THE COLORADO COLLEGE AND SUBSIDIARIES
COLORADO SPRINGS, COLORADO

FINANCIAL REPORT
JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02*, Leases (Topic 842*). The accounting change was recognized as a cumulative-effect adjustment to the opening balances as of July 1, 2020, and no cumulative-effect adjustment to beginning net assets was required. 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 accompanying Financial Responsibility Composite Score Supplemental Schedule (the supplementary information), as required by the Department of Education, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the financial statements. Management's Discussion and Analysis 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 November 4, 2021 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the 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
November 4, 2021

COLORADO COLLEGE

Office of Finance & Administration

14 E. Cache La Poudre St.
Colorado Springs, CO 80903

**Report from Robert G. Moore,
Senior Vice President for Finance & Administration**

The 2020-21 academic year was a year like no other. The college housed only about a third of the normal number of students and there was a significant increase in the number of students who opted to take a gap year. These changes resulted in a 14% decline in net tuition revenue and a nearly 40% decline in revenue from the housing and food service programs. The college reduced employer contributions to faculty and staff retirement accounts, refinanced debt, reduced operating costs and held staff positions vacant. This last action required many staff to assume additional responsibilities during the year. The college did successfully achieve its goal of not furloughing or terminating staff due to COVID-related revenue losses. Despite these significant declines in revenue and the added costs of responding to the pandemic, the college ended the fiscal year with a small net positive gain in operating activities.

Colorado College remains 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 class at a time for three-and-a-half weeks, providing flexibility and opportunities for collaborative learning. CC is positioned to draw students desiring a unique experience. Colorado College is committed to appropriate resource allocations. Such commitments include funding faculty salaries at a level slightly above those of our 15 peer institutions allowing us to attract and retain the very best faculty, 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.

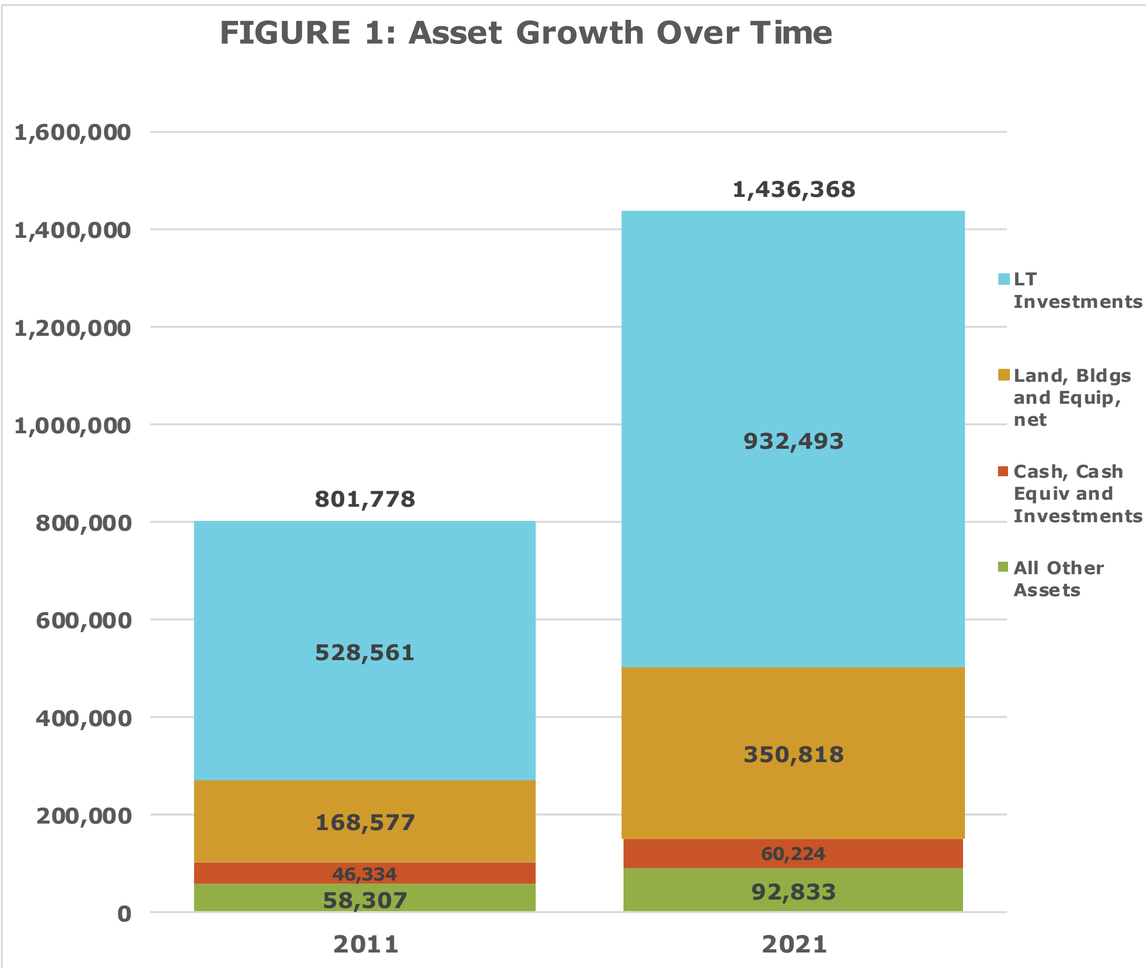
I am pleased to share selected financial highlights to accompany Colorado College's consolidated financial statements for the year ended June 30, 2021. I want to again thank the faculty for providing our students with a meaningful educational experience in a new format, and I want to thank the staff for all of their service to the college during this unique year.

The financial results for the year are demonstrated in the following pages.

Sincerely,

Statement of Financial Position

- Total assets grew to $1.44 billion, which is an increase of $634.4 million over the last decade (Figure 1).
- In 2020-21 long-term investments, the College's largest asset, grew to $932.5 million (an increase of 20.3%) due primarily to a 27.3% annual investment return, net of fees.



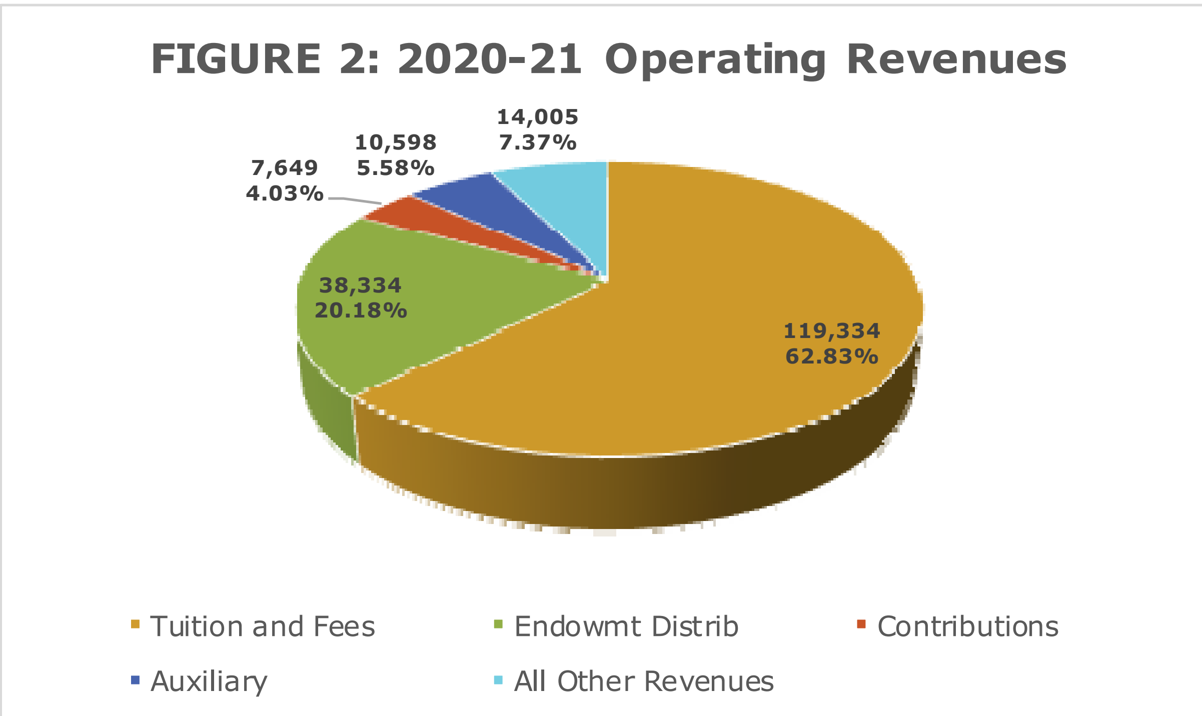
- Total liabilities increased by $10.1 million (an increase of 4.6%), primarily due to debt restructuring and issuance of $15.0 million in new taxable debt to establish a liquidity pool during the pandemic. Liabilities were just 15.9% of total assets.
- Net assets grew to $1.21 billion, an increase of $193.7 million over the prior year.

Statement of Activities

Revenue

- Total net operating revenues declined by $20.5 million (-12.3%) over the prior year.

- Net tuition declined by $12.5 million over the prior year, primarily due to impacts from COVID 19. Revenue sources from students and their families, such as tuition, housing and dining comprised over 68% of the College's total operating revenue, as shown in Figure 2.

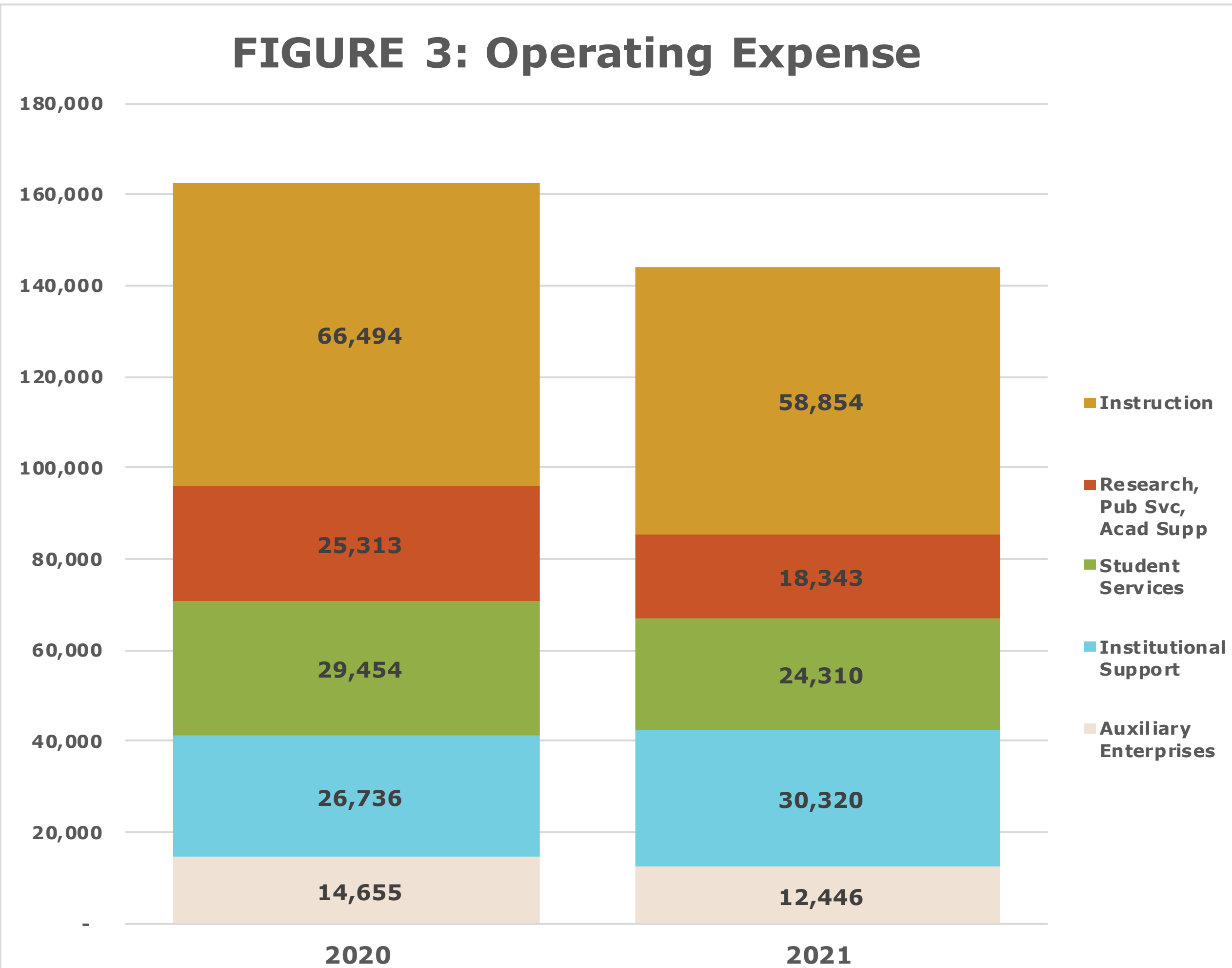


- The endowment contributed $38.3 million in support of financial aid, faculty support and other college operations. Endowment distributions supporting financial aid totaled $12.6 million (approximately 33% of total distributions) and were up 57.5% from the $8.0 million in distributions supporting financial aid just a decade ago.

- Net assets increased by $193.7 million, made up of approximately $1.7 million from net operating activities (even in the midst of a pandemic) and non-operating investment returns in the College's endowment and trusts of $179.0 million, combined with non-operating gifts of $13 million.

Expense

- Operating expenditures in all categories were carefully monitored and scaled back in fiscal 2020-21, in order to offset operating revenue shortfalls during the pandemic. The College prioritized expenditures to support students such as those for instruction, academic support, and student services, and in all these expenses totaled 69.3% of all operating expense. COVID-19 mitigation efforts were another area of needed attention. COVID-19 related expenditures increased Institutional Support costs by $3.6 million, or 13.4%, over those in the prior year (Figure 3).



Throughout the academic year, work continued on the construction of the Ed Robson Arena, the Mike and Barbara Yalich Student Services Building and the associated parking garage. These major building additions to the campus were made possible with strong donor support and a unique agreement with the City of Colorado Springs to utilize the arena over 50 days a year in support of the City for Champions program. This program will bring out-of-town visitors to Colorado Springs to witness athletic events.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

Presented in Thousands

ASSETS	**2021**	**2020**
Cash and Cash Equivalents	$ 31,718	$ 13,155
Short Term Investments	28,506	53,876
Accounts Receivable, net	3,278	3,855
Contributions Receivable, net	25,016	29,060
Other Assets	3,089	2,605
Loans to Students, net	1,566	2,153
Assets Held under Split-Interest Agreements	15,596	10,405
Beneficial Interest in Perpetual Trusts	43,369	34,447
Long Term Investments	932,493	775,404
Land, Buildings, and Equipment, net	350,818	307,586
Operating Lease Right-of-Use Assets	919	-
Total Assets	$ 1,436,368	$ 1,232,546
LIABILITIES		
Accounts Payable	$ 10,457	$ 10,055
Accrued Payroll and Other Liabilities	16,763	16,520
Deferred Revenue	1,717	3,218
Government Advances for Loans to Students	1,180	1,900
Liabilities under Split-Interest Agreements	4,105	3,721
Asset Retirement Obligation	5,638	3,653
Debt Payable, net	187,839	179,416
Operating Lease Liabilities	919	-
Total Liabilities	228,618	218,483
NET ASSETS		
Without Donor Restrictions	355,798	325,102
With Donor Restrictions	851,952	688,961
Total Net Assets	1,207,750	1,014,063
Total Liabilities and Net Assets	$ 1,436,368	$ 1,232,546

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
June 30, 2021 (with summarized 2020 Totals)

Presented in Thousands	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
OPERATING ACTIVITY				
Revenues, Gains, and Other Support				
Tuition and Fees	$ 119,334	$ -	$ 119,334	$ 128,566
Less Scholarship Allowances	(43,979)	-	(43,979)	(40,750)
Net Tuition and Fees	75,355	-	75,355	87,816
Contributions	5,112	2,537	7,649	10,503
Government Grants and Contracts	4,496	1,933	6,429	1,799
Endowment Distribution	12,305	26,029	38,334	36,748
Other Investment Income	2,376	1,587	3,963	3,423
Auxiliary Enterprises	10,598	-	10,598	17,444
Other Revenue	3,592	21	3,613	8,663
Net Assets Released from Restrictions	28,106	(28,106)	-	-
Total Operating Revenue	141,940	4,001	145,941	166,396
Expenses: Educational and General				
Instruction	58,854	-	58,854	66,494
Research	593	-	593	1,032
Public Service	899	-	899	2,430
Academic Support	16,851	-	16,851	21,851
Student Services	24,310	-	24,310	29,454
Institutional Support	30,320	-	30,320	26,736
Total Educational and General Expenses	131,827	-	131,827	147,997
Auxiliary Enterprises	12,446	-	12,446	14,655
Total Operating Expenses	144,273	-	144,273	162,652
Increase (Decrease) in Net Assets from Operating Activities	(2,333)	4,001	1,668	3,744
NON-OPERATING ACTIVITY				
Contributions	316	12,691	13,007	53,314
Investment return on endowment	31,399	133,737	165,136	(11,237)
Change in value of Split Interest agreements	1,314	12,562	13,876	2,381
Transfer of Restrictions	-	-	-	-
Increase (Decrease) in Net Assets from Non-Operating Activities	33,029	158,990	192,019	44,458
Total Change in NET ASSETS	30,696	162,991	193,687	48,202
Net Assets - Beginning of Year	325,102	688,961	1,014,063	965,861
NET ASSETS - END OF YEAR	$ 355,798	$ 851,952	$ 1,207,750	$ 1,014,063

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended June 30, 2020

Presented in Thousands	Without Donor Restrictions	With Donor Restrictions	2020 Total
OPERATING ACTIVITY			
Revenues, Gains, and Other Support			
Tuition and Fees	$ 128,566	$ -	$ 128,566
Less Scholarship Allowances	(40,750)	-	(40,750)
Net Tuition and Fees	87,816	-	87,816
Contributions	5,967	4,536	10,503
Government Grants and Contracts	1,796	3	1,799
Endowment Distribution	11,647	25,101	36,748
Other Investment Income	1,792	1,631	3,423
Auxiliary Enterprises	17,444	-	17,444
Other Revenue	8,624	39	8,663
Net Assets Released from Restrictions	27,425	(27,425)	-
Total Operating Revenue	162,511	3,885	166,396
Expenses: Educational and General			
Instruction	66,494	-	66,494
Research	1,032	-	1,032
Public Service	2,430	-	2,430
Academic Support	21,851	-	21,851
Student Services	29,454	-	29,454
Institutional Support	26,736	-	26,736
Total Educational and General Expenses	147,997	-	147,997
Auxiliary Enterprises	14,655	-	14,655
Total Operating Expenses	162,652	-	162,652
Increase (Decrease) in Net Assets from Operating Activities	(141)	3,885	3,744
NON-OPERATING ACTIVITY			
Contributions	33,827	19,487	53,314
Investment return on endowment, net of distributions	(2,999)	(8,238)	(11,237)
Change in value of Split Interest agreements	(7)	2,388	2,381
Increase (Decrease) in Net Assets from Non-Operating Activities	30,821	13,637	44,458
Total Change in NET ASSETS	30,680	17,522	48,202
Net Assets - Beginning of Year	294,422	671,439	965,861
NET ASSETS - END OF YEAR	$ 325,102	$ 688,961	$ 1,014,063

See accompanying notes to consolidated financial statements.

THE COLORADO COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
June 30, 2021 and 2020

Presented in Thousands

OPERATING ACTIVITIES	**2021**	**2020**
Change in Net Assets	$ 193,687	$ 48,202
Items Not requiring (Providing) Operating Activities Cash Flows:		
Realized and Unrealized (Gains) losses on Investments	(154,995)	(51,884)
Depreciation, Amortization	10,691	9,434
Amortization of Bond Issuance Costs	28	106
Revisions to Asset Retirement Obligation and Accretion	1,985	(741)
(Gain)/Loss on Disposal of Capital Equipment and Property	(7)	4,752
Change in Value of Split-Interest Agreements	(13,729)	1,764
Contributions and Investment Income restricted for Long Term Investments	(12,691)	(19,922)
Non-Cash Contribution of Equipment and Property	-	(33,464)
Change in Allowance for Doubtful Loans to Students	587	797
Changes in:		
Accounts Receivable, net	577	(1,993)
Contributions Receivable, net	3,324	(5,323)
Operating Lease Right-of-Use asset	(919)	
Other Assets	(484)	(140)
Accounts Payable	402	1,463
Accrued Payroll and Other Liabilities	244	2,248
Deferred Revenue	(1,501)	1,368
Operating Lease Liability	919	-
NET Cash Provided by (Used in) Operating activities	28,118	(43,333)
INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(53,929)	(17,355)
Proceeds (Loss) on Sales of Land, Buildings and Equipment	12	5
Proceeds from Sales or Maturities of Investments	191,047	94,808
Purchase of Investments	(167,771)	(72,800)
NET Cash Provided by (Used in) Investing Activities	(30,641)	4,658
FINANCING ACTIVITIES		
Contributions and Investment Income restricted for Long-Term Investments	12,691	19,854
Repayments on Debt	(28,885)	(9,643)
Proceeds from new debt	37,280	20,795
NET Cash Provided by (Used in) Financing Activities	21,086	31,006
(DECREASE) INCREASE CASH AND CASH EQUIVALENTS	18,563	(7,669)
Cash and Cash Equivalents - Beginning of Year	13,155	20,824
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 31,718	$ 13,155
Supplemental Cash Flow information		
Interest paid	4,008	6,370
Noncash Investing and Financing Activities:		
Gifts in Kind	116	33,875

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 investment income.

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

Operating Lease Right-of-Use Assets and Liabilities

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the Statement of Financial Position. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases: (Topic 842): Targeted Improvements*, which among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the consolidated financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The College adopted ASU 2016-02 and its related amendments as of June 30, 2021, and it elected to adopt the transition relief provisions from ASU 2018-11, recording the impact of adoption as of July 1, 2020 without restating any prior-year amounts. Additional lease disclosures can be found in Note 20. There was no cumulative effect adjustment to the opening balance of net assets required.

Fair Value Measurement

The Financial Accounting Standards Board issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 simplifies certain disclosure requirements in Topic 820. The College adopted ASU 2018-13 in fiscal 2021 and revised fair value disclosures accordingly.

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, 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At June 30, 2021 and 2020, the FDIC insurance limit for interest-bearing and noninterest-bearing cash accounts was $250,000. At June 30, 2021 and 2020, the College's cash accounts exceed federally insured limits by approximately $32,700,885 and $14,164,558, 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 with 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 four and twenty years for equipment, and forty 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 Department of Education, Government Advances for Loans to Students will be reduced. Per instructions from the Department of Education, $719,750 was returned in fiscal year 2021, and the institution's share of $180,323 was returned to College operating funds.

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

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 has been satisfied in the current year. All contributions for endowment, as well as those for land, buildings and equipment, are reported in the non-operating section of the Statements of Activities.

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 is due by the 10th 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.

In the 2020-21 academic year, to provide flexibility during the global pandemic, the College offered that students could take 10 of the 12 blocks offered between Block 1 and Block C, for the price of 8 blocks. The College typically offers two summer terms, although in summer 2021, as referenced above, the College offered a Block C option to provide more flexibility for students. As such some students potentially attended Blocks traditionally considered Summer Session, for no additional charge. In summer 2021, Block A began June 2 and ended June 25, Block B began June 28 and ended July 21, and Block C began July 26 and ended August 13. 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, 2021 and 2020, respectively.

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

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. The COVID-19 pandemic required most classes to be taught online during academic year 2020-21, and the College de-densified campus housing to prevent the spread of COVID-19. Ultimately, only about one-third of campus housing capacity was filled over the course of the year, and Housing and Dining revenue fell short of budget expectations.

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, with few exceptions, are non-refundable. Refunds issued reduce the amount of revenue recognized. Credit balances are included in Deferred Revenue on the Statements of Financial Position.

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, 2021**	**Year ended June 30, 2020**
Tuition and Fees	$ 119,334	$ 128,556
Total Tuition and Fees	119,334	128,556
Housing	7,636	11,683
Dining	2,885	5,678
Other Auxiliary Revenue	77	83
Total Auxiliary	10,598	17,444
	$ 129,932	$ 146,000

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

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, grants, (including cost reimbursable government grants) and contracts received are evaluated and accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. Further, contributions and grants 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. Contributions and grants (including grants with government agencies) 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 donor restriction 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. All contributions for endowment, as well as those for land, buildings and equipment, are reported in the non-operating section of the Statements of Activities.

Contributions receivable include pledges that are recorded at their present value using discount rates ranging from approximately 0.06% - 2.91% 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.

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.

Through the following three different Acts, Congress has provided budgetary relief to higher education institutions through numerous provisions. Under each of these acts, funds were allocated to the Higher Education Emergency Relief Fund (HEERF).

- The Coronavirus Aid, Relief, and Economic Security Act (CARES or HEERF I)
- Coronavirus Response and Relief Supplement Appropriations Act (CRRSAA or HEERF II)
- The American Rescue Plan Act (ARPA or HEERF III)

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

As of June 30, 2021, the total funding awarded to Colorado College through the HEERF I, II, and III was $5,731,255. Of that amount, a total of $1,157,392 was allocated under HEERF I and II for the student portion allocations. As of June 30, 2021 and 2020, $889,870 and $267,522, respectively, totaling $1,157,392, was disbursed directly to students as emergency assistance and emergency financial aid grants. The college recognized revenue in Governmental Grants and Contracts line and student aid operating expense for the amount disbursed to students for campus disruptions due to coronavirus. The college was awarded $1,467,927 for HEERF III student portion allocations that will be disbursed during fiscal year 2022.

The college was awarded a matching $3,105,936 for the institutional portion allocation of HEERF I, II, and III as of June 30, 2021. The college recognized $1,370,487 and $267,522, respectively, in Government Grants and Contracts revenue for the allowable expenditures incurred by the College in the years ended June 30, 2021 and 2020. Expenditures identified primarily relate to forgone academic revenue attributed to the pandemic and caused campus closures. The remaining $1,467,927 (related to HEERF III) for the institutional portion allocations will be disbursed/recognized during the 2022 fiscal year.

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, 2021 and 2020.

Functional Allocation of Expenses
The costs of various programs, support services, and other activities are summarized on a functional basis in the consolidated statements of activities in accordance with the overall educational mission of the College. The analysis of expenses by nature and function in Note 19 presents the natural classification of categories of expense within each function. Costs have been either directly charged to, or allocated among, programs and supporting activities. Allocated costs include facilities management and planning, depreciation and disposal of property, plant and equipment, information technology service, and interest on long-term debt. Costs not directly charged are allocated on a pro-rata basis to benefitting programs and supporting services, using functional expense totals as a proxy for estimated utilization of resources or support.

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

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, 2021 on page 8 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, 2020.

Reclassifications

Certain amounts within the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation. The reclassifications had no effect on previously reported net assets.

NOTE 2 ALLIANCE AGREEMENT WITH THE FINE ARTS CENTER

On July 1, 2016, the College executed an Alliance Agreement with the Colorado Springs Fine Arts Center, a separate nonprofit organization (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. On June 30, 2020, the conditions of this agreement were met, and an in-kind contribution of $33,460,000 was recognized, as the Fine Arts Center Foundation conveyed 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.

NOTE 3 AVAILABLE RESOURCES AND LIQUIDITY (Continued)

As of June 30, 2021 and 2020, 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:	2021	2020
Cash and Cash Equivalents	$ 31,718	$ 13,155
Short Term Investments	28,506	53,876
Accounts Receivable, net	3,278	3,855
Contributions Receivable, net	25,016	29,060
Loans to Students, net	1,566	2,153
Assets Held in Trust	15,596	10,405
Long Term Investments	932,181	775,239
	1,037,861	887,743
Less Assets not available for general expenditures within 12 months:		
Contributions receivable beyond one year	13,506	17,315
Government Advances for Student Loans	1,180	1,900
Designated Reserves	8,400	7,252
Assets Held in Trust	15,596	10,405
Perpetual and term endowment, and accumulated earnings subject to appropriation beyond one year	891,752	725,036
Designated for Capital Projects	13,199	47,690
Funds with Donor restrictions	44,803	39,763
Financial Assets available for use over the next 12 months	$ 49,425	$ 38,382

NOTE 4 ACCOUNTS AND LOANS RECEIVABLE

General, student, grant and other receivables, as of June 30, 2021 and 2020, consisted of the following:

Presented in Thousands

	2021	2020
Accounts Receivable - General	$ 962	$ 834
Loans to Students	1,638	2,251
Accounts Receivable - Students	897	2,601
Accounts Receivable - Grants	1,386	408
Interest Receivable	100	150
	4,983	6,244
Less Allowances for doubtful:		
General Accounts	-	(19)
Student Accounts	(67)	(119)
Loans to Students	(72)	(98)
	(139)	(236)
Total	$ 4,844	$ 6,008

NOTE 4 ACCOUNTS AND LOANS RECEIVABLE (Continued)

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	2021	2020
Annual Fund	$ 157	$ 308
Gifts for Operations	15,555	18,508
Endowment	9,652	10,778
	25,364	29,594
Less allowance for doubtful pledges	(106)	(106)
Less unamortized discount	(242)	(428)
	$ 25,016	$ 29,060

Amounts due in -	2021	2020
Less than one year	$ 11,510	$ 11,745
One to five years	12,459	10,551
Greater than five years	1,047	6,764
	$ 25,016	$ 29,060

The College also has conditional promises to give of approximately $587,000 and $443,000 at June 30, 2021 and 2020, respectively. In addition, the College has been notified of donor intent to give, in wills or trust instruments, of amounts totaling approximately $111.2 million and $90.8 million as of June 30, 2021 and 2020, respectively. These promises and bequest pledges do not yet meet revenue recognition criteria, and they will be recognized when conditions are substantially met.

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, 2021, and June 30, 2020.

Presented in Thousands

	June 30, 2021
Short Term Investments	$ 28,506
Long Term Investments	932,493
Assets Held under Split-Interest Agreements	15,596
	$ 976,595

	Level I	Level II	Level III	2020 Total
Cash and Cash Equivalents	$ 54,052	$ -	$ -	$ 54,052
Fixed Income	39,638	23,444	-	63,082
Global Equities	338,740	40,400	-	379,140
Private Capital	-	11,048	-	11,048
Real Estate and Water Rights	-	-	2,569	2,569
Assets Held under Split Interest agreements	6,710	-	8,886	15,596
	$ 439,141	$ 74,891	$ 11,455	$ 525,488
Investments Measured at Net Asset Value				451,107
TOTAL INVESTMENTS				**$ 976,595**

	June 30, 2020
Short Term Investments	$ 53,876
Long Term Investments	775,404
Assets Held under Split-Interest Agreements	10,405
	$ 839,685

	Level I	Level II	Level III	2019 Total
Cash and Cash Equivalents	$ 126,677	$ -	$ -	$ 126,676
Fixed Income	4,311	19,669	-	23,980
Global Equities	274,144	30,474	-	304,453
Hedged Equities	31,912	-	-	31,912
Real Estate and Water Rights	-	-	2,569	2,569
Assets Held under Split-Interest Agreements	5,327	-	5,078	10,571
	$ 442,371	$ 50,143	$ 7,647	$ 500,161
Investments Measured at Net Asset Value				339,524
TOTAL INVESTMENTS				**$ 839,685**

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 as of June 30, 2021, and June 30, 2020.

Presented in Thousands

Level 3 Investments	July 1, 2020 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	**June 30, 2021 Balance**
Real Estate and Water Rights	$ 2,569	$ -	$ -	$ -	$ 2,569
Assets Held under Split-Interest Agreements	5,078	(326)	(317)	4,450	8,886
Totals	$ 7,647	$ (326)	$ (317)	$ 4,450	$ 11,455

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

Level 3 Investments	July 1, 2019 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	**June 30, 2020 Balance**
Real Estate and Water Rights	$ 2,589	$ (20)	$ -	$ -	$ 2,569
Assets Held under Split-Interest Agreements	1,507	(31)	-	3,603	5,078
Totals	$ 4,096	$ (51)	$ -	$ 3,603	$ 7,647

Of the total Level 3 unrealized gains and (losses), approximately ($96,222) and ($12,000) were recognized in net assets without donor restriction during the years ending in June 30, 2021 and 2020, 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.

The following table lists investments reported at NAV 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, 2021	Fair Value @ June 30, 2020
a	International Equities	6 Business days	Weekly	$ -	$ 113,846	$ 80,645
b	Absolute Return	45 Day notice	Annually	-	114,247	95,518
c	Emerging Markets	n/a *	n/a *	773	26,534	6,759
d	Mid-Market	n/a *	n/a *	-	-	621
e	Distressed Credit	n/a *	n/a *	27,285	52,115	44,359
f	Consumer markets	n/a *	n/a *	133	24,198	2,853
g	Real Estate	n/a *	n/a *	7,121	1,990	14,401
h	Private Equity large-cap buyout	n/a *	n/a *	80,512	118,177	94,368
				$ 115,824	$ 451,107	$ 339,524

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

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.

h - Private equity firms pursue large-cap buyout or growth equity/venture capital strategies in the US and/or Europe.

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:

2022	$ 31,497
2023	21,065
2024	16,273
2025	46,989
	$ 115,824

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

The College held 64 funds in 45 investment companies at June 30, 2021. Investment funds totaled 53 in 35 investment companies at June 30, 2020. The College had the following outstanding investment commitments for the years ending June 30:

Presented in Thousands	2021	2020
Investment commitments	386,223	313,161
Contributions to commitments	270,002	258,176
Remaining commitments	$ 116,221	$ 54,985

The College reviews 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	2021	2020
Daily/Weekly	43%	43%
Monthly	8%	4%
Quarterly	21%	4%
Annually	5%	8%
Multi-year Lock ups	4%	21%
Illiquid	19%	20%

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

Presented in Thousands	2021	2020
Operating Revenue	$ 42,297	$ 40,171
Non-Operating Activity	165,136	(11,237)
	$ 207,433	$ 28,934

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 Liabilities under Split Interest Agreements 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, 2021	CRATs/CRUTs	Charitable Gift Annuities	Endowment CRT
Contribution Revenue	$ 2,371	$ 51	$ 521
Investments	12,167	2,025	1,404

June 30, 2020	CRATs/CRUTs	Charitable Gift Annuities	Endowment CRT
Contribution Revenue	$ 3,603	$ 45	$ -
Investments	7,993	1,587	825

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**
2021 Beneficial Interest Perpetual Trusts	$ -	$ -	$ 43,369	$ 43,369
2020 Beneficial Interest Perpetual Trusts	$ -	$ -	$ 34,447	34,447

Level 3 Activity	July 1 Balance	Unrealized Gains & (Losses)	Redemptions	Purchases, Issuances	June 30 Balance
2021 Beneficial Interest Perpetual Trusts	$ 34,447	$ 7,663	$ -	$ 1,259	$ 43,369
2020 Beneficial Interest Perpetual Trusts	35,909	(1,462)	-	-	34,447

NOTE 9 ENDOWMENT

The College's endowment consists of over 850 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 Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 UPMIFA.

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, 2021 Without Donor Restriction	With Donor Restriction	Total
Designated Endowments	$ 155,220	$ -	$ 155,220
Designated Endowments - Capital Projects	10,039	-	10,039
Donor-Restricted Endowments held in perpetuity	-	189,039	189,039
Purpose restricted, subject to appropriation	-	29,941	29,941
Accumulated Investment gains subject to appropriation	-	533,997	533,997
Total Endowment Funds	$ 165,259	$ 752,977	$ 918,236

Presented in Thousands

Endowment Net Assets	June 30, 2020 Without Donor Restriction	With Donor Restriction	Total
Designated Endowments	$ 134,709	$ -	$ 134,709
Designated Endowments - Capital Projects	37,060	-	37,060
Donor-Restricted Endowments held in perpetuity	-	180,837	180,837
Purpose restricted, subject to appropriation	-	26,650	26,650
Accumulated Investment gains subject to appropriation	-	400,259	400,259
Total Endowment Funds	$ 171,769	$ 607,746	$ 779,515

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

Presented in Thousands

2021 Change in Endowment Net Assets	Without Donor Restriction	With Donor Restriction	Total
Beginning of year July 1, 2020	$ 171,769	$ 607,746	$ 779,515
Contributions/Additions	316	8,068	8,384
Endowment Gains/Losses	33,960	154,730	188,690
Investment Income Reinvestments/Withdrawals	9,744	5,037	14,781
Reinvestments/Withdrawal from reinvestments	(38,225)	3,425	(34,800)
Appropriation of Endowment Assets for expenditures	(12,305)	(26,029)	(38,334)
Endowment at Year End June 30, 2021	$ 165,259	$ 752,977	$ 918,236

NOTE 9 ENDOWMENT (Continued)

2020 Change in Endowment Net Assets	Without Donor Restriction	With Donor Restriction	Total
Beginning of year July 1, 2019	$ 174,541	$ 597,383	$ 771,924
Contributions/Additions	367	15,406	15,773
Endowment Gains/Losses	375	1,284	1,659
Investment Income Reinvestments/Withdrawals	8,273	15,579	23,852
Reinvestments/Withdrawal from reinvestments	(140)	3,195	3,055
Appropriation of Endowment Assets for expenditures	(11,647)	(25,101)	(36,748)
Endowment at Year End June 30, 2020	$ 171,769	$ 607,746	$ 779,515

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. Such deficiencies totaled $-0- and $47,829 at June 30, 2021 and 2020, respectively.

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

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 2021, 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	2021	2020
Buildings and improvements	$ 360,531	$ 358,805
Land	11,834	11,724
Campus infrastructure	34,801	34,801
Equipment and furnishings	19,046	18,431
Long-Term Equipment	6,705	6,705
Construction in progress	67,570	17,131
Buildings Conditional Asset Retirement Obligation	1,961	1,179
	502,448	448,776
Less accumulated Depreciation	(151,630)	(141,190)
	$ 350,818	$ 307,586

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

Presented in Thousands	2021	2020
Capitalized interest costs related to construction in progress during the years ending June 30	$ 1,190	$ 498
Total depreciation and amortization expense for the years ending June 30	$ 10,691	$ 9,434

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)

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.

Presented in Thousands

	Tuition and Fees	Student Deposits and Other Deferred Revenue	Total
Balance at June 30, 2019	$ 309	$ 1,541	$ 1,850
Revenue recognized, deposits applied/forfeited	(12,648)	(925)	(13,573)
Payments received for future performance obligations	14,619	322	14,941
Balance at June 30, 2020	$ 2,280	$ 938	$ 3,218
Revenue recognized, deposits applied/forfeited	(17,208)	(2,002)	(19,210)
Payments received for future performance obligations	15,473	2,236	17,709
Balance at June 30, 2021	$ 545	$ 1,172	$ 1,717

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 typically contributes 10% of base salary for all other employees. During the 2020-21 fiscal year, regular retirement plan contributions were paused for six months, then increased to 5% of base salary, and as of July 1, 2021 contributions have been restored to the full 10%.

	2021	2020
Total pension expense ending June 30	$ 2,438	$ 5,811

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.

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 $89,494 to the plan in 2022.

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	2021	2020
Benefit Obligation	$ 422	$ 620
Funded Status	$ 422	$ 620

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	$ 93	$ 188
Benefits Paid	(93)	(188)
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:

	2021	2020
Estimated net loss and transition obligation	$ 67	$ 79

For measurement purposes, a 4.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2021.

NOTE 13 OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

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

Presented in Thousands	
2022	$ 60
2023	54
2024	48
2025	40
2026	35
2027-2030	100
Total	$ 337

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 $760,000 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	**2021**	**2020**
Plan expense	$ 7,986	$ 8,198
Incurred but not reported claims (based on actuarial calculations)	$ 1,363	$ 1,599
Plan reserve (from designated net assets without donor restrictions)	$ 1,807	$ 1,520

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

On December 17, 2020, Series 2020A Tax- Exempt Revenue Bond with a par amount of $15,585,000 and 2020B Taxable Revenue Bond with a par amount of $22,765,000, were issued through El Paso County. Series 202A refinanced Series 2010 and Series 2015A in a current refunding, while Series 2020B advance refunded, with taxable proceeds, a portion of Series 2012 for interest savings, and established a liquidity reserve of $15,000,000 for the purpose of meeting unexpected needs due to COVID-19.

NOTE 15 DEBT PAYABLE (Continued)

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 2021	2020
Tax-Exempt fixed-rate:					
Series 2010 issued through El Paso County	46,775		Paid in Full	-	3,208
Series 2012 issued through El Paso County	3,220	5.00%	2024	3,701	15,139
Series 2020A issued through El Paso County	15,585	5.00%	2032	17,627	-
Tax-Exempt fixed-rate - structured as a bank loan:					
Series 2015A issued through El Paso County	16,730		Paid in Full	-	16,026
Series 2015B issued through El Paso County	14,590	1.85%	2024	14,590	14,590
Series 2019 issued through El Paso County	19,925	2.35%	2040	19,925	20,745
Taxable fixed-rate:					
Series 2015C issued through El Paso County	110,000	3.3% - 4.7%	2046	109,717	109,706
Series 2020B issued through El Paso County	22,765	0.8% - 1.2%	2024	22,686	-
Less Bond Issuance Costs				(887)	(915)
Total Bond Debt, net				$ 187,359	$ 178,499
Short Term, fixed rate loans					
2017 Unsecured issued through Wells Fargo Bank	2,150	2.68%	2022	430	860
Quad Innovation Partnership Loan issued through The Dakota Foundation	50	1.50%	2027	50	50
Capital Lease Obligations				-	7
Total Debt, net				$ 187,839	$ 179,416

Aggregate annual maturities (or minimum lease payments) for the term of the debt outstanding as of June 30, 2021 were:

Presented in Thousands	Bond Debt	Short Term Debt	**Total Debt**
2022	$ 10,930	$ 439	$ 11,369
2023	10,955	9	10,964
2024	11,185	9	11,194
2025	20,215	9	20,224
2026	5,190	9	5,199
Thereafter	126,540	5	126,545
	$ 185,015	$ 480	$ 185,495
Less Discounts			(423)
Plus Premiums			3,654
Less Bond Issuance Costs			(887)
	$ 185,015	$ 480	$ 187,839

NOTE 15 DEBT PAYABLE (Continued)

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

	2021	2020
Total Interest charged to expense	$ 3,956	$ 5,792

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:

Presented in Thousands	2021	2020
Liability - Beginning of Year	$ 3,653	$ 4,394
Net Accretion Expenses	1,985	(741)
Liability - End of Year	$ 5,638	$ 3,653

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	2021	2020
Unrestricted Sources		
Colorado College Funds	$ 28,699	$ 26,561
ACM Tuition Exchange	302	259
Total unrestricted sources	29,001	26,820
Restricted Sources		
Endowments	13,075	12,243
Private Gifts and Grants	1,478	1,260
Governments Grants	425	427
Total restricted sources	14,978	13,930
Total Scholarships Provided by Colorado College	$ 43,979	$ 40,750
Other scholarship allowances (not included above):		
Tuition remission benefits for dependents of employees	$ 1,102	$ 1,054
The College acts as custodian for these funds -		
Outside Scholarships for Colorado College students	$ 2,456	$ 2,231
Pell Grants	$ 1,508	$ 1,160

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

	2021	2020
Scholarships and Other Endowment funds	$ 21,663	$ 21,216
Instruction and Other Departmental Support	7,664	2,257
Capital Projects	(1,221)	3,952
	$ 28,106	$ 27,425

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

Presented in Thousands	2021	2020
Net Assets without Donor restrictions		
Undesignated	$ 9,399	$ 7,583
Student Loans Funds	972	1,165
Designated Operating Reserves	8,400	7,252
Designated Capital Projects	3,160	10,629
Designated Endowments	155,220	134,709
Designated Endowments - Capital Projects	10,039	37,060
Invested in Property and Equipment - net of related Debt	168,608	126,704
Total Without Donor Restrictions	355,798	325,102
Net Assets with Donor restrictions		
Donor Restricted Net Assets not Invested in Perpetuity		
Instruction and Other Departmental Support	25,520	25,515
Financial Aid	116	281
Capital Projects	19,166	13,967
Accumulated Earnings on Endowed Funds subject to Appropriations	533,997	400,259
Purpose Restricted, Subject to Appropriation	29,641	26,052
Annuity, Life Income, and BIPT	10,474	6,431
Unconditional promises to give for specific purposes	299	598
Total with Donor restriction not invested in perpetuity	619,213	473,103
Donor Restricted Net Assets held in Perpetuity		
Income expended for Scholarships	89,463	81,944
Income expended for Instruction and other departmental support	84,550	83,044
Income expended for General Purposes	5,727	5,716
Annuity, Life Income, and BIPT	43,700	35,021
Unconditional promises to give to the Endowment	9,299	10,133
Total with Donor restriction held in perpetuity	232,739	215,858
Total With Donor Restrictions	851,952	688,961
Total Net Assets	**$ 1,207,750**	**$ 1,014,063**

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 2021 and 2020 were as follows:

Presented in Thousands	Instructional	Academic Support, Public Service, & Research	Student Services	Institutional Support - Admin	Institutional Support - Fund Raising	Auxiliary	**2021 Total**
Compensation	$ 41,789	$ 9,380	$ 13,062	$ 10,254	$ 4,619	$ 1,481	$ 80,585
Instructional Operations	3,221	3,658	2,752	1,603	261	1,319	12,814
Fees & Contracts	3,581	1,836	2,219	6,637	534	7,160	21,967
Information Technology	152	724	119	470	350	11	1,826
Employee Conferences	190	103	1,072	45	7	21	1,438
Plant Operations	3,655	951	2,498	2,179	409	1,304	10,996
Interest	1,836	496	759	649	216	-	3,956
Depreciation	4,430	1,195	1,829	1,566	521	1,150	10,691
Total Expenses	$ 58,854	$ 18,343	$ 24,310	$ 23,403	$ 6,917	$ 12,446	$ 144,273

Presented in Thousands	Instructional	Academic Support, Public Service, & Research	Student Services	Institutional Support - Admin	Institutional Support - Fund Raising	Auxiliary	**2020 Total**
Compensation	$ 45,601	$ 12,667	$ 15,852	$ 9,888	$ 5,470	$ 1,642	$ 91,120
Instructional Operations	3,455	4,288	3,309	771	467	1,425	13,715
Fees & Contracts	5,716	3,406	2,514	3,965	662	8,674	24,937
Information Technology	170	1,045	128	623	238	48	2,252
Employee Conferences	1,863	670	2,169	145	267	21	5,135
Plant Operations	3,056	1,077	2,544	1,439	356	1,795	10,267
Interest	2,710	883	1,200	661	338	-	5,792
Depreciation	3,923	1,277	1,738	957	489	1,050	9,434
Total Expenses	$ 66,494	$ 25,313	$ 29,454	$ 18,449	$ 8,287	$ 14,655	$ 162,652

NOTE 20 LEASES

The College determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities, and should the College have finance leases they are included in finance lease right-of-use (ROU) assets and finance lease liabilities in the consolidated statements of financial position.

ROU assets represent the College's right to use an underlying asset for the lease term and lease liabilities represent the College's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

NOTE 20 LEASES (Continued)

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. For individual lease contracts that do not provide information about the discount rate, the College has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The College has leasing arrangements where the College is the lessor and leasing arrangements where the College is the lessee. The lessee arrangements create right-of-use assets and liabilities and are described below. The College's policy is not to record a right-of-use asset and or lease liability for leases less than one year. Qualitative information about each type of arrangement follows.

Operating Leases – College as Lessee
In fiscal year 2021, the College leased space in six locations. The leases commenced in July of 2020, with four terminating in August 2021 and the remaining two extending out to 2022 and 2023. Monthly payments range from $100,000 to $2,995. The liability for these leases is calculated using the remaining term of each lease.

The College has seven tower leases for the operation of its public radio station, KRCC. Four of these agreements have been long standing and are on a month to month renewal. Terms on the remaining three leases extend out to the years of 2023 through 2040. Monthly payments range from $200 to $4,751. The liability for these leases is calculated using the remaining term of each lease.

The College has three leases for equipment that extend out to 2023 or 2025. Monthly payments range from $2,938 to $5,149. The liability for these leases is calculated using the remaining term of the lease.

Operating Leases – College as Lessor
The College has agreements with third-party service providers to the campus, where space is provided for on-campus management of those operations. The College segregates the portion of those contracts relating to space and classifies that portion of revenue as lease revenue received. These receipts in fiscal year 2021 totaled $211,440. In addition, Optumcare, La'au's Taco Shop, Public Broadcasting of Colorado and Rocky Mountain PBS rented office or restaurant space on campus for services they provide to, or in collaboration with, the College. Such rental receipts totaled $122,900 for the fiscal year.

The following table provides quantitative information concerning the College's operating leases for the year ended June 30:

Presented in Thousands	**2021**
Lease expense:	
Operating lease expense	$ 3,144
Total lease expense	$ 3,144

NOTE 20 LEASES (Continued)

Other Information:		
Cash paid for amounts included in the measurement of leases:		
Operating cash flows from operating leases	$	3,144
Right-of-use assets obtained in exchange for new operating lease liabilities		919
Weighted-average remaining lease term (in years):		
Operating leases		2.68
Weighted-average discount rate:		
Operating leases		0.654%

Following is a maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2021:

Year ending June 30:		Operating Leases
2022	$	547
2023		221
2024		90
2025		23
2026		15
Thereafter		36
Total Minimum Lease Payments		932
Less: Imputed Interest		(13)
Total Lease Liabilities	$	919

The College previously leased various equipment and infrastructure under finance leases which expired March 2021. The capitalized cost and accumulated amortization under these expired leases for the years ending June 30:

Presented in Thousands			**2021**		**2020**
Campus Infrastructure		$	2,473	$	2,473
Equipment			714		714
	Total Cost		3,187		3,187
Less accumulated amortization			(1,512)		(1,443)
	Total	$	1,675	$	1,744

NOTE 21 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 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, 2021 and 2020 with commitments to contractors. There are funds available from existing sources for completion of these projects.

Presented in Thousands	2021	2020
Construction contractor commitments	$ 10,787	$ 53,562
Cumulative available funds for projects	$ 26,624	$ 78,142

Risks and Uncertainties

The spread of Coronavirus Disease (COVID-19) has continued as a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the College, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or ongoing shortages of personnel. Management believes the College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 22 SUBSEQUENT EVENTS

The College evaluated subsequent events through November 4, 2021, the date at which the financial statements were available to be issued, and determined there were no additional events to disclose.

NOTE 23 FINANCIAL RESPONSIBILITY RATIOS

The composite score is prepared pursuant to Appendix B of 34 CFR Part 668-Supbpart L, Ratio Methodology for Private Non-Profit Institutions. Private non-profit institutions must demonstrate financial health to participate in Title IV funding. The College prepared the required calculations based on audited financial statements for the year ended June 30, 2021. The composite score reflects the overall relative financial health of institutions along a scale from negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2021 is as follows:

Primary Reserve Ratio:	$ 776,467	
Expendable Net Assets	$ 144,273	5.382
Total Expenses		
Equity Ratio:		
Modified Net Assets	$ 1,205,581	
Modified Assets	$ 1,434,199	0.841
Net Income Ratio:		
Change in Net Assets Without Donor Restrictions	$ 30,696	
Total Revenues Without Donor Restrictions	$ 174,969	0.175

	Ratios	Strength Factors	Weight	Composite Scores	
Primary Reserve Ratio	5.382	3.0	40%	1.20	
Equity Ratio	0.841	3.0	40%	1.20	
Net Income Ratio	0.175	3.0	20%	0.60	
Composite Score				3.00	**PASS**

NOTE 23 FINANCIAL RESPONSIBILITY RATIOS (CONTINUED)

The Department of Education issued regulations on February 23, 2019, which became effective for filings July 1, 2020, regarding additional diclosures deemed necessary to calculate ratios for determining sufficent financial responsibility under Title IV.

Presented in Thousands

Net Assets			
1	Net Assets With Donor Restrictions: Restricted in Perpetuity	$	232,739
2	Other Net Assets With Donor Restrictions (Not Restricted in Perpetuity)		
	a. Annuities With Donor Restrictions		182
	b. Term Endowments		-
	c. Life Income Funds (Trusts)		10,292
	d. Total Annuities, Term Endowments and Life Income Funds with Donor Restrictions	$	10,474
Land, Buildings and Equipment, net			
3	Pre-implementation Land, Buildings and Equipment, net		
	a. Ending Balance of Last Financial Statements submitted to and accepted by the Department of Education (June 30, 2020 Financial Statements)	$	251,889
	b. Reclassify Capital Lease Assets previously included in LBE, net, prior to the implementation of ASU 2016-02 lease standard		-
	c. Less subsequent Depreciation and Disposals (net of accumulated depreciation)		(10,696)
	d. Balance Pre-implementation Land, Buildings and Equipment, net		241,193
4	Debt-financed post-implementation Land, Buildings and Equipment, net Long-lived Assets acquired with Debt subsequent to June 30, 2019		
	a. Equipment		-
	b. Land Improvements		1,650
	c. Buildings		-
	d. Total Land, Buildings and Equipment, net, acquired with Debt exceeding 12 months		1,650
5	Construction-in-Progress, acquired with debt, subsequent to June 30, 2019		11,213
6	Post-implementation Land, Buildings and Equipment, net, acquired without Debt		
	a. Long-lived assets acquired without use of Debt subsequent to June 30, 2019		96,762
7	Total Land, Buildings and Equipment, net at June 30, 2021	$	350,818
Debt to be excluded from Expendable Net Assets			
8	Pre-implementation Debt:		
	a. Ending Balance of Last Financial Statements submitted to and accepted by the Department of Education (June 30, 2020 Financial Statements)	$	159,362
	b. Reclassify Capital Lease Assets previously included in Long-term Debt, prior to the implementation of ASU 2016-02 lease standard		-
	c. Less subsequent Debt Repayments		(7,730)
	d. Balance Pre-implementation Debt		151,632
9	Allowable post-implementation Debt used for Capitalized Long-Lived Assets		
	a. Equipment - all capitalized		-
	b. Land Improvements		1,650
	c. Buildings		-
	d. Balance Post-Implementation Debt		1,650
10	Construction-in-Progress financed with Debt or Line of Credit subsequent to June 30, 2019		11,213
11	Long-Term Debt not for the Purchase of Land, Buildings and Equipment OR Liability greater than Asset Value		23,344
12	Total Debt to be Excluded from Expendable Net Assets	$	187,839
14	Lease Right-of-Use Asset, pre-implementation (grandfather of leases option not chosen)	$	-
15	Lease Right-of-Use Asset, post-implementation		919
17	Pre-implementation Right-of-Use Asset Liability		-
18	Post-implementation Right-of-Use Asset Liability		919
Unsecured Related-Party Receivables			
19	Secured Related-Party Receivables	$	-
20	Unsecured Related-Party Receivables		-
21	Total Secured and Unsecured Related-Party Receivables	$	-
Other Items			
22	Sale of Fixed Assets, gains (losses)		-
23	Intangible Assets (Water rights)		2,169

THE COLORADO COLLEGE AND SUBSIDIARIES
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
JUNE 30, 2021

Presented in Thousands

Supplemental Schedule - Financial Responsibility Calculation Supplemental Components

	Primary Reserve Ratio:			
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net Assets Without Donor Restrictions	$	355,798
2	SFP	Net Assets With Donor Restrictions		851,952
3	Note 18	Net Assets With Donor Restrictions: Restricted in Perpetuity		232,739
4	N/A	Unsecured Related-Party Receivables		-
5	Note 18	Donor Restricted Annuities, Term Endowments, Life Income Funds		10,474
6	Note 23	Land, Buildings and Equipment, net, pre-implementation		241,193
7	Note 23	Land, Buildings and Equipment, net, post-implementation with Outstanding Debt for original purchase		1,650
8	Note 23	Construction in Progress purchased with Long-Term Debt		11,213
9	Note 23	Post-implementation Land, Buildings and Equipment, net, acquired without Debt		96,762
9	Note 23	Lease Right-of-Use Asset, pre-implementation (grandfather of leases option not chosen)		-
10	Note 23	Lease Right-of-Use Asset, post-implementation		919
11	Note 23	Intangible Assets (Water rights)		2,169
12	Note 13	Post-Employment and Pension Liabilities		422
13	Note 23	Long-Term-Debt - for long-term purposes, pre-implementation		151,632
14	Note 23	Long-Term-Debt - for long-term purposes, post-implementation		1,650
15	Note 23	Debt or Line of Credit for Construction in Progress		11,213
16	Note 23	Pre-implementation Right-of-Use Asset Liability (grandfather option not chosen)		-
17	Note 23	Post-implementation Right-of-Use Asset Liability		919
		Total Expenses and Losses:		
18	Statement of Activities (SOA)	Total Expenses (operating and non operating) without donor restrictions		144,273
19	SOA	Nonservice Component of Pension/Post-employment (nonoperating) cost (if loss)		-
20	Note 23	Sale of Fixed Assets (if loss)		-
21	SOA - N/A	Change in Value of Interest-Rate Swap Agreements (if loss)		-
	Equity Ratio:			
		Modified Net Assets:		
22	SFP	Net Assets Without Donor Restrictions	$	355,798
23	SFP	Net Assets With Donor Restrictions		851,952
24	SFP - N/A	Intangible Assets		2,169
25	Note 23	Unsecured Related-Party Receivables		-
		Modified Assets:		
26	SFP	Total Assets		1,436,368
27	Note 23	Lease Right-of-Use Asset, pre-implementation		-
28	SFP - N/A	Intangible Assets		2,169
29	N/A	Unsecured Related-Party Receivables		-
	Net Income Ratio:			
30	SOA	**Change in Net Assets Without Donor Restrictions**	$	30,696
		Total Revenues and Gains Without Donor Restriction:		
31	SOA	Total Operating Revenue (including Net Assets Released from Restrictions)		141,940
32	SOA	Investment gain, net (aggregate operating and nonoperating interest, dividends, realized and unrealized gains)		31,399
33	SOA - N/A	Nonservice Component of Pension/Post-employment (nonoperating) cost, (if loss)		-
34	SOA - N/A	Pension-related Changes other than Net Periodic Pension Costs (if gain)		-
35	SOA	Change in Value of Annuity Agreement (typically in nonoperating)		1,314
36	SOA - N/A	Change in Value of Interest-Rate Swap Agreements (if gain)		-
37	Note 23	Sale of Fixed Assets (if gain)		-
38	SOA	Other Gains (nonoperating contributions) Without Donor Restrictions		316