



POMONA COLLEGE

Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

POMONA COLLEGE

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Pomona College:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pomona College (the College), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
December 19, 2025

POMONA COLLEGE

Statements of Financial Position

June 30, 2025 and 2024

(In thousands of dollars)

Assets	2025	2024
Cash and cash equivalents	\$ 1,941	1,652
Accounts and other receivables, net	4,287	7,029
Prepaid expenses, deposits and other assets	16,531	11,899
Short-term investments	150,852	133,245
Contributions receivable, net	58,522	42,408
Notes receivable, net	7,273	7,602
Long-term investments:		
Pooled	3,429,004	3,182,029
Separately invested	123,920	119,678
Property, plant, and equipment, net	405,120	412,095
Total assets	<u>\$ 4,197,450</u>	<u>3,917,637</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 2,979	5,556
Accrued payroll and other liabilities	31,864	29,972
Life income and annuities obligation	148,518	144,612
Long-term debt	237,480	238,887
Government advances for student loans	260	384
Funds held in trust for others	5,505	5,153
Total liabilities	<u>426,606</u>	<u>424,564</u>
Net assets:		
Without donor restrictions	1,725,978	1,614,013
With donor restrictions	2,044,866	1,879,060
Total net assets	<u>3,770,844</u>	<u>3,493,073</u>
Total liabilities and net assets	<u>\$ 4,197,450</u>	<u>3,917,637</u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2025

(In thousands of dollars)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Student revenues, net (includes student financial aid of \$63,203)	\$ 84,440	—	84,440
Federal grants and contracts	4,162	—	4,162
Private gifts and grants	13,997	31,247	45,244
Private contracts	865	222	1,087
Pooled income appropriated for operations	117,591	—	117,591
Sales and services of education departments	4,335	22	4,357
Other revenues	1,622	—	1,622
	<u>227,012</u>	<u>31,491</u>	<u>258,503</u>
Net assets released from donor restrictions	<u>73,055</u>	<u>(73,055)</u>	<u>—</u>
Total revenues, gains, and other support	<u>300,067</u>	<u>(41,564)</u>	<u>258,503</u>
Expenses:			
Instruction	82,488	—	82,488
Research	4,237	—	4,237
Public service	2,438	—	2,438
Academic support	24,460	—	24,460
Student services	32,163	—	32,163
Institutional support	53,038	—	53,038
Auxiliary enterprises	42,746	—	42,746
Total expenses	<u>241,570</u>	<u>—</u>	<u>241,570</u>
Increase (decrease) in net assets from operating activities	<u>58,497</u>	<u>(41,564)</u>	<u>16,933</u>
Nonoperating activities:			
Net realized and unrealized gains on investments	145,473	185,367	330,840
Net investment income	21,944	20,187	42,131
Pooled income appropriated for operations	(117,591)	—	(117,591)
Pooled income appropriated for annuities	(4,473)	(2,030)	(6,503)
Changes in actuarially determined gift liabilities	8,521	8,984	17,505
Other actuarial adjustments	(8)	—	(8)
Annuity and life income funds released and liquidated	(300)	(5,138)	(5,438)
Other	(98)	—	(98)
Change in net assets from nonoperating activities	<u>53,468</u>	<u>207,370</u>	<u>260,838</u>
Change in net assets	111,965	165,806	277,771
Net assets, beginning of year	<u>1,614,013</u>	<u>1,879,060</u>	<u>3,493,073</u>
Net assets, end of year	<u>\$ 1,725,978</u>	<u>2,044,866</u>	<u>3,770,844</u>

See accompanying notes to financial statements.

POMONA COLLEGE

Statement of Activities

Year ended June 30, 2024

(In thousands of dollars)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Student revenues, net (includes student financial aid of \$60,429)	\$ 80,608	—	80,608
Federal grants and contracts	2,977	—	2,977
Private gifts and grants	8,716	24,121	32,837
Private contracts	1,359	50	1,409
Pooled income appropriated for operations	113,777	—	113,777
Sales and services of education departments	3,811	90	3,901
Other revenues	686	8	694
	211,934	24,269	236,203
Net assets released from donor restrictions	70,145	(70,145)	—
Total revenues, gains, and other support	282,079	(45,876)	236,203
Expenses:			
Instruction	82,395	—	82,395
Research	3,606	—	3,606
Public service	2,124	—	2,124
Academic support	23,448	—	23,448
Student services	30,621	—	30,621
Institutional support	48,900	—	48,900
Auxiliary enterprises	40,948	—	40,948
Total expenses	232,042	—	232,042
Increase (decrease) in net assets from operating activities	50,037	(45,876)	4,161
Nonoperating activities:			
Net realized and unrealized gains on investments	137,143	174,227	311,370
Net investment income	17,529	15,247	32,776
Pooled income appropriated for operations	(113,777)	—	(113,777)
Pooled income appropriated for annuities	(4,287)	(1,947)	(6,234)
Changes in actuarially determined gift liabilities	7,033	1,755	8,788
Other actuarial adjustments	392	—	392
Annuity and life income funds released and liquidated	(3,280)	(1,409)	(4,689)
Other	20	(5)	15
Change in net assets from nonoperating activities	40,773	187,868	228,641
Change in net assets	90,810	141,992	232,802
Net assets, beginning of year	1,523,203	1,737,068	3,260,271
Net assets, end of year	\$ 1,614,013	1,879,060	3,493,073

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2025 and 2024

(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 277,771	232,802
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	21,128	20,966
Accretion of interest on CEFA bonds	1,704	1,821
Amortization of bond cost of issuance	45	45
Contributions restricted for long-term investment	(13,671)	(24,252)
Net realized and unrealized gains on investments	(330,840)	(311,370)
Noncash gifts	(3,728)	(7,219)
Donated securities	(7,144)	(10,079)
Adjustments of actuarial liabilities	(17,505)	(8,788)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	2,742	(1,632)
Increase in contributions receivable	(16,113)	(14,633)
(Increase) decrease in prepaid expenses, deposits and other assets	(5,723)	3,765
(Decrease) increase in accounts payable	(2,797)	1,573
Increase in accrued payroll and other liabilities	1,892	7,945
Increase (decrease) in lease obligation	1,092	(1,513)
Net cash used in operating activities	<u>(91,147)</u>	<u>(110,569)</u>
Cash flows from investing activities:		
Additions to property, plant, and equipment	(13,933)	(9,196)
Purchase of investments	(1,494,344)	(1,162,350)
Proceeds from sale of investments	1,564,181	1,233,657
Proceeds from sale of donated securities	7,145	10,084
Disbursements of student loans	(757)	(767)
Collections of student loans	1,085	1,148
Disbursements of trust deed loans	(5,553)	(3,661)
Collections of trust deed loans	1,458	3,182
Net cash provided by investing activities	<u>59,282</u>	<u>72,097</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investment in endowment	7,231	12,019
Investment in life income	6,439	12,233
Investment in plant	—	1
Government student loans return of fund	(124)	(156)
Payments on long-term debt	(3,155)	(3,155)
Investment income on life income and annuities	2,141	2,127
Proceeds from life income and annuities	22,664	17,809
Payments on life income and annuities	(2,776)	(2,867)
Payments on funds held in trust for others	(266)	(260)
Net cash provided by financing activities	<u>32,154</u>	<u>37,751</u>
Net change in cash and cash equivalents	289	(721)
Cash and cash equivalents, beginning of year	<u>1,652</u>	<u>2,373</u>
Cash and cash equivalents, end of year	\$ <u>1,941</u>	\$ <u>1,652</u>
Supplementary cash flow information:		
Cash paid during the year for interest	\$ 6,146	6,095

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2025 and 2024

(1) Summary of Significant Accounting Policies

(a) Reporting Organization

Founded in 1887, Pomona College (the College) is an independent, coeducational liberal arts college offering instruction in all major fields of the fine arts, humanities, social sciences, and natural sciences. The College has an enrollment of approximately 1,700 students and a student-faculty ratio of seven to one.

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

(b) Basis of Presentation

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

(c) Classification of Net Assets

The accompanying financial statements present information regarding the College's financial position and activities within the following two net asset categories:

(i) Net Assets without Donor Restrictions

Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

(ii) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions, (1) that will be met either by actions of the College or the passage of time or (2) that are to be permanently maintained by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

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

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

(e) Investments

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

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Notes to Financial Statements

June 30, 2025 and 2024

(f) Management of Pooled Investments

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

(g) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets (generally, 7 years for equipment and land improvements, 40 years for buildings and 30 years for residence halls). Construction in progress will be depreciated over the useful lives of the respective assets when they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

(h) Art Collection

The collection, which was acquired through purchase and contributions since the College's inception, is not recognized as an asset on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

(i) Life Income and Annuities Obligation

The actuarial liability for life income and annuity contracts and agreements are based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 0.06% to 7.50% and over estimated lives according to the 2012 IAR Mortality Tables.

(j) Revenue and Expense Recognition

Student tuition and fees are recorded as student revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues and are included in accrued payroll and other liabilities on the statements of financial position. Revenues from federal grants and contracts are recorded as allowable expenditures under such agreements as incurred. Contributions, including unconditional promises to give, are recognized as gift revenue in the period received and are reported as increases in the appropriate class of net assets. Contributions that contain a donor-imposed condition are not recorded until the condition is met. A donor-imposed condition must include both a barrier and a right of asset return or pledge cancellation. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, and nature of fund-raising activity. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments, investment

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Notes to Financial Statements

June 30, 2025 and 2024

income, and other revenues are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation.

(k) Allocation of Certain Expenses

The statements of activities present expenses by functional classification. Depreciation expense, operation and maintenance of plant, and interest expense are allocated based on square footage occupancy of College facilities. Expenses related to fund-raising, included in institutional support, are \$21,476,000 and \$18,816,000, respectively, for the years ended June 30, 2025 and 2024.

(l) Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. At that time, the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

(m) Estates and Trusts

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

(n) Estimates

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

(o) Income Taxes

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

The College is an applicable educational institution under IRC Section 4968 and therefore subject to a 1.4% excise tax on its net investment income. At June 30, 2025 and 2024, the College has recorded

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Notes to Financial Statements

June 30, 2025 and 2024

excise tax liabilities of \$3,900,000 and \$4,300,000, respectively, included in accrued payroll and other liabilities.

(p) Liquidity and Availability

At June 30, 2025 and 2024, financial assets available within one year for general expenditure were as follows (in thousands):

	2025	2024
Cash and cash equivalents	\$ 1,404	1,079
Accounts and other receivables, net	4,287	7,029
Short-term investments	25,065	11,133
Contributions receivable	2,154	4,050
Subsequent year's endowment payout	73,243	70,178
Total financial assets available within one year without board action	106,153	93,469
Short-term investments designated for operations and plant	54,451	55,558
Separately invested investments designated for operations and plant	34,972	33,753
Funds functioning as endowment available for operations	1,359,332	1,264,986
Total financial assets available within one year	\$ 1,554,908	1,447,766

The College's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. Supplementing student and gift revenues is the pooled income appropriated for operations, otherwise known as endowment payout. The unitized pool of investments is managed closely to meet the liquidity requirements of the monthly payout draw as well as funding for capital calls and new investments. Sources of liquidity within the pool include cash, dividends and investment income, capital distributions and the sale of holdings.

Investments designated for operations and plant could be redesignated for general expenditures by the board on either a temporary or permanent basis. The College has a long-standing practice of not withdrawing quasi-endowed funds to retire debt or provide funding for capital projects. Should adverse circumstances warrant a withdrawal, these funds, or a portion thereof could be made available through board action.

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Notes to Financial Statements

June 30, 2025 and 2024

(2) Student Revenues, Net

Student revenues, net for the years ended June 30, 2025 and 2024, in thousands of dollars, consist of the following:

	2025	2024
Tuition and fees	\$ 111,654	106,641
Room and board	35,989	34,396
Gross student revenues	147,643	141,037
Less:		
Sponsored financial aid	(26,347)	(26,806)
Un-sponsored financial aid	(36,856)	(33,623)
Student financial aid	(63,203)	(60,429)
Student revenues, net	\$ 84,440	80,608

“Sponsored” financial aid consists of funds provided by external entities (including donors of restricted funds), whereas “un-sponsored” aid consists of funds provided by the College.

(3) Accounts and Other Receivables, Net

Accounts and other receivables, net of allowance at June 30, 2025 and 2024, in thousands of dollars, are as follows:

	2025	2024
Private gifts and grants	\$ 355	411
Federal grants and contracts	282	1,265
Sales and other	3,783	5,517
Accounts and other receivables, gross	4,420	7,193
Less allowance for doubtful accounts	(133)	(164)
Accounts and other receivables, net of allowance	\$ 4,287	7,029

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Notes to Financial Statements

June 30, 2025 and 2024

(4) Notes Receivable, Net

Notes receivable, net of allowance at June 30, 2025 and 2024, in thousands of dollars, are as follows:

	<u>2025</u>	<u>2024</u>
Loans receivable from students	\$ 7,491	7,883
Less allowance for doubtful accounts	<u>(218)</u>	<u>(281)</u>
Notes receivable, net of allowance	<u>\$ 7,273</u>	<u>7,602</u>

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

(5) Contributions Receivable, Net

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Promises to give are recorded after discounting, at rates ranging from 0.97% to 4.10% to the present value of the future cash flows. Unconditional promises to give received during the years ended June 30, 2025 and 2024 have been discounted at credit-adjusted rates commensurate with the risks associated with the contribution in accordance with Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Book value approximates fair value.

The College has been named remainderman in certain life income and annuities. These trust agreements require that the trustee make annual or more frequent payments to the beneficiaries. Upon the death of the beneficiaries or other termination of the trusts, the remaining trust assets will be distributed to the College and other remaindermen as stipulated in the trust agreements. The College has recorded its beneficial interest in these life income and annuities based on the present value of future cash flows using a discount rate of 7.50%. The actuarial assumption used in this calculation is based on the expected return on assets in effect at the date of the valuation. The underlying trust assets are valued at fair value and consist primarily of securities that are traded on the active market.

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Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, unconditional promises to give, in thousands of dollars, are expected to be received in the following periods:

	<u>2025</u>	<u>2024</u>
In one year or less	\$ 11,068	17,800
Between one year and five years	22,326	12,256
More than five years	<u>15,291</u>	<u>1,500</u>
	48,685	31,556
Less discount	<u>(2,959)</u>	<u>(1,005)</u>
Pledged contributions	45,726	30,551
Life income and annuities	<u>12,796</u>	<u>11,857</u>
Contributions receivable, net	<u>\$ 58,522</u>	<u>42,408</u>

Unconditional promises to give and life income and annuities at June 30, 2025 and 2024, in thousands of dollars, have the following restrictions:

	<u>2025</u>	<u>2024</u>
Endowment for programs, activities, and scholarships	\$ 12,116	11,107
Building construction	29,357	6,884
Education	<u>20,008</u>	<u>25,422</u>
	61,481	43,413
Less discount	<u>(2,959)</u>	<u>(1,005)</u>
Contributions receivable, net	<u>\$ 58,522</u>	<u>42,408</u>

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Notes to Financial Statements
June 30, 2025 and 2024

(6) Investments

(a) Fair Value Measurement

The fair value of investments at June 30, 2025 and 2024, in thousands of dollars, is as follows:

	2025	2024
Pooled investments:		
Cash and cash equivalents	\$ 80,581	153,988
Domestic equities	595,573	569,737
International equities	237,802	215,973
Emerging markets	205,345	163,972
Fixed income	256,838	198,871
Fixed income – trust deeds	25,556	23,022
Venture capital	681,865	614,865
Private equity	291,673	249,691
Absolute return	619,380	543,126
Real assets ¹	434,391	448,784
Total long-term investments – pooled	3,429,004	3,182,029
Separately invested:		
Cash and cash equivalents	22,137	15,762
Domestic equities	29,103	28,802
International equities	12,907	11,768
Fixed income	54,409	60,137
Real assets ¹	5,246	3,141
Other	118	68
Total long-term investments – separately invested	123,920	119,678
Short-term investments	150,852	133,245
	\$ 3,703,776	3,434,952

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

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Notes to Financial Statements

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The College's investment income net of related expenses for the years ended June 30, 2025 and 2024 was as follows, in thousands of dollars:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 46,313	46,431
Less investment expenses	<u>(4,182)</u>	<u>(13,655)</u>
Net investment income	42,131	32,776
Net realized and unrealized gains on investments	<u>330,840</u>	<u>311,370</u>
Total investment income, net	<u>\$ 372,971</u>	<u>344,146</u>

(b) Absolute Return Strategies

These investments typically include certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments may result in loss due to changes in the market (market risk). The following tables summarize these investments by investment strategy type at June 30, 2025 and 2024, in thousands of dollars:

<u>Absolute return strategy</u>	<u>2025</u>		
	<u>Number of funds</u>	<u>Cost</u>	<u>Fair value</u>
Diversified arbitrage	8	\$ 146,685	266,509
Private diversifiers	15	80,817	95,013
Long-short equity	4	61,754	116,329
Global Macro/Systematic	3	77,914	94,083
Event arbitrage	<u>1</u>	<u>35,093</u>	<u>47,446</u>
	<u>31</u>	<u>\$ 402,263</u>	<u>619,380</u>

<u>Absolute return strategy</u>	<u>2024</u>		
	<u>Number of funds</u>	<u>Cost</u>	<u>Fair value</u>
Diversified arbitrage	6	\$ 98,381	202,569
Private diversifiers	16	92,555	103,085
Long-short equity	4	74,403	122,107
Global Macro/Systematic	3	44,478	72,634
Event arbitrage	<u>1</u>	<u>35,030</u>	<u>42,731</u>
	<u>30</u>	<u>\$ 344,847</u>	<u>543,126</u>

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(c) Pending Purchases and Sales

At June 30, 2025 and 2024, the College had pending security purchases of \$2,506,000 and \$16,562,000, respectively; and pending security sales of \$1,748,000 and \$2,080,000, respectively.

(d) Pooled Fund

Where permitted by gift agreements and/or applicable government regulations, investments are pooled. Pooled investments and allocations of pooled investment income are accounted for on a unit fair value method. The following table summarizes data pertaining to this method for the years ended June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Unit fair value at end of year	\$ 1,512	1,409
Units owned:		
Net assets without donor restrictions:		
Funds functioning as endowment	899,295	899,192
Designated for annuity and life income funds	90,121	88,368
Total net assets without donor restrictions	989,416	987,560
Net assets with donor restrictions:		
Restricted for specific purposes	10,670	9,805
Endowment funds	1,230,444	1,223,109
Annuities and life income funds	37,945	37,699
Total with donor restrictions	1,279,059	1,270,613
Total units	2,268,475	2,258,173
Weighted average units	2,268,451	2,268,140
Net pooled investment income per weighted average unit	\$ 55	53

(e) Fair Value Hierarchy

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

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

Level 2 – Quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally

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include equity swaps, forward contracts, certain fixed-income securities, over-the-counter option contracts, and certain other derivatives.

Level 3 – Pricing inputs are unobservable for the asset and reflect management’s own assumptions to determine fair value. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

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

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

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

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

Basis of Reporting

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

The general partners of the underlying investment partnerships generally value their investments at fair value. Investments with no readily available market are generally valued according to the

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mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. An investment can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

The following tables summarize the valuation of the College's investments, in thousands of dollars, by the fair value hierarchy levels as of June 30, 2025 and 2024. Investments measured at net asset value (NAV) are not classified in the fair value hierarchy:

	Investments measured at NAV	2025			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	80,581	—	—	80,581
Domestic equities	589,466	6,107	—	—	595,573
International equities	237,557	—	—	245	237,802
Emerging markets	182,947	22,398	—	—	205,345
Fixed income	48,896	22,967	184,975	—	256,838
Fixed income – trust deeds	—	—	—	25,556	25,556
Venture capital	681,865	—	—	—	681,865
Private equity	291,673	—	—	—	291,673
Absolute return	592,342	27,038	—	—	619,380
Real assets	333,033	97,558	—	3,800	434,391
Total pooled investments	2,957,779	256,649	184,975	29,601	3,429,004
Separately invested and short-term investments:					
Cash and cash equivalents	—	172,989	—	—	172,989
Domestic equities	—	29,103	—	—	29,103
International equities	—	12,907	—	—	12,907
Fixed income	—	54,409	—	—	54,409
Real assets	—	—	—	5,246	5,246
Other	—	—	118	—	118
Total separately invested and short-term investments	—	269,408	118	5,246	274,772
Total	\$ 2,957,779	526,057	185,093	34,847	3,703,776

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	Investments measured at NAV	2024			
		Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Pooled investments:					
Cash and cash equivalents	\$ —	153,988	—	—	153,988
Domestic equities	565,454	4,283	—	—	569,737
International equities	215,973	—	—	—	215,973
Emerging markets	158,981	4,991	—	—	163,972
Fixed income	45,114	11,506	142,251	—	198,871
Fixed income – trust deeds	—	—	—	23,022	23,022
Venture capital	614,865	—	—	—	614,865
Private equity	249,691	—	—	—	249,691
Absolute return	523,053	20,073	—	—	543,126
Real assets	347,297	101,487	—	—	448,784
Total pooled investments	<u>2,720,428</u>	<u>296,328</u>	<u>142,251</u>	<u>23,022</u>	<u>3,182,029</u>
Separately invested and short-term investments:					
Cash and cash equivalents	—	149,007	—	—	149,007
Domestic equities	—	28,802	—	—	28,802
International equities	—	11,768	—	—	11,768
Fixed income	—	50,387	9,750	—	60,137
Real assets	—	—	—	3,141	3,141
Other	—	—	68	—	68
Total separately invested and short-term investments	<u>—</u>	<u>239,964</u>	<u>9,818</u>	<u>3,141</u>	<u>252,923</u>
Total	<u>\$ 2,720,428</u>	<u>536,292</u>	<u>152,069</u>	<u>26,163</u>	<u>3,434,952</u>

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Notes to Financial Statements
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The following table presents NAV valued investments with applicable funding commitments, redemption, and restrictions as of June 30, 2025 (in millions):

		June 30, 2025							
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments ²	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 681.9	130	1–15 years	\$ 87.3	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private equity/distressed	Buyout and distressed funds in U.S. and international	386.7	80	1–15 years	250.5	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	<u>302.1</u>	<u>61</u>	1–15 years	<u>90.5</u>	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Total private investments		1,370.7	271		428.3				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	497.3	15	N/A	28.0	N/A	Ranges between monthly with 10 days' notice, to annually with 180 days' notice.	1 fund has a rolling 3 year lock-up period. 1 fund has a 1 year lock-up period.	4 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	1,089.8	14	N/A	10.2	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling 1 year lock-up period.	1 fund has a 20% annual gate.
Total		<u>\$ 2,957.8</u>	<u>300</u>		<u>\$ 466.5</u>				

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

² The timing and amount of unfunded commitments to be exercised in any particular future year is uncertain.

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Notes to Financial Statements
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The following table presents NAV valued investments with applicable funding commitments, redemption, and restrictions as of June 30, 2024 (in millions):

		June 30, 2024							
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments ²	Timing to draw down commitments	Redemption terms	Redemption restrictions	Redemption restrictions in place at year-end
Venture/growth equity	Venture capital and growth equity fund primarily in the U.S.	\$ 614.9	129	1–15 years	\$ 106.8	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private equity/distressed	Buyout and distressed funds in U.S. and international	352.7	76	1–15 years	221.0	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Private real assets	Real estate, timberland, and energy funds primarily in the U.S. and developed Europe	347.3	63	1–15 years	74.4	up to 6 years	N/A ¹	N/A ¹	N/A ¹
Total private investments		1,314.9	268		402.2				
Absolute return and long/short equity	Long/short and diversified arbitrage funds investing globally	420.0	13	N/A	—	N/A	Ranges between monthly with 10 days' notice, to annually with 180 days' notice.	1 fund has a rolling 3 year lock-up period. 1 fund has a 1 year lock-up period.	4 funds have 25% annual gates in place; 1 fund has 15% gate in place; 1 fund has a 10% annual gate in place
Commingled funds	Debt and Equity funds with various regional mandates	985.5	12	N/A	7.5	N/A	Ranges between monthly with 6 days' notice, to tri-annually with 90 days' notice.	1 fund has a rolling 1 year lock-up period.	1 fund has a 20% annual gate.
Total		\$ 2,720.4	293		\$ 409.7				

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

² The timing and amount of unfunded commitments to be exercised in any particular future year is uncertain.

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(7) Property, Plant, and Equipment, Net

Property, plant, and equipment, net at June 30, 2025 and 2024, in thousands of dollars, are as follows:

	2025	2024
Land	\$ 11,843	11,843
Land improvements	16,474	13,642
Buildings	660,322	655,454
Equipment	47,816	43,342
Construction in progress	8,949	6,971
	745,404	731,252
Less accumulated depreciation	(340,284)	(319,157)
Property, plant, and equipment, net of accumulated depreciation	\$ 405,120	412,095

Outstanding commitments for design and construction contracts amounted to approximately \$4,095,000 and \$4,140,000 as of June 30, 2025 and 2024, respectively.

(8) Long-Term Debt

Long-term debt consists of bonds payable and loans payable.

Bonds payable, in thousands of dollars, issued directly and through the California Educational Facilities Authority (CEFA), and associated interest rates and maturities at June 30, 2025 and 2024, are as follows:

	Interest rates	Maturity dates	2025	2024
			Principal amount	
Series 2020A	2.9 %	2051	\$ 206,055	206,055
Series 2005A (CEFA)	4.4%–5.2%	2025-2041	32,574	34,025
			238,629	240,080
Less unamortized cost of issuance			(1,149)	(1,193)
Total long-term debt			\$ 237,480	238,887

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	<u>Principal amount</u>
Schedule of maturities of bonds payable are (in thousands):	
Years ending:	
2026	\$ 3,004
2027	2,858
2028	2,716
2029	2,578
2030	2,448
2031–2051	<u>225,025</u>
	<u>\$ 238,629</u>

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

On February 3, 2005, the College executed the issuance of \$41,880,000 of tax-exempt bonds through the CEFA. The issuance included \$16,735,000 of current interest bonds and \$25,145,000 of capital appreciation bonds. Proceeds of \$16,204,000 were used to refund the Series 1999B CEFA bonds. The remaining proceeds were used to finance the cost of the acquisition, construction, renovation of certain educational facilities.

On October 28, 2020, the College executed the issuance of \$206,055,000 of taxable bonds. Proceeds were used to refund the Series 2017A bonds, the private placement loan with First Republic Bank and the private placement loan with Boston Private.

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Notes to Financial Statements

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(9) Net Assets

At June 30, 2025 and 2024, net assets consist of the following, in thousands of dollars:

	2025	2024
Without donor restrictions:		
For plant and other designated purposes	\$ 147,566	128,875
Loan funds	1,450	1,451
Designated for annuity and life income funds	53,080	47,887
Funds functioning as endowment	1,359,332	1,264,986
Invested in property, plant, and equipment, net of related debt	164,550	170,814
Total without donor restrictions	1,725,978	1,614,013
With donor restrictions:		
Endowment funds	460,406	446,391
Restricted for specific purposes and time	91,098	71,454
Annuity and life income funds	51,179	47,812
Loan funds	16,246	15,815
Accumulated unappropriated gains on endowment	1,425,937	1,297,588
Total with donor restrictions	2,044,866	1,879,060
Total net assets	\$ 3,770,844	3,493,073

(10) Retirement Plans

The College participates with other members of The Claremont Colleges in a defined contribution retirement plan administered by the Claremont University Consortium. This plan provides retirement benefits for all employees through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA). Under this plan, College contributions are used to purchase fixed and/or variable annuities offered by TIAA. Vesting provisions are full and immediate. Benefits commence upon retirement and pre-retirement survivor death benefits are provided. In conjunction with this plan, employees are able to contribute a portion of their salary into a tax-deferred annuity account and invest such assets in mutual funds offered by TIAA, Fidelity Investments Institutional Services Company, Inc., or The Vanguard Group. For the years ended June 30, 2025 and 2024, the College's contributions to this plan amounted to approximately \$8,809,000 and \$8,090,000, respectively.

For the years ended June 30, 2025 and 2024, contributions made by employees to the College's 457(b) Plan of approximately \$10,100,000 and \$8,939,000, respectively, were included in separately invested assets and accrued payroll and other liabilities on the statements of financial position.

(11) Workers' Compensation

The College participates with other members of The Claremont Colleges in collective insurance agreements including self-insurance for workers' compensation. At June 30, 2025 and 2024, the College had receivables of approximately \$878,000 and \$886,000, respectively, in accrued payroll and other

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Notes to Financial Statements

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liabilities to provide for payment of claims pending. Management believes that the ultimate disposition of these or other claims would not result in any material adjustments to the financial statements.

(12) Endowment

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

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

(a) Interpretation of Relevant Law

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

The portion of the donor-restricted endowment fund related to accumulated earnings on endowments is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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(b) Return Objective and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom benchmark that reflects the College's current asset allocation targets and a simple benchmark composed of 70% of the MSCI All Country World Index (ACWI) and 30% of the Bloomberg US Agg. Bond Index, while assuming a moderate level of investment risk.

The College expects its endowment funds to attain, over time and within acceptable risk levels, an average annual real rate of return of approximately 5.00%, net of all investment management and related fees and without regard to whether the return is in the form of income or capital gains. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

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

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

The College has a policy of appropriating for distribution each year 4.50% to 5.50% of its endowment funds' average fair value over the prior 20 quarters through June 30 one year prior to the beginning of the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate at least equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. For years ended June 30, 2025 and 2024, the board of trustees authorized distributions of \$117,042,000 and \$113,297,000, respectively, for current operations.

Endowment net assets consist of the following at June 30, 2025 and 2024, in thousands of dollars:

	2025		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment	\$ —	460,406	460,406
Board-designated endowment	189,733	—	189,733
Accumulated unappropriated gains	1,169,599	1,425,937	2,595,536
Total	<u>\$ 1,359,332</u>	<u>1,886,343</u>	<u>3,245,675</u>

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	2024		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ (195)	446,391	446,196
Board-designated endowment	189,728	—	189,728
Accumulated unappropriated gains	<u>1,075,453</u>	<u>1,297,588</u>	<u>2,373,041</u>
Total	<u>\$ 1,264,986</u>	<u>1,743,979</u>	<u>3,008,965</u>

Changes in endowment net assets for the year ended June 30, 2025, are as follows, in thousands of dollars:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2024	\$ 1,264,986	1,743,979	3,008,965
Pooled investment returns:			
Investment income	12,934	17,673	30,607
Net realized and unrealized gains on investments	<u>130,598</u>	<u>178,547</u>	<u>309,145</u>
Total pooled investment gains	143,532	196,220	339,752
Distributions per spending policy	<u>(117,042)</u>	<u>—</u>	<u>(117,042)</u>
Net pooled investment gains appropriated to pool	<u>26,490</u>	<u>196,220</u>	<u>222,710</u>
Other changes in endowment:			
Gifts	—	7,231	7,231
Releases, changes, and transfers per donor restrictions	211	5,008	5,219
Endowment income reinvested	121	1,429	1,550
Appropriation of endowment assets for expenditure	<u>67,524</u>	<u>(67,524)</u>	<u>—</u>
Total other changes in endowment	<u>67,856</u>	<u>(53,856)</u>	<u>14,000</u>
Total changes in endowment	<u>94,346</u>	<u>142,364</u>	<u>236,710</u>
Endowment net assets, June 30, 2025	<u>\$ 1,359,332</u>	<u>1,886,343</u>	<u>3,245,675</u>

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Changes in endowment net assets for the year ended June 30, 2024, are as follows, in thousands of dollars:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2023	\$ 1,178,385	1,618,637	2,797,022
Pooled investment returns:			
Investment income	9,408	12,782	22,190
Net realized and unrealized gains on investments	<u>123,231</u>	<u>167,362</u>	<u>290,593</u>
Total pooled investment gains	132,639	180,144	312,783
Distributions per spending policy	<u>(113,297)</u>	<u>—</u>	<u>(113,297)</u>
Net pooled investment gains appropriated to pool	<u>19,342</u>	<u>180,144</u>	<u>199,486</u>
Other changes in endowment:			
Gifts	2	10,087	10,089
Releases, changes, and transfers per donor restrictions	1,622	(1,184)	438
Endowment income reinvested	438	1,492	1,930
Appropriation of endowment assets for expenditure	<u>65,197</u>	<u>(65,197)</u>	<u>—</u>
Total other changes in endowment	<u>67,259</u>	<u>(54,802)</u>	<u>12,457</u>
Total changes in endowment	<u>86,601</u>	<u>125,342</u>	<u>211,943</u>
Endowment net assets, June 30, 2024	<u>\$ 1,264,986</u>	<u>1,743,979</u>	<u>3,008,965</u>

(13) Affiliated Institutions

The amounts paid by the College to Claremont University Consortium for the common student and administrative services and the use of facilities for the years ended June 30, 2025 and 2024, totaled \$11,685,000 and \$10,954,000, respectively.

(14) Related Parties

As of June 30, 2025 and 2024, \$22,537,000 and \$12,291,000 of gross contribution receivables are due from Board of Trustee members.

(15) Commitments and Contingencies

At June 30, 2025, the College had three lines of credit from two institutions which in total provide \$100,000,000 in additional liquidity; there were no borrowings outstanding on these lines of credit at that

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Notes to Financial Statements

June 30, 2025 and 2024

date. The uncommitted line (\$40,000,000) is renegotiated annually and currently provides the following interest rate options: Daily Simple Secured Overnight Financing Rate plus 50 basis points, Term Secured Overnight Financing Rate plus 50 basis points or the Prime rate minus 150 basis points. The committed lines (\$60,000,000 in total) are renegotiated every two years and currently provide the following interest rate options: Daily Simple Secured Overnight Financing Rate plus 55 or 93 basis points (depending on the line), Term Secured Overnight Financing Rate plus 55 or 93 basis points (depending on the line) or the Prime rate minus 150 basis points. At June 30, 2025, the one-month Term Secured Overnight Financing Rate plus 93 basis points equaled 5.25%.

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

The College is involved in various forms of litigation, most of which involve employment matters. Management believes each of these matters has meritorious defenses and intends to defend these cases vigorously and believes the ultimate liability, if any, will not be material to the financial position of the College.

(16) Functional Expenses by Natural Classification

Certain categories of expenses that are attributable to more than one program or supporting function are allocated based on various methods. Program services are the activities carried out in fulfilling the College's mission and purpose and are included in the instruction and research expense categories noted below. Supporting services are the activities carried out in assisting the College's program services, and are included in the public service, academic support, student services, institutional support, and auxiliary enterprises expense categories as noted below. Specifically, facilities, interest and depreciation are allocated among functional classifications based on usage of space and square footage. Information technology costs are allocated based on software usage and the overall employees in the various functional categories. All other costs are charged directly to the appropriate functional category.

Expenses by natural and functional classification for the years ended June 30, 2025 and 2024, were as follows:

	2025						Total
	Salaries and benefits	Services	Depreciation and amortization	Interest expense	Plant operations and utilities	Other operating expenses	
Instruction	\$ 57,184	2,674	6,849	2,409	3,109	10,263	82,488
Research	1,169	847	—	—	189	2,032	4,237
Public service	1,385	47	4	2	27	973	2,438
Academic support	9,970	6,870	2,388	840	1,040	3,352	24,460
Student services	18,807	2,406	3,169	1,115	1,424	5,242	32,163
Institutional support	24,451	20,566	1,097	383	1,787	4,754	53,038
Auxiliary enterprises	16,811	3,330	8,817	3,101	3,855	6,832	42,746
Total	<u>\$ 129,777</u>	<u>36,740</u>	<u>22,324</u>	<u>7,850</u>	<u>11,431</u>	<u>33,448</u>	<u>241,570</u>

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	2024						Total
	Salaries and benefits	Services	Depreciation and amortization	Interest expense	Plant operations and utilities	Other operating expenses	
Instruction	\$ 55,896	2,880	6,801	2,553	3,838	10,427	82,395
Research	960	314	—	—	252	2,080	3,606
Public service	1,197	74	4	2	35	812	2,124
Academic support	9,201	6,488	2,353	883	1,253	3,270	23,448
Student services	17,116	2,801	2,831	1,063	1,425	5,385	30,621
Institutional support	23,179	16,825	1,033	389	2,154	5,320	48,900
Auxiliary enterprises	15,303	3,261	8,059	3,026	4,304	6,995	40,948
Total	\$ 122,852	32,643	21,081	7,916	13,261	34,289	232,042

(17) Income Taxes

(a) Deferred Taxes

The College has recorded a deferred tax asset reflecting the benefit of federal and state unrelated business taxable income loss carryforwards and credits, which expire in varying amounts in varying time periods. Included in net operating loss carryforward are \$18,089,221 and \$17,563,500 of federal losses for the tax years 2025 and 2024, respectively, that arose after the 2017 tax year which are available to reduce future federal taxable income, if any, over an indefinite period. In addition, the College has recorded a deferred tax asset reflecting the benefit of accumulated unrealized investment losses, not subject to expiration, that are available to offset future realized gains subject to IRC Section 4968 excise taxes. The composition of carryforward benefits that give rise to the deferred tax asset are as follows:

	2025			
	Federal	State	Excise tax	Total
Carryforwards	\$ 46,798,921	23,308,993	—	70,107,914
Credits	9,310,403	—	—	9,310,403
Unrealized losses	—	—	168,359,207	168,359,207
Total	\$ 56,109,324	23,308,993	168,359,207	247,777,524

	2024			
	Federal	State	Excise tax	Total
Carryforwards	\$ 55,080,792	23,401,470	—	78,482,262
Credits	10,215,977	—	—	10,215,977
Unrealized losses	—	—	205,957,775	205,957,775
Total	\$ 65,296,769	23,401,470	205,957,775	294,656,014

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Realization of these assets is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards and credits. The valuation allowance primarily related to foreign tax credits and net operating losses arising before the 2018 tax year subject to expiration. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those loss carryforwards and credits are available.

	2025			
	<u>Federal</u>	<u>State</u>	<u>Excise tax</u>	<u>Total</u>
Deferred tax assets	\$ 19,134,702	1,585,628	2,357,029	23,077,359
Valuation allowance	<u>(9,313,561)</u>	<u>(909,060)</u>	<u>(1,672,385)</u>	<u>(11,895,006)</u>
Net federal deferred tax asset	<u>\$ 9,821,141</u>	<u>676,568</u>	<u>684,644</u>	<u>11,182,353</u>

	2024			
	<u>Federal</u>	<u>State</u>	<u>Excise tax</u>	<u>Total</u>
Deferred tax assets	\$ 21,782,943	1,577,856	2,883,409	26,244,208
Valuation allowance	<u>(16,667,081)</u>	<u>(1,577,856)</u>	<u>(1,534,458)</u>	<u>(19,779,395)</u>
Net federal deferred tax asset	<u>\$ 5,115,862</u>	<u>—</u>	<u>1,348,951</u>	<u>6,464,813</u>

(b) Current Income Taxes

Income tax (benefit) expense is reported as a component of net investment income in the accompanying statement of activities. The significant components of income tax (benefit) expense consist of the following:

	<u>2025</u>	<u>2024</u>
Federal and state, deferred	\$ (5,381,846)	(765,454)
Federal excise tax, deferred	664,307	3,741,514
Federal and state, current	81,974	32,419
Federal excise tax, current	<u>2,167,070</u>	<u>3,784,692</u>
Total income tax (benefit) expense	<u>\$ (2,468,495)</u>	<u>6,793,171</u>

(c) Income Taxes Paid

The total income taxes paid for U.S. federal, state and excise were \$4,760,870 and \$837,786 for June 30, 2025 and 2024, respectively.

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(18) Subsequent Events

Subsequent events have been evaluated through December 19, 2025, which corresponds to the date when the financial statements were available to be issued.