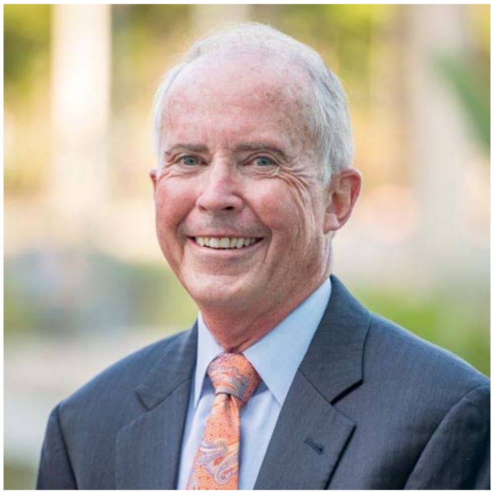
In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 , on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 31, 2019

The Colorado College
Report from the Senior Vice President for Finance & Administration
Robert G. Moore



Colorado College is a distinctive place with a unique, immersive method of teaching and learning known as the Block Plan. The Block Plan allows faculty and students to focus on one course at a time for three-and-a-half weeks, providing flexibility and opportunities for collaborative learning. As the only liberal arts college in the Rocky Mountain West, CC is positioned to draw students desiring a unique experience. Colorado College is committed to appropriate resource allocations as we attempt to provide our students the finest liberal arts education in the country. Such commitments include funding faculty salaries at a level slightly above those of our 15 peer liberal arts institutions, allocating appropriate space for classes meeting any time each day during a block, and supporting travel of our academic classes into the field. Long-range planning, strategic budgeting and careful management are keys to sustaining the necessary financial position to support this important work.

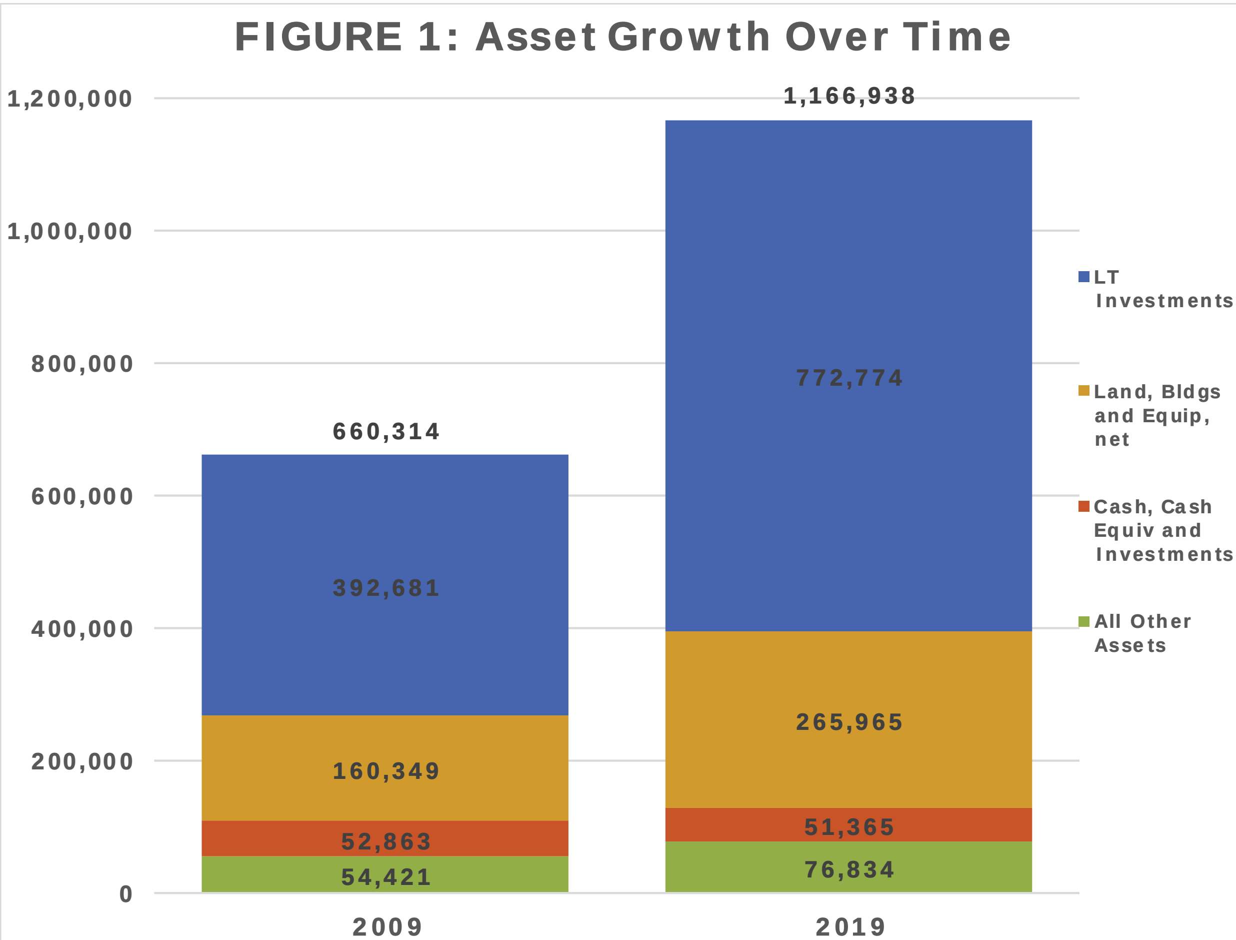
Building on Originality: The Campaign for Colorado College has been working to provide additional support to realize the potential of the Block Plan through a $435 million fundraising initiative that includes a $100 million effort to secure funds for financial aid. The recently announced Colorado Pledge will go even farther to address affordability concerns in higher education. Currently about 15 percent of CC students are from Colorado. The pledge comes as Colorado College seeks to cultivate a more diverse student body across the socio-economic spectrum. By making the cost of attending Colorado College as affordable as the state's flagship university, CC can attract and enroll a higher percentage of students from middle-income Colorado families. As part of the campaign, the College is raising $20 million specifically to support the Colorado Pledge.

I am pleased to share select financial highlights to accompany Colorado College's consolidated financial statements for the year ended June 30, 2019. The College experienced another year with continued high enrollment demand in the midst of increasing competition for students – applications for the 2018-19 academic year increased to 8,552, leading to a very strong admit rate of 15.0%. Ultimately, 42.4% of admitted students enrolled in 2018-19. Applications for 2019-20 demonstrated even greater demand for a CC education, with over 9,400 applications resulting in an admit rate of approximately 13%, the most selective in CC's history. The solid positive financial results for the year are demonstrated in the following pages.

Sincerely,

Statement of Financial Position

- Total assets grew to $1.17 billion, which is an increase of $506.6 million over the last decade (Figure 1).
- Long-term investments, the College's largest asset, grew 5.2% to $772.8 million and these investments produced a 7.18% annual return, net of fees.



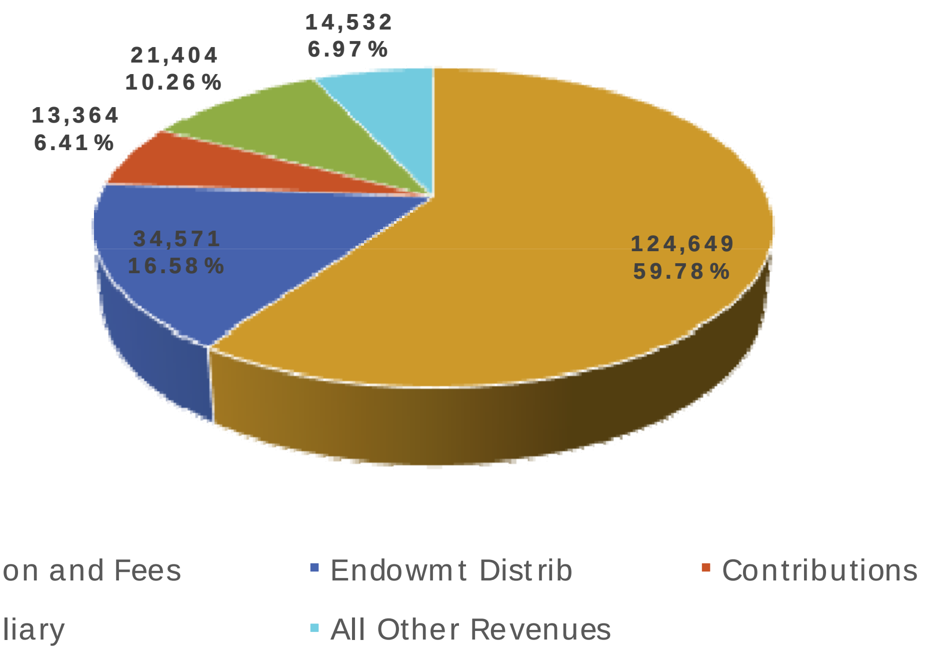
- Total liabilities decreased by 3.8% or $8.0 million, primarily due to an $8.9 million decrease in debt payable. Liabilities were just 17.2% of total assets.
- Net assets grew to $965.9 million, an increase of $40.9 million over the prior year.

Statement of Activities

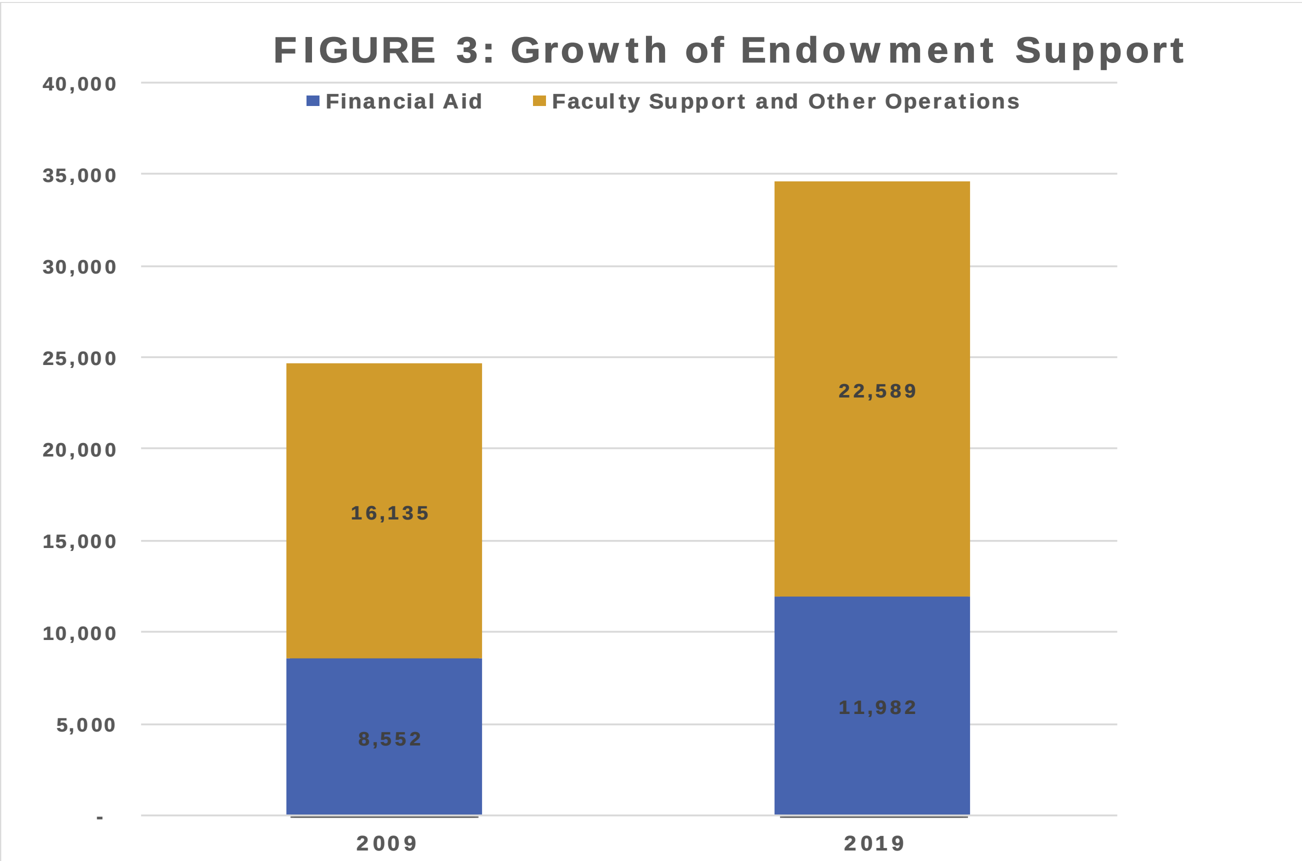
Revenue

- Total operating revenues increased by $8.7 million (5.4%) over the prior year.
- Net tuition continued to increase over the prior year, contributing an additional $3.8 million to operations. Revenue sources from students and their families, such as tuition, housing and dining comprised over 70% of the College's total operating revenue, as shown in Figure 2.

FIGURE 2: 2018-19 Operating Revenues



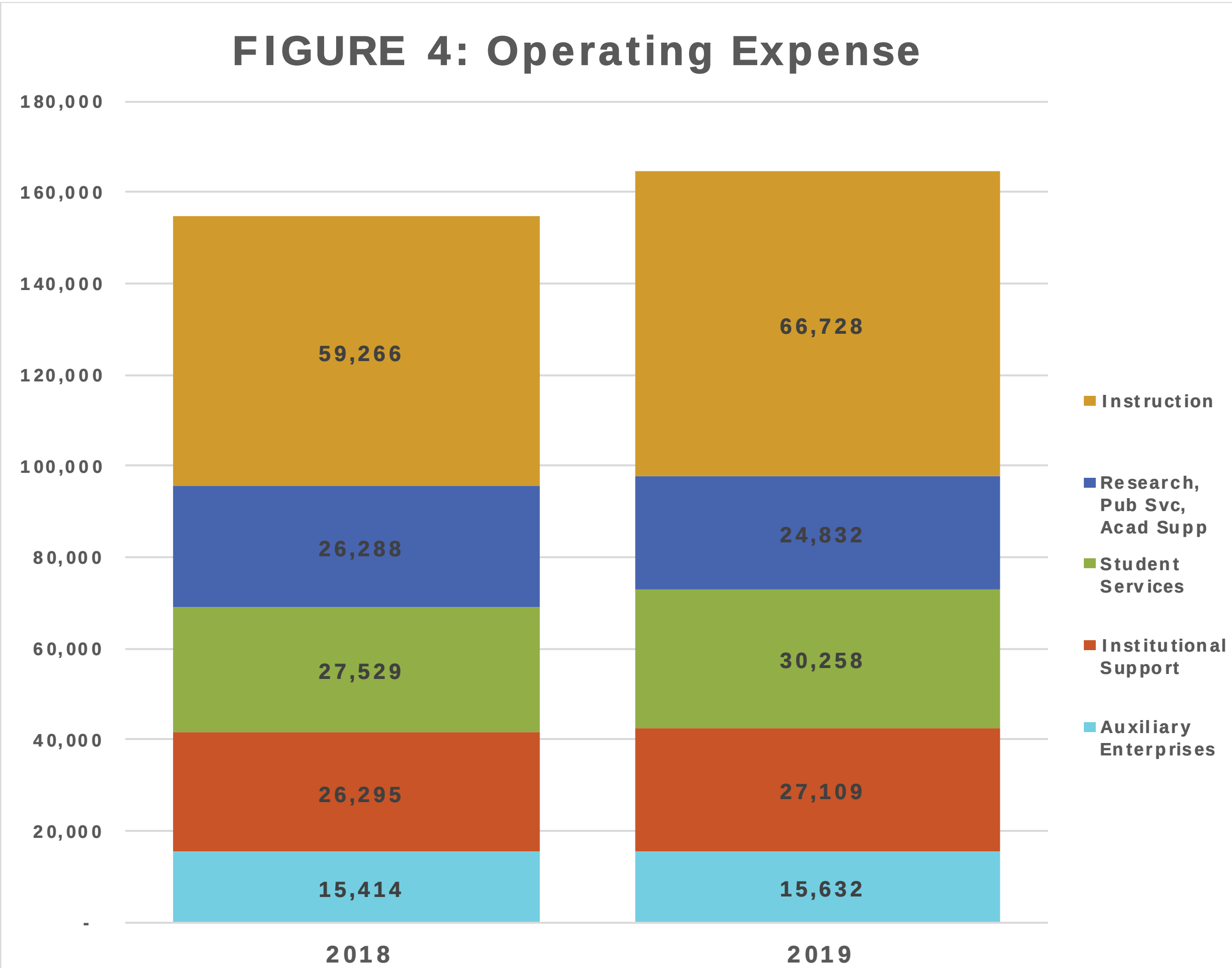
- The endowment contributed $34.6 million in support of financial aid, faculty support and other college operations. Endowment distributions supporting financial aid totaled $12 million (nearly 35% of total distributions) and were up from $8.6 million in distributions supporting financial aid just a decade ago. (Figure 3)



- Net assets increased by $40.9 million, a combination of $4.9 million from operating activities and $36 million from non-operating activities such as investment returns and contributions to the endowment.

Expense

- Operating expenses to support students such as those for instruction, academic support, and student services totaled 71.87% of all operating expense, up from 70.28% on similar expenditures in the prior year (Figure 4).



Continued fiscal responsibility along with an established sound financial base support the College's mission to provide the finest liberal arts education in the country. In the past eight years, CC has remodeled El Pomar Sports Center; enlarged and remodeled Tutt Library; added 154 beds in the East Campus Housing Community; and remodeled Cutler Hall. The College is on track to meet its goal of being a carbon-neutral campus by 2020. CC's success is dependent on the support of parents, faculty, staff, trustees, alumni and friends.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

Presented in Thousands

ASSETS	**2019**	**2018**
Cash and Cash Equivalents	$ 20,824	$ 24,803
Short Term Investments	30,541	24,890
Accounts Receivable, net	4,908	5,390
Contributions Receivable, net	23,737	25,847
Other Assets	2,465	2,518
Loans to Students, net	2,950	3,777
Assets Held under Split-Interest Agreements	6,865	6,533
Beneficial Interest in Perpetual Trusts	35,909	35,333
Long Term Investments	772,774	734,808
Land, Buildings, and Equipment, net	265,965	270,161
Total Assets	$ 1,166,938	$ 1,134,060
LIABILITIES		
Accounts Payable	$ 5,438	$ 5,839
Accrued Payroll and Other Liabilities	14,272	12,999
Deferred Revenue	1,850	1,331
Government Advances for Loans to Students	3,107	3,107
Liabilities under Split-Interest Agreements	3,858	3,897
Asset Retirement Obligation	4,394	4,856
Debt Payable, net	168,158	177,067
Total Liabilities	201,077	209,096
NET ASSETS		
Without Donor Restrictions	294,422	288,279
With Donor Restrictions	671,439	636,685
Total Net Assets	965,861	924,964
Total Liabilities and Net Assets	$ 1,166,938	$ 1,134,060

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2019 (with summarized 2018 Totals)

Presented in Thousands	**Without Donor Restrictions**	**With Donor Restrictions**	**2019 Total**	**2018 Total**
OPERATING ACTIVITY				
Revenues, Gains, and Other Support				
Tuition and Fees	$ 124,649	$ -	$ 124,649	$ 120,348
Less Scholarship Allowances	(39,038)	-	(39,038)	(38,561)
Net Tuition and Fees	85,611	-	85,611	81,787
Contributions	6,254	7,110	13,364	12,858
Government Grants and Contracts	1,354		1,354	1,323
Endowment Distribution	11,659	22,912	34,571	33,163
Other Investment Income	1,710	1,689	3,399	3,148
Auxiliary Enterprises	21,404		21,404	20,421
Other Revenue	9,728	51	9,779	8,034
Net Assets Released from Restrictions	26,701	(26,701)	-	-
Total Operating Revenue	164,421	5,061	169,482	160,734
Expenses: Educational and General				
Instruction	66,728	-	66,728	59,266
Research	1,200	-	1,200	1,902
Public Service	2,343	-	2,343	2,389
Academic Support	21,289	-	21,289	21,997
Student Services	30,258	-	30,258	27,529
Institutional Support	27,109	-	27,109	26,295
Total Educational and General Expenses	148,927	-	148,927	139,378
Auxiliary Enterprises	15,632	-	15,632	15,414
Total Operating Expenses	164,559	-	164,559	154,792
Increase (Decrease) in Net Assets from Operating Activities	(138)	5,061	4,923	5,942
NON-OPERATING ACTIVITY				
Endowment Contributions	383	3,634	4,017	4,568
Investment Return on Endowment	5,752	25,258	31,010	12,609
Change in value of Split Interest Agreements	146	801	947	797
Transfer of Restrictions	-	-	-	-
Increase (Decrease) in Net Assets from Non-Operating Activities	6,281	29,693	35,974	17,974
Total Change in NET ASSETS	6,143	34,754	40,897	23,916
Net Assets - Beginning of Year	288,279	636,685	924,964	901,048
NET ASSETS - END OF YEAR	$ 294,422	$ 671,439	$ 965,861	$ 924,964

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2018

Presented in Thousands	Without Donor Restrictions	With Donor Restrictions	2018 Total
OPERATING ACTIVITY			
Revenues, Gains, and Other Support			
Tuition and Fees	$ 120,348	$ -	$ 120,348
Less Scholarship Allowances	(38,561)	-	(38,561)
Net Tuition and Fees	81,787	-	81,787
Contributions	7,153	5,705	12,858
Government Grants and Contracts	1,323		1,323
Endowment Distribution	11,337	21,826	33,163
Other Investment Income	1,734	1,414	3,148
Auxiliary Enterprises	20,421		20,421
Other Revenue	7,974	60	8,034
Net Assets Released from Restrictions	27,821	(27,821)	-
Total Operating Revenue	159,550	1,184	160,734
Expenses: Educational and General			
Instruction	59,266	-	59,266
Research	1,902	-	1,902
Public Service	2,389	-	2,389
Academic Support	21,997	-	21,997
Student Services	27,529	-	27,529
Institutional Support	26,295	-	26,295
Total Educational and General Expenses	139,378	-	139,378
Auxiliary Enterprises	15,414	-	15,414
Total Operating Expenses	154,792	-	154,792
Increase (Decrease) in Net Assets from Operating Activities	4,758	1,184	5,942
NON-OPERATING ACTIVITY			
Endowment Contributions	420	4,148	4,568
Investment Return on Endowment	1,987	10,622	12,609
Change in value of Split Interest Agreements	(24)	821	797
Transfer of Restrictions	(9,019)	9,019	-
Increase (Decrease) in Net Assets from Non-Operating Activities	(6,636)	24,610	17,974
Total Change in NET ASSETS	(1,878)	25,794	23,916
Net Assets - Beginning of Year	290,157	610,891	901,048
NET ASSETS - END OF YEAR	$ 288,279	$ 636,685	$ 924,964

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
June 30, 2019 and 2018

Presented in Thousands

OPERATING ACTIVITIES	**2019**	**2018**
Change in Net Assets	$ 40,897	$ 23,916
Items Not Requiring (Providing) Operating Activities Cash Flows:		
Realized and Unrealized (Gains) Losses on Investments	(24,719)	(23,424)
Depreciation, Amortization	9,566	9,597
Revisions to Asset Retirement Obligation and Accretion	(462)	874
Loss on Disposal of Capital Equipment and Property	1,641	(169)
Change in Value of Split-Interest Agreements	(308)	(13)
Contributions and Investment Income restricted for Long Term Investments	(5,124)	(5,816)
Change in Allowance for Doubtful Loans to Students	(32)	22
Changes in:		
Accounts Receivable, net	482	(728)
Contributions Receivable, net	2,110	4,480
Other Assets	53	83
Accounts Payable	(401)	(6,058)
Accrued Payroll and Other Liabilities	1,273	(751)
Deferred Revenue	519	(1,647)
NET Cash Provided by Operating Activities	25,495	366
INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(7,014)	(14,928)
Proceeds (Loss) on Sales of Land, Buidlings, and Equipment	2	-
Loan Advances and Payments to Students	859	734
Proceeds from Sales or Maturities of Investments	65,385	122,430
Purchase of Investments	(84,921)	(103,944)
NET Cash Provided by (Used in) Investing Activities	(25,689)	4,292
FINANCING ACTIVITIES		
Contributions and Investment Income restricted for Long-Term Investments	5,124	5,816
Repayments on Debt	(8,909)	(8,583)
NET Cash Provided by (Used in) Financing Activities	(3,785)	(2,767)
(DECREASE) INCREASE CASH AND CASH EQUIVALENTS	(3,979)	1,891
Cash and Cash Equivalents - Beginning of Year	24,803	22,912
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 20,824	$ 24,803
Supplemental Cash Flow information		
Interest paid	6,492	6,835
Noncash Investing and Financing Activities:		
Gifts-in-Kind	142	204

See accompanying notes to consolidated financial statements.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Colorado College (the College) is an independent college of liberal arts and sciences. The College was established as a coeducational, residential institution in 1874. The College provides undergraduate and master-of-arts in teaching degree programs to nearly 2,100 students each year. The College's distinctive class calendar divides the year into segments called blocks. Under this system, students take, and faculty teach, only one course at a time. The student-teacher ratio is 11 to 1, typically with no more than 25 students per class. The College's revenues are predominately earned from tuition and fees, contributions, auxiliary enterprises, and investments.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the College and two wholly owned for-profit subsidiaries of the College, Dale Street Properties, LLC, and Cascade Avenue Medical Building, Inc. All significant intercompany balances and transactions have been eliminated.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the existence or absence of externally imposed restrictions. Accordingly, net assets of the College are classified and reported as follows:

> Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restrictions, amounts as board-designated endowment. In addition, this category includes investment in property, plant and equipment.
>
> Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment or similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restrictions on net assets, (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets or net assets released from restrictions.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASU's to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The College's financial statements reflect full retrospective application of ASC 606 guidance beginning in fiscal year 2018. No cumulative-effect adjustment to net assets was recorded because the adoption did not significantly impact the College's reported historical revenue. Additional details on Revenue Recognition and Deferred Revenue are discussed in footnotes devoted to these topics.

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The amendments assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange transactions and in (2) determining whether a contribution is conditional. The College has evaluated its contributions and grants and implemented the standard update on a modified prospective basis, with no restatement of prior amounts recognized as revenue.

Cash and Cash Equivalents

The College considers cash and all highly liquid temporary investments, with an original maturity of three months or less, to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At June 30, 2019 and 2018, the FDIC insurance limit for interest-bearing and noninterest-bearing cash accounts was $250,000. At June 30, 2019 and 2018, the College's cash accounts exceed federally insured limits by approximately $22,527,116 and $26,913,022, respectively. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents held at these banks.

Cash equivalents held in investment funds are reported as investments on the statement of financial position.

Accounts Receivable and Loans to Students

Accounts receivable are stated at the amount billed to customers and students, net of allowances for doubtful accounts. Loans to students represent the net amount of outstanding loans from students, after considering similar allowances. The College calculates allowances for doubtful accounts and loans, based on a review of outstanding receivables and student loans, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Interest is not accrued on unpaid accounts. Delinquent accounts and loans receivable are written off based on individual credit evaluations and specific circumstances of the customer or student.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consist primarily of prepaid expenses and inventories. Inventories consist mainly of fuel, postage, and supplies. Inventories are valued at the lower of cost or net realizable value (using the first-in, first-out method).

Investments

Investments in equity securities having a readily determinable fair value are stated at fair value determined by quoted market prices. Other investments, for which no such quoted market values or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. Water Rights and Real Estate fair values are determined at the time conveyed by appraisal, with reappraisals done on a periodic basis. Investment income and realized and unrealized gains and losses are reflected in the consolidated statements of activities as without or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in without donor restricted revenue and net assets released from restrictions.

Fair Value Measurements

The College follows the *Fair Value Measurements* standard as established by the Financial Accounting Standards Board. The standard defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and enhances disclosures about fair value measurements. Under the standard, fair value is defined as the amount that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the valuation date.

The standard also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Observable inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 Unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's own assumptions concerning the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

In situations when investments do not have readily determinable fair values (alternative investments), the College will use the Net Asset Value per Share (NAV), or its equivalent, as a practical expedient for fair value.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts Held as Trustee or Agent under Split-Interest Agreements

Under irrevocable trust agreements, the College receives contributed investments and agrees to maintain the principal of the investment during the life of the donor(s) and make annual payments to the donor(s) for life. The annual payments are based on a fixed rate of return or on related investment income, as stipulated in the trust agreement. Amounts received under irrevocable trust agreements, net of the present value of future payments to beneficiaries, are recorded as contribution revenue with donor restriction upon receipt. A liability for trust obligations is recorded for the estimated present value of future payments to beneficiaries. Upon the death of the beneficiaries, the assets are transferred from net assets with donor restriction as designated by the Board or trust agreement.

The College also receives contributions of charitable gift annuity contracts. The College recognizes a liability equal to the present value of the remaining payments due to annuitants under annuity contracts, based upon the remaining life expectancies of the respective annuitants.

Property, Plant, and Equipment

Buildings and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation of property, plant, and equipment, is calculated on the straight-line method over the estimated useful lives of the assets - between seven and 20 years for equipment, and 40 years for building, improvements and infrastructure.

Construction in progress is recorded for renovation and new construction projects that are in process at year-end. Upon project completion, the asset is transferred to the applicable asset category.

To qualify as capital expenses, costs must (1) be significant in amount and (2) provide benefit to the College over more than one accounting period. For improvement or restoration costs, the costs must increase the productive capacity or useful life of the asset. Costs that meet all these criteria are added to the value of the affected asset and depreciated over the remaining useful life of that asset to be capitalized. Costs that do not meet all these criteria will be expensed in the operating period in which they occur. To be considered significant in amount, an improvement, renovation, or restoration project must have total costs equal to or greater than $25,000. Purchased and donated furniture and equipment items must have a value of $5,000 or more at the date of acquisition or donation to be considered for capitalization.

Collections

Collections of works of art, historical treasures, and similar assets are not capitalized or depreciated because the items are preserved and cared for continuously. Purchases of collection items are reported in the year of acquisition as decreases in net assets without donor restriction and as net assets released from restriction if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Payroll and Other Liabilities

The College accrues earned but unpaid salaries, wages and related benefits, including taxes, insurance, retirement and other compensation related withholdings. In addition, college policy permits employees to accumulate earned but unused vacation benefits that would be paid to employees upon separation from College services. The accrual of vacation hours is limited to 264 hours for exempt and non-exempt employees.

The College provides either a full or phased early retirement program for tenure-track and adjunct faculty. Benefit periods are three years for the retiree between the ages of 59.5 and 67, two years at the age of 68 and one year at the age of 69. Early full retirement for tenure-track faculty is equal to 50% of salary with adjustments for inflation for the applicable time period. Adjunct faculty early full retirement equates to 50% of the compensation one would receive for the prior five-year course-count average. Phased retirement for tenure-track and adjunct faculty is equal to 70% of inflation-adjusted salary and these faculty members are required to teach half time or three blocks per academic year. Additions to the accrual are based upon the terms of the specific early retirement agreements issued.

The College holds various funds in a fiduciary capacity for organizations of the College, such as classes and clubs. These organizations raise funds in their own capacities and expend the funds on their organization's behalf. The revenues and expenses of these organizations are not included in the accompanying financial statements, but these funds are included in cash and considered a liability to the College.

Deferred Revenue

Deferred revenue represents payments received prior to the start of an academic term for performance obligations to be met in the following fiscal year as programs are completed. Summer programs are the primary source of such deferred revenue.

Government Advances for Loans to Students

The College administers the Title IV Perkins Loan Program for the benefit of its students. Academic year 2017-18 was the last year in which new Perkins loans were allowed to be disbursed to students. The College has elected to continue to collect on Perkins loans and return the Federal Capital Contributions (FCC) portion as the loans are collected. As payments are made back to the ED, Government Advances for Loans to Students will be reduced. Per instructions from the Department of Education, no funds were returned in fiscal year 2019.

Operating Activities

Revenues received and expenses incurred in conducting the programs and services of the College are presented in the financial statements as operating activities. Revenues and other support from operating activities that are not restricted by donors or other external sources are classified as without donor restrictions. Other revenues and support from operating activities that are restricted for a specific purpose by the donor are classified as with donor restriction. Operating activities also include investment earnings from the College's working capital funds and endowment distributed as approved by the board. Net assets released from restriction included in operating activities represent certain gifts and income used for operating expenses where the donor restriction as satisfied in the current year.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Tuition and Fees

Tuition and fees are recognized in the fiscal year in which the academic programs and services are provided. Instructional programs are delivered over the course of four three-and-a-half week blocks each semester, with two blocks each summer, as described below. Amounts received for future periods are reported as deferred revenue. As these performance obligations are satisfied, deferred revenue is reduced. When payments are received, accounts receivable is reduced. Full payment for services are due by the 10^{th} day of the Fall, Spring and Summer terms. In addition, students who adjust their course load or withdraw completely within the first two blocks of the Fall or Spring semester may receive a full or partial refund in accordance with the college's refund policy.

Institutional scholarships awarded to students reduce the amount of revenue recognized. Funding sources for institutional scholarships include amounts funded by College funds, Associated Colleges of the Midwest (ACM) Tuition Exchange, the endowment, gifts and grants. Tuition discounts are detailed in Note 17.

The College offers two summer terms. In summer 2019, Block A began May 27 and ended June 19, while Block B began June 22 and ended July 15. Revenue for each is recognized ratably over each term, depending on the number of days of the block that fall into each fiscal year. A portion of Block B tuition and fees is recorded as deferred revenue at June 30.

First-year students secure their enrollment and housing by paying nonrefundable deposits by May 1 for the following academic term. In limited circumstances, students can defer enrollment and housing by one year without forfeiting their deposit. Deposits are recorded as deferred revenue and applied against charges in the final year of enrollment. The enrollment deposit was $250 per student for the academic terms ending June 30, 2019 and 2018, respectively.

Auxiliary Services and Other Contracts with Customers

The College also provides auxiliary services to students, faculty, staff, and incidentally to the general public. Fees for auxiliary services are priced to offset the cost of the goods or services provided. The distinguishing characteristic of auxiliary services is that they are managed as an essentially self-supporting activity. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary services revenue includes activities such as residential housing, meal services, and the campus bookstore. Since performance obligations for housing and meal services are met as services are delivered over the academic terms, revenue from these services is recognized in the fiscal year in which the goods and services are provided. Charges for housing and meal plans are posted to student accounts, and payment terms mirror those for Tuition and Fees. Students that withdraw completely from the College may receive a partial refund for meal plan charges, in accordance with the College's refund policy. Housing room charges are not refundable. Refunds issued reduce the amount of revenue recognized.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table shows tuition and auxiliary revenues disaggregated according to the timing of the transfer of goods or services and by source:

Presented in Thousands

Contract Revenue Recognized over Time		Year ended June 30, 2019	Year ended June 30, 2018
Tuition and Fees		$ 124,649	$ 120,348
	Total Tuition and Fees	124,649	120,348
Housing		14,430	13,466
Dining		6,828	6,362
Other Auxiliary Revenue		146	593
	Total Auxiliary	21,404	20,421
		$ 146,053	$ 140,769

Contributions and Grants

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restriction. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restriction. Contributions and grants received are evaluated and accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. Further, contributions deemed nonreciprocal transactions are evaluated to determine whether conditional or unconditional. Unconditional contributions and grants are immediately recognized as revenue, while conditional contributions or grants are recognized as revenue as donor-imposed conditions are met.

When a donor stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as without donor restriction.

The College reports gifts of land, buildings, and equipment as without restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction support. The College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions receivable include pledges that are recorded at their present value using discount rates ranging from approximately 0.21% to 3.13% depending on the year of inception. An allowance is made for potentially uncollectible contributions based upon management's past collection experience and other relevant factors.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

From time to time, the College receives contributions from related parties, including employees, Trustees, or other organizations in which the College's Trustees serve as Directors.

Income Taxes

The College qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The College is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. Cascade Avenue Medical Building, Inc. is subject to federal and state income taxes. Profits and losses of Dale Street Properties, LLC pass through directly to the College.

The College has adopted the requirements related to accounting for uncertain tax positions. The College evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2019 and 2018.

Functional Allocation of Expenses

The costs of providing the various programs, support services, and other activities have been allocated amongst the programs and supporting services benefited. Costs allocated among programs include expenses associated with facilities management and planning, depreciation and disposal of property, plant and equipment, information technology service, and interest on long-term debt. These costs are allocated based upon each program's share of the total expenses. Interest expense on long-term debt is allocated to the programs that benefit from the long-term financing of the College.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Financial Information

The consolidated statement of activities for the year ended June 30, 2019 on page 9 contains prior year summarized comparative information that does not include sufficient detail to constitute a full presentation in conformity with U.S. GAAP. A full presentation of prior year information in conformity with U.S. GAAP is presented on the consolidated statement of activities for the year ended June 30, 2018.

Reclassifications

Certain amounts within the June 30, 2018 financial statements have been reclassified to conform to the June 30, 2019 presentation. The reclassifications had no effect on previously reported net assets.

NOTE 2 ALLIANCE AGREEMENT WITH THE FINE ARTS CENTER

On July 1, 2016, an Alliance Agreement was signed by the College and the Colorado Springs Fine Arts Center (Fine Arts Center). Beginning July 1, 2017, the College entered into a three-year lease with the Fine Arts Center operated under the name The Colorado Springs Fine Arts Center at Colorado College. The College has designated $20 million of its Quasi-endowment for the Fine Arts Center. By June 30, 2020, the Fine Arts Center Foundation will convey all of the property and the museum collection to the College.

NOTE 3 AVAILABLE RESOURCES AND LIQUIDITY

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2019, the following financial assets could readily be made available within one year of the date of the Statement of Financial Position to meet general expenditures.

Presented in Thousands		
Financial Assets available at Year End:	**2019**	**2018**
Cash and Cash Equivalents	$ 20,824	$ 24,803
Short Term Investments	30,541	24,890
Accounts Receivable, net	4,908	5,390
Contributions Receivable, net	23,737	25,847
Loans to Students, net	2,950	3,777
Assets Held in Trust	6,865	6,533
Long Term Investments	772,774	734,808
	862,599	826,048
Less Assets not available for general expenditures within 12 months:		
Contributions receivable beyond one year	17,246	18,997
Government Advances for Student Loans	3,107	3,107
Designated Reserves	6,674	8,440
Assets Held in Trust	6,865	6,533
Perpetual and term endowment, and accumulated earnings subject to appropriation beyond one year	718,012	682,518
Designated for Capital Projects	48,013	46,083
Funds with Donor restrictions	34,872	32,411
Financial Assets available for use over the next 12 months	$ 27,810	$ 27,959

NOTE 4 ACCOUNTS AND LOANS RECEIVABLE

General, student, grant and other receivables, as of June 30, 2019 and 2018, consisted of the following:

Presented in Thousands

	2019	2018
Accounts Receivable - General	$ 3,461	$ 3,719
Loans to Students	3,089	3,948
Accounts Receivable - Students	577	743
Accounts Receivable - Grants	375	530
Interest Receivable	705	538
	8,207	9,478
Less Allowances for doubtful:		
General Accounts	(87)	(26)
Student Accounts	(123)	(114)
Loans to Students	(139)	(171)
	(349)	(311)
Total	$ 7,858	$ 9,167

Allowances for doubtful accounts are established based on prior collection experiences and current economic factors, which in the College's judgment could influence the ability of students and customers to repay the amounts.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give as of June 30:

Presented in Thousands	2019	2018
Annual Fund	$ 492	$ 490
Gifts for Operations	18,730	20,009
Endowment	5,074	6,181
	24,296	26,680
Less allowance for doubtful pledges	(155)	(138)
Less unamortized discount	(404)	(695)
	$ 23,737	$ 25,847

Amounts due in -	2019	2018
Less than one year	$ 6,491	$ 6,850
One to five years	9,645	10,369
Greater than five years	7,601	8,628
	$ 23,737	$ 25,847

NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)

The College also has conditional promises to give of approximately $100,000 and $200,000 at June 30, 2019 and 2018, respectively. In addition, the College has been notified of intent to give in wills or trust instruments in amounts totaling approximately $60.0 million and $48.7 million as of June 30, 2019 and 2018, respectively.

Because these conditional promises and bequest pledges do not yet meet revenue recognition criteria, they are not recognized as assets in the consolidated statements of financial position.

NOTE 6 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables present investments and financial instruments carried at fair value in accordance with the valuation hierarchy defined in Note 1 as of June 30, 2019, and June 30, 2018.

Presented in Thousands

	June 30, 2019
Short Term Investments	$ 30,541
Long Term Investments	772,774
Assets Held under Split-Interest Agreements	6,865
	$ 810,180

	Level I	Level II	Level III	2018 Total
Cash and Cash Equivalents	$ 37,034	$ -	$ -	$ 37,034
Fixed Income	63,235	27,456	-	90,691
Domestic Equities	226,692	309	-	227,001
International Equities	-	32,976	-	32,976
Global Hedged Equities	-	-	71,081	71,081
Multi-Strategy Absolute Return	-	-	67,114	67,114
Private Capital	-	-	89,307	89,307
Real Estate and Water Rights	-	-	2,589	2,589
Planned Gift Agreements	5,358	-	1,507	6,865
	$ 332,319	$ 60,741	$ 231,598	$ 624,658
Investments Measured at Net Asset Value				185,522
TOTAL INVESTMENTS				**$ 810,180**

	June 30, 2018
Short Term Investments	24,890
Long Term Investments	734,808
Assets Held under Split-Interest Agreements	6,533
	$ 766,231

	Level I	Level II	Level III	2018 Total
Cash and Cash Equivalents	$ 29,810	$ -	$ -	$ 29,810
Fixed Income	72,777	23,095	-	95,872
Domestic Equities	211,551	2,448	-	213,999
International Equities	-	33,620	-	33,620
Global Hedged Equities	-	-	65,674	65,674
Multi-Strategy Absolute Return	-	-	71,892	71,892
Private Capital	-	-	82,340	82,340
Real Estate and Water Rights	-	-	2,589	2,589
Planned Gift Agreements	5,057	-	1,476	6,533
	$ 319,195	$ 59,163	$ 223,971	$ 602,329
Investments Measured at Net Asset Value				163,902
TOTAL INVESTMENTS				**$ 766,231**

NOTE 6 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The following tables are reconciliations of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs 1 as of June 30, 2019, and June 30, 2018.

Presented in Thousands

Level 3 Investments	July 1, 2018 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	**June 30, 2019 Balance**
Global Hedged Equities	$ 65,674	$ 307	$ (9,900)	$ 15,000	$ 71,081
Multi-Strategy Absolute Return	71,892	24,287	(29,065)	-	67,114
Private Capital	82,340	(7,157)	-	14,124	89,307
Real Estate and Water Rights	2,589	-	-	-	2,589
Planned Gift Agreements	1,476	31	-	-	1,507
Totals	$ 223,971	$ 17,468	$ (38,965)	$ 29,124	$ 231,598

Level 3 Investments	July 1, 2017 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	**June 30, 2018 Balance**
Global Hedged Equities	$ 79,394	$ 6,838	$ (20,558)	$ -	$ 65,674
Multi-Strategy Absolute Return	91,045	(11,470)	(7,683)	-	71,892
Private Capital	72,863	4,501	(14,189)	19,165	82,340
Real Estate and Water Rights	2,589	-	-	-	2,589
Planned Gift Agreements	1,430	46	-	-	1,476
Totals	$ 247,321	$ (85)	$ (42,430)	$ 19,165	$ 223,971

Of the total Level 3 unrealized gains and (losses), approximately $3,950,000 and $2,305,000 were recognized in net assets without donor restriction during the years ending in June 30, 2019 and 2018, respectively.

The College uses the NAV to determine fair value of all its investments that a) do not have a readily determinable fair value and b) prepare their financial statements consistent with the measurement principles or have the attributes of an investment company.

NOTE 6 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The following table lists investments in other investment companies (in partnership format) by major category:

Presented in Thousands

	Investments Held at Net Asset Value	Redemption Notice Period	Redemption Frequency	Unfunded Commitments	Fair Value @ June 30, 2019	Fair Value @ June 30, 2018
a	International Equities	6 Business days	Weekly	$ -	$ 93,385	$ 94,136
b	Absolute Return	45 Day notice	Annually	-	37,592	17,195
c	Emerging Markets	n/a *	n/a *	1,852	10,507	10,781
d	Mid-Market	n/a *	n/a *	-	1,359	2,031
e	Distressed Credit	n/a *	n/a *	23,449	20,085	13,234
f	Consumer markets	n/a *	n/a *	-	3,920	6,944
g	Real Estate	n/a *	n/a *	11,264	18,674	19,581
			$ -	$ 36,565	$ 185,522	$ 163,902

* *These funds are in private equity structures, with no ability to be redeemed.*

Presented in Thousands

Of the Investments Held at Net Asset Value, the estimated remaining commitments have lives ranging from 1 to 4 years as follows:

2020	$ 13,204
2021	10,141
2022	7,120
2023	6,100
	$ 36,565

a - Long only international equities in a diversified portfolio of value securities.
b - Absolute return hedge funds focused on merger arbitrage, real estate, distressed credit, special situations & liquidations
c - Private equity firms invest in mid-market buyout and growth equity in Asia, Africa, and Latin America.
d - Private equity firms invest in RMBS and CMBS securities and structured products.
e - Private equity firms pursue distressed investments in residential and asset backed securities, in distressed & mispriced loans and securities, and in rescue and distressed lending.
f - Private equity firms invest in businesses that are beneficiaries of discretionary consumer spending in the Asian markets
g - Private equity firms invest in real estate located primarily in the United States.

The College had the following investments and commitments for the years ending June 30:

	2019	**2018**
Number of Funds held	$ 47	$ 48
Number of Investment companies	31	29
Presented in Thousands		
Investment commitments	313,161	291,506
Contributions to commitments	233,966	205,188
Remaining commitments	$ 79,195	$ 86,318

NOTE 6 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The College reviews the endowment portfolio investment liquidity quarterly. Redemption requirements range from one day to 120 days as found in the individual Investment Offering Memorandum for each investment. The following table represents the endowment portfolio liquidity, by category, as a percentage of the total endowment portfolio:

Liquidity	**2019**	**2018**
Daily/Weekly	42%	42%
Monthly	15%	16%
Quarterly	8%	9%
Annually	7%	5%
Multi-year Lock ups	8%	8%
Illiquid	20%	20%

Investment return consists of the following for the years ending June 30:

Presented in Thousands

Investment Returns	**2019**	**2018**
Operating Interest and Dividend Income	$ 968	$ 732
Perpetual Trust Distributions	2,396	2,247
Operating Net Realized and Unrealized gains and (losses)	36	170
Endowment Distributed Income	23,171	14,909
Endowment Net Realized and Unrealized gains and (losses)	42,409	30,863
	$ 68,980	$ 48,921

Investment return is presented in the consolidated statements of activities as follows:

	2019	**2018**
Operating Revenue	$ 37,970	$ 36,311
Non-Operating Activity	31,010	12,609
	$ 68,980	$ 48,920

NOTE 7 SPLIT-INTEREST AGREEMENTS

The College participates in split-interest agreements with donors, which include beneficial interests in perpetual trusts (see Note 8), charitable remainder trusts, charitable gift annuities, and pooled life income funds. Assets associated with split-interest agreements are included in investments. Upon termination of the trust, the College receives the assets remaining in the trust.

The split-interest investments are recorded at fair value and the liabilities for annuities payable and other life income funds payable are reflected within Other Liabilities on the Statement of Financial Position. The liability recorded is calculated based on the present value of the expected distributions to beneficiaries, using a discount rate of approximately 6% and estimated life of the youngest beneficiary based on Internal Revenue Service mortality tables.

NOTE 7 SPLIT-INTEREST AGREEMENTS (CONTINUED)

Contribution revenue recognized and investments recorded by the College related to split-interest agreements are as follows:

Presented in Thousands

June 30, 2019	CRATs/CRUTs	Charitable Gift Annuities	Endowment CRT
Contribution Revenue	$ -	$ 166	$ -
Investments	4,292	1,564	1,009

June 30, 2018	CRATs/CRUTs	Charitable Gift Annuities	Endowment CRT
Contribution Revenue	$ -	$ 113	$ -
Investments	4,191	1,367	975

NOTE 8 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interests in perpetual trusts are recognized as a contribution when the College is notified of the existence of an irrevocable trust and can establish the fair market value of the trust assets. Trust investments are held by a third party (trustee), and the College receives income and/or a residual interest from the assets. The net assets from the trusts are recorded as with donor restriction. Distributions received from the trusts are recorded as investment income, without or with donor restriction as stipulated by the donor.

Presented in Thousands

Investments at Levels as of June 30,	Level I	Level II	Level III	**Total**
2019 Beneficial Interest Perpetual Trusts	$ -	$ -	$ 35,909	$ 35,909
2018 Beneficial Interest Perpetual Trusts	-	-	35,333	35,333

Level 3 Activity	July 1 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	June 30 Balance
2019 Beneficial Interest Perpetual Trusts	$ 4,663	$ (159)	$ -	$ -	$ 4,504
2018 Beneficial Interest Perpetual Trusts	5,538	(875)	-	-	4,663

NOTE 9 ENDOWMENT

The College's endowment consists of over 800 active individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds functioning as endowments (internally designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds, including internally designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 9 ENDOWMENT (CONTINUED)

The College's Board of Trustees has interpreted the State of Colorado Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value 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 the original value of gifts, subsequent gifts and other accumulations to the endowment as net assets with donor restriction with the direction of the applicable donor gift instrument. The appreciation of a donor-restricted endowment fund is classified as net assets with donor restriction consistent with the standard of prudence prescribed by SPMIFA.

The composition of net assets (including contributions receivable) by type of endowment fund for the years ending June 30 was:

Presented in Thousands

Endowment Net Assets	June 30, 2019 Without Donor Restriction	With Donor Restriction	Total
Designated Endowments	$ 136,915	$ -	$ 136,915
Designated Endowments - Capital Projects	37,626	-	37,626
Donor-Restricted Endowments held in perpetuity	-	164,670	164,670
Purpose restricted, subject to appropriation	-	24,216	24,216
Accumulated Investment gains subject to appropriation	-	408,497	408,497
Total Endowment Funds	$ 174,541	$ 597,383	$ 771,924

Presented in Thousands

Endowment Net Assets	June 30, 2018 Without Donor Restriction	With Donor Restriction	Total
Designated Endowments	$ 133,982	$ -	$ 133,982
Designated Endowments - Capital Projects	36,042	-	36,042
Donor-Restricted Endowments held in perpetuity	-	160,432	160,432
Purpose restricted, subject to appropriation	-	22,226	22,226
Accumulated Investment gains subject to appropriation	-	383,238	383,238
Total Endowment Funds	$ 170,024	$ 565,896	$ 735,920

NOTE 9 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended June 30 were:

Presented in Thousands

2019 Change in Endowment Net Assets	Without Donor Restriction	With Donor Restriction	Total
Beginning of year July 1, 2018	$ 170,024	$ 565,896	$ 735,920
Contributions/Additions	383	3,634	4,017
Endowment Gains/Losses	9,589	32,820	42,409
Investment Income Reinvestments/Withdrawals	7,821	15,350	23,171
Reinvestments/Withdrawal from reinvestments	(1,617)	2,595	978
Appropriation of Endowment Assets for expenditures	(11,659)	(22,912)	(34,571)
Endowment at Year End June 30, 2019	$ 174,541	$ 597,383	$ 771,924

2018 Change in Endowment Net Assets	Without Donor Restriction	With Donor Restriction	Total
Beginning of year July 1, 2017	$ 177,756	$ 540,154	$ 717,910
Contributions/Additions	420	4,148	4,568
Endowment Gains/Losses	7,216	23,647	30,863
Investment Income Reinvestments/Withdrawals	6,108	8,801	14,909
Reinvestments/Withdrawal from reinvestments	(10,140)	10,973	833
Appropriation of Endowment Assets for expenditures	(11,337)	(21,826)	(33,163)
Endowment at Year End June 30, 2018	$ 170,024	$ 565,896	$ 735,920

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restriction and aggregated $-0- and $85,478 at June 30, 2019 and 2018, respectively. These deficiencies are a result of unfavorable market fluctuations.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the College and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the College
7. Investment policies of the College

NOTE 9 ENDOWMENT (CONTINUED)

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the College must hold in perpetuity or for donor-specified periods, as well as those of internally designated endowment funds. Under the College's policies, endowment assets are invested in a manner that is intended to produce results that exceed the spending rate plus inflation annually while assuming a reasonable level of investment risk.

The College has a Board approved spending policy for appropriating funds for expenditure each year. For fiscal year 2019, the College appropriated 5% of its endowment fund's average market value over the prior 12 quarters through the calendar year-end prior to the year in which expenditure is planned.

NOTE 10 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following for the years ending June 30:

Presented in Thousands	2019	2018
Buildings and improvements	$ 331,205	$ 330,007
Land	7,540	7,451
Campus infrastructure	30,087	27,037
Equipment and furnishings	17,682	19,966
Long-Term Equipment	6,432	5,893
Construction in progress	4,558	4,791
Buildings Conditional Asset Retirement Obligation	1,388	1,847
	398,892	396,992
Less accumulated Depreciation	(132,928)	(126,831)
	$ 265,964	$ 270,161

Capitalized interest, depreciation and amortization are detailed below for the years ending June 30:

Presented in Thousands	2019	2018
Capitalized interest costs related to construction in progress during the years ending June 30	$ 162	$ 1,139
Total depreciation and amortization expense for the years ending June 30	$ 9,566	$ 9,597

NOTE 11 DEFERRED REVENUE

Deferred revenue represents payments received in advance of performance obligations being met, primarily for tuition and fees prior to the start of an academic term. The following table details activity for deferred revenue related to tuition and fees, auxiliary enterprises and other operations.

NOTE 11 DEFERRED REVENUE (CONTINUED)

Presented in Thousands

	Tuition and Fees	Student Deposits and Other Deferred Revenue	Total
Balance at June 30, 2017	$ 386	$ 336	$ 722
Revenue recognized, deposits applied/forfeited	(19,312)	(1,466)	(20,778)
Payments received for future performance obligations	19,424	1,963	21,387
Balance at June 30, 2018	$ 498	$ 833	$ 1,331
Revenue recognized, deposits applied/forfeited	(19,354)	(745)	(20,099)
Payments received for future performance obligations	19,381	1,237	20,618
Balance at June 30, 2019	$ 525	$ 1,325	$ 1,850

The College applies the practical expedient in FASB ASC 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTE 12 DEFINED CONTRIBUTION RETIREMENT PLAN

All employees of the College with one year of service are eligible to participate in a defined contribution retirement plan administered by Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA). Upon the attainment of age 30, eligible employees are required to participate and make contributions equivalent to 5% of their salary. For employees hired before July 1, 1991, the College contributes 6% of salary up to the first half of the median faculty/administrator salary and 11% of the balance of their salary. The College currently contributes 10% of base salary for all other employees.

	2019	2018
Total pension expense ending June 30	$ 5,662	$ 5,208

NOTE 13 OTHER POSTRETIREMENT BENEFIT PLANS

The College has a closed noncontributory defined benefit postretirement health care plan for those who retired prior to July 1, 1995. On June 30, 2005, the post-retirement fully-insured medical program was changed to a defined contribution program that created accounts to be used for the purchase of post-retirement medical coverage that are funded during the active employment years.

Post-retirement medical liability is for those who retired prior to July 1, 1995 who receive an 80% subsidy from the College for medical coverage and any pre-65 retiree enrolled in medical. Although early retirees pay 100% of the active premium, their medical costs are higher than the active employees, thus creating a "hidden" College subsidy liability.

NOTE 13 OTHER POSTRETIREMENT BENEFIT PLANS (CONTINUED)

The College's funding policy is generally to fund as amounts become due (pay-as you go), but may elect to pre-fund the liability from time to time. The College expects to contribute $101,722 to the plan in 2020.

As required by the *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* topic of FASB ASC, an employer must recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan), as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which changes occur through changes in net assets without donor restriction.

The College uses a June 30 measurement date for the plan. The plan's funded status as of June 30 was:

Presented in Thousands	2019	2018
Benefit Obligation	$ (662)	$ (683)
Funded Status	$ (662)	$ (683)

The postretirement benefit and plan obligation is reflected in the Accrued Payroll & Other Liabilities on the Statement of Financial Position.

Other significant balances and costs are:		
Employer Contribution	$ 274	$ 478
Benefits Paid	(274)	(478)
Benefits Cost	$ -	$ -

The estimated net loss and transition obligation for the defined benefit postretirement health care plan that will be amortized from net assets without donor restriction into net periodic benefit cost over the next fiscal year are:

	2019	2018
Estimated net loss and transition obligation	$ 77	$ 68

For measurement purposes, a 4.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2019.

The estimated benefits expected to be paid in the following years are as follows:

Presented in Thousands	
2020	$ 102
2021	83
2022	71
2023	63
2024	52
2025-2028	114
Total	$ 485

NOTE 14 SELF-FUNDED INSURANCE PLANS

The College maintains self-funded dental and health insurance plans. Under these plans, the College incurs insurance claims expense of approximately $795,000 per month. The College has contracted with a third-party administrator to process claims. The third-party administrator submits employee insurance claims for payment on a weekly basis, one week in arrears. Administrative costs are paid on a monthly basis. The College is liable for claims of up to $300,000 per individual, per year. Claims above $300,000 per individual, per year are covered by a specific stop loss insurance program, which has no stop loss max.

Presented in Thousands	**2019**	**2018**
Plan expense	$ 7,372	$ 6,997
Incurred but not reported claims (based on actuarial calculations)	$ 1,573	$ 1,242
Plan reserve (from designated net assets without donor restrictions)	$ 1,825	$ 2,982

The incurred but not reported claims are reflected in the Accrued Payroll and Other Liabilities on the Statement of Financial Position.

NOTE 15 DEBT PAYABLE

Debt payable consists of the following for the years ending June 30:

Presented in Thousands	Original Issue Amount	Interest Rate	Final Maturity	Principal balance - net of unamortized discounts and premiums as of June 30 2019	2018
Tax-Exempt fixed-rate:					
Series 2005 issued through the City of Colorado Springs	$ 27,630	5.00%	2020	$ 1,309	$ 2,553
Series 2010 issued through El Paso County	46,775	3.75 - 5.25%	2024	6,980	10,577
Series 2012 issued through El Paso County	33,530	5.00%	2024	18,540	21,796
Tax-Exempt fixed-rate - structured as a bank loan:					
Series 2015A issued through El Paso County	16,730	2.10%	2032	16,168	16,304
Series 2015B issued through El Paso County	16,325	1.85%	2024	14,935	15,275
Taxable fixed-rate:					
Series 2015C issued through El Paso County	110,000	3.30 - 4.70%	2046	109,694	109,683
Less Bond Issuance Costs				(776)	(871)
Total Bond Debt, net				$ 166,850	$ 175,317
Short Term, fixed rate bank loan					
2017 Unsecured issued through Wells Fargo Bank	2,150	2.68%	2022	1,290	1,720
Capital Lease Obligations				18	30
Total Debt, net				$ 168,158	$ 177,067

NOTE 15 DEBT PAYABLE (CONTINUED)

Aggregate annual maturities (or minimum lease payments) for the term of the debt outstanding as of June 30, 2019 were:

Presented in Thousands	Bond Debt	Short Term Debt	Capital Lease Obligation	**Total Debt**
2020	$ 8,355	$ 430	$ 11	$ 8,796
2021	8,755	430	7	9,192
2022	9,040	430	-	9,470
2023	8,925	-	-	8,925
2024	9,230	-	-	9,230
Thereafter	120,620	-	-	120,620
	$ 164,925	$ 1,290	$ 18	$ 166,233
Less Discounts	(352)			(352)
Plus Premiums	3,053			3,053
Less Bond Issuance Costs	(776)			(776)
	$ 166,850	$ 1,290	$ 18	$ 168,158

Bond issuance costs and the bond discounts are amortized over the life of the bond issue using the straight-line method. Bond premiums are accreted over the life of the bond issue using the straight-line or effective-interest methods. Total interest charged to expense consists of the following for the years ending June 30:

	2019	**2018**
Total Interest charged to expense	$ 6,377	$ 6,739

The College leases various equipment and real estate under capital leases expiring through March 2021. The capitalized cost and accumulated amortization under capital leases for the years ending June 30:

Presented in Thousands	**2019**	**2018**
Campus Infrastructure	$ 2,473	$ 2,473
Equipment	714	714
Total Cost	3,187	3,187
Less accumulated amortization	(1,373)	(1,281)
Total	$ 1,814	$ 1,906

NOTE 16 ASSET RETIREMENT OBLIGATION

The College's asset retirement obligations primarily relate to asbestos contained in buildings the College owns. Environmental regulations specify how to dispose of asbestos if facilities are demolished, or undergo major renovations or repairs. The obligation to remove asbestos is estimated based on the expected costs to be incurred escalated at an inflation rate and discounted at a credit adjusted risk-free rate. A summary of changes in asset retirement obligations since the date of adoption is included in the table below:

NOTE 16 ASSET RETIREMENT OBLIGATION (CONTINUED)

Presented in Thousands	2019	2018
Liability - Beginning of Year	$ 4,856	$ 3,983
Net Accretion Expenses (revisions)	(462)	873
Liability - End of Year	$ 4,394	$ 4,856

NOTE 17 SCHOLARSHIP ALLOWANCES (TUITION DISCOUNTS)

For the years ended June 30, the College's scholarship allowances (tuition discounts, prizes, and external scholarships) were provided for students at the College from the following sources:

Presented in Thousands	2019	2018
Unrestricted Sources		
Colorado College Funds	$ 25,329	$ 25,110
ACM Tuition Exchange	202	157
Total unrestricted sources	25,531	25,267
Restricted Sources		
Endowments	11,982	11,585
Private Gifts and Grants	1,144	1,355
Governments Grants	381	354
Total restricted sources	13,507	13,294
Total Scholarships Provided by Colorado College	$ 39,038	$ 38,561
Other scholarship allowances (not included above):		
Tuition remission benefits for dependents of employees	$ 1,031	$ 1,130
The College acts as custodian for these funds -		
Outside Scholarships for Colorado College students	$ 2,300	$ 2,336
Pell Grants	$ 1,173	$ 1,167

NOTE 18 RESTRICTIONS AND LIMITATIONS ON NET ASSETS BALANCES

Net assets during the years ended June 30 were released from donor restrictions for the following purposes:

Presented in Thousands

	2019	2018
Scholarships and Other Endowment funds	$ 18,362	$ 17,562
Instruction and Other Departmental Support	6,752	3,126
Capital Projects	1,587	7,133
	$ 26,701	$ 27,821

NOTE 18 RESTRICTIONS AND LIMITATIONS ON NET ASSETS BALANCES (CONTINUED)

The College's net assets were allocated as follows for the years ending June 30:

Presented in Thousands

	2019	2018
Net Assets without Donor restrictions		
Undesignated	$ 7,947	$ 8,230
Student Loans Funds	1,543	1,446
Designated Operating Reserves	6,674	8,440
Designated Capital Projects	10,847	10,501
Designated Endowments	136,915	133,982
Designated Endowments - Capital Projects	37,626	36,042
Invested in Property and Equipment - net of related Debt	92,870	89,639
Total Without Donor Restrictions	294,422	288,280
Net Assets with Donor restrictions		
Donor Restricted Net Assets not Invested in Perpetuity		
Instruction and Other Departmental Support	22,649	23,779
Financial Aid	60	87
Capital Projects	12,162	8,545
Accumulated Earnings on Endowed Funds subject to Appropriations	408,497	383,238
Purpose Restricted, Subject to Appropriation	23,241	20,934
Annuity, Life Income, and BIPT	2,719	2,564
Unconditional promises to give for specific purposes	975	1,293
Total with Donor restriction not invested in perpetuity	470,303	440,440
Donor Restricted Net Assets held in Perpetuity		
Income expended for Scholarships	74,681	72,393
Income expended for Instruction and other departmental support	80,220	77,812
Income expended for General Purposes	5,729	5,496
Annuity, Life Income, and BIPT	36,466	35,814
Unconditional promises to give to the Endowment	4,040	4,730
Total with Donor restriction held in perpetuity	201,136	196,245
Total With Donor Restrictions	671,439	636,685
Total Net Assets	**$ 965,861**	**$ 924,965**

NOTE 19 EXPENSES BY NATURE AND FUNCTION

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The College reports expenditures in categories reflecting core operational objectives for higher education as defined by the Integrated Postsecondary Education Data System (IPEDS). The College's expenditures for 2019 and 2018 were as follows:

Presented in Thousands	Instructional	Academic Support, Public Service, & Research	Student Services	Institutional Support - Admin	Institutional Support - Fund Raising	Auxiliary	**2019 Total**
Compensation	$ 44,116	$ 11,616	$ 15,477	$ 10,198	$ 5,229	$ 1,537	$ 88,173
Instructional Operations	4,731	4,947	3,540	1,297	752	1,511	16,778
Fees & Contracts	5,528	3,447	2,250	2,935	881	9,192	24,233
Information Technology	186	624	195	390	58	34	1,487
Employee Conferences	2,144	1,031	3,020	381	362	30	6,968
Plant Operations	3,092	983	2,634	1,679	367	2,222	10,977
Interest	2,979	939	1,351	727	381	-	6,377
Depreciation	3,952	1,245	1,791	965	507	1,106	9,566
Total Expenses	$ 66,728	$ 24,832	$ 30,258	$ 18,572	$ 8,537	$ 15,632	$ 164,559

Presented in Thousands	Instructional	Academic Support, Public Service, & Research	Student Services	Institutional Support - Admin	Institutional Support - Fund Raising	Auxiliary	**2018 Total**
Compensation	$ 40,676	$ 12,611	$ 13,808	$ 8,915	$ 5,219	$ 1,693	$ 82,922
Instructional Operations	4,023	4,994	3,581	1,391	851	2,035	16,875
Fees & Contracts	5,206	3,791	2,220	2,893	1,024	9,516	24,650
Information Technology	252	999	203	641	106	47	2,248
Employee Conferences	1,682	1,058	2,738	304	441	50	6,273
Plant Operations	661	337	1,837	1,650	95	909	5,489
Interest	2,994	1,105	1,390	782	441	26	6,738
Depreciation	3,772	1,393	1,752	986	556	1,138	9,597
Total Expenses	$ 59,266	$ 26,288	$ 27,529	$ 17,562	$ 8,733	$ 15,414	$ 154,792

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, the College is involved in various legal matters. Management does not currently believe that any liability related to this litigation would be material to the financial statements. Therefore, no liability has been recorded in these financial statements. Events could occur that would change this estimate materially in the near term.

Federal Programs

The College participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure for allowable purposes. Any disallowable expenditures resulting from federal audit may become a liability of

NOTE 20 COMMITMENTS AND CONTINGENCIES (continued)

the College. It is believed that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the College.

Construction Commitments

The College had several major construction projects in progress at June 30, 2019 and 2018 with commitments to contractors. There are funds available from existing sources for completion of these projects.

Presented in Thousands	2019	2018
Construction contractor commitments	$ 5,926	$ 2,396
Cumulative available funds for projects	$ 9,968	$ 5,224

Operating Leases

The College leases various office equipment, vehicles, and property under operating leases.

Presented in Thousands	2019	2018
Rent expense on operating leases:	$ 231	$ 231

Future minimum lease payments under the Operating Leases as of June 30, 2019 are:

2020	$ 126
2021	123
2022	118
2023	175
2024	81
Thereafter	105
Minimum Operating Lease payments	$ 728

NOTE 21 SUBSEQUENT EVENTS

On October 9, 2019, Series 2019A Tax-Exempt Revenue Bonds, with a par amount of $20,745,000, were issued through El Paso County. The purpose of the bonds is to finance the cost of various capital projects, including, but not limited to, constructing Robson Arena; remodeling Van Briggle Pottery Building for the Bemis Art School; constructing a new facility for Facilities Services; remodeling Bemis Art School for 3D Arts; relocating Burghart tennis court and constructing a 100-car parking lot at El Pomar Sports Center; demolishing the Armstrong Hall parking lot and creating Colorado Plaza; creating a new building along Tejon Street to house a Health Center, Bookstore, Mail Room, Wooglins, Campus Safety and a Coffee House/Bar; demolishing Boettcher Health Center Building and re-landscaping; demolishing Honnen Ice Arena and creating Cossitt Plaza; installing new organic turf on Washburn, Stewart and Olsen Fields and lights on Stewart Field; and renovating the KRCC (91.5 FM) Building. The College evaluated subsequent events through October 31, 2019, the date at which the financial statements were available to be issued, and determined there were no additional events to disclose.