

SAMUEL MERRITT UNIVERSITY

DECEMBER 31, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL SCHEDULE

Samuel Merritt University

Independent Auditors' Report, Financial Statements and Supplemental Schedule

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A Century Strong

Independent Auditors' Report

THE BOARD OF REGENTS
SAMUEL MERRITT UNIVERSITY
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of **SAMUEL MERRITT UNIVERSITY (the University)** which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation 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 representation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 entity'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 entity'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 the University as of December 31, 2018 and 2017, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of changes in endowments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Effect of Adopting New Accounting Standard

As described in Note 2q, the University adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

Hood & Strong LLP

San Francisco, California
May 22, 2019

Samuel Merritt University

Statement of Financial Position

<i>For the Years Ended December 31,</i>	2018	2017
Assets		
Cash and equivalents	\$ 22,461,246	\$ 23,457,549
Restricted cash	1,717,263	1,836,245
Accounts receivable, net:		
Students (net of allowance of \$475,108 in 2018 and \$449,337 in 2017)	26,520,329	27,419,686
Contracts and grants	2,827,709	1,686,636
Contributions, net	438,844	856,844
Prepaid expenses and other assets	1,400,065	1,387,002
Investments	165,908,796	175,390,079
Notes receivable (net of allowance is \$694,495 in 2018 and 2017)	5,673,303	5,866,747
Plant and equipment, net of depreciation	15,659,941	12,462,161
Total assets	\$ 242,607,496	\$ 250,362,949
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 9,493,030	\$ 9,726,529
Deferred revenues and deposits	29,477,959	31,154,310
Refundable loan program advances	6,642,276	7,163,158
Other liabilities	414,688	374,946
Total liabilities	46,027,953	48,418,943
Net Assets:		
Without donor restrictions:		
Board designated (\$700,000 plus accumulated gains of \$386,675 in 2018 and \$431,852 in 2017)	1,086,675	1,131,852
Undesignated	134,827,695	135,262,605
Total without donor restrictions	135,914,370	136,394,457
With donor restrictions	60,665,173	65,549,549
Total net assets	196,579,543	201,944,006
Total liabilities and net assets	\$ 242,607,496	\$ 250,362,949

See accompanying notes to the financial statements.

Samuel Merritt University

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Tuition and fees	\$ 85,182,420		\$ 85,182,420
Less: University funded scholarships	(10,628,312)		(10,628,312)
Net tuition and fees	74,554,108		74,554,108
Private gifts, grants and bequests	-	\$ 2,032,643	2,032,643
Government grants	325,972		325,972
Kaiser and Alameda cost recovery	933,030		933,030
Other sources	31,796		31,796
Total revenue and support	75,844,906	2,032,643	77,877,549
Net assets released from restrictions	4,333,176	(4,333,176)	-
Net revenue and support	80,178,082	(2,300,533)	77,877,549
Expenses:			
Education and general:			
Instruction	43,217,054		43,217,054
Academic support	10,399,433		10,399,433
Student services	5,690,471		5,690,471
Institutional support	16,302,522		16,302,522
Auxiliary enterprises	1,224,196		1,224,196
Total expenses	76,833,676		76,833,676
Changes in Net Assets Before Other Activities	3,344,406	(2,300,533)	1,043,873
Other Activities:			
Investment earnings:			
Realized and unrealized gains	(6,426,784)	(3,601,795)	(10,028,579)
Investment income, net	2,832,716	1,017,952	3,850,668
Subtotal	(3,594,068)	(2,583,843)	(6,177,911)
Gain(Loss) on disposal of fixed assets	(230,425)		(230,425)
Change in Net Assets	(480,087)	(4,884,376)	(5,364,463)
Net Assets, beginning of year	136,394,457	65,549,549	201,944,006
Net Assets, end of year	\$ 135,914,370	\$ 60,665,173	\$ 196,579,543

See accompanying notes to the financial statements.

Samuel Merritt University

Statement of Activities

Year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Tuition and fees	\$ 79,500,424		\$ 79,500,424
Less: University funded scholarships	(9,996,966)		(9,996,966)
Net tuition and fees	69,503,458		69,503,458
Increase in net present value of trusts		\$ 100,466	100,466
Private gifts, grants and bequests	33,686	2,159,585	2,193,271
Government grants	405,258		405,258
Kaiser and Alameda cost recovery	894,891		894,891
Other sources	229,470		229,470
Total revenue and support	71,066,763	2,260,051	73,326,814
Net assets released from restrictions	4,921,544	(4,921,544)	-
Net revenue and support	75,988,307	(2,661,493)	73,326,814
Expenses:			
Education and general:			
Instruction	40,498,799		40,498,799
Academic support	9,442,711		9,442,711
Student services	5,078,563		5,078,563
Institutional support	14,757,600		14,757,600
Auxiliary enterprises	1,062,545		1,062,545
Total expenses	70,840,218		70,840,218
Changes in Net Assets Before Other Activities	5,148,089	(2,661,493)	2,486,596
Other Activities:			
Investment earnings:			
Realized and unrealized gains	11,761,366	8,996,387	20,757,753
Investment income	2,357,118	879,858	3,236,976
Change in Net Assets	19,266,573	7,214,752	26,481,325
Net Assets - beginning of year	117,127,884	58,334,797	175,462,681
Net Assets - end of year	\$ 136,394,457	\$ 65,549,549	\$ 201,944,006

See accompanying notes to the financial statements.

Samuel Merritt University

Statement of Cash Flows

<i>For the Years Ended December 31,</i>	2018	2017
Operating Activities:		
Change in net assets	\$ (5,364,463)	\$ 26,481,325
Adjustments to reconcile net increase in net assets to net cash provided (used) by operating activities:		
Contributions restricted for long term use	(164,640)	(284,497)
Loss on disposal of fixed assets	230,425	
Depreciation	2,932,969	2,520,017
Realized and unrealized (gains)/losses	10,028,579	(20,757,753)
Change in value of charitable remainder trusts	-	100,466
Changes in operating assets and liabilities:		
Accounts receivable	176,284	(5,695,493)
Prepaid and other assets	(13,063)	(383,842)
Accounts payable and accrued liabilities	(193,757)	(9,926,345)
Deferred student tuition and deposits	(1,676,351)	5,496,051
Net cash provided (used) by operating activities	5,955,983	(2,450,071)
Investing Activities:		
Acquisitions of fixed assets	(6,361,175)	(5,059,816)
Purchases of investments	(8,462,735)	(3,945,481)
Proceeds from the sale of investments	7,915,439	3,578,476
Student loans activity, net	193,444	(253,478)
Net cash used by investing activities	(6,715,027)	(5,680,299)
Financing Activities:		
Contributions restricted for long term use	164,640	284,497
Return of government loan funds	(582,207)	(379,393)
Advances for government loan funds	61,325	79,199
Net cash used by financing activities	(356,242)	(15,697)
Net Decrease in Cash and Equivalents and Restricted Cash	(1,115,285)	(8,146,067)
Cash and Equivalents and Restricted Cash, Beginning of year	25,293,794	33,439,861
Cash and Equivalents and Restricted Cash, End of year	\$ 24,178,509	\$ 25,293,794
Supplemental Cash Flow Information		
Non-cash transaction:		
Accrued purchase of plant and equipment	-	\$ 837,673

See accompanying notes to the financial statements.

Samuel Merritt University

Statement of Functional Expenses

For the Year Ended December 31, 2018

	Instruction	Academic Support	Student Services	Institutional Support			Total
				General & Administrative	Development	Auxiliary Enterprises	
Salaries and wages	\$ 23,764,835	\$ 5,551,054	\$ 2,832,070	\$ 4,588,412	\$ 228,732	\$ 385,099	\$ 37,350,202
Benefits	7,360,762	2,198,737	1,296,896	2,320,370	117,037	176,241	13,470,043
Purchased services	992,563	1,038,249	190,297	1,004,606	4,748	367,642	3,598,105
Professional fees	1,312,975	276,648	24,978	1,839,882	40,950	100,003	3,595,436
Repairs and maintenance	112,249	18,101	-	21,966	-	108,373	260,689
System allocation fee - database and support	-	-	-	2,174,940	-	-	2,174,940
Supplies	588,495	41,501	213,939	122,228	5,953	5,102	977,218
Depreciation	2,048,646	199,069	134,523	534,539	13,706	-	2,930,483
Rentals and leases	5,222,180	302,325	212,000	1,556,523	39,911	-	7,332,939
Insurance	-	-	-	702,239	-	-	702,239
Utilities and telephone	7,125	62,434	164	704	-	3,650	74,077
Travel/mileage/meals	418,266	115,230	117,462	187,220	1,739	7,943.00	847,860
Software	-	344,204	-	277,684	-	66,519	688,407
Recruiting and advertising	2,052	32,219	403,390	208,465	-	-	646,126
Other expenses	1,386,906	219,662	264,752	308,944	1,024	3,624	2,184,912
Total Expenses	\$ 43,217,054	\$ 10,399,433	\$ 5,690,471	\$ 15,848,722	\$ 453,800	\$ 1,224,196	\$ 76,833,676

See accompanying notes to the financial statements.

Samuel Merritt University

Notes to Financial Statements

Note 1 - Organization and Operations:

Samuel Merritt University (the University) is a specialized institution of higher education; its main campus is located in Oakland, California, which offers doctoral, masters and baccalaureate degrees in health sciences. Its primary fields of study are nursing, occupational therapy, physical therapy, physician assistant and podiatric medicine. The University started developing another location in 2018 in Fresno, California to broaden the number of potential students to avail themselves of the University's academic offerings.

The University is a California nonprofit public benefit corporation whose sole corporate member is Sutter Bay Hospitals. Sutter Bay Hospitals' sole corporate member is Sutter Health (Sutter). Prior to March 1, 2018, the University's sole corporate member was Sutter East Bay Hospitals. Effective March 1, 2018, Sutter East Bay Hospitals merged into Sutter Bay Hospitals, and Sutter East Bay Hospitals no longer exists as a separate legal entity.

The University's operations are primarily funded through revenue generated by tuition and fees. Additionally, the University receives private contributions from donors that increase the University's ability to provide instruction.

The University assists students in financing their education through private and institutional awards as well as federal student aid programs.

The University is accredited by WASC (Western Association of Schools and Colleges) Senior College and University Commission. The University programs are accredited by Accredited Council for Occupational Therapy Education, California Board of Registered Nursing, Commission on Collegiate Nursing Education, Commission on Accreditation in Physical Therapy Education, Council on Accreditation of Nurse Anesthesia Educational Programs, Accreditation Review Commission on Education for the Physician Assistant, and Council on Podiatric Medical Education (CPME). Accreditations are required for participation in federal and state student financial aid programs.

Note 2 - Significant Accounting Policies:

a. Basis of Presentation

The University's financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations which classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. The categories are without donor restrictions and with donor restrictions net assets.

b. Cash Equivalents

The University considers all instruments with a maturity of three months or less at the time of purchase to be cash equivalents, except for cash equivalents included in and managed with the University's pooled investments.

Samuel Merritt University

Notes to Financial Statements

c. Restricted Cash

Restricted cash represents cash that is restricted for specific purposes, including cash held in trust for students and alumni and cash for the University's federal loan programs.

d. Investments

Non-pooled investments in marketable equity securities are carried at fair value based upon the observable quoted market price. Realized investment gains or losses are determined based upon the carrying values of specific investment funds sold.

Pooled investments are mainly invested in marketable securities by Sutter under its investment pools. The pooled investments are carried at fair value based upon the University's proportional share of the investments.

e. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the University's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

Certain investments that are measured using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The NAV amounts presented in the table in Note 3 are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

f. Notes Receivable

Notes receivable consist principally of Federal student loans which bear interest at 3 to 5 percent annually. The notes are generally payable in monthly installments over a 10-year period beginning nine months after graduation.

g. Plant and Equipment

Plant and equipment are stated at cost, if purchased, or estimated fair value at date of receipt, if donated. Depreciation is recorded using the straight-line method over estimated useful lives of 10 to 40 years for buildings and improvements, 3 to 25 years for furniture and equipment, and 7 years for library resources. The University conducts a physical inventory of plant and equipment every five years. The most recent inventory was conducted in 2018. As a result, there was a loss on the disposal of assets of \$230,425 that was recorded in 2018.

Samuel Merritt University

Notes to Financial Statements

h. Refundable Loan Program Advances

The University records funds received for federally funded student loans as refundable advances. The amount includes U.S. Department of Education and U.S. Department of Health and Human Services funds received and interest earned on the loans less certain allowable costs.

i. Description of Net Assets

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restriction for the board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

j. Revenue Recognition

Student tuition accounts receivable are recorded when students are billed. Tuition revenue is recorded as earned, on a pro rata basis over the applicable teaching period. Payments received for tuition for future periods are reported as deferred revenue. Collection or development of payment plans for tuition is required prior to registration for the following term.

Contributions and pledges are recognized as revenue when they are received or unconditionally pledged. Pledges receivable represent amounts committed by donors that have not been received by the University. Pledges are discounted to their estimated net present value using risk adjusted interest rates applicable to the years in which the promises are received.

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

Contributions of assets other than cash are recorded at their estimated fair value as of the date donated.

Samuel Merritt University

Notes to Financial Statements

k. Charitable Remainder Trust Receivable

Charitable remainder trust receivable represents the estimated net present value of the University's remainder interest in various irrevocable trusts held by third party trustees. Such receivables are estimated to be collected in periods beginning after 2018. The net present value of these receivables was actuarially determined using IRS life annuities and mortality tables and an annual investment return of 2.74 percent.

l. Functional Expense Allocations

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses such as depreciation, technology and facility department expenses are allocated among program services and supporting services on the basis of square footage.

m. Income Taxes

The principal activities of the University are exempt from income taxes under provisions of the U.S. Internal Revenue Code, Section 501(c) (3) and the California Tax Code.

Management evaluated the University's tax positions and concluded that the University had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

n. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

o. Endowment Funds

For endowments that donors have not specifically defined a spending policy, State law allows the University to appropriate so much of net appreciation on endowment investments as is prudent considering the University's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under the University's endowment spending policy, between 4% and 5% of the quarterly rolling average market value of assets in the endowed fund(s), based on at least 12 and at most 20 quarters of data, may be appropriated. Amounts appropriated for spending may exceed actual realized earnings from endowments.

Samuel Merritt University

Notes to Financial Statements

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

The Board of Regents of the University has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 University classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the University in a manner consistent with the standard of prudence prescribed by SPMIFA.

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

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

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or SPMIFA requires the University to retain as a fund of perpetual duration. In 2018 there were no funds that were underwater. In 2017 there were no funds that were underwater.

Samuel Merritt University

Notes to Financial Statements

p. Student Accounts and Loan Receivables and Government Funds

Student accounts receivable are carried at the unpaid balance of the original amount billed to students. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts. Student accounts receivables are written off when deemed uncollectible. Recoveries of student accounts receivable previously written off are recorded when received.

A student account receivable is considered to be past due if a payment is not made by the payment due date unless the student had previously agreed to the terms of a payment plan and maintains that payment plan in good standing.

Student loans receivable are carried at the amount of unpaid principal. Student loans are written off when deemed uncollectible and may be assigned to the Department of Education. Recoveries of student loans receivable previously written off are recorded when received. After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on student loans receivable and is recognized as it is paid. Late charges are charged if payments are not paid by the payment due date and are recognized as they are charged. Student loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date. After loans receivable become past due, the accrual of late charges is suspended. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the Department of Education and the University. Under an arrangement with the Federal Government, portions of the principal and interest due on student notes receivable may be canceled under certain conditions. The University receives directly or acts as a pass-through agent for a variety of federal financial aid programs.

Student loan funds received from the Federal Government under revolving loan programs are reflected as liabilities in the statement of financial position.

q. New Accounting Pronouncements:

Pronouncements adopted:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit*, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year functional expense and liquidity and availability of resource information as permitted by the ASU.

Samuel Merritt University

Notes to Financial Statements

Pronouncements effective in the future:

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance clarifies and improves the scope and the accounting guidance for contributions received and made with the objective of reducing the existing diversity in practice. The amendments in the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019. The University is considering the impact of this pronouncement on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for the University, since it is not deemed a public business entity, for its fiscal year beginning after December 15, 2019. The University is considering the impact of this pronouncement on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The standard is effective related to contributions received, for annual reporting periods beginning after December 15, 2018.

r. Subsequent Events

The University evaluated subsequent events from December 31, 2018 through May 22, 2019, the date these financial statements were available to be issued, and has determined that there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Samuel Merritt University

Notes to Financial Statements

Note 3 - Liquidity Management:

The following reflects the University's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the balance sheet date because of the contractual or donor-imposed restrictions. Amounts not available include amounts set aside as board-designated funds, which with the approval of the board could be drawn upon.

Cash	\$ 22,461,246
Investments	165,908,796
Receivables	29,786,882
	<hr/>
	\$ 218,156,924
Contractual or donor-imposed restrictions:	
Endowment funds	(47,189,544)
Other donor restrictions	(13,475,629)
Charitable remainder trust receivable	(356,288)
Board designations – endowment	(1,086,675)
	<hr/>
	(62,108,136)
Financial assets available to meet cash needs for general expenditures within one year	<hr/>
	\$ 156,048,788

The University structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

Investments held for operations and board designations are in liquid securities and cash accounts.

Samuel Merritt University

Notes to Financial Statements

Note 4 - Fair Value Measurements of Financial Instruments:

The University's assets measured at fair value on a recurring basis consisted of the following as of December 31, 2018 and 2017:

	Quoted Prices In Active Markets for Identical Instruments (Level 1)	2018 Significant Other Inputs (Level 2)	2018 Total
Non-pooled investments:			
Cash equivalents	\$ 55,289		\$ 55,289
U.S. equity securities	58,130,052		58,130,052
U.S. corporate securities	37,279,976		37,279,976
Total	95,465,317		95,465,317
Pooled investments:			
Cash equivalents		\$ 830,205	830,205
Equity securities:			
U.S. equity securities		11,173,020	11,173,020
Foreign equity securities		8,408,064	8,408,064
Fixed income securities:			
U.S. government securities		2,059,137	2,059,137
U.S. government agencies securities		3,323	3,323
U.S. state and local government securities		356,018	356,018
U.S. federal agency mortgage backed securities		2,199,397	2,199,397
Foreign government securities		1,035,977	1,035,977
U.S. corporate securities		3,465,563	3,465,563
Foreign corporate securities		1,267,503	1,267,503
Total		30,798,207	30,798,207
Other pooled investments measured at net asset value			39,645,272
Grand total – non-pooled and pooled investments			\$ 165,908,796

Samuel Merritt University

Notes to Financial Statements

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	2017 Significant Other Inputs (Level 2)	2017 Total
Non-pooled investments:			
Cash equivalents	\$ 111,729		\$ 111,729
U.S. equity securities	61,294,211		61,294,211
U.S. corporate securities	37,394,269		37,394,269
Total	98,800,209		98,800,209
Pooled investments:			
Cash equivalents		\$ 2,760,692	2,760,692
Equity securities:			
U.S. equity securities		12,674,360	12,674,360
Foreign equity securities		7,668,308	7,668,308
Fixed income securities:			
U.S. government securities		3,833,016	3,833,016
U.S. government agencies securities		453,844	453,844
U.S. state and local government securities		517,292	517,292
U.S. federal agency mortgage backed securities		3,406,209	3,406,209
Foreign government securities		2,586,400	2,586,400
U.S. corporate securities		4,275,075	4,275,075
Foreign corporate securities		1,587,401	1,587,401
Total		39,762,597	39,762,597
Other pooled investments measured at net asset value			36,827,273
Grand total – non-pooled and pooled investments			\$ 175,390,079

Pooled investments held by Sutter are invested in the above types of securities. The University does not own individual investments in the pool. The University owns a certain percentage of the total pooled investments held by Sutter. The fair values recorded for each investment category are based on proportional percentage owned by the University to each investment category in the pooled investments fund held by Sutter. There are no restrictions on these pooled investments funds.

Samuel Merritt University

Notes to Financial Statements

Net Asset Value Disclosure:

The University uses the NAV under the so-called “practical expedient” to determine the fair value of all the underlying investments which do not have readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

The following table lists investments valued at NAV as of December 31:

	Fair Value		Redemption Frequency (if currently eligible)	Redemption Notice Frequency (if currently eligible)
	2018	2017		
Comingled funds				
- U.S. equity securities	\$ 3,766,102	\$ 4,528,372	Daily	1 day
Comingled funds				
- foreign equity securities	8,549,520	8,354,585	Monthly	5-30 days
Comingled funds				
- debt securities	1,538,829	1,658,521	Daily, Monthly	3-15 days
Commodity - linked funds	1,281,875	2,001,776	Daily	None
Multi-strategy hedge funds	16,671,868	13,289,907	Monthly, Quarterly	5-120 days
Private equity funds	604,672	350,466	None	None
Private equity real estate funds	7,232,406	6,643,646	None	None
	<u>\$ 39,645,272</u>	<u>\$ 36,827,273</u>		

Commingled Funds – U.S. and Foreign Equity Securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices. As of December 31, 2018 and 2017, approximately 31% of this class is redeemable daily with a 1-day notice period. The remaining 69% of this class is redeemable monthly with a notice period of 5 to 30 days.

Samuel Merritt University

Notes to Financial Statements

Commingled Funds – Debt Securities: This class includes investments in commingled funds that invest primarily in foreign debt, of which the majority are traded in over-the-counter markets. As of December 31, 2018 and 2017, approximately 38% of the value of this class is redeemable daily, with a notice period of 3 days. The remaining 62% of this class is redeemable monthly with a 15-day notice period.

Commodity – Linked Funds: This class includes commodity-linked funds that pursue long-only fully collateralized commodity futures strategies to provide diversification and inflation protection. As of December 31, 2018 and 2017, these funds are redeemable daily with no notice period.

Multi-Strategy Hedge Funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes of the redemption criteria for the hedge fund portfolio as of December 31, 2018 and 2017:

% of Hedge Funds	Redemption Criteria	Notice Period
77%	Redeemable monthly	5-75 Days
2%	Redeemable Quarterly	45-90 Days
7%	Limited to a 25% gate, redeemable quarterly	60-90 Days
14%	Two year lock-up periodically expiring through Apr 2020	120 Days

Private Equity Funds: This class includes domestic and foreign private equity funds that specialize in providing capital to a variety of investment groups, including but not limited to venture capital, leveraged buyout, mezzanine debt, distressed debt, and other strategies, which may include land, water processing, and alternative energy. There are generally no provisions for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at December 31, 2018 and 2017, to be over the next 10 to 15 years. There were unfunded commitments of \$1,625,463 on these funds as of December 31, 2018.

Private Equity Real Estate Funds: This class includes domestic and foreign investments in real estate that are held in limited partnership funds, joint ventures, and other investments comprised of retail, office, industrial, and multi-family properties. There is no provision for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at December 31, 2018 and 2017, to be over the next 10 years. There were unfunded commitments of \$6,072,099 on these funds as of December 31, 2018.

Samuel Merritt University

Notes to Financial Statements

Note 5 - Notes Receivable:

Notes receivable constituted the University's student loans receivable and consist of the following:

December 31, 2018	<u>Perkins Loans</u>	<u>HPSL Loans</u>	<u>NSL Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Notes Receivable	\$ 1,514,709	\$ 1,852,483	\$ 2,133,135	\$ 867,471	\$ 6,367,798
Less allowance for doubtful accounts:					
Beginning of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Decrease (Increase)	-	-	-	-	-
End of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Notes Receivable, net	\$ 1,147,060	\$ 1,677,080	\$ 1,944,767	\$ 854,396	\$ 5,673,303

December 31, 2017	<u>Perkins Loans</u>	<u>HPSL Loans</u>	<u>NSL Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Notes Receivable	\$ 1,950,179	\$ 2,016,646	\$ 1,962,382	\$ 632,035	\$ 6,561,242
Less allowance for doubtful accounts:					
Beginning of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Decrease (Increase)	-	-	-	-	-
End of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Notes Receivable, net	\$ 1,582,530	\$ 1,841,243	\$ 1,824,014	\$ 618,960	\$ 5,866,747

The availability of funds for loans under the Federal programs is dependent on reimbursement to the pool by receiving repayments on outstanding loans. Funds advanced by the Federal Government are \$6,642,276 and \$7,163,158 at December 31, 2018 and 2017 respectively. These funds are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

No new Perkins Loans are available effective December 31, 2016. The University is still collecting on previous issued outstanding Perkins notes.

Samuel Merritt University

Notes to Financial Statements

Health Professional Student Loans (HPSL) are only available to qualifying students enrolled in the Podiatric program.

Nursing Student Loans (NSL) are only available to qualifying students enrolled in any of the Nursing programs.

Institutional Loans are designed for students that have a tuition balance and are paying over time. There are specific qualifications that need to be met by each applicant. The University management's approval is required for these loans.

Note 6 - Contributions Receivable:

Unconditional contributions receivable consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Charitable remainder trusts receivable	\$ 356,288	\$ 762,501
Pledges receivable, net of \$0 allowance in 2018 and 2017	82,556	94,343
	<u>\$ 438,844</u>	<u>\$ 856,844</u>

All pledges receivable, contracts and grants are expected to be collected in the following year.

Note 7 - Plant and Equipment:

Plant and equipment at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Buildings and leasehold improvements	\$ 13,990,863	\$ 10,183,520
Furniture and equipment	19,221,784	17,602,525
Construction in progress	-	1,414,454
Library resources	260,272	1,493,779
	<u>33,472,919</u>	<u>30,694,278</u>
Less accumulated depreciation and amortization	<u>(17,812,978)</u>	<u>(18,232,117)</u>
	<u>\$ 15,659,941</u>	<u>\$ 12,462,161</u>

Land related to buildings is owned by Sutter. Depreciation expense for the years ended December 31, 2018 and 2017 was \$2,932,969 and \$2,520,017 respectively.

Samuel Merritt University

Notes to Financial Statements

Note 8 - Endowment Funds:

Endowment net asset composition by type of fund as of December 31, 2018:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 47,189,544	\$ 47,189,544
Board designated funds	\$ 1,086,675		1,086,675
<hr/>			
Total Endowment Funds	\$ 1,086,675	\$ 47,189,544	\$ 48,276,219

Changes in endowment net assets for the year ended December 31, 2018:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net assets, beginning of year	\$ 1,131,852	\$ 50,287,019	\$ 51,418,871
<hr/>			
Investment return:			
Investment income, net	18,000	806,611	824,611
Realized gain	32,675	1,505,367	1,538,042
Unrealized gain	(95,852)	(4,331,722)	(4,427,574)
<hr/>			
Total net appreciation	(45,177)	(2,019,744)	(2,064,921)
<hr/>			
Contributions		164,640	164,640
Appropriation of endowment assets for expenditure		(1,242,371)	(1,242,371)
<hr/>			
Net assets, end of year	\$ 1,086,675	\$ 47,189,544	\$ 48,276,219

Samuel Merritt University

Notes to Financial Statements

Endowment net asset composition by type of fund as of December 31, 2017:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 50,287,019	\$ 50,287,019
Board designated funds	\$ 1,131,852		1,131,852
Total Endowment Funds	\$ 1,131,852	\$ 50,287,019	\$ 51,418,871

Changes in endowment net assets for the year ended December 31, 2017:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>Net assets, beginning of year</u>	\$ 964,910	\$ 43,819,704	\$ 44,784,614
Investment return:			
Investment income	14,782	683,463	698,245
Realized gain	53,617	2,515,062	2,568,679
Unrealized gain	98,543	4,663,630	4,762,173
<u>Total net appreciation</u>	<u>166,942</u>	<u>7,862,155</u>	<u>8,029,097</u>
Increase in net present value		55,983	55,983
Contributions		284,497	284,497
Appropriation of endowment assets for expenditure		(1,735,320)	(1,735,320)
<u>Net assets, end of year</u>	<u>\$ 1,131,852</u>	<u>\$ 50,287,019</u>	<u>\$ 51,418,871</u>

Samuel Merritt University

Notes to Financial Statements

Note 9 - Donor Restricted - Net Assets:

Endowments are restricted by donors to be invested in perpetuity. Income from endowment related net assets are restricted for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Scholarship	\$ 9,615,210	\$ 9,457,216
Programs and general operations	20,788,304	20,781,658
	<hr/>	<hr/>
	\$ 30,403,514	\$ 30,238,874

Net assets with donor purpose restrictions are as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Scholarship	\$ 11,509,800	\$ 12,332,703
Program	18,751,859	22,977,972
	<hr/>	<hr/>
	\$ 30,261,659	\$ 35,310,675

Net assets were released from donor restricted net assets by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Utilized for scholarship	\$ 3,822,476	\$ 3,359,623
Utilized for general operating purposes	510,700	1,561,921
	<hr/>	<hr/>
	\$ 4,333,176	\$ 4,921,544

Samuel Merritt University

Notes to Financial Statements

Note 10 - Related Party Transactions:

Sutter and some of its affiliates provide the University with offices and classrooms in Oakland and various services. Total charges for the offices and classrooms in Oakland by Sutter was \$3,999,996 in 2018 and 2017 for each year. Charges for various services include:

- Allocation of shared operations of \$2,174,940 in 2018 and \$1,896,936 in 2017
- Temporary staffing of \$626,025 in 2018 and \$721,738 in 2017
- Flexible Spending of \$402,370 in 2018 and \$205,302 in 2017
- Insurance and healthcare premiums of \$325,023 in 2018 and \$347,542 in 2017
- HR Service Chargeback of \$117,310 in 2018, no similar charges billed in 2017
- Executive management salaries and expenses of \$0 in 2018 and \$114,001 in 2017. Two executive management members' positions were transitioned back to the University from Sutter effective January 15, 2017.
- Other miscellaneous services of \$274,678 in 2018 and \$259,370 in 2017

In addition, Sutter provides vendor payment service to all the University's external vendors, including corporate purchasing card accounts, which is then reimbursed by the University.

As of December 31, 2018 and 2017, net payable due to Sutter and its applicable affiliates related to transactions above was \$2,621,882 and \$2,942,587, respectively.

See Note 14 for benefit plans the University participates in with Sutter.

Note 11 - Deferred Compensation Plan:

Employees with a minimum of one year of service are eligible to participate in the University's deferred compensation 403(b) plan. The employer contribution consists of 5% of employee compensation plus an additional 2%, provided the employee contributes at least 2%. The University contributed \$2,179,204 and \$1,989,016 to the plan during the years ended December 31, 2018 and 2017, respectively.

Note 12 - Concentrations of Risk:

The primary concentrations of market risk exist in the cash and investments areas.

The University has cash deposits, including restricted cash, in financial institutions in excess of federally insured limits at December 31, 2018 and 2017.

Samuel Merritt University

Notes to Financial Statements

To address concentration of market risk in the investment area, the University maintains a formal investment policy which sets out performance criteria, investment guidelines and requires review of the investment performance.

The University grants credit to students 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 among individual students.

Note 13 - Advertising and Fundraising Expenses:

Advertising expense for the years ended December 31, 2018 and 2017 were \$239,312 and \$241,586, respectively. Fundraising expense for the years ended December 31, 2018 and 2017 were \$453,800 and \$399,582, respectively.

Note 14 - Commitments and Contingencies:

The University has various commitments and is contingently liable in connection with litigious claims and contracts arising in the normal course of its activities. In addition, the University receives funds from various federal and state government student financial aid programs which are subject to audit by these governmental agencies. University management believes that the outcome of such matters will not have a significant effect on the financial position of the University.

Lease Agreements

The University leases certain teaching facilities and equipment under non-cancelable lease agreements. Estimated future minimum payments are as follows:

2019	\$ 2,928,500
2020	3,043,200
2021	2,274,500
2022	2,323,600
2023	2,168,000
Thereafter	1,774,500
<hr/>	
Total estimated minimum lease payments	\$ 14,512,300

Total rent expense for all lease agreements totaled \$7,332,939 and \$6,444,997 in 2018 and 2017, respectively.

On January 1, 2015, Sutter started charging the University for space owned by Sutter, it occupies in Oakland. The amount is \$3,999,996 in 2018 and 2017, as disclosed in Note 10. The University is currently negotiating the lease terms and conditions with Sutter, thus the annual lease payment related to this lease is not included in the estimated future minimum payment table above.

Samuel Merritt University

Notes to Financial Statements

Self-Insured Health Insurance

The University participates in a self-insured health insurance plan which is controlled and administered by Sutter Bay Hospitals. The limit of self-insurance is \$750,000 per claim. The provisions for estimated health insurance claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported in accordance with past experience. Such claim reserves are based on the best data available to Sutter Bay Hospitals; however, these estimates are subject to a significant degree of inherent variability.

Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. Such estimates are continually monitored and reviewed and reserves are adjusted; the differences are reflected in current operations. The University paid \$4,625,331 and \$4,384,109 in provisions for claims during 2018 and 2017, respectively. There is no liability being carried at the University level in 2018 and 2017.

Post-Retirement Health Benefit Plan

The University participates in Sutter's non-contributing post-retirement health benefit plan called Sutter Health Retiree Health Care Account Plan. Sutter allocated \$150,279 and \$140,619 in post-retirement medical insurance expenses to the University in 2018 and 2017, respectively. This expense is reflected in the statement of activities as allocated benefits across the educational and general expense categories. The accumulated liability is reflected in the statement of financial position as part of the accounts payable and accrued liabilities. The balance of the liability to the Sutter post-retirement health benefit plan was \$1,773,320 and \$1,623,041 as of December 31, 2018 and 2017, respectively.

Samuel Merritt University

Supplemental Schedule of Changes in Endowments

December 31, 2018

	December 31, 2017 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2018 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2018 Fair Market Value
Endowment Funds:								
Ella Sweep Award/Loan Fund	\$ 15,739	\$ 0	\$ 0	\$ 0	\$ 15,739	\$	\$ 64,865	\$ 80,604
Dr. Howard & Patricia Milliken Scholarship-EF	141,127	0	0	0	141,127		5,396	146,523
Dr. H. M. "Mac" Reynolds Endowed Scholarship	117,419	0	0	0	117,419		9,800	127,219
Charlotte and Dan Clinkenbeard Scholarship Fund	70,000	0	0	0	70,000		75,156	145,156
Donald E. Kessler Scholarship	153,164	0	0	0	153,164		397,872	551,036
Cynthia Attwood-Gwen Tudor Memorial Scholarship Fund	6,369	0	0	0	6,369		8,485	14,854
Kathryn M. Livingston Scholarship Fund	5,190	0	0	0	5,190		15,785	20,975
Chaffee E. Hall & Emmy L. Hall Nursing Scholarship	25,579	0	0	0	25,579		35,423	61,002
Silvio P. Marraccini Scholarship Fund	0	0	0	0	0		0	0
Mr. and Mrs. Richard L. Highsmith Scholarship Fund	269,240	4,500	0	4,500	273,740		366,026	639,766
Ava Pischel Elliott Scholarship Fund	65,780	163	0	163	65,943		36,433	102,376
Henry & Bernice Bigge Scholarship Fund	18,231	0	0	0	18,231		32,289	50,520
Mabel Eugenia Hale Scholarship Fund	60,000	0	0	0	60,000		104,396	164,396
Betty Reed Moffitt Scholarship Fund	62,285	0	0	0	62,285		25,714	87,999
Juanita Hanan Wilson Scholarship Fund	14,033	0	0	0	14,033		8,699	22,732
Stella Seaton Memorial Scholarship Fund	7,774	0	0	0	7,774		11,160	18,934
Peter D. and Jennie Lim Shiu Memorial Scholarship Fund	30,192	150	0	150	30,342		21,151	51,493
Velora Buscher Memorial Scholarship Fund	19,840	0	0	0	19,840		17,049	36,889
William Randolph Hearst Endowed Scholarship Fund	200,000	0	0	0	200,000		99,972	299,972
Ed and Marilyn Chovanes Scholarship Fund	6,875	0	0	0	6,875		14,330	21,205
William Breslin Physical Therapy Scholarship Fund	5,922	0	0	0	5,922		7,058	12,980
President's Office	1,200,000	0	0	0	1,200,000		2,301,541	3,501,541
Ecker Family Endowed Scholarship Fund	412,060	25,000	0	25,000	437,060		13,878	450,938
David M. and Oolah B. Evans Physical Therapy Scholarship Fund	36,729	445	0	445	37,174		9,680	46,854
Bernice E. Fornoff Nursing Scholarship Fund	11,200	0	0	0	11,200		5,424	16,624
Hitchcock Heydman Endowed Scholarship Fund	86,551	2,400	0	2,400	88,951		43,610	132,561
Ken and Jean Hofmann Nursing Scholarship Fund	178,340	0	0	0	178,340		171,177	349,517
Gordon "Skip" Huber Endowed Geriatric Nursing Scholarship Fund	108,578	0	0	0	108,578		117,146	225,724
Page Subtotal	\$ 3,328,217	\$ 32,658	\$ 0	\$ 32,658	\$ 3,360,875	\$ 0	\$ 4,019,515	\$ 7,380,390

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Supplemental Schedule of Changes in Endowments

December 31, 2018

	December 31, 2017 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2018 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2018 Fair Market Value
Endowment Funds:								
Subtotal from Previous Page	\$ 3,328,217	\$ 32,658	\$ 0	\$ 32,658	\$ 3,360,875	\$ 0	\$ 4,019,515	\$ 7,380,390
Helen M. Hussey Scholarship Fund	40,000	0	0	0	40,000		35,645	75,645
Elaine Jeffers Jennings '47 Scholarship Fund	24,690	0	0	0	24,690		11,589	36,279
Louise F. Graziano Endowment Fund	173,891	0	0	0	173,891		317,631	491,522
Robert N. Nelson M.D. Scholarship Fund	22,283	0	0	0	22,283		9,397	31,680
Yuri Nishimura Scholarship Fund	24,310	1,300	0	1,300	25,610		31,112	56,722
Northbr\$AC Woman's Club Nursing Scholarship Fund	15,306	0	0	0	15,306		19,277	34,583
James W. Porter Endowed Nursing Scholarship Fund	0	0	0	0	0		0	0
Providence College of Nursing Alumni Scholarship Fund	63,824	1,275	0	1,275	65,099		17,782	82,881
Shirley P. Fisher '50 Endowed Nursing Scholarship Fund	24,776	40,293	0	40,293	65,069		10,146	75,215
Paul C. Samson Professorial Chair	173,840	0	0	0	173,840		693,738	867,578
Nursing Education Endowment Fund	9,524,805	5,000	0	5,000	9,529,805		5,614,439	15,144,244
Operating Educational Endowment Fund	57,112	0	0	0	57,112		144,727	201,839
Marshall Steel Jr. Scholarship Fund	984,953	0	0	0	984,953		573,969	1,558,922
Strommen/Dillashaw Award Fund	11,370	0	0	0	11,370		7,455	18,825
Student Body Association Endowed Fund	21,133	0	0	0	21,133		9,163	30,296
Mark A. Swift Jr. Memorial Scholarship Fund	48,566	3,000	0	3,000	51,566		32,413	83,979
Sutter Health, Sacramento Sierra Regional Endowed Scholarship Fund	380,025	0	0	0	380,025		220,732	600,757
Tavi M. Van Ogle '88 Endowed Nursing Scholarship Fund	61,016	0	0	0	61,016		26,345	87,361
Physical Therapy Alumni Scholarship Fund	0	0	0	0	0		0	0
Sarah B. Keating Nursing Scholarship Fund	22,776	0	0	0	22,776		9,678	32,454
Chuck Rovinski Memorial Scholarship Fund	13,919	0	0	0	13,919		9,990	23,909
Leland S. Scott, Jr. Family Scholarship Fund	9,310	0	0	0	9,310		7,675	16,985
Dolores V. Barbera Endowed Nursing Scholarship Fund	288,116	0	0	0	288,116		186,891	475,007
Margaret Camp Fisher '36 Endowed Nursing Scholarship Fund	25,160	0	0	0	25,160		11,741	36,901
Anita M. Heeney Endowed Nursing Scholarship Fund	50,000	0	0	0	50,000		29,476	79,476
Sharon Clark Diaz Endowed Scholarship Fund	764,341	32,230	0	32,230	796,571		242,703	1,039,274
Sharon Clark Diaz Endowed - Board Designated Funds						675,000	384,268	1,059,268
Cumulative Subtotal	\$ 16,153,739	\$ 115,756	\$ 0	\$ 115,756	\$ 16,269,495	\$ 675,000	\$ 12,677,497	\$ 29,621,992

Samuel Merritt University

Supplemental Schedule of Changes in Endowments

December 31, 2018

	December 31, 2017 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2018 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2018 Fair Market Value
Endowment Funds:								
Cumulative Subtotal from Previous Page	\$ 16,153,739	\$ 115,756	\$ 0	\$ 115,756	\$ 16,269,495	\$ 675,000	\$ 12,677,497	\$ 29,621,992
Eleanore William Holland P'44 Endowed Nursing Scholarship Fund	36,350	0	0	0	36,350		14,742	51,092
Carole O'Shea Endowed Nursing Scholarship Fund	104,500	2,500	0	2,500	107,000		34,890	141,890
Dr. William and Phyllis Lowe Endowed Scholarship Fund	104,469	0	0	0	104,469		24,097	128,566
Dr. William and Doreen Wong Podiatric Medicine Endowed Scholarship Fund	58,175	2,000	0	2,000	60,175		17,949	78,124
Charles H. Johnson '38 Podiatric Medicine Scholarship Fund	7,300	0	0	0	7,300		4,629	11,929
Tom C. and Rose Lim Luey '51 Endowed Nursing Scholarship Fund	31,933	500	0	500	32,433		5,678	38,111
CSPM Alumni and Associates Endowed Scholarship Fund	172,577	4,250	0	4,250	176,827		45,813	222,640
The Thelma C. and Robert W. Scott Endowed Nursing Scholarship Fund	600,234	0	0	0	600,234		117,787	718,021
Cockcroft Family Endowed Scholarship Fund	114,822	0	0	0	114,822		18,980	133,802
The Scott Beamer Endowed Memorial Fund	184,432	0	0	0	184,432		114,322	298,754
Eugene A. & Virginia Falaschi Memorial Scholarship Fund	29,125	25	0	25	29,150		8,225	37,375
The Pradip and Rekha Choksi Endowed Occupational Therapy Scholarship Fund	232,619	0	0	0	232,619		100,669	333,288
The Alameda-Contra Costa Medical Association Auxiliary, District 1 Endowed Nursing Scholarship Fund	129,000	0	0	0	129,000		22,865	151,865
The Bernard Osher Foundation Endowed Scholarship Fund	1,000,000	0	0	0	1,000,000		245,609	1,245,609
Jane Steel Nursing Endowment Fund	4,949,913	0	0	0	4,949,913		1,071,038	6,020,951
The Lucille Engel '44 Endowed Nursing Scholarship Fund	50,000	0	0	0	50,000		6,481	56,481
Pegge Shuman Houser Endowed Scholarship Fund	45,172	100	0	100	45,272		16,337	61,609
Mary E. Robinson Endowed Scholarship Fund	47,571	626	0	626	48,197		6,442	54,639
R. Shapiro Family Foundation Physical Therapy Endowed Scholarship Fund	65,250	5,000	0	5,000	70,250		6,313	76,563
Geraldine "Gerri" Adams Endowed Scholarship Fund	46,337	556	0	556	46,893		4,040	50,933
Theodore L. Deffinger, DPM Endowed Scholarship Fund	61,290	0	0	0	61,290		18,095	79,385
Regents Diversity Scholarship Fund	195,060	8,050	0	8,050	203,110		22,312	225,422
Cumulative Subtotal	\$ 24,419,868	\$ 139,363	\$ 0	\$ 139,363	\$ 24,559,231	\$ 675,000	\$ 14,604,810	\$ 39,839,041

Samuel Merritt University

Supplemental Schedule of Changes in Endowments

December 31, 2018

	December 31, 2017 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2018 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2018 Fair Market Value
Endowment Funds:								
Cumulative Subtotal from Previous Page	\$ 24,419,868	\$ 139,363	\$ 0	\$ 139,363	\$ 24,559,231	\$ 675,000	\$ 14,604,810	\$ 39,839,041
Mark K. Reynolds Fund for Technology and Academic Instruction	51,546	1,646	0	1,646	53,192		14,328	67,520
CPMA Endowed Scholarship Fund	16,260	0	0	0	16,260		1,467	17,727
Virginia Oneto Volponi '39 Endowed Scholarship	90,437	2,250	0	2,250	92,687		7,195	99,882
David Daniel Beaton '09 Memorial Scholarship	30,655	0	0	0	30,655		4,165	34,820
Niesjie (Rye) Huber PhD, RN Endowed Nursing Scholarship	25,983	260	0	260	26,243		(2,530)	23,713
The Karen Lynn Garrison Memorial Nursing Scholarship Fund	100,782	0	0	0	100,782		14,603	115,385
Dr. Stephen J.F. Zuber '69 Endowed Podiatric Medicine Scholarship Fund	47,720	500	0	500	48,220		4,870	53,090
Tracey Teruya Memorial Fund	0	14,400	0	14,400	14,400		12,076	26,476
Alameda Contra Costa Podiatric Medical Society Scholarship Fund #2	1,000	1,000	0	1,000	2,000		(42)	1,958
Dr. Wesley J. Endo '69 Endowed Podiatric Medicine Scholarship Fund	25,866	(379)	0	(379)	25,487		(1,066)	24,421
CAFFE Alameda Contra Costa Pod Med Society Schol	29,266	(274)	0	(274)	28,992		2,061	31,053
CAFFE Dr RM Barnes Pod Med Schol	26,426	0	0	0	26,426		3,083	29,509
CAFFE Heather Barton Memorial Pod Med Schol	25,984	0	0	0	25,984		4,297	30,281
CAFFE Dr Mel Barton Pod Med Schol	13,155	0	0	0	13,155		2,135	15,290
CAFFE Blaine Labs, Inc Pod Med Schol	13,748	0	0	0	13,748		2,232	15,980
CAFFE Dr RL Brennan Memorial Pod Med Schol	25,316	0	0	0	25,316		2,955	28,271
CAFFE Dr TH Clarke Pod Med Schol	28,522	0	0	0	28,522		3,716	32,238
CAFFE CCPM Class of 1963 Schol	37,143	0	0	0	37,143		3,882	41,025
CAFFE CCPM Class of 1972 Schol	31,291	100	0	100	31,391		3,604	34,995
CAFFE Codingline Pod Med Scholarship	21,110	0	0	0	21,110		2,512	23,622
CAFFE Dr JE Green Pod Med Schol	69,129	3,000	0	3,000	72,129		7,705	79,834
CAFFE Drs J Hultman'70 & F Kase'76 Pod Med Schol	25,505	0	0	0	25,505		4,141	29,646
CAFFE Dr EG Kaplan Memorial Pod Med Schol	25,639	0	0	0	25,639		3,248	28,887
CAFFE Dr BS Kelly Pod Med Scholarship	47,944	0	0	0	47,944		5,956	53,900
CAFFE Shirley Lanham Pod Med Scholarship	16,123	0	0	0	16,123		1,886	18,009
CAFFE Lawrence Family Pod Med Scholarship	17,922	1,500	0	1,500	19,422		1,703	21,125
CAFFE LA County Pod Med Society Schol	13,367	0	0	0	13,367		2,170	15,537
CAFFE Dr B Mullens Memorial Pod Med Schol	17,417	0	0	0	17,417		2,032	19,449
CAFFE Joseph Oloff Memorial Pod Med Schol	14,975	0	0	0	14,975		2,431	17,406
CAFFE Orange Cnty/Santa Clara Velley Med Soc Schol	12,964	0	0	0	12,964		2,105	15,069
CAFFE Drs JD'31 & JW'66 Pagliano Memorial Pod Med Schol	19,589	0	0	0	19,589		2,172	21,761
CAFFE Dr GH Riess'44 Memorial Pod Med Schol	60,965	0	0	0	60,965		7,014	67,979
Cumulative Subtotal	\$ 25,403,617	\$ 163,366	\$ 0	\$ 163,366	\$ 25,566,983	\$ 675,000	\$ 14,732,916	\$ 40,974,899

Samuel Merritt University

Supplemental Schedule of Changes in Endowments

December 31, 2018

	December 31, 2017 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2018 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2018 Fair Market Value
Endowment Funds:								
Cumulative Subtotal from Previous Page	\$ 25,403,617	\$ 163,366	\$ 0	\$ 163,366	\$ 25,566,983	\$ 675,000	\$ 14,732,916	\$ 40,974,899
CAFFE Dr M Root'52 Memorial Pod Med Schol	51,567	0	0	0	51,567		5,992	57,559
CAFFE Dr RL Rutherford'40 Memorial Pod Med Schol	25,351	0	0	0	25,351		3,201	28,552
CAFFE San Diego County Pod Med Society Schol	17,754	1,000	0	1,000	18,754		1,814	20,568
CAFFE Dr JH Weed'63 Memorial Pod Med Schol	25,485	0	0	0	25,485		3,223	28,708
CAFFE Dr RA Wood'27 Memorial Pod Med Schol	25,182	0	0	0	25,182		3,174	28,356
CAFFE Dr B Zier Pod Med Scholarship	51,019	0	0	0	51,019		6,455	57,474
CAFFE SC Diaz, PhD Pod Med Schol Fund	0	0	0	0	0		0	0
CAFFE RD Mollberg, DPM Memorial Pod Med Sch	(273)	274	0	274	1		1,071	1,072
EF PMEAC Holding	0	0	0	0	0		0	0
Michelle Le Memorial - Quasi Endowment Fund	0	0	0	0	0	25,000	2,407	27,407
Endowment Allocation for Capital Expenditures	0	0	0	0	0		656,847	656,847
CSPM Endowments:								
The Endowment for the Advancement of Podiatric Medical Education	4,625,172	0	0	0	4,625,172		1,734,797	6,359,969
Dr. Milton Wolfson Endowment Fund	14,000	0	0	0	14,000		20,808	34,808
Grand Total	\$ 30,238,874	\$ 164,640	\$ 0	\$ 164,640	\$ 30,403,514	\$ 700,000	\$ 17,172,705	\$ 48,276,219

Without donor restriction- underwater adjustment to endowments	0
Subtotal Endowment Net Assets	48,276,219
Without donor restriction - Undesignated	134,827,695
With donor restriction - Education and General	13,475,629
	196,579,543