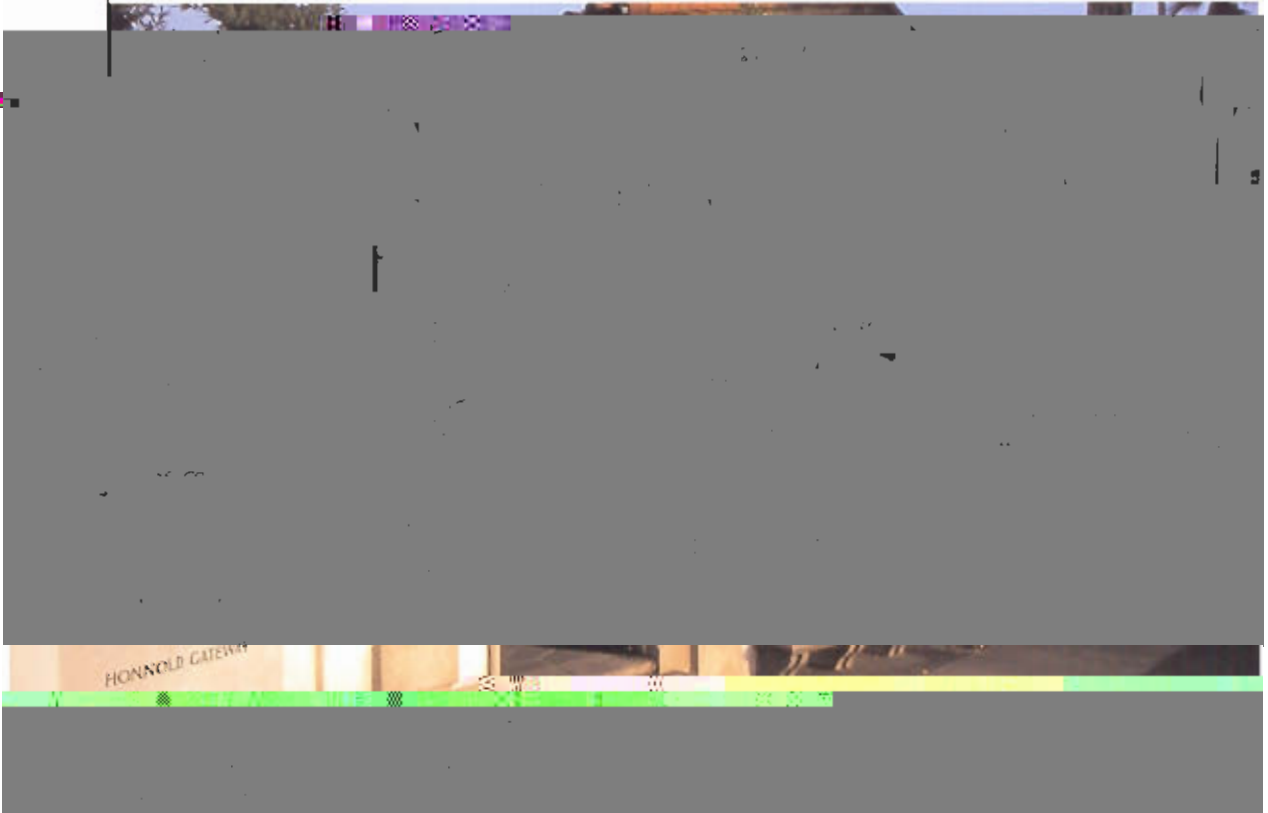


FINANCIAL REPORT 2003-2004



SCRIPPS COLLEGE



ANNUAL FINANCIAL REPORT

2004 and 2003



SCRIPPS COLLEGE

2004 and 2003

CONTENTS

	<u>Page</u>
Treasurer's Letter	1
Report of Independent Auditors	5
Statements of Financial Position	6
Statements of Activities	7
Statements of Cash Flows	9
Supplemental Schedule - Statements of Changes in Endowed Equity	10
Notes To Financial Statements	11

September 30, 2004

Dear Members of the Board of Trustees and Friends of Scripps College:

On June 30, 2004 the College celebrated the completion of the Campaign for the Scripps Woman with \$101 million raised over a seven year period. This was fully \$16 million over the \$85 million goal set in 1997 and a gratifying endorsement of the mission of the College. Remarkably, 87% of the total living alumnae contributed to the Campaign as well as hundreds of friends of Scripps.

Seven years is a long time in the life of a college. Since the Campaign started, 10 classes (1998-2007) have been a part of the student body – approximately 1800 students, almost 20% of the total living

The campus has also been transformed. The Malott Commons has changed not only the campus dining program but also the social climate of the community by providing one place for everyone to go daily; for meals, for mail and for Motley coffee.

Gabrielle Jungels-Winkler Hall was the first new residence hall on the campus since 1966. This addition, together with the infill of the old kitchens and services in the residence halls and the remodel of Wilbur Hall, added 157 beds to the College's residential life program, an increase of 26% in student housing.

The Performing Arts Center provided needed instructional space for the Music Department and serves as a valuable addition to the cultural resources of the campus. The new swimming pool is the first of a three phase project to construct recreational and fitness facilities for the health and wellness of the community.

The table below shows the fund raising results by component compared to the goal in each area. Like all other capital campaigns, the actual results can vary from the goals by a significant margin.

	TOTAL (\$000)	GOAL (\$000)	OVER (UNDER)
ENDOWMENT			
Academic Program and Faculty Support	\$ 22,706	\$ 28,000	\$ (5,294)
Students and Campus community	3,167	4,500	(1,333)
Scholarship and Financial Aid	13,439	15,000	(1,561)
Technology	9	3,000	(2,991)
Historic Preservation and Maintenance	757	2,000	(1,243)
Unrestricted/General Endowment	13,660	-	13,660
Subtotal Endowment	53,738	52,500	1,238
FACILITIES AND BUILDING FUND	24,513	22,500	2,013
FUND FOR NEW AND EMERGING NEEDS	3,757	1,000	2,757
ANNUAL OPERATIONS SUPPORT	14,843	9,000	5,843
UNDESIGNATED CAMPAIGN GIFTS	1,253	-	1,253
OTHER	3,054	-	3,054
GRAND TOTAL	\$ 101,158	\$ 85,000	\$ 16,158

Since the campaign goals were established, the needs of the College changed and the attractiveness of certain projects waxed and waned. For example, our goal of \$3 million for technology had no traction. It appears that an organization's ability to address changes in technology is assumed, a sort of sink or swim situation in the modern world.

On the overachieving side, the modest goal of renovating Garrison Theatre blossomed into a Performing Arts Center with new facilities for the music department, for studios, practice rooms, classrooms, library and recital hall.

In the academic area, nine new faculty chairs were established to bring the total number of endowed professorships to 18 or 64% of the number of full professors on the faculty.

The undesignated campaign gifts are scheduled to be moved, by trustee resolution and donor designation, into some of the endowment areas of the campaign later in the current fiscal year.

The following report of the independent auditors and financial statements present the financial position of the College for the year ended June 30, 2004.

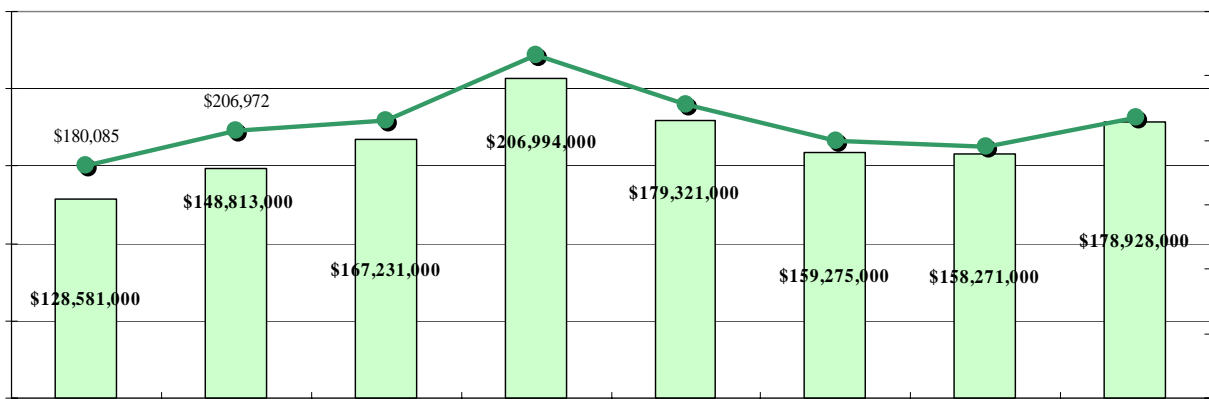
During the fiscal year total assets have grown 7% to almost \$300 million (page 6). This represents more than a 50% increase from the June 30, 1997 figure. Net assets enjoyed a 10% increase this year to \$265 million, accounted for principally by an increase of \$21 million in the market value of the endowment.

On page 7 the Statement of Activities shows an operating deficit of \$633,000, after giving effect to \$2.6 million in depreciation expense. Both operating revenue and expenses increased by over \$2 million.

The Statement of Cash Flows on page 9 shows cash used in operations of \$8.3 million. This figure, however, does not include over \$6 million of appropriated realized gains associated with the College's endowment spending policy. Cash used in investing activities of \$346,000 comprises the purchase and sale of investments (principally the endowment), improvements to the campus facilities and student and faculty loan activity. The sizable cash provided by financing activities of \$9.3 million shows the effect of contributions and life income transactions net of principal payments on debt.

The Statement of Changes in Endowed Equity on page 10 tells the endowment story. It was a good year for the investments of the College with a 16.1% total return on the investment pool. In addition to the \$25 million in investment returns there were \$4.3 million in contributions. Over \$9 million was distributed in accordance with the College's spending policy.

The table below shows the endowment market value and endowment per student since 1997. Although it has been a bit of a roller coaster ride in these volatile markets, the Investment Committee of the Board of Trustees believes that the long term investment strategy favors equities over fixed income securities. To dampen this volatility the asset allocation of the investment pool has, over the last several years, increased the allocation to inflation hedging assets, absolute return managers, hedge funds event arbitrage, buyout funds and foreign currency common stock. Footnote 4 on page 20 shows the total investments of the College by asset type.



SUMMARY

The end of a capital campaign may be a punctuation point in the life of the College but it is not the end of the story. We are a different college than the Scripps of seven years ago; larger, better endowed and more selective. But we are also the same college, dedicated to a residential liberal arts program that empowers women to achieve their career and personal goals. Our current success can serve as a platform for future accomplishments on the road to achieving our mission to become the college which offers the best liberal arts education in America.

A new strategic planning process has already begun at the College. Over the next year, a steering committee will be formed, a consultant hired, and students, faculty and staff recruited to participate in planning the next chapter in the Scripps story.

Respectfully submitted,

SCRIPPS COLLEGE

REPORT ON AUDITED FINANCIAL STATEMENTS

For The Years Ended June 30, 2004 and 2003

SCRIPPS COLLEGE

STATEMENTS OF FINANCIAL POSITION

June 30, 2004 and 2003

	2004	2003		2004	2003
ASSETS			LIABILITIES AND NET ASSETS		
Current assets			Current liabilities		
Cash	\$ 867,737	\$ 220,577	Accounts payable and accrued liabilities	\$ 2,269,199	\$ 3,862,376
Accounts receivable, net (Note 2)	863,731	1,011,563	Current portion of notes and bonds payable (Note 6)	410,000	2,118,189
Notes receivable, net (Note 2)	565,662	560,667	Deposits and deferred revenue	503,080	549,212
Contributions receivable (Note 3)	3,478,799	3,887,948	Total current liabilities	3,182,279	6,529,777
Prepaid expenses, deposits, and other	138,665	156,849			
Investments (Note 4)	7,900,000	7,700,000	Non current liabilities		
Assets whose use is limited (Note 4)	2,200,000	1,000,000	Life income and annuities payable (Note 5)	4,474,589	4,019,346
Total current assets	16,014,594	14,537,604	Payable to Claremont University Consortium	53,817	60,830
Non current assets			Liability for staff retirement plan	565,983	773,472
Notes receivable, net (Note 2)	4,148,191	4,111,562	Notes and bonds payable (Note 6)	24,029,820	24,405,548
Contributions receivable, net (Note 3)	7,860,694	10,323,644	Government advances for student loans	1,722,785	
Investments (Note 4)	184,434,165	163,161,547	Total liabilities	34,191,223	37,856,677
Investments held as a reserve					
Plant facilities			Net assets		
Land and land improvements	5,049,347	5,047,822	Unrestricted	\$ 110,090,168	\$ 57,772,096
Buildings	75,034,402	62,915,772	Invested in		
Equipment and furnishings	8,522,379	7,681,436	Endowment	\$ 167,862,264	\$ 144,012,790
Property held for future use	1,274,368	1,274,368	plant and other		
Accumulated depreciation	(26,483,378)	(23,920,891)	Total net assets	\$ 180,256,149	\$ 85,068,601
Net plant facilities	64,445,198	65,394,068	Total liabilities and net assets	\$ 299,515,973	\$ 279,930,562
Total assets	\$ 299,515,973	\$ 279,930,562			

The accompanying notes are an integral part of these financial statements.

SCRIPPS COLLEGE

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2004 and 2003

	2004	2003
Unrestricted Net Assets		
Revenues and releases of net assets:		
Tuition, room and board	\$ 28,440,813	\$ 26,545,342
Less: financial aid	7,557,352	6,595,842
Net student revenues (Note 8)	20,883,461	19,949,500
Contributions to operations	3,044,624	1,785,014
Federal grants and contracts	414,129	416,908
Spending policy income	8,563,086	9,184,429
Other investment income, net	231,753	303,536
Other revenue	885,119	
	16,917,140	16,917,140
Co-curricular program	10,610,822	10,190,639
Marketing	4,807,810	4,749,519
Administrative and general	3,468,986	3,132,368
Total expenses	37,075,860	34,989,666
Operating deficit (Note 10)	(633,117)	(716,541)
Other changes in unrestricted net assets:		
Non-operating bequests and gifts in kind	94,977	1,642,008
Release of temporarily restricted net assets - plant	8,667,390	1,518,007
Redesignation of net assets	(107,643)	(10,332)
Net realized and unrealized gains (losses) on investments net of allocation to operations	15,917,382	(6,394,249)
Other comprehensive pension income (expense)	260,000	(776,879)
Transfer to Claremont University Consortium	(349,515)	(446,639)
Change in unrestricted net assets	23,849,474	(5,184,625)
Unrestricted net assets, beginning of year	144,012,790	149,197,415
Unrestricted net assets, end of year	\$ 167,862,264	\$ 144,012,790

The accompanying notes are an integral part of these statements.

SCRIPPS COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2004 and 2003

	2004	2003
Cash flows from operating activities:		
Tuition, room and board, net of financial aid	\$ 20,937,554	\$ 19,838,277
Gifts, grants and contracts	3,497,653	2,434,651
Investment income	2,460,221	2,241,438
Other revenue	1,003,601	929,061
Payments for interest on debt	(1,390,569)	(1,437,959)
Payments to employees and suppliers	(34,795,858)	(30,390,877)
Net cash used in operating activities (Notes 10 and 11)	<u>(8,280,395)</u>	<u>(8,280,395)</u>
Purchase of collections	-	(18,427)
Proceeds from sale of investments	54,861,526	61,908,237
Purchase of investments	(53,550,011)	(54,509,425)
Loans made to students and faculty	(958,138)	(886,000)
Collection of student and faculty loans	878,914	967,091
Net cash used in investing activities	<u>(346,325)</u>	<u>(1,842,339)</u>
Cash flows from financing activities:		
Payments to life income beneficiaries	(541,431)	(628,412)
Investment income on life income investments	107,518	453,691
Principal payments on debt	(2,125,202)	(1,416,165)
Contributions restricted for loans	79,033	9,562
Contributions restricted for endowment	3,859,354	1,008,586
Contributions restricted for life income contracts	654,752	707,184
Contributions restricted for plant expenditures	6,512,286	4,381,201
Contributions for restricted purposes	869,332	2,987,373
Change in advances for student loans	(134,759)	37,477
Net cash provided by financing activities	<u>9,280,883</u>	<u>7,540,497</u>
Net increase (decrease) in cash	647,160	(687,251)
Cash at beginning of year	220,577	907,828
Cash at end of year	<u>\$ 867,737</u>	<u>\$ 220,577</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN ENDOWED EQUITY
For the years ended June 30, 2004 and 2003

	2004	2003
Pooled investment return:		
Earned income	\$ 2,156,441	\$ 1,956,845
Change in realized and unrealized net appreciation of investments	23,053,752	1,742,418
Net investment return	25,210,193	3,699,263
Endowment returns distributed for operations	(8,563,086)	(9,184,429)
Endowment returns distributed for temporarily restricted net assets	(760,377)	(796,611)
Endowment returns reinvested for permanently restricted net assets	141,000	15,278
Net investment returns reinvested (utilized)	16,027,730	(6,266,499)
Other changes in endowed equity:		
Contributions	4,253,312	225,986
Other, net		
Transfers to quasi endowment	591,481	1,521,467
Redesignation of net assets	123,438	610,517
Matured annuity and life income agreements	54,917	2,122,205
Total other changes in endowed equity	5,023,148	4,480,175
Net change in endowed equity	21,050,878	(1,786,324)
Endowed equity, beginning of year	159,205,271	160,991,595
Endowed equity, end of year	\$ 180,256,149	\$ 159,205,271
Endowed equity is composed of the following assets at June 30,		
Contributions receivable, net of discount (Note 3)	\$ 1,328,155	\$ 934,196
Investments (Note 4)	178,927,994	158,271,075
	\$ 180,256,149	\$ 159,205,271

See report of independent auditors.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2004 and 2003

1. Summary of Significant Accounting Policies:

Founded in 1926, Scripps College (the "College") is an independent, liberal arts college for women with a distinctive interdisciplinary core curriculum offering instruction in the humanities, fine arts, and the natural and social sciences. The College has an enrollment of approximately 800 students. The campus is on the National Register of Historic Places.

Its mission is to educate women to develop their intellect and talents through active participation in a community of scholars, so that as graduates they may contribute to society through public and private lives of leadership, service, integrity and creativity.

Scripps College is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The following accounting policies of the College are in accordance with those generally accepted for colleges and universities:

Basis of Presentation:

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

Net Asset Categories:

The accompanying financial statements present information regarding the College's financial position and activities according to three categories of net assets: unrestricted, temporarily restricted, and permanently restricted. The three categories are differentiated by donor restrictions.

Unrestricted Net Assets:

Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets:

Net assets that are subject to donor-imposed restrictions that either lapse or can be satisfied.

Permanently Restricted Net Assets:

Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors permit the College to use all or part of the income earned on these assets for general or specific purposes.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

1. Summary of Significant Accounting Policies, Continued:

Revenue and Expense Recognition:

Tuition and Fees – Student tuition and fees are recorded as revenues in the year during which the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenues.

Investment Return – Investment income and gains and losses on investments and changes in other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution are included in unrestricted net assets. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

1. Summary of Significant Accounting Policies, Continued:

Operating Expense Categories and Allocation of Certain Expenses:

The Statements of Activities presents expenses by four functional categories. Academic Program includes expenses for instruction and related academic support departments such as libraries, the Dean of Faculty and Registrar Offices. Co-curricular Program includes expenses associated with the residential life operation of the College and related support departments such as Dean of Students Office and Career Planning and Research. Marketing expenses for revenue development for the College include departments such as Admission/Financial Aid, Public Relations, Alumnae Relations and the Development Office. Administrative and General includes expenses such as administrative computing, planning, institutional research, liability insurance, legal and audit fees, and the President and Treasurer's Offices.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

1. Summary of Significant Accounting Policies, Continued:

Assets Whose Use is Limited:

Indenture requirements of bond financing (see Note

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

1. Summary of Significant Accounting Policies, Continued:

Use of Estimates

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

2. Accounts and Notes Receivable:

Accounts receivable at June 30, 2004 and 2003 are as follows:

	2004	2003
Student accounts	\$ 241,785	\$ 337,132
Federal and private grants and contracts	64,181	97,871
Other Claremont Colleges	126,990	294,699
Gifts	327,385	184,684
Due from broker	6,135	113,016
Travel advances	72,075	25,255
Other	77,754	17,983
	<u>916,305</u>	<u>1,070,640</u>
Less allowance for doubtful accounts	<u>(52,574)</u>	<u>(59,077)</u>
Total accounts receivable, net	<u>\$ 863,731</u>	<u>\$ 1,011,563</u>

Notes receivable at June 30, 2004 and 2003 are as follows:

	2004	2003
Student notes	\$ 4,777,339	\$ 4,772,719
Other	114,500	54,500
	4,891,839	4,827,219
Less allowance for doubtful students notes	(177,986)	(154,990)

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

3. Contributions Receivable

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

4. Investments:

Where permitted by gift agreement and/or applicable government regulations, investments are pooled. Pooled investments and allocation of pooled investment income are accounted for on a unit value method.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

4. Investments, Continued:

It is the College's policy to invest and maintain a diversified investment portfolio. The fair value of investments are based on the quoted market prices, analytical pricing methods for investments for which there is no market and the fair value of limited partnership net assets in proportion to the College's interest some are at cost, which we have not addressed. The following schedule summarizes investments at June 30:

Investment by asset type:

	2004		2003	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 9,311,677	\$ 9,311,677	\$ 5,927,331	\$ 5,927,331
Short term investments	2,257,652	2,257,652 *	2,248,923	

Investment by program:

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

4. Investments, Continued:

Investments by category:

	2004		2003	
	Cost	Fair Value	Cost	Fair Value
Endowment and funds functioning as endowment	\$156,349,318	\$178,927,994	\$154,634,556	\$158,271,075
Annuity and life income funds	9,549,325	10,422,064	9,263,939	9,216,540
Reserve for depreciation	6,553,145	6,616,291	6,497,159	6,463,996
Other	5,280,415	5,184,107	4,375,214	4,373,932
Total by category	<u>\$177,732,203</u>	<u>\$201,150,456</u>	<u>\$174,770,868</u>	<u>\$178,325,543</u>

5. Life Income and Annuities Payable:

Life income and annuities payable of \$4,474,589 and \$4,019,346 at June 30, 2004 and 2003, respectively, represent actuarially determined liabilities for contractual obligations under gift annuities, unitrusts, and pooled income funds.

6. Note and Bonds Payable:

At June 30, 2004 and 2003, note and bonds payable were comprised of the following:

	2004	2003
Note - Revolving line of credit agreement	\$ -	\$ 1,728,189
Bond - College and University Facility Loan Trust One	73,000	118,000
Bonds - California Educational Facilities Authority (CEFA) Series 1997C	2,565,000	2,715,000
Bonds - CEFA Series 1999	10,255,000	10,450,000
Bonds - CEFA Series 2001	12,250,000	12,250,000
	25,143,000	27,261,189
Less unamortized discount and issuance costs	(703,180)	(737,452)
Less current portion	(410,000)	(2,118,189)
	<u>\$ 24,029,820</u>	<u>\$ 24,405,548</u>

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

6. Note and Bonds Payable, Continued:

The CEFA Series 2001, 1999 and 1997C bond agreements contain various restrictive covenants which include the maintenance of certain financial ratios, as defined in the agreement.

The College has a \$3,000,000 line of credit with Wells Fargo Bank. Any borrowings on the line would bear interest at the bank's prime rate. There were no borrowings outstanding on the line at June 30, 2004 or 2003.

The estimated fair value of the College's bonds payable was approximately \$25,021,000 and \$26,340,000 at June 30, 2004 and 2003, respectively. This fair value was estimated based upon the discounted amount of future cash outflows based on current rates available to the College for debt of the same remaining maturities.

7. Funds Held in Trust for Others:

Included in funds held in trust for others is a non-interest bearing loan of \$134,499 at June 30, 2004 and 2003, which was made to the College by the Weingart Foundation (the "Foundation"). The College is required to use the funds to make non-interest-bearing loans to qualified students. Also included, at June 30, 2004 and 2003 is a fifty percent charitable remainder interest of \$27,451 and \$68,818, respectively held in trust by the College for a third party.

8. Net Student Revenues:

Student revenues for the years ended June 30, 2004 and 2003 consist of the following:

	<u>2004</u>	<u>2003</u>
Tuition and fees	\$ 22,390,180	\$ 21,024,404
Room and board	<u>6,050,633</u>	<u>5,520,938</u>
Gross student revenues	28,440,813	26,545,342
Less:		
Sponsored student aid	(2,225,562)	(2,468,328)
Unsponsored student aid	<u>(5,331,790)</u>	<u>(4,127,514)</u>
Net student revenues	<u>\$ 20,883,461</u>	<u>\$ 19,949,500</u>

9. Fund Raising Expense

Included in Marketing Expense in the Statements of Activities are approximately \$1,841,000 and \$1,867,000 of fund raising expenses for the years ended June 30, 2004 and 2003, respectively.

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

10. Cash Used in Operating Activities:

Consistent with the College's investment policy, lower current yields from dividends and interest are supplemented by appropriation from realized gains to provide the full amount of investment return specified for operations. Approximately \$7,242,000 and \$8,116,000 for the years ended June 30, 2004 and 2003, respectively, have been appropriated for operations and are reported in the Statements of Cash Flows as proceeds from the sale of investments in cash flows from investing activities. A reconciliation of net cash used in operations on the Statements of Cash Flows to the operating surplus on the Statements of Activities for the years ended June 30, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Net cash used in operations	\$ (8,287,398)	\$ (6,385,409)
Depreciation expense	(2,562,487)	(2,294,555)
Pooled investment gains appropriated	7,241,555	8,115,995
Temporarily and permanently restricted spending policy income	(901,377)	(811,889)
Temporarily and permanently restricted other investment income	(5,561)	(57,579)
Temporarily and permanently restricted other income	(181,763)	(141,045)
Release of temporarily restricted net assets to operations	2,420,571	1,926,556
Transfer to Claremont University Consortium	349,515	446,639
Gifts in kind	(1,277)	(6,032)
Decrease in unrestricted receivables, prepaid expenses, deposits and other	(264,263)	(202,280)
Decrease (increase) in accounts payable and accrued liabilities	1,513,236	(1,336,999)
Decrease in deposits and deferred revenue	46,132	30,057
Operating deficit	<u>\$ (633,117)</u>	<u>\$ (716,541)</u>

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

11. Cash Flow Reconciliation:

The change in the College's net assets is reconciled to net cash provided by operations for the years ended

SCRIPPS COLLEGE

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004 and 2003

12. Employee Benefit Plans, Continued:

The Claremont University Consortium administers a defined benefit plan ("The Plan") covering substantially all non-academic employees of the College, along with those of the other Claremont Colleges (Note 13). The Plan is in accordance with Employer Retirement Income Security Act of 1974. The benefits are based on years of service, career average compensation, and amount of employee contributions. Plan assets are invested in a diversified group of equity and fixed-income securities in an insurance company's separate and general accounts. The College's allocation of the net pension cost for the years ended June 30, 2004 and 2003 was approximately \$288,000 and \$119,000, respectively. The Plan was curtailed in the current year subsequent to the Plan's measurement date. The impact of the curtailment is a reduction in the benefit obligation. Additional information on the Plan can be obtained from the 2003-2004 report which includes the audited financial statements of the Claremont University Consortium.

13. Affiliated Institutions:

The College is a member of an affiliated group of colleges known as The Claremont Colleges. Each college is a separate corporate entity governed by its own board of trustees. Claremont University Consortium, a member of this group, is the central coordinating institution that provides common student and administrative services to all member colleges. The Consortium was established in 1974 and is a non-profit organization. The Consortium's board of trustees consists of representatives from each of the member colleges and the Claremont University Consortium. The Consortium's primary purpose is to coordinate and provide common student and administrative services to all member colleges. The Consortium's assets are held in a trust for the benefit of the member colleges. The Consortium's income is used to fund common student and administrative services. The Consortium's financial statements are audited annually by an independent accounting firm. The Consortium's financial statements are available to the public upon request.

