Report of Independent Auditors and Financial Statements

Mills College

June 30, 2021 and 2020

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Report of Independent Auditors

To the Board of Trustees
Mills College

Report on the Financial Statements

We have audited the accompanying financial statements of Mills College (the "College"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mills College as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the College as of June 30, 2020, were audited by other auditors whose report dated January 28, 2021, except as to Note 22, which is as of March 25, 2021, expressed an unmodified opinion of those statements.

Moss Adams LLP

San Francisco, California
December 17, 2021

Financial Statements

Mills College
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 3,836,933	$ 2,045,266
Restricted cash	-	1,199,515
Student accounts and loans receivable, net (Note 3)	2,778,883	2,548,878
Government grants and other receivables, net	1,296,129	1,197,787
Inventories and other assets	1,535,688	1,675,196
Contributions and trusts receivable, net (Note 4)	14,399,722	14,143,230
Investments (Note 5)	227,905,812	189,138,211
Property, plant, and equipment, net (Note 7)	95,006,130	99,866,786
Collections (Note 8)	3,362,169	3,408,669
Total assets	$ 350,121,466	$ 315,223,538
LIABILITIES		
Accounts payable and accrued liabilities	$ 6,084,273	$ 3,974,964
Contract liability - student deposits	605,414	407,615
Other liabilities	7,715,414	3,397,614
Lines of credit (Note 9)	6,999,800	7,999,800
Annuity and life income liability	1,145,357	1,154,036
Government advances for student loans (Note 3)	148,292	238,575
Bonds payable (Note 10)	24,253,909	25,583,745
Total liabilities	46,952,459	42,756,349
NET ASSETS		
Without donor restrictions	64,091,751	70,569,068
With donor restrictions (Note 11)		
Time or purpose	82,029,672	46,170,827
Perpetual	157,047,584	155,727,294
Total net assets with donor restrictions	239,077,256	201,898,121
Total net assets	303,169,007	272,467,189
Total liabilities and net assets	$ 350,121,466	$ 315,223,538

See accompanying notes.

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
REVENUE AND GAINS				
Tuition and fees, net (Note 12)	$ 15,628,596	$ -	$ 15,628,596	$ 19,426,275
Sales and services of auxiliary enterprises	4,408,017	-	4,408,017	8,939,411
Contributions available for operations	2,680,520	2,011,006	4,691,526	10,405,059
Government contracts and grants	6,919,270	-	6,919,270	9,311,431
Investment returns allocated to operations	11,084,140	926,690	12,010,830	12,258,989
Other, net	10,840,771	260,916	11,101,687	6,450,187
Total revenue and gains	51,561,314	3,198,612	54,759,926	66,791,352
Net assets released from restrictions for operations	4,209,000	(4,209,000)	-	-
Total revenue and gains, and other support	55,770,314	(1,010,388)	54,759,926	66,791,352
EXPENSES				
Instruction	17,062,580	-	17,062,580	16,934,006
Research	606,912	-	606,912	1,312,463
Academic support	9,333,239	-	9,333,239	6,956,277
Student services	9,142,784	-	9,142,784	9,581,902
Institutional support	14,302,836	-	14,302,836	13,114,769
Public service	3,682,362	-	3,682,362	2,913,667
Auxiliary enterprises	9,975,798	-	9,975,798	9,611,532
Total expenses	64,106,511	-	64,106,511	60,424,616
Changes in net assets from operations	(8,336,197)	(1,010,388)	(9,346,585)	6,366,736
NONOPERATING ACTIVITIES				
Nonoperating contributions	26,500	705,048	731,548	399,851
Provision for uncollectible pledges	(188,179)	-	(188,179)	(35,444)
Investment return, net of allocation to operations	(9,255,675)	46,700,040	37,444,365	(9,847,527)
Actuarial adjustment	-	2,060,416	2,060,416	1,664,850
Other nonoperating revenue	253	-	253	84,874
Net assets released from donor restrictions for nonoperating	11,275,981	(11,275,981)	-	-
CHANGES IN NET ASSETS	(6,477,317)	37,179,135	30,701,818	(1,366,660)
NET ASSETS, at beginning of year	70,569,068	201,898,121	272,467,189	273,833,849
NET ASSETS, at end of year	$ 64,091,751	$ 239,077,256	$ 303,169,007	$ 272,467,189

Mills College
Statement of Activities (Continued)
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Totals
REVENUE AND GAINS			
Tuition and fees, net (Note 12)	$ 19,426,275	$ -	$ 19,426,275
Sales and services of auxiliary enterprises	8,939,411	-	8,939,411
Contributions available for operations	3,190,619	7,214,440	10,405,059
Government contracts and grants	9,311,431	-	9,311,431
Investment returns allocated to operations	11,242,266	1,016,723	12,258,989
Other, net	6,436,589	13,598	6,450,187
Total revenue and gains	58,546,591	8,244,761	66,791,352
Net assets released from restrictions for operations	4,258,231	(4,258,231)	-
Total revenue and gains, and other support	62,804,822	3,986,530	66,791,352
EXPENSES			
Instruction	16,934,006	-	16,934,006
Research	1,312,463	-	1,312,463
Academic support	6,956,277	-	6,956,277
Student services	9,581,902	-	9,581,902
Institutional support	13,114,769	-	13,114,769
Public service	2,913,667	-	2,913,667
Auxiliary enterprises	9,611,532	-	9,611,532
Total expenses	60,424,616	-	60,424,616
Changes in net assets from operations	2,380,206	3,986,530	6,366,736
NONOPERATING ACTIVITIES			
Nonoperating contributions	111,400	288,451	399,851
Provision for uncollectible pledges	(35,444)	-	(35,444)
Investment return, net of allocation to operations	(11,151,056)	1,303,529	(9,847,527)
Actuarial adjustment	-	1,664,850	1,664,850
Other nonoperating revenue	84,874	-	84,874
Net assets released from donor restrictions for nonoperating	10,311,080	(10,311,080)	-
CHANGES IN NET ASSETS	1,701,060	(3,067,720)	(1,366,660)
NET ASSETS, at beginning of year	68,868,008	204,965,841	273,833,849
NET ASSETS, at end of year	$ 70,569,068	$ 201,898,121	$ 272,467,189

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in total net assets	$ 30,701,818	$ (1,366,660)
Adjustments to reconcile changes in total net assets to net cash used in operating activities:		
Depreciation	4,676,066	4,723,931
Net gains on investments	(49,455,195)	(2,109,944)
Actuarial adjustment	(2,060,416)	(1,664,850)
Donated art and equipment	(21,500)	(103,900)
Gain on disposal of property, plant, and equipment	(196,968)	-
Allowance for uncollectible student accounts receivable	309,835	37,914
Allowance for uncollectible loans receivable	25,615	77,125
Allowance for uncollectible other receivable	(4,986)	30,794
Allowance for uncollectible pledges	(10,964)	(35,444)
Amortization of bond premium and discount	22,703	22,703
Accretion of asset retirement obligation liability	1,065	8,360
Contributions restricted for long-term investment	(560,239)	(1,726,025)
Change in operating assets and liabilities:		
Student accounts receivable	(854,041)	(396,797)
Government grants and other receivable	(25,356)	350,616
Inventories and other assets	139,508	(47,417)
Contributions and trusts receivable	1,328,878	(695,790)
Accounts payable and accrued liabilities	2,109,309	(1,558,666)
Contract liability - student deposits	197,799	11,575
Other liabilities	4,316,735	35,216
Annuity and life income liability	(8,679)	(62,883)
Net cash used in operating activities	(9,369,013)	(4,470,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant, and equipment	(480,411)	(814,663)
Proceeds from sale of property, plant, and equipment	861,969	-
Purchases of investments	(78,836,087)	(13,206,188)
Proceeds from sales of investments	90,009,691	20,482,683
Repayment of student loans receivable	288,586	231,502
Net cash provided by investing activities	11,843,748	6,693,334
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	560,239	1,726,025
Change in government advances for student loans	(90,283)	(66,320)
Payments from line of credit	(1,000,000)	(1,000,000)
Payments on bonds payable	(1,352,539)	(1,313,150)
Net cash used in financing activities	(1,882,583)	(653,445)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	592,152	1,569,747
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	3,244,781	1,675,034
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 3,836,933	$ 3,244,781
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for interest	$ 972,045	$ 1,506,479
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 3,836,933	$ 2,045,266
Restricted cash	-	1,199,515
Total cash, cash equivalents and restricted cash	$ 3,836,933	$ 3,244,781

See accompanying notes.

NOTE 1 – NATURE OF ORGANIZATION

Mills College (the "College") is a private, nonprofit liberal arts college founded in 1852 and based in Oakland, California. The College provides education and training services for undergraduate women and gender non-binary students and has graduate programs for students of all genders, and performs training and other programs under grants, contracts, and similar agreements with its sponsors, primarily departments, and agencies of the United States government, and private donors.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

The College maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated by the Board either for specific purposes or for board designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may, or will be, met by either actions of the College and/or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Revenues – 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 are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of 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.

Tuition and fees – Tuition and fees revenue is recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. The College determined there are no costs that are capitalized to obtain or fulfill a contract with a student. Revenue recognition begins once a student starts attending a course. Registration and other fees that do not relate to instruction are recognized when no longer refundable. The College's receivables represent unconditional rights to consideration from its contracts with students; accordingly, receivables are not recorded until students have begun a course and the revenue recognition has commenced. The College's education programs have start and end dates that differ from its fiscal year end. Therefore, at the end of each fiscal year, a portion of revenue from these programs is not yet earned and is recorded as contract liability in the statements of financial position. Student tuition and fees received in advance of services to be rendered are also recorded as contract liability.

Contributions and trusts – Contributions, including unconditional promises to give, are recognized as revenues in the period received. 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. Contributions to be received after one year are discounted at risk-adjusted rates ranging from 3% to 4%.

Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund raising activity. Pledges are written off if they are deemed noncollectible.

Trusts held by third parties represent the present value (discounted at risk-adjusted rate of 1.2%) of the estimated future distributions expected to be received by the College over the expected terms of the agreements.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Contributions of property, plant, and equipment without donor stipulations concerning the use of such long lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property, plant, and equipment without such donor stipulations are reported as revenues with donor restrictions net asset class. The restrictions are considered to be released at the time such long lived assets are placed in service.

Government grants – Support funded by grants is recognized as the College performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts received in advance of incurring eligible expenses are recorded as a grant advance liability within other liabilities on the statements of financial position.

Sales and services of auxiliary enterprises – Auxiliary enterprises revenue includes a variety of services that enhance the quality of student life on campus. Fees for housing, dining services, and other auxiliary revenue, such as bookstore and food service commission, space rental, parking and recreational center fees, and intercollegiate athletic tickets revenue are recognized over the period the services are provided or at the time goods are provided.

Cash and cash equivalents – Cash and cash equivalents include cash on deposit and money market funds with a maturity of three months or less. Cash equivalents consist of amounts kept mostly in First Republic Bank ("FRB") checking accounts. There are a few separate FRB accounts temporary restricted for Cal Grant, Private Alternative loan, and Mellon grant. Insignificant amounts that represent student loans repaid are kept in the City National Bank account. A significant portion of the cash balances held at FRB at June 30, 2021 and 2020, is in excess of federally insured limits. It should be noted that the master loan agreement with FRB calls for the College's checking account to be at FRB.

Student accounts receivable – The College grants credit for tuition to certain of its students, with typical payment terms corresponding to the semesters or the school year. Resulting accounts receivable are stated at the principal amount outstanding, net of an allowance for doubtful accounts. An allowance for doubtful accounts is established when losses are estimated to have occurred through a charge to expense.

Specific allowances are established for doubtful accounts when a student is unable to meet her or his financial obligation, as in the case of bankruptcy filings. Estimates are used in determining allowances based on factors such as current trends, the length of time the receivables are past due and historical collection experience. A receivable account is written off when all rights, remedies and recourses against the account and its principals are exhausted and a benefit is recorded when previously reserved accounts are collected.

Federal Perkins Loan Program – Student loans receivable are reported at the outstanding principal balances. These loans have been issued to eligible students primarily under the Federal Perkins Loan Program. The repayment period begins after an initial grace period of either six or nine months after the student ceases to be at least a half-time student. Interest income is recorded as monthly payments are received. The College's share of any uncollectible accounts under the Federal Perkins Loan Program would not be material to the financial statements. Defaulted loans are handled in accordance with the guidelines of the Federal Perkins Loan Program.

As of October 1, 2017, under Federal law, all institutions of higher education, including the College, may no longer award new Perkins loans to undergraduate students and may not make subsequent disbursements to undergraduate students after June 30, 2018. Concurrently, as of July 1, 2017, all institutions of higher education, including the College, may not disburse Perkins loans to graduate students. The College has been notified that the Federal government will begin collecting the Federal share of the College's Perkins loan revolving funds sometime thereafter. During the years ended June 30, 2021 and 2020, the College refunded $87,641 and $35,619 respectively, of its Federal share to the Federal government.

Inventories and other assets – Inventories are recorded on a first in, first out ("FIFO") basis. Inventories are recorded at the lower of cost or net realizable value and consist primarily of supplies and postage. Other assets consist primarily of faculty salary advances. The remainder of other assets consists primarily of prepaid expenses.

Fair value of financial instruments – Investments and beneficial interests in trusts held by third parties are reflected at estimated fair value, determined in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 establishes a fair value hierarchical disclosure framework which prioritizes and ranks the level of market price observable inputs used in measuring assets and liabilities at fair value.

The College applies fair value accounting in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The College generally values its assets on a yearly basis. Securities for which market quotations are readily available on an exchange are valued at the closing price of such security on the valuation date.

For securities for which reliable market quotations are not readily available or for which the pricing source does not provide a valuation or methodology, the College, with involvement of the Investment Committee, performs the following procedures:

1. Management meets at least quarterly with the Investment Committee and the outside investment advisor to discuss market values, performance, and portfolio strategy.

2. Management obtains audited financial statements, which include net asset values per share, and tests for accurate valuation by comparing the book value of each investment as of the most recent fiscal year end of the investees to the value calculated using information from the investment's audited financial statements, including net asset values ("NAV"). Management also reviews that the financial statements were prepared in accordance with GAAP, proper accounting policies were applied and followed, and the values are reasonable.

3. Management verifies its share of investments and calculates the investment value attributed to the College.

4. As it relates to beneficial interest in trusts held by third parties, the College obtains information about underlying assets of the trusts and evaluates that the valuation of the assets is reasonable.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Measurement is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Inputs are quoted prices (unadjusted} in active markets for identical assets or liabilities as of the measurement date. The types of instruments which would generally be included in Level 1 include listed equity securities.

Level 2 - Inputs are observable for the asset or liability, either directly or indirectly, as of the measurement date, but are other than quoted prices in active markets as in Level 1. Level 2 values have been determined by management of the College utilizing observable data that is readily available, regularly updated, reliable and verifiable, not proprietary, and provided by sources that are actively involved in the relevant market. The types of instruments which would generally be included in this category include unlisted derivative financial instruments and fixed income investments. Fair values for these investments are estimated by the College using valuation methodologies that consider a range of factors, including, but not limited to, trading values on public exchanges for comparable securities and interest rates.

Level 3 – Inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the reporting entity. The types of instruments which would generally be included in this category include beneficial interests in trusts held by others. The inputs into the determination of fair value require significant judgment by the College. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. The valuation of certain alternative investments, included in mutual and commingled funds and security trading limited partnerships, which are not readily marketable, are carried at estimated fair values as provided by the investment managers or general partners. The College reviews and evaluates the values provided by the third parties and agrees with the valuation methods and assumptions used in determining the fair values of the alternative investments. In cases where the investee has provided its investors with a net asset value per share or its equivalent, the College has estimated fair value by using the net asset value provided by its investee. Because the alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such a difference could be material.

The College maintains pooled investment accounts for its endowments and quasi-endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments. The allocation is based on the relationship of the fair value of the interest of each endowment or quasi-endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

The College’s Board of Trustees designates only a portion of the College's cumulative investment return to support current operations as per donor use restrictions where applicable. The remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool is used to support current operations.

Property, plant, and equipment – Property, plant, and equipment are recorded at cost as of the date of acquisition. Gifts of plant facilities are recorded at fair value as of the date of donation. Cost includes the related net interest expense incurred on funds borrowed for construction of plant facilities. Library books are not capitalized. Collection items are capitalized. If purchased, collection items are capitalized at cost. Contributed collection items are recognized as assets and measured at fair value as of the day of donation.

There is no depreciation recorded on collection items. Depreciation is provided on equipment over a five-year period on a straight-line basis. Depreciation is provided on buildings and improvements over a 40-year period on a straight-line basis.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

The costs of maintenance and repairs are charged to income as incurred. Significant renewals and betterments over $5,000 are capitalized.

Impairment of long-lived assets – Long-lived assets recorded by the College are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. If such assets are determined to be impaired, the impairment to be recognized is measured as the difference between the related carrying amounts and fair values. No impairment was recorded during fiscal years ended June 30, 2021 and 2020.

Asset retirement obligation – Asset retirement obligations include environmental obligations associated with the retirement of long-lived assets. These liabilities are recorded at fair value when incurred and are capitalized by increasing the carrying amount of the associated long lived asset. Over-time, the liability is accreted to its present value each period and the capitalized cost is depreciated on a straight-line basis through the estimated date of retirement. The liability is removed when the obligation is settled.

Annuity and life income payable – The College uses the actuarial method of recording annuity and life income gifts. Under this method, when a gift is received, the present value of the aggregate estimated payable is recorded as a liability, based upon life expectancy tables, and the remainder is recorded as contributions to net assets with donor restriction. Investment income and gains are credited, and annuity payments and investment losses are charged to the liability accounts with annual adjustments made between the liability and net assets to record the adjustment of the actuarial liability.

Contract liability - student deposits – Contract liability of $605,414 and $407,615 as of June 30, 2021 and 2020, respectively, represents performance obligations associated with payments received from students for each academic year's summer term that began in mid-June and ended in July. The contract liability is recognized ratably as revenue over the summer term.

The following table depicts activities for contract liability – student deposits during the year ended June 30, 2021 and 2020:

Balance at June 30, 2019	$	396,040
Revenue recognized - summer term		(396,040)
Payment received for future performance obligation		407,615
Balance at June 30, 2020		407,615
Revenue recognized - summer term		(407,615)
Payment received for future performance obligation		605,414
Balance at June 30, 2021	$	605,414

Income taxes – The College is recognized by the Internal Revenue Service as an organization exempt from federal income taxes on related income under Section 501 (c)(3) of the Internal Revenue Code. The College is also recognized by the Franchise Tax Board as exempt from California state tax on related income under Section 23701d of the California Revenue and Taxation Code.

The College has identified and evaluated significant tax positions in its significant tax jurisdictions which are the federal and California state tax jurisdictions. The College has also determined that the open tax years are generally three years for federal and four years for California tax purposes.

For federal there is an unrelated business income net operating loss carryover of approximately $2,062,000 and $1,727,000 as of June 30, 2021 and 2020, respectively. For California there is an unrelated business income net operating loss carryover of approximately $2,152,000 and $2,012,000 as of June 30, 2021 and 2020, respectively. A net operating loss can only be reflected as a benefit (deferred tax asset) on the statements of financial position when it is likely that the loss would be utilized against taxable income in another tax year. Since there is not presently a likelihood of taxable income in another tax year, the College has recorded a full valuation allowance for the deferred tax assets on the statements of financial position for these net operating loss carryovers. There have been no related tax penalties or interest, which would be classified as tax expense in the statement of activities.

The net operating loss carryover will begin to expire June 30, 2025, for federal purposes and June 30, 2031, for California purposes.

The College applied ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*, to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of the year ended June 30, 2021 and 2020, nor are any changes anticipated in the twelve months following June 30, 2021.

Advertising costs – Advertising costs were approximately $279,227 and $455,764 for the years ended June 30, 2021 and 2020, respectively, and were expensed when incurred.

Credit risk and fair value of financial instruments – The College grants credit in the normal course of operations and the credit risk with respect to these receivables is generally considered minimal due to the wide dispersion of receivables.

Use of estimates – Management of the College has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. GAAP. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts, present value of multi-year pledges, charitable trusts, discount rate on loan receivable; conditional asset retirement obligations; and the reported fair values of certain College's assets and liabilities. Actual results could differ from those estimates.

Operating and nonoperating – Revenues, expenses, gains, and losses are allocated between operating and nonoperating based on the underlying influence, control, and discretion of management in using these resources toward general operations which support the core mission of the College. Accordingly, operating revenue includes net tuition, auxiliary enterprise revenue, contributions available to fund current operations, contracts and grants supporting operating activities, investment returns allocated to operations under the College's spending policy, other sales and services revenue, and miscellaneous income. Excluded from operating revenue are contributions restricted for endowment or capital expenditure and annuity and life income agreements. Also excluded are investment returns not allocated to operations under the spending policy, actuarial adjustments, and miscellaneous income. Operating expenses (for which operating revenues are used) include salaries and benefits, departmental expenses, facility maintenance costs, supplies, professional services, depreciation and interest on debt but does not include actuarial adjustments relating to annuity and life income agreements, or provision for uncollectible pledges.

Expense allocation – Expenses have been classified as functional expenses (instruction, research, public service, academic support, student services, institutional support and auxiliary services). Non-functional expenses (depreciation, operation and maintenance of plant and interest expense) have been allocated based on the percent of actual direct expenditures and based on square footage of occupancy. All other costs are charged directly to the appropriate functional category.

Reclassifications – Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation.

Proposed merger with Northeastern University – Given its challenges with enrollment, liquidity, and inability to fund deferred maintenance, the College decided that long term operation in its current form was not sustainable. On March 17, 2021, the College announced that due to the above as well as the economic burdens of the COVID-19 pandemic, structural changes across higher education, its declining enrollment, budget deficits, and reliance on monetization of assets for liquidity that it needed to shift away from being a degree-granting college and move towards becoming an Institute that could sustain its mission of fostering women's leadership and student success, advancing gender and racial equity, and cultivating innovative pedagogy, research, and critical thinking. The College's Board of Trustees decided that after fall 2021, the College would no longer enroll new first-year undergraduate students and would focus its resources on building degree pathways for continuing students, and supporting the new and existing students. The College envisioned granting degrees through 2023, pending further consideration and action by the College's Board of Trustees.

In April 2021, the College requested and received expressions of interest from several potential academic schools. Subsequent to year end, on July 2, 2021, a non-binding letter of intent was signed by the College and Northeastern University and, on September 14, 2021, the College's Board of Trustees approved the merger agreement, and the definitive agreement was signed that day by the College and Northeastern University. The merger with Northeastern University will result in the College ceasing to exist as a separate entity and it will become an unincorporated division within Northeastern University's existing corporate structure that will be known as Mills College at Northeastern University. Northeastern University will provide the College with financing sufficient to assist with liquidity for fiscal year 2022. In addition, upon closing, Northeastern University will assume the College's long-term indebtedness and the College's endowment funds will be used to support the Mills Institute and activities on the College campus, consistent with applicable donor restrictions. By merging with Northeastern University, the College expects to have the ability to pay its debts as they come due through the merger's closing on June 30, 2022.

The New England Commission on Higher Education ("NECHE") accredits Northeastern University similar to Western Association of Schools and Colleges Senior College and University Commission's ("WSCUC") accreditation of the College. Northeastern University, in collaboration with the College, are working with NECHE and WSCUC for the necessary approvals needed which will allow the College's students to finish their degrees through existing, accredited Northeastern University programs through a customized, individual transition plan for each student. The College has notified WSCUC of its plan to seek NECHE accreditation for its teach-out and future programs as part of Northeastern University. The next steps for the College include submissions for withdrawal from accreditation with WSCUC and for approvals with the State of California's Bureau for Private Postsecondary Education ("BPPE"). The College is also engaged with the U.S. Department of Education and the California Student Aid Commission ("CSAC") to ensure seamless transition of financial aid eligibility for its students and institutions.

The College's $5,000,000 line of credit was fully drawn upon as of June 30, 2021. The College will repay this line of credit by March 2022. The $2,000,000 line of credit established with the Alumnae Association of Mills College ("AMMC") is fully drawn and was utilized to launch the online Educational Leadership Program and to fund the MPower undergraduate signature experience designed to increase retention. The AMMC line of credit is due on August 16, 2022.

Adoption of new accounting standards – During 2021, the College adopted FASB Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU No. 2014-09"), using the modified retrospective transition approach. As compared to existing guidance on revenue recognition, ASU No. 2014-09 significantly enhanced comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU No. 2014-09 provides a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU No. 2014-09 also improved U.S. GAAP by reducing the number of requirements an entity must consider in recognizing revenue, as well as requiring improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The adoption of ASU No. 2014-09 did not have a significant impact on the financial statements.

Effective July 1, 2020, the College adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements* ("ASU No. 2018-13"), which eliminated, added, and modified certain disclosure requirements for fair value measurements. ASU No. 2018-13 did not have a significant impact on the financial statements.

Effective July 1, 2020, the College adopted FASB ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* ("ASU No. 2019-03"), which modified the definition of the term collections and added a policy disclosure for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection).

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02"), which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements in the financial statements of lessees and lessors. The effective date of ASU No. 2016-02 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)*, to annual periods beginning after December 15, 2021. These ASUs are effective for the College for the year ending June 30, 2023. Management is currently evaluating the impact of the provisions of these ASU's on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU No. 2020-07"), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 should be applied on a retrospective basis and is effective for the College for the year ending June 30, 2022, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU No. 2020-07 on the financial statements.

NOTE 3 – STUDENT ACCOUNTS AND LOANS RECEIVABLE, NET

Student accounts and loans receivable as of June 30 consist of the following:

	2021	2020
Student accounts	$ 2,944,964	$ 2,090,923
Less allowance for doubtful accounts	(580,690)	(270,855)
Student accounts, net	2,364,274	1,820,068
Perkins loan program	1,071,530	1,242,205
Mills College loan program	1,526,471	1,644,382
	2,598,001	2,886,587
Less allowance for doubtful accounts		
Beginning of year	(2,157,777)	(2,080,652)
Increases	(25,615)	(77,125)
End of year	(2,183,392)	(2,157,777)
Student loans receivable, net	414,609	728,810
Total student accounts and loans receivable, net	$ 2,778,883	$ 2,548,878

The Perkins Loan Program notes, which bear interest at 5%, are payable over approximately 10 years beginning nine months after the student ceases to be enrolled at least half-time at an institution of higher education. The Mills College Loan Program notes, which bear interest at 6% to 8.5%, are payable in equal monthly installments over a five-year period beginning nine months after the student ceases to be a full time student.

The College makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources, and are ultimately refundable to the government. At June 30, 2021 and 2020, net student loans represented 0.13% and 0.23% of total assets, respectively.

The College participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $148,292 and $238,575 at June 30, 2021 and 2020, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

At June 30, 2021 and 2020, respectively, the following amounts were past due principal under student loan programs:

	30 Days Past Due	60 Days Past Due	3-12 Months Past Due	13-24 Months Past Due	>than 24 Months Past Due	Total Past Due
2021	$ -	$ 1,638	$ 18,691	$ 34,816	$ 1,186,255	$ 1,241,400
2020	$ -	$ 971	$ 18,458	$ 43,517	$ 1,037,347	$ 1,100,293

Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

NOTE 4 – CONTRIBUTIONS AND TRUSTS RECEIVABLE, NET

Contributions and trusts receivable as of June 30 consist of the following:

	2021	2020
Contributions receivable expected to be collected in		
Less than one year	$ 698,840	$ 1,668,599
One to five years	299,574	680,439
Total contributions receivable	998,414	2,349,038
Less unamortized discount to present value	(10,739)	(32,484)
Less allowance for uncollectible pledges	(64,179)	(75,143)
Contributions receivable, net	923,496	2,241,411
Beneficial interest in trusts held by third parties	13,476,226	11,901,819
Total contributions and trusts receivable, net	$ 14,399,722	$ 14,143,230

For the years ended June 30, 2021 and 2020, the changes in beneficial interest in trusts held by third parties classified as Level 3 fair value measurements are as follows:

Balance at June 30, 2019	$ 10,120,198
Additions	-
Distributions	-
Change in value of beneficial interest	1,781,621
Balance at June 30, 2020	11,901,819
Additions	-
Distributions	(15,565)
Change in value of beneficial interest	1,589,972
Balance at June 30, 2021	$ 13,476,226

Although the College believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Estimated values may differ significantly from the values that would have been used had a readily available market for such instruments existed, or had such instruments been liquidated. These differences could be material to the financial statements.

The following tables summarize the significant unobservable inputs the College used to value trusts categorized as Level 3 securities. The tables below are not meant to be all inclusive, but instead captures the significant unobservable inputs relevant to the determination of fair values at June 30, 2021:

June 30, 2021				
Trust Name	Fair Value of Underlying Assets	Valuation Technique	Unobservable Inputs	Quantitative Data
Trust A	$ 9,113,998	Market/income approach	Discount rate	1.2%
			Lifespan	7.1 years
			Payout rate	1.2%
Trust B	$ 3,804,941	Market/income approach	Discount rate	1.2%
			Lifespan	10.4 years
			Payout rate	1.2%
Other	$ 1,890,453	Market/income approach	Discount rate	1.2%
			Lifespan	26 years - perpetuity
			Payout rate	1.2% -5%

NOTE 5 – INVESTMENTS

The fair values of investments as of June 30 are as follows:

	2021	2020
Investment by fund category		
Operating / 457(b)	$ 677,611	$ 573,714
Endowment		
Pooled investments	224,142,308	185,910,202
Due from other funds	1,479,824	1,408,790
Total endowment pool assets	225,622,132	187,318,992
Annuity and life income investments	3,085,893	2,654,295
Due from other funds	(1,479,824)	(1,408,790)
Total investments by category	$ 227,905,812	$ 189,138,211

The investments in the commingled funds and security trading limited partnerships include investments that are classified as other. The values of investments in these categories are based on net asset value per share or its equivalent.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. No securities were transferred from Level 2 to Level 1.

No securities were transferred from Level 3 to Level 2 during the year. Additionally, no securities were transferred from Level 1 to Level 2 during the year.

Certain investments determine the value of the College's holdings by computing NAV whereas other investment managers determine the value of the College's holdings by using the College's ownership percentage in the respective investments.

The following tables present investments measured at fair value on a recurring basis by the ASC Topic 820 valuation hierarchy as of June 30, 2021 and 2020:

	June 30, 2021				
	Level 1	Level 2	Level 3	NAV	Total
Cash equivalents	$ 13,893,554	$ -	$ -	$ -	$ 13,893,554
Common stocks					
U.S. common stocks	18,149,855	-	153,000	-	18,302,855
Non-U.S. common stocks	601,213	-	-	-	601,213
Fixed income	1,059,501	97,333	80,454	-	1,237,288
Mutual funds					
Fixed income	47,156,570	-	-	-	47,156,570
Commingled funds					
Traditional equities	9,641,336	-	-	60,653,056	70,294,392
Alternative equities	-	-	-	26,226,770	26,226,770
Security trading limited partnerships					
Alternative equities	-	-	-	49,730,601	49,730,601
Real estate investments trusts and other	458,471	-	4,098	-	462,569
Total investments by asset type	$ 90,960,500	$ 97,333	$ 237,552	$ 136,610,427	227,905,812
Cash investments not included in leveling					-
Total investments by asset type					$ 227,905,812

	June 30, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Cash equivalents	$ 15,084,707	$ -	$ -	$ -	$ 15,084,707
Common stocks					
U.S. common stocks	23,410,041	-	-	-	23,410,041
Non-U.S. common stocks	777,766	-	-	-	777,766
Fixed income	-	910,637	-	-	910,637
Mutual funds					
Fixed income	23,839,639	-	-	-	23,839,639
Commingled funds					
Traditional equities	-	-	-	60,281,840	60,281,840
Alternative equities	-	-	-	22,475,954	22,475,954
Security trading limited partnerships					
Alternative equities	-	-	-	41,702,757	41,702,757
Real estate investments trusts and other	245,547	87,718	240,450	-	573,715
Total investments by asset type	$ 63,357,700	$ 998,355	$ 240,450	$ 124,460,551	189,057,056
Cash investments not included in leveling					81,155
Total investments by asset type					$ 189,138,211

Total investment returns allocated to operations for years ended June 30 were made up of the following:

	2021	2020
Pooled investment income, net of $1,717,604 and $1,263,848 investment expenses in 2021 and 2020, respectively	$ 1,517,255	$ 301,518
Net realized gains, including pooled assets	10,104,940	2,447,529
Unrealized gains (losses), including pooled assets	37,833,000	(337,585)
Total investment returns	49,455,195	2,411,462
Less nonoperating investment (gains) losses	(37,444,365)	9,847,527
Investment returns allocated to operations	$ 12,010,830	$ 12,258,989

The College uses the NAV to determine the fair value of all the underlying investments that (a) do not have a readily determinable fair value and {b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments measured at NAV by major category at June 30, 2021:

June 30, 2021									
Structure	Strategy	NAV Balance	Number of Funds	Remaining Life	Remaining Unfunded	Remaining Draw-Down Period	Redemption Terms	Redemption Lockup	Gate Restriction
Equities [1]									
Comingled funds	Domestic, Global, International, & Emerging Markets Equities	$ 60,653,056	5	N/A	N/A	N/A	Ranges from daily to 30 days' notice with daily to semi-annual redemption opportunity	Past lockups	0-25%
Hedge funds [2]									
Comingled funds	Equity long/short event driven, relative value, credit & merger arbitrage	26,071,437	5	N/A	N/A	N/A	Ranges from 30 to 180 days' notice with monthly to semi-annual redemption opportunity	Past lockups	0-30%
Investment partnerships	Equity long/short event driven, relative value, credit & merger arbitrage	21,776,800	3	N/A	N/A	N/A	Ranges from 60 to 65 days' notice with quarterly to semi-annual redemption opportunity	Past lockups	0-50%
Hybrid investments [3]									
Investment partnerships		5,427,793	4	5 to 8 years	$ 1,369,123	0 to 2 years	Redemption not permitted	N/A	N/A
Private equity [4]									
Comingled funds	Venture capital, growth equity & leveraged buyout	155,333	1	1 year	49,035	0 years	Redemption not permitted	N/A	N/A
Investment partnerships		18,326,904	21	4 to 11 years	8,683,377	0 to 6 years	Redemption not permitted	N/A	N/A
Real assets [5]									
Investment partnerships		4,199,104	8	1 to 27 years	2,978,349	0 to 3.5 years	Redemption not permitted	N/A	N/A
		$ 136,610,427	47		$ 13,079,884				

[(1)] This category includes separately-managed accounts, exchange traded funds, commingled investment vehicles, and limited partnerships. These funds were formed with the purpose of achieving long-term capital appreciation. Capital is allocated among various money managers with distinct and complementary investment styles, with the expectation that this strategy will result in an overall equity portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The fair values of the equity investments held through limited partnerships and similar pooled vehicles have been estimated using the NAV per share of the investments. Investments in this category may be redeemed daily to semi-annually, in whole or in part, sometimes subject to written notice prior to a notification date.

[(2)] This category includes investments that invest primarily in limited partnerships and similar pooled investment vehicles. These funds were formed with the purpose of achieving long-term capital appreciation with reduced volatility. Capital is allocated among various money managers including both "absolute return" strategies and long/short "equity hedge" strategies. Absolute return strategies typically involve spread-based arbitrage and distressed investing, and emphasize consistency of performance and low correlation to the broad market indices. Equity hedge managers typically make both long and short investments, and produce returns that can be expected to correlate more closely with the performance of the equity markets than would the performance of the absolute return strategies, though with lower volatility than traditional "long only" equity managers. The fair values of investments in this category have been estimated using the NAV per share of the investments. Investments in this category may be redeemed quarterly to annually, in whole or in part, subject to written notice prior to their required notification dates.

[(3)] This category includes investments that invest in limited partnerships and similar pooled investment vehicles. These funds represent investment opportunities that do not neatly fit within any of the other categories, either due to the structure or nature of the investments. Return expectations will correlate with the characteristic of the investment, lock-up period, and fee structure. Examples range from tactical (i.e. credit opportunities) to hybrid (i.e. a manager that invests in public equities but is structured in a manner of an alternative asset manager with a longer lock-up and different fee structure). The fair values of investments in this category have been estimated using the NAV of the College's ownership interest in partner capital.

[(4)] This category includes several private equity funds that invest primarily in private equity investment partnerships. The fair values of the investments in this category have been estimated using the NAV of the College's ownership interest in partner's capital. The purpose of the private equity investments is to provide capital appreciation above public market equity returns. In exchange for this potential appreciation, private equity is illiquid and typically requires several years before returning any capital. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of these funds will be liquidated over 1 to 11 years.

[(5)] This category includes mutual funds and limited partnerships. The fair values of the investments in this category that are held through limited partnerships and similar pooled investment vehicles have been estimated using the net asset value of the College’s ownership interest. The purpose of the real asset investments is to provide substantial capital appreciation with different drivers of return than public equity markets and often to serve as a hedge against inflation. Real asset strategies are investments in tangible assets, such as real estate, energy and power, timber and other hard assets. Those real asset investments that are held in limited partnerships typically require several years before returning any capital and can never be redeemed with the partnerships. Capital is distributed as the underlying assets of the partnerships are liquidated. Management has estimated that the underlying assets will be held in partnerships for as long as 30 years.

NOTE 6 – ENDOWMENTS

The State of California adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") with an effective date of January 1, 2009. As a result, the College reviewed all relevant gift instruments and its organizing documents to determine if it had funds with donor-imposed restrictions that are subject to the state enacted version of UPMIFA. The College continues to review all gift instruments in relationship to the enacted law.

The College's endowment consists of approximately 500 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowed funds and funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Trustees of the College has interpreted the California enacted version of UPMIFA as requiring the 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 as net assets with donor restrictions (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated unspent earnings are reported as net assets with donor restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with deficiencies – Funds with deficiencies or underwater endowments represent the amounts by which the fair value of certain endowment funds with donor restrictions were below the amount required to be retained in perpetuity. The College has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021, 75 funds with original gift values of $42,407,905, fair values of $39,805,475, and deficiencies of $2,602,430 were reported in net assets with donor restrictions. As of June 30, 2020, 229 funds with original gift values of $87,182,432, fair values of $74,521,785, and deficiencies of $12,660,647 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor restrictions and continued appropriation for program support was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

Return objectives and risk parameters – The long-term financial goal for the endowment portfolio is to provide a relatively stable stream of expendable revenue that increases over time at least as fast as the general rate of inflation measured by both the Consumer Price Index {the "CPI") and the San Francisco Bay Area Consumer Price Index {the "BACPI") on a "per unit" basis. The strategic investment objective for the endowment portfolio is to maximize long-term real (i.e., after inflation) total returns (i.e., yield plus capital appreciation) and at the same time moderate fundamental investment risk. The portfolio seeks to attain an inflation-adjusted total return, net of investment expense, at least equal to the contemplated spending rate over the long-term (rolling five- and ten-year periods).

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

1. The duration and preservation of the endowment fund.

2. The purposes of the College and the endowment fund.
3. General economic conditions.
4. The possible effect of inflation or deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the College.
7. The investment policy of the College.

The goals of the spending policy are to create a more consistent and predictable operating revenue stream from portfolio income and balance current and future benefits of endowment spending by ensuring a stable source of income in lean economic years and disciplined spending when market conditions are very strong. The College's Board of Trustees will review the policy and spending rate annually using the seven factors set forth above.

Under the endowment spending policy, the payout amount is subject to increase each year by the rate of inflation. The increase for inflation is the greater of 2.5% or the actual rate of inflation based on the BACPI for December, except that the increase for actual inflation cannot be greater than 5%. The payout rate as a percent of the 12-quarter trailing average market value was 7% for both years ended June 30, 2021 and 2020.

The following tables summarize the endowment composition and the changes in endowment net assets for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment invested net assets, June 30, 2020	$ 6,953,751	$ 178,956,451	$ 185,910,202
Investment return			
Investment income, net	56,021	1,461,234	1,517,255
Net appreciation (realized/unrealized)	1,772,446	46,165,494	47,937,940
Total investment return	1,828,467	47,626,728	49,455,195
Additions from contributions	-	1,474,369	1,474,369
Appropriation of endowment assets for expenditure	(537,349)	(11,733,841)	(12,271,190)
Other changes			
Reclass associated with change in donor designation	60,513	(415,746)	(355,233)
Change in due from/to other funds	-	(71,034)	(71,034)
Endowment invested net assets, June 30, 2021	8,305,382	215,836,927	224,142,309
Due from other funds	-	1,479,824	1,479,824
Total endowment funds	$ 8,305,382	$ 217,316,751	$ 225,622,133

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment invested net assets, June 30, 2019	$ 7,346,117	$ 183,560,281	$ 190,906,398
Investment return			
Investment income, net	11,404	290,114	301,518
Net appreciation (realized/unrealized)	79,806	2,030,139	2,109,945
Total investment return	91,210	2,320,253	2,411,463
Additions from contributions	-	1,043,204	1,043,204
Appropriation of endowment assets for expenditure	(483,576)	(12,039,567)	(12,523,143)
Other changes			
Reclass associated with change in donor designation	-	(16,507)	(16,507)
Change in due from/to other funds	-	4,088,787	4,088,787
Endowment invested net assets, June 30, 2020	6,953,751	178,956,451	185,910,202
Due from other funds	-	1,408,790	1,408,790
Total endowment funds	$ 6,953,751	$ 180,365,241	$ 187,318,992

NOTE 7 – PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net as of June 30 consisted of the following:

	2021	2020
Improvements	$ 79,536,231	$ 79,269,540
Buildings	103,843,217	104,543,215
Equipment	35,222,427	35,021,588
	218,601,875	218,834,343
Accumulated depreciation and amortization	(123,887,431)	(119,259,243)
	94,714,444	99,575,100
Land	291,686	291,686
Total property, plant, and equipment, net	$ 95,006,130	$ 99,866,786

NOTE 8 – COLLECTIONS

Collections consist of works of art and rare library collections. The College displays its collections at the art museum and library located on campus. The College seeks works of high aesthetic quality and historical importance and only accepts items that can be properly housed and stored. Collections are given indefinite useful lives. Proceeds from deaccessioned collection items are used to acquire new items for the collection, for the direct care of the collection, ensuring the collection is protected, kept unencumbered, cared for, and preserved, or other uses as approved by the College's Board of Trustees. On November 7, 2019, the College's Board of Trustees authorized the College's management to sell College's complete copy of Shakespeare's First Folio; and the College engaged Christie's in late November 2019. During the year ended June 30, 2021, the College sold the Shakespeare's First Folio for a gain of $8,568,000 in unrestricted cash, included in other revenue and gains in the accompanying statements of activities. On November 7, 2019, the College's Board of Trustees authorized the College's management to sell a musical manuscript; and the College engaged Christie's in late November 2019. During the year ended June 30, 2020, the College sold the musical manuscript for a gain of $879,975 in unrestricted cash, included in other revenue and gains in the accompanying statements of activities.

As of June 30 collections consist of the following:

	2021	2020
Collections	$ 3,362,169	$ 3,408,669

NOTE 9 – LINES OF CREDIT

The College has a four-year line of credit with First Republic Bank, executed in March 2018. The provisions of the line will be adjusted annually from $8,000,000 in fiscal year 2018 to $5,000,000 in fiscal year 2021. The maximum borrowing decreases to $7,000,000 on March 1, 2019; $6,000,000 on March 1, 2020, and to $5,000,000 on March 1, 2021. The line matures on March 1, 2022. The interest rate on this line is prime rate less ½%. $5,000,000 and $6,000,000 was borrowed and outstanding at June 30, 2021 and 2020, respectively. The interest rate at June 30, 2021 and 2020, was 2.75%. The line is subject to the same covenants as the bonds payable (Note 10).

On August 16, 2018, the College entered into an additional line of credit with the Alumnae Association of Mills College ("AAMC"). The maximum borrowings are $2,000,000 and the line matured on August 15, 2019. The maturity date was extended for three additional years and now expires on August 15, 2022. Interest is payable monthly at prime rate less ½% and was 2.75% at June 30, 2021 and 2020. $1,999,800 was borrowed and outstanding at June 30, 2021 and 2020.

NOTE 10 – BONDS PAYABLE

As of June 30, total bonds payable issued through the direct placement with First Republic Bank through the California Statewide Communities Development Authority ("CSCDA") and associated interest rates and maturities are as follows:

	Interest Rates	Maturity	2021	2020
CSCDA Series 2015	2.2% to 3.75%	7/1/2015 to 9/1/2035	$ 24,571,761	$ 25,924,301
Unamortized debt issuance costs			(205,852)	(220,556)
Unamortized bond discount and bond premium, net			(112,000)	(120,000)
Total bonds payable			$ 24,253,909	$ 25,583,745

On April 15, 2015, the College issued $5,259,066 in private placement bonds with First Republic Bank through the CSCDA to refinance its CEFA series 1997 Notes at a lower interest rate. On September 1, 2015, the College issued $26,503,763 in private placement bonds with First Republic Bank through the CSCDA to refinance its CEFA series 2005 A and B Notes at a lower interest rate. The First Republic Bank debt is secured by real property of the College. Covenants place a long-term debt coverage ratio and liquidity covenant ratio requirements on the College, and require the submission of audited financial statements within 180 days after year end. As of June 30, 2021, management believes those covenants have been met or obtained an appropriate waiver.

Aggregate annual maturities of bonds payable to be made for the next five years and thereafter are as follows:

Years ending June 30,	
2022	$ 1,389,449
2023	1,429,110
2024	1,473,291
2025	1,522,872
2026	1,572,227
Thereafter	17,184,812
	$ 24,571,761

NOTE 11 – NET ASSETS

Net assets consist of the following at June 30:

	2021	2020
Net assets with donor restriction for time or purpose		
Remainder interest in split interest agreements	$ 13,473,477	$ 11,840,272
Contributions receivable	669,172	1,088,086
Donor funds restricted for specific purposes	5,135,372	6,426,722
	19,278,021	19,355,080
Net assets with donor restriction for endowment		
Board designated quasi-endowments with donor use restrictions	194,514	172,384
Portion of perpetual endowment funds subject to a time restriction under UPMIFA (unappropriated endowment earnings)	62,557,138	26,643,363
Portion of endowment restricted for time or purpose	62,751,652	26,815,747
Net assets with perpetual donor restrictions		
Portion of perpetual endowment funds subject to be retained permanently	154,565,099	153,482,621
Remainder interest in split interest agreements designated for endowment	1,141,607	899,717
Pledges and other contribution receivables	402,525	585,209
Perpetual income trusts held by others	864,012	724,430
Student loan funds	74,340	35,317
Total net assets with perpetual donor restrictions	157,047,583	155,727,294
Total net assets with donor restrictions	$ 239,077,256	$ 201,898,121

As of June 30, 2021 and 2020, assets with donor restrictions for the acquisition of long-lived assets were $1,445,023 and $1,381,482, respectively, and are included within contributions receivable and funds with donor restrictions for specific use in the table above.

As of June 30, 2021 and 2020, the College did not have available sufficient assets to support donor-restricted amounts; the shortfall was approximately $6.3 and $6.6 million, respectively. However, the College maintains a Board-designated endowment (Note 6) of approximately $8.3 and $7.0 million as of June 30, 2021 and 2020, respectively, that, upon Board action, could be made available to satisfy donor restrictions if needed. See also Note 2, proposed merger with Northeastern University.

NOTE 12 – TUITION AND FEES, NET

Tuition and fees, net for the years ended June 30 consists of the following:

	2021	2020
Tuition and fees	$ 25,994,301	$ 31,315,582
Less		
Sponsored student aid	(6,169,748)	(5,964,624)
Unsponsored student aid	(4,195,957)	(5,924,683)
Total financial aid	(10,365,705)	(11,889,307)
Tuition and fees, net	$ 15,628,596	$ 19,426,275

NOTE 13 – AGENCY FUNDS

Certain receipts of financial aid funds from government grants and programs are treated as pass-through agency funds and are therefore not included as revenues or financial aid in the accompanying statements of activities. The receipt and use of these pass-through funds are as follows for the years ended June 30:

	2021	2020
Federal Pell grant program		
Revenue	$ 1,402,593	$ 1,721,509
Expense	(1,402,593)	(1,721,509)
Net	$ -	$ -
California grant program		
Revenue	$ 1,915,488	$ 2,153,124
Expense	(1,915,488)	(2,153,124)
Net	$ -	$ -

The College is responsible for the performance of certain administrative duties with respect to federally guaranteed loans issued to students and parents of students of the College under the Federal Student Aid program. These loans are issued to assist with College costs. Outstanding loan balances and transactions relating to these loan programs are not included in the College's financial statements but loaned amounts are summarized as follows for the years ended June 30:

	2021	2020
Federal direct loan	$ 6,649,027	$ 8,641,038
Federal direct loan - graduate	1,083,386	1,666,379
Total	$ 7,732,413	$ 10,307,417

NOTE 14 – EXPENSES BY FUNCTION

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified as functional expenses (instruction, research, public service, academic support, student services, institutional support, and auxiliary services). Non-functional expenses (depreciation, operation and maintenance of plant and interest expense) have been allocated based on the percent of actual direct expenditures. Academic and student programs consist of instruction, research, academic support, and student services as presented in the accompanying statements of activities. Administrative support and fundraising are combined and presented as institutional supports in the accompanying statements of activities.

	2021						
	Program Activities			Supporting Activities			
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Fundraising	Facilities Operation and Maintenance	Total Expense
Salaries and wages	$ 19,300,500	$ 1,561,152	$ 582,623	$ 4,518,010	$ 998,724	$ 2,241,354	$ 29,202,363
Employee benefits	3,269,607	306,293	154,650	1,731,938	210,378	582,889	6,255,755
Services, supplies, and other	5,631,906	1,039,203	1,926,275	2,487,360	173,208	198,291	11,456,243
Occupancy, utilities, and maintenance	522,534	17,202	769,728	1,180,376	56,675	8,989,525	11,536,040
Depreciation and amortization	1,964,037	200,748	1,731,547	678,369	101,365	-	4,676,066
Interest expense	411,637	42,074	362,910	142,178	21,245	-	980,044
	31,100,221	3,166,672	5,527,733	10,738,231	1,561,595	12,012,059	64,106,511
Facilities operation and maintenance	5,045,294	515,690	4,448,065	1,742,619	260,391	(12,012,059)	-
Total expenses	$ 36,145,515	$ 3,682,362	$ 9,975,798	$ 12,480,850	$ 1,821,986	$ -	$ 64,106,511

	2020						
	Program Activities			Supporting Activities			
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Fundraising	Facilities Operation and Maintenance	Total Expense
Salaries and wages	$ 20,486,401	$ 1,408,893	$ 711,737	$ 4,714,561	$ 1,366,480	$ 2,173,765	$ 30,861,837
Employee benefits	3,665,610	284,821	186,219	1,813,220	281,413	609,953	6,841,236
Services, supplies, and other	4,725,435	749,955	3,327,898	1,706,679	208,337	366,766	11,085,070
Occupancy, utilities, and maintenance	515,826	18,400	754,328	948,197	43,186	3,042,212	5,322,149
Depreciation and amortization	2,036,335	170,570	1,749,272	537,428	230,326	-	4,723,931
Interest expense	685,568	57,425	588,923	180,935	77,543	-	1,590,394
	32,115,175	2,690,064	7,318,377	9,901,020	2,207,285	6,192,696	60,424,617
Facilities operation and maintenance	2,669,473	223,603	2,293,155	704,525	301,939	(6,192,696)	(1)
Total expenses	$ 34,784,648	$ 2,913,667	$ 9,611,532	$ 10,605,545	$ 2,509,224	$ -	$ 60,424,616

NOTE 15 – CONTRIBUTION PLANS

Employees with six months of service are eligible to participate in the Mills College Defined Contribution Plan through Fidelity. Benefits are funded by contributions from both the College and the participating employees. All contributions are fully vested after twelve months of service. The College's contributions for the years ended June 30, 2021 and 2020, were $0 and $534,343, respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

In 2009, the United States Environmental Protection Agency (EPA) and the California Regional Water Quality Control Board ordered the East Bay Municipal Utility District (EBMUD), six East Bay cities and one sewer district to fix old, cracked sanitary sewer pipes. The EPA's mandate compelled EBMUD and its partners to phase in a Regional Private Sewer Lateral (PSL) Ordinance beginning in 2011 requiring affected property owners to obtain a certificate from EBMUD certifying that all of their PSLs are leak-free. The College surveyed the sewer laterals on its campus and developed a corrective action and proposal, along with a budget that was accepted by EBMUD. Estimated costs to repair the entire system, with a completion date of 2029, is estimated at $1.5 to $2 million. During the year ended June 30, 2021, the College recorded the present value of the anticipated cost, considering inflation rate, of $1,601,035 and is included in other liabilities on the accompanying statements of financial position.

The United States Department of Justice ("DOJ") conducted an on-site accessibility audit of the College’s facilities available for use by the general public in March 2010. An agreement was reached in January 2013 regarding facility modifications to address alleged barriers to access to certain facilities of the College identified by the DOJ over a completion timeline expiring in December 2023. The DOJ provided an extension to 2026 and 2028 for the College regarding on-site accessibility. The College recorded the present value of the anticipated cost, considering inflation rate, of $3,929,607 and $163,201 as a liability at June 30, 2021 and 2020, respectively, and is included in other liabilities on the accompanying statements of financial position.

In March 2018, the College entered into a contract with Noodle Partners for the online delivery of its Masters in Educational Leadership Program. In fall 2019, the College switched to a Temporary Revenue Share Model with Noodle Partners whereby a certain percent of the expenses are recorded and paid. As of June 30, 2021 and 2020, the College recorded $1,713,452 and $235,200, respectively, as a liability for the temporary revenue share arrangement with Noodle Partners and is included in accounts payable and accrued liabilities on the accompanying statements of financial position.

The College adjusts its asbestos remediation liability on an annual basis, using present value of expected cost and inflation rate. As of June 30, 2021 and 2020, $115,305 and $114,240, respectively, of asbestos liability has been recorded and is included in other liabilities on the accompanying statements of financial position.

The College is contingently liable in connection with claims and contracts, including those currently in litigation, arising in the normal course of its activities. In the opinion of management, the results of these matters will not have a significant impact on the financial statements.

The College also has funding from certain federal entities. Costs billed to the federal government are subject to audit by the respective cognizant agency. In the opinion of management, the results of these audits will not have a significant impact on the financial statements.

NOTE 17 – RELATED PARTY TRANSACTIONS

The College considers trustees, officers, and key employees to be related parties. Included in contribution receivables for the years ended June 30, 2021 and 2020, are contributions receivable from related parties totaling $150,000 and $226,000, respectively. Included in revenues for the years ended June 30, 2021 and 2020, are contributions from related parties totaling $0 and $227,020, respectively.

NOTE 18 – LIQUIDITY

At June 30, the College's financial assets and available financial resources available within one year to meet general expenditures were approximately as follows:

	2021	2020
Cash and cash equivalents	$ 3,836,933	$ 2,045,266
Student accounts and loans receivable, net	2,778,883	2,548,878
Current contributions receivable	698,840	1,668,599
Government grants and other receivables	1,296,129	1,197,787
Subsequent year's endowment payout available for operations	3,886,100	3,763,266
Total	$ 12,496,885	$ 11,223,796

The College structures its financial assets to be available for its general expenditures, grant disbursements, and other operational obligations as they arise.

See Note 2, the College’s Proposed merger with Northeastern University for additional information. The College's endowment has a market value of $226 million as of June 30, 2021, which is approximately $63 million over the corpus.

NOTE 19 – PAYCHECK PROTECTION PROGRAM

In April 2020, the College was a recipient of a Paycheck Protection Program (“PPP”) loan of $6,559,200 granted by the Small Business Administration (“SBA”) under the CARES Act. The PPP loan had a stated interest rate of 1% per annum and required equal monthly payments of principal commencing June 25, 2021, through the contractual maturity date of April 25, 2022. During 2020, this was reflected as $5,359,685 of Federal Grant revenue included in government contracts and grants on the statements of activities; $1,199,515 as a deferred grant liability included in other liabilities on the accompanying statements of financial position; and $1,199,515 as restricted cash on the accompanying statements of financial position to be used for salaries in fiscal year 2021. During fiscal year 2021, the restricted cash was utilized as intended and the remaining $1,199,515 was included in government contracts and grants on the statements of activities.

On October 5, 2021, the College was notified by the SBA that they had completed its review of the College’s PPP forgiveness application and that all principal and interest under the loan had been remitted, and therefore, forgiven in full.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The College recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The College’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The College's management determined that, other than as described below, there are no material events that occurred subsequent to the statement of financial position date and through December 17, 2021, the date the financial statements are issued, which would require adjustments to or disclosures in the financial statements.

As noted in Note 2, proposed merger with Northeastern University, on September 14, 2021, the College entered into a definitive agreement, which is still subject to regulatory approvals, with Northeastern University. On December 16, 2021, the College entered into a Credit Agreement with Northeastern University and a related Subordination Agreement among the College, Northeastern University, and First Republic Bank. As part of these agreements, the College made a prepayment to First Republic Bank for $4,250,000 to reduce bonds payable.

As noted in Note 19, on October 5, 2021, the College was notified by the SBA that they had completed its review of the College's PPP forgiveness application and that all principal and interest under the loan had been remitted, and therefore, forgiven in full.

NOTE 21 – CORONAVIRUS COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the College's operations. Administration has been closely monitoring the impact of COVID-19 on the College's operations, including the impact on our students and employees. The duration and intensity of the pandemic are uncertain but may influence student enrollment and housing decisions, donor decisions, investment performance, and may also negatively impact collections of the College's receivables.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law. Among other things, the CARES Act allocated $14 billion to higher education through the creation of the Education Stabilization Fund through the Higher Education Emergency Relief Fund ("HEERF"). This fund was further supplemented by additional allocations contained in the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and the American Rescue Plan Act of 2021 ("ARP"). A portion of these funds must go directly to students in the form of emergency grants and the remaining funds are meant to cover expenses related to the disruption of campus operations due to COVID-19 or to replace lost revenue because of the pandemic.

Commencing in mid-March 2020, the College transitioned its students to online learning for both undergraduate and graduate course instruction, most students vacated the campus and almost all of its faculty and staff transitioned to remote work. The College was required to abide by state of California and Alameda County Public Health requirements prior to approving plans for bringing employees and students back to in-person instruction. Students met their academic requirements for the 2019 to 2020 academic year. Restrictions on the student housing have had the most significant impact to revenues. The College refunded $873,000 of student room and board charges after March 17, 2020, when the College ceased on-campus instruction.

For the majority of the 2020-21 academic year most instruction was conducted virtually. While some faculty and staff worked on-campus to ensure continuity of essential operations, most faculty and staff continued remote work. Regular in-person instruction and campus operations resumed, commencing with the Fall 2021 semester, with some online instruction continuing. Staff have returned to campus, although many continue to work remotely a few days a week.

To date, the College has been awarded a total of $5,807,215 in emergency funding under this program with $2,624,721 earmarked to go directly to students in the form of emergency financial aid. grants to cover expenses related to the disruption of campus operations due to COVID-19, and $3,182,494 provided to the College to offset costs associated with significant changes to the delivery of instruction and to cover lost revenue due to COVID-19. The College distributed $868,592 and $266,990 of the direct student award funds for the years ended June 30, 2021 and 2020, respectively. Additionally, the College applied $1,693,357 and $0, of the institutional award allocation towards eligible COVID-related impacts for the years ended June 30, 2021 and 2020, respectively. The College has recognized grant revenue of $2,561,949 and $266,990 for the years ended June 30, 2021 and 2020, respectively, as a result of the federal funding received, and is included in government contracts and grants in the accompanying statements of activities. The remaining balance of $2,978,276, composing of $1,489,139 in student emergency aid and $1,489,137 of institutional funds, will be used in fiscal year 2022 for eligible expenses.

The pandemic has impacted the College's operations during the years ended June 30, 2020 and 2021. It is not possible for the College to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations for fiscal year 2022. The extent of future impacts will depend on future developments including, but not limited to, the duration of the outbreak, effects on financial markets, and overall economic impacts.

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