COLLEGE OF THE MARSHALL ISLANDS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

Board of Regents
College of the Marshall Islands:

We have audited the accompanying statements of net assets of the College of the Marshall Islands (the College), a component unit of the Republic of the Marshall Islands, as of September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the College's management. 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of the Marshall Islands as of September 30, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the College has excluded the financial activities of its component units from its reporting entity financial statements.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 25, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Deloitte + Touche LLP

June 25, 2012

COLLEGE OF THE MARSHALL ISLANDS

Management's Discussion and Analysis
For the Years Ended September 30, 2011 and 2010

Introduction

This section of the College of the Marshall Islands Annual Financial Report presents an analysis of the financial activities of the College for fiscal year ended September 30, 2011. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. This discussion is designed to focus on current activities, resulting changes and current known facts.

Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34 "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*" which established a new reporting format for governmental financial statements. Statement No. 34 requires a comprehensive one-column look at the entity as a whole, along with recognition of depreciation on capital assets. In November 1999, GASB issued Statement No. 35 "*Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*," which established new reporting standards for public colleges and universities.

In 2003, the College implemented Government Accounting Standards Board Statement No. 35 (GASB 35). With the new standard, the College's funds are now presented in consolidated financial statements, just as in a business concern. This contrasts with the accounting by funds presentation from previous years.

For 2011, the College presents three years of financial statements in accordance with GASB 35 standards, allowing comparisons of year-to-year performance. The following is management's discussion and analysis of the College's financial performance during the fiscal year ended September 30, 2011, as compared to two Fiscal Years 2010 and 2009. This discussion has been prepared by the College management and should be read in conjunction with the financial statements and related notes that follow.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to College of the Marshall Islands' basic financial statements, which are comprised of entity-wide financial statements prepared in accordance with the accrual basis of accounting, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The entity-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private-sector business. These statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. The entity-wide statements are comprised of the following:

- The *Statement of Net Assets* presents information on all of the College's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets are indicators of the improvement or erosion of the College's financial health when considered along with non-financial facts such as enrollment levels and the condition of the facilities.

- The *Statement of Revenues, Expenses and Changes in Net Assets* presents the revenues earned and the expenses incurred during the year. All changes in net assets are reported under accrual basis of accounting, or as soon as underlying events giving rise to the changes occur, regardless of the timing when the cash is received or disbursed. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods. The utilization of long-lived assets is reflected in the financial statements as depreciation, which amortizes the cost of the capital asset over the expected useful life. Revenues and expenses are reported as either operating or non-operating with operating revenues primarily coming from tuition.

- The *Statement of Cash Flows* presents information on cash flows from operating activities, non-capital financial activities, capital financing activities and investing activities. It provides the net increase or decrease in cash between the beginning and the end of the fiscal year. This statement assists in evaluating financial viability and the College's ability to meet financial obligations as they become due.

- The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Financial Highlights

There are many factors used to evaluate the financial condition of the College. These include its strategic direction, financial status, student enrollment, human resources, and institutional capacity. In evaluating financial status, one of the most important questions is whether the institution is financially better off at the beginning of the year or at the end of the year. In 2011, the College experienced a moderate increase in its overall financial position.

There is a continuing growth trend in Net Assets dominated mainly by the capital assets due to the continuation of construction under a 5-year, $27 million Capital Improvement Project, which is in its penultimate year and ends in FY12. For the past three years, the College had an average growth rate in net assets of over 10%.

Statement of Net Assets

The Statement of Net Assets presents the overall financial condition of the College at the end of September 30, 2011. The total net assets position of the College was at $18,383,137, which represents a moderate increase of $1,497,393 or 8.9% and an impressive seven-year steady growth trend (see Exhibit A).

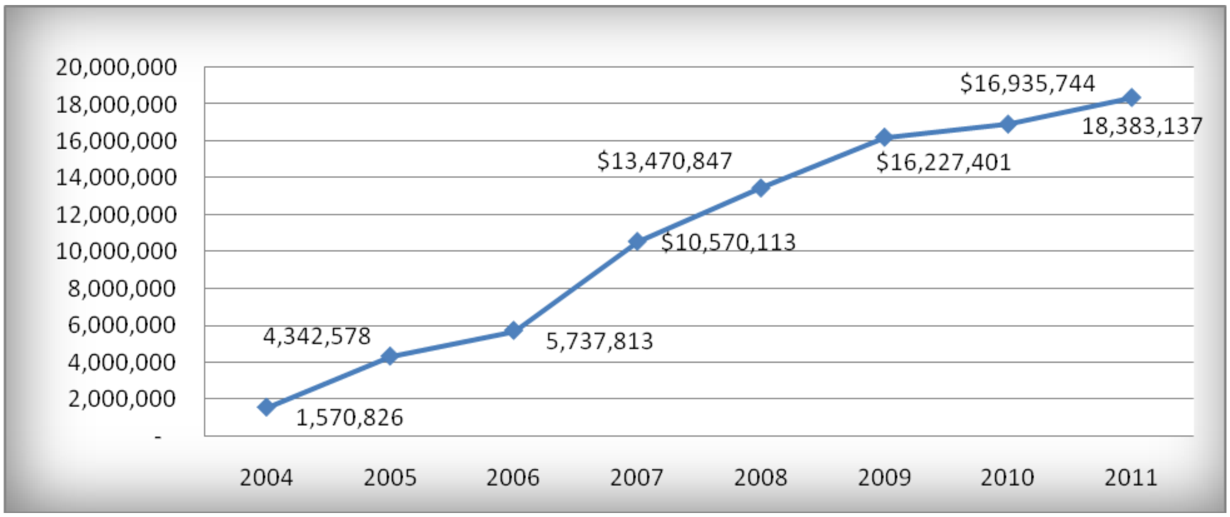
Table I
Summary Statement of Net Assets

	2011	2010	2009	% change 10-11	% change 09-10
Assets					
Current Assets	$ 2,948,660	$ 2,501,193	$ 3,119,810	17.9%	(19.8%)
Investments	36,255	86,268	80,161	(58.0%)	7.6%
Property, Plant and Equipment, net	19,495,338	17,450,408	15,955,037	11.7%	9.4%
Total Assets	$ 22,480,253	$ 20,037,869	$ 19,155,008	12.2%	4.6%
Liabilities					
Current Liabilities	$ 4,097,116	$ 3,152,125	$ 2,927,607	30.0%	7.7%
Total Liabilities	4,097,116	3,152,125	2,927,607	30.0%	7.7%
Net Assets					
Invested in capital assets	19,495,338	17,450,408	15,955,037	11.7%	9.4%
Restricted-Nonexpendable	36,255	86,268	80,161	-58.0%	7.6%
Unrestricted	(1,148,456)	(650,932)	192,203	76.4%	(438.7%)
Total Net Assets	18,383,137	16,885,744	16,227,401	8.9%	4.1%
Total Liabilities and Net Assets	$ 22,480,253	$ 20,037,869	$ 19,155,008	12.2%	4.6%

Statement of Net Assets (cont'd.)

The growth trend in Net Assets over the last eight (8) years is illustrated in Exhibit A below.

EXHIBIT A
Net Assets Trend
FY2004 to FY2011



For FY11, Current Assets showed a notable increase of $447,467 or 17.9%, which was brought mainly by the Accounts Receivable from students as a result of an increase in number of enrollees for SY10-11. One of the factors that caused the increase in the student's accounts was the pell grant that was awarded after September 30, 2011. Due from Grantor Agencies took a major turnaround from nil to 100% surge or $233,090. Cash and Cash Equivalents showed a minor increase amounting to $90,502 or 19.7% due to the receipt of cash at end of fiscal year from MIMRA for the transfer of Maritime Vocational Training Program to CMI. The rest of the Current Assets decreased due to collection of other receivables, liquidation of various prepaid items and reduction of inventories at the Bookstore. The College is still enjoying the privilege of an advance method of payment for Title IV funds and other federal grants since CMI is a low-risk auditee as defined in OMB Circular A-133. CMI has enabled to drawdown federal funds as needed and cohesively executed the missions and visions for FY11.

The College has a board designated quasi-endowment as the primary source of investment assets. In FY11, the College transferred $50,000 from the quasi-endowment fund to the CMI Foundation, Inc. The CMI Foundation was created to support the Friends of the College of the Marshall Islands Foundation Inc., a District of Columbia non-profit corporation, whose sole purpose is to support and advance the purposes of the College of the Marshall Islands through the solicitation and receipt of gifts, grants and contributions and the utilization of these funds to advance these purposes. CMI has $36,255 as a quasi-endowment fund in its books and it is continuously whittled down every month since the dividends earned paled in comparison with service charges. In FY11, the quasi-endowment fund plummeted dramatically by $50,013 or 58% due to the aforementioned transfer to the CMI Foundation.

The College has completed the construction of Classroom Block 3, Faculty Building and Administration Building. Capital assets represented a robust asset growth of $2,044,930 or 11.7% from FY10 to FY11. On the other hand, the Current Liabilities of the College for FY11 showed a whopping increase of $944,991 or 30% vis-à-vis FY10. This was attributed to the increase in unpaid withholding taxes of $193,050 and contracts payable to contractors of $214,009 which accounted for almost half of the increase in liabilities. Other items that contributed to the unfavorable increase for FY11 compared to FY10 were Accrued Liabilities ($183,648 or 26.1%) and Deferred Revenues from tuition and other fees for Fall 2011 semester and the grant for Maritime Vocational Training Program ($355,007 or 29.8%). The College has not incurred any long-term debt to date. The Investment in Capital Assets has continued to increase for the past several years due to the implementation of CMI's 5-year Facilities Master Plan and accounted for 87% of Total Assets. For additional information concerning capital assets, please refer to note 6 to the financial statements.

Based on the aforementioned figures, CMI experienced liquidity problems in FY11 as delineated by the unfavorable Current Ratio of 0.72:1, i.e., CMI has only $0.72 cents for every $1 of current obligations.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets provides a detail of operating and non-operating revenues along with expenses, as follows:

Table II
Summary Statement of Revenues, Expenses and Changes in Net Assets

				% change	
	2011	2010	2009	10-11	09-10
Operating Revenues	$ 6,091,000	$ 5,663,230	$ 4,847,242	7.55%	16.83%
Operating Expenses	11,312,616	11,784,535	10,883,393	(4.00%)	8.28%
Operating Loss	(5,221,616)	(6,121,305)	(6,036,151)	(14.70%)	1.41%
Non-operating revenues (expenses)	2,495,541	3,584,888	3,226,397	(30.40%)	11.10%
Capital Contributions	4,273,468	3,294,760	5,766,308	29.70%	(42.86%)
Contribution to CMI Foundation Inc.	(50,000)	(100,000)	(200,000)	(50.00%)	(50.00%)
Increase in Net Assets	1,497,393	658,343	2,756,554	127.45%	(76.12%)
Net assets-beginning of year	16,885,744	16,227,401	13,470,847	4.06%	20.46%
Net Assets-end of year	$ 18,373,137	$ 16,885,744	$ 16,227,401	8.87%	4.06%

The Operating Revenues showed a moderate increase of $427,770 or 7.55% as compared to FY10. In FY11, tuition and fees showed a favorable increment of $622,909 or 19.12% due to steady growth in enrollment figures. Correlated to the increase in number of students was the increase in U.S. Federal Grants ($212,039 or 4.87%) and income from the Bookstore ($79,419 or 12.31%). The positive changes in the operation expenses is a result of various factors, one in particular is measures established to curtail down expenses on general operations. In FY11, expenses on *staff travel/development* and *contractual, consultancy and professional fees* decreased by over forty percent as compared to FY10.

Appropriations or subsidies from the Republic of the Marshall Islands Government and compact fund subsidies channeled through the RMI government from the Compact of Free Association with the United States are classified as non-operating revenues. As a publicly chartered governmental institution whose mission is to provide higher education services to the citizens of the Marshall Islands and within the Pacific Rim, the College is heavily dependent on the RMI Government's annual support of $3 million, of which $2 million comes from RMI General Fund and $1 million from Compact sector grant, agreed in a signed MOA. In FY11, the RMI government made an across-the-board cut of 5% on General Fund appropriations to all government Line-Ministries and Agencies, resulting in a slight decrease of subsidy of $111,230 or 5.60% under General Fund while the Compact Sector grant remained at the same level of funding $1 million.

For FY11, the Net Assets at the end of the year showed a moderate increase of $1,497,393 or 8.87%. The upward trend in Net Assets is a factor of ongoing capital improvement projects to complete CMI's Master Plan, moderate increase in Auxiliary Services and Tuition and Fees. This growth has been sustained for the past seven years.

Statement of Cash Flows

The College's cash position at the end of the fiscal year remained strong despite the 5% cut made by the RMI government in the General Fund subsidy.

Table III
Summary Statement of Cash Flows

				% change	
	2011	2010	2009	10-11	09-10
Cash Provided by (used in):					
Operating Activities	$ (3,227,195)	$ (4,415,620)	$ (3,747,838)	(26.91%)	17.82%
Noncapital financing activities	3,001,769	3,515,120	3,523,236	(14.60%)	(0.23%)
Capital and related financing activities	315,928	521,140	(738,061)	(39.38%)	170.61%
Investing activities	-	-	(8,265)		100.00%
Net Change in cash	90,502	(379,360)	(970,928)	123.86%	60.93%
Cash-beginning of year	458,517	837,877	1,808,805	(45.28%)	(53.68%)
Cash & cash equivalents-end of year	$ 549,019	$ 458,517	$ 837,877	19.74%	(45.28%)

The College is still enjoying the privilege of an advance method of payment for Title IV funds and other federal grants resulting in easy access and timely reimbursement of expenditures to these funds. CMI received the General Fund subsidies and compact funding from the RMI government for the fiscal year. To further strengthen cash availability, CMI must receive its funding from RMI Government on a timely manner to have more leverage in paying services to employees and various vendors on a timely manner.

Economic Outlook

The Pacific island economies are a varied mix of subsistence agriculture; public sector employment (particularly in government services, education, and health care), and small though growing private sectors (e.g., wholesale, retail, restaurant, banking, construction). Economic development in the American Affiliated Pacific Islands is best described as variable and highly dependent upon world and regional demand for selected commodities (such as fish, sugar, pineapple, copra, etc.); overseas visitors from Asian countries such as Japan and Korea; U.S. defense and selected military research projects; and governmental expenditures (U.S., local, and international) for infrastructure projects, operations, education, health, and welfare. While many current workers are imported contract employees (depending on the availability of particular skills in the specific entity), the long term sustainability of the respective local economies is dependent upon the ability of the local colleges to prepare local residents for the full range of employment opportunities. [1]

The economic health of the RMI Government is important to the College because of its dependence on operational subsidies. The RMI Government's financial agreement with the U.S. Government under the Compact of Free Association and the U.S. commitment to long-term financial support for the RMI after an extended period of negotiation raised the confidence levels of all sectors of the RMI national economy. The amended Compact of Free Association financial assistance package as formally agreed with the US Government in December 2003 that represents a major change in financial relations between the two countries, affects the level of funding such as, the allocation of funds, and internal systems for managing public funds. The allocation package provides for a large shift of expenditures toward the main sectors of health and education as well as for capital improvement and maintenance.

The amended assistance package provides for the adoption of financial accountability and management standards similar to those expected of U.S. state and local governments. The Government recognizes that meeting these standards will require a sustained effort both to tailor systems and procedures to the circumstances of the Marshall Islands and to upgrade the capacity of its staff. Implementation of a government decision to move to performance-based budgeting is in its fifth year, with an initial emphasis on the Ministries of Education, Health, and Environment. The College is part of this initiative.

This economic support of the RMI Government is important because of the College's dependence on operational subsidies. The RMI Government also committed to fund its $3,000,000 operational subsidy to CMI as represented by a Memorandum of Understanding through fiscal year 2011. The Government of RMI and CMI is actively engaged in ongoing negotiation to renew this agreement for another period of five fiscal years. This allows for better planning for cash flow purposes and increased flexibility for management to achieve better outcomes in a shorter period of time.

In support of the College's efforts to maintain physical facilities that meet the standards for accreditation, the RMI Government has allocated $25,000,000 of Compact of Free Association Capital Improvement funds to CMI for facilities construction. The commitment is in the form of a Memorandum of Agreement which provides for $5,000,000 per year in FY's 2007-2011.

[1] Barbara Beno, Micheal Rota, Floyd Takeuchi, et al., *Enhancing and Sustaining Higher Education Quality in the Pacific: Challenges Facing Institutions Seeking to Acquire and Maintain WASC-Accreditation* (San Francisco: Accrediting Commission of Community and Junior Colleges, 2006).

Summary

1) Net Assets showed an impeccable seven-year steady growth trend and is pegged at $18.4 million as of September 30, 2011.

2) Growth in Net Assets was attributed largely to the implementation of a $25 million Capital Improvement Project through 2011.

    a. Non-current Assets notably increased by $1,994,917 or 11.4% in FY11 primarily due to construction in progress.
    b. Current Liabilities also increased by $944,991 or 30.0% mainly due to unpaid withholding taxes, expenditures incurred related to the Capital Improvements Projects, accrued liabilities and deferred revenues.

3) The RMI Government has continued its subsidy to CMI at $2,850,000 per annum and extended the agreement through FY11. The RMI government pays this subsidy with funds available through the Compact of Free Association with the United States and from its General Fund. CMI recorded the subsidy based on the aforementioned sources.

4) As part of the $25,000,000 agreement with the RMI government through the Compact of Free Association to CMI for physical facilities improvement, the RMI Government provided a $5 million subsidy to CMI for FY11 to fund Capital Improvements Projects for the fiscal year. This represents the fifth of five scheduled payments through 2011.

5) Overall operating expenses decreased by $471,919 or 4% due to an exodus of various key administrators and employees along with the various measures implemented to curtail expenditures.

The College's financial condition continued to improve in FY11. This improvement is seen most notably in the growth of Net Assets. These improvements occurred in an atmosphere in which funds available for operational remain tight. This has resulted in continued progress in the College's efforts to increase its institutional effectiveness and better accomplish its mission in service to the people of the Marshall Islands.

Management's Discussion and Analysis for the year ended September 30, 2010 is set forth in the College's report on the audit of financial statements, which is dated October 10, 2011. That Discussion and Analysis explains the major factors impacting the 2010 financial statements and can be obtained from the College's President at info@cmi.edu.

For further news and up-to-date information concerning the College of the Marshall Islands, please visit the College website at **www.cmi.edu.**

COLLEGE OF THE MARSHALL ISLANDS

Statements of Net Assets
September 30, 2011 and 2010

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	$ 549,019	$ 458,517
Accounts receivable and unbilled charges, net	1,389,026	652,346
Due from RepMar	325,324	782,113
Due from grantor agencies	233,090	-
Prepaid items	111,735	204,006
Inventory	340,466	404,211
Total current assets	2,948,660	2,501,193
Noncurrent assets:		
Investments	36,255	86,268
Property, plant and equipment, net	19,495,338	17,450,408
Total noncurrent assets	19,531,593	17,536,676
Total assets	$ 22,480,253	$ 20,037,869
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 883,751	$ 387,581
Contracts payable	491,714	277,705
Retention payable	87,829	381,434
Social security taxes payable	182,657	170,051
Student refunds payable	18,720	26,440
Payable to grantor agencies	-	15,124
Accrued liabilities	886,999	703,351
Deferred revenue	1,545,446	1,190,439
Total current liabilities	4,097,116	3,152,125
Commitments and contingencies		
Net assets:		
Invested in capital assets	19,495,338	17,450,408
Restricted:		
Nonexpendable	36,255	86,268
Unrestricted	(1,148,456)	(650,932)
Total net assets	18,383,137	16,885,744
Total liabilities and net assets	$ 22,480,253	$ 20,037,869

See accompanying notes to financial statements.

COLLEGE OF THE MARSHALL ISLANDS

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Operating revenues:		
Student tuition and fees	$ 3,880,159	$ 3,257,250
Less: Scholarship discounts and allowances	(3,299,550)	(2,879,606)
	580,609	377,644
U.S. federal grants	4,564,521	4,352,482
Private gifts, grants and donations - restricted	17,912	21,532
Auxiliary enterprises	724,714	645,295
Other	203,244	266,277
Total operating revenues	6,091,000	5,663,230
Operating expenses:		
Instruction	4,438,035	4,065,448
Academic support	555,344	441,471
Student services	603,950	572,959
Institutional support	1,979,049	2,798,866
Operations and maintenance	3,262,320	3,214,842
Auxiliary enterprises	473,918	690,949
Total operating expenses	11,312,616	11,784,535
Operating loss	(5,221,616)	(6,121,305)
Nonoperating revenues (expenses):		
RepMar contributions	1,876,770	1,988,000
Compact funding	1,196,394	1,601,887
Contributions to the College of Marshall Islands Foundation, Inc.	(50,000)	(100,000)
Loss on disposal/transfer of fixed assets	(577,610)	(11,106)
Investment income	(13)	6,107
Total nonoperating revenues (expenses), net	2,445,541	3,484,888
Capital contributions	4,273,468	3,294,760
Change in net assets	1,497,393	658,343
Net assets at beginning of the year	16,885,744	16,227,401
Net assets at end of the year	$ 18,383,137	$ 16,885,744

See accompanying notes to financial statements.

COLLEGE OF THE MARSHALL ISLANDS

Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from student tuition and fees	$ 117,836	$ 9,685
Cash received from U.S. federal grants	4,316,307	4,555,726
Other receipts	839,173	955,982
Cash payments to employees for services	(4,534,156)	(4,195,098)
Cash payments to suppliers for goods and services	(3,966,355)	(5,741,915)
Net cash used in operating activities	(3,227,195)	(4,415,620)
Cash flows from noncapital financing activities:		
RepMar contributions received	1,876,770	1,988,000
Compact funding received from RepMar	1,124,999	1,527,120
Net cash provided by noncapital financing activities	3,001,769	3,515,120
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment, net	(4,485,724)	(3,090,864)
Contributions to Endowment Foundation	-	(100,000)
Capital contributions received	4,801,652	3,712,004
Net cash provided by capital and related financing activities	315,928	521,140
Cash flows from investing activities:		
Net sales, purchases, and maturities of investments	-	(748)
Interest and dividends received	-	748
Net cash used in investing activities	-	-
Net change in cash and cash equivalents	90,502	(379,360)
Cash and cash equivalents at beginning of year	458,517	837,877
Cash and cash equivalents at end of year	$ 549,019	$ 458,517

See accompanying notes to financial statements.

COLLEGE OF THE MARSHALL ISLANDS

Statements of Cash Flows, Continued
Years Ended September 30, 2011 and 2010

	2011	2010
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (5,221,616)	$ (6,121,305)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,783,588	1,538,287
Bad debts expense	180,077	264,382
Changes in assets and liabilities:		
Accounts receivable and unbilled charges	(916,757)	(359,418)
Prepaid items	92,271	10,736
Due from grantor agencies	(233,090)	188,120
Inventory	63,745	(207,040)
Accounts payable	496,170	(106,930)
Social security taxes payable	12,606	14,891
Student refunds payable	(7,720)	(138,589)
Payable to grantor agencies	(15,124)	15,124
Accrued liabilities	183,648	333,196
Deferred revenue	355,007	152,926
Net cash used in operating activities	$ (3,227,195)	$ (4,415,620)
Summary disclosure of noncash activities:		
Increase in property, plant and equipment, net	$ 1,462,789	$ 1,121,266
Construction work-in-progress	(1,462,789)	(1,121,266)
	$ -	$ -

See accompanying notes to financial statements.

(1) Organization

On April 1, 1993, the College of the Marshall Islands (the College), a component unit of the Republic of the Marshall Islands, was established as an independent institution pursuant to the College of the Marshall Islands Act of 1992 (Public Law 1992-13). The Act established the College as an independent institution governed by a Board of Regents appointed by the Republic of the Marshall Islands (RepMar) Cabinet. Previous to the Act, the College was a component of the College of Micronesia (COM). The College operates another program, the Land Grant program, but results of its operations are substantially reported within the financial statements of COM. Therefore, the accompanying financial statements relate solely to those accounting records maintained within the College and do not incorporate any accounts related to its operations that may be accounted for as a separate component of COM.

The College of the Marshall Islands Foundation, Inc. and Friends of the College of the Marshall Islands, Inc. (collectively, the Foundations) were founded on January 14, 2008 as non-profit, public benefit corporations, which operate under separate Board of Directors' from that of the College. The Foundations provide financial support for the objectives, purposes and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundations, the resources (and income thereon) which the Foundations hold and invest are restricted to the activities of the College. Because the resources held by the Foundations can only be used by, or for the benefit of, the College, the Foundations are considered component units of the College. However, such are not included in the accompanying basic financial statements due to absence of account balances and financial activities. The omission of the individual Foundation financial statements is not considered material to the financial statements of the College as a whole.

(2) Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statement presentation required by GASB Statements 34 and 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required. Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the College has also implemented, where applicable, Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures.*

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

The College has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents and Time Certificate of Deposit

Cash and cash equivalents include cash on hand, cash held in demand and savings accounts, and short-term investments in U.S. Treasury obligations with a maturity date within three months of the date acquired by the College.

Investments

Investments and related investment earnings are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the College of Micronesia, employees and officers, and other sources. Accounts receivable are recorded net of estimated allowances for uncollectible amounts.

Allowance for Doubtful Accounts

Management determines the adequacy of the allowance for doubtful accounts based upon review of the aged accounts receivable. Amounts determined uncollectible are charged to bad debts and are added to the allowance.

Inventory

Inventory consists of items purchased for resale at the College's bookstore. Inventory is valued at the lower of cost (first-in, first-out) or market value.

Property, Plant and Equipment

Property, plant and equipment with a cost that equals or exceeds $500 are capitalized. Such assets are recorded at cost in instances where cost is determinable or estimated cost where cost is not determinable. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets.

Deferred Revenue

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

(2) Summary of Significant Accounting Policies, Continued

Compensated Absences

The College recognizes the cost of accrued annual leave at the time such leave is earned. As of September 30, 2011 and 2010, the College recorded accrued annual leave in the amount of $166,008 and $148,462, respectively, which is included within the statements of net assets as accrued liabilities. The College does not participate in an employee pension plan.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

The College's net assets are classified as follows:

Invested In Capital Assets - This represents the College's total investment in capital assets, net of accumulated depreciation.

Restricted Net Assets - Expendable - Expendable restricted net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Assets - Nonexpendable - Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Unrestricted Net Assets - Unrestricted net assets represent resources derived from student tuition and fees, RepMar appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards unrestricted resources, and then toward restricted resources.

Classification of Revenues

The College has classified its revenues as either operating or nonoperating according to the following criteria:

(2) Summary of Significant Accounting Policies, Continued

Classification of Revenues, Continued

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants.

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as RepMar appropriations and investment income.

Scholarship Discounts and Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

New Accounting Standards

During fiscal year 2011, the College implemented the following pronouncements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

- GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements, which* addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management has not evaluated the effect, if any, that the implementation of this statement may have on the financial statement of the College. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, which* is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity, and No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management has not evaluated the effect, if any, that the implementation of this statement may have on the financial statements of the College.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In July 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

(3) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

The deposit and investment policies of the College are governed by the Board of Regents. As such, the Board of Regents is authorized to delegate certain responsibilities to third parties. Investment managers have discretion to purchase, sell, or hold the specific securities to meet the objectives set forth in the investment policy.

Generally, the College can invest in cash and cash equivalents, bonds, U.S. and non-U.S. equities, REITs, and commodities, as follows:

U.S. equities	24%
Non-U.S. equities	24%
Fixed income	40%
Alternative asset classes	12%
Total portfolio	100%

A. Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

Category 1 Deposits that are federally insured or collateralized with securities held by the College or its agent in the College's name;

Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the College's name; or

Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the College's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution but not in the College's name. The College does not have a deposit policy for custodial credit risk.

(3) Deposits and Investments, Continued

A. Deposits, Continued

As of September 30, 2011 and 2010, the carrying amounts of the College's total cash and cash equivalents were $549,019 and $458,517, respectively, and the corresponding bank balances were $666,840 and $656,101, respectively. Of the bank balance amounts, $540,353 and $476,817, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amounts of $126,486 and $179,284, respectively, represent short-term investments held and administered by the College's trustee. Based on negotiated trust and custody agreements, all of these investments were held by the College's trustee in the College's name. As of September 30, 2011 and 2010, bank deposits in the amount of $540,353 and $250,000, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

Category 1 Investments that are insured or registered, or securities held by the College or its agent in the College's name;

Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the College's name; or

Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the College's name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated in accordance with the College's investment policy.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2011 and 2010, the College's investments were held in the College's name and were administered by investment managers in accordance with the College's investment policy.

(3) Deposits and Investments, Continued

B. Investments, Continued

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the College. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of September 30, 2011 and 2010, there were no investments in any one issuer that exceeded 5% of total investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2011 and 2010, investments at fair value are as follows:

	2011	2010
Money market funds	$ 217	$ 933
Equity securities	9,018	7,957
Mutual funds	27,020	77,378
	$ 36,255	$ 86,268

(4) Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

(5) Accounts Receivable and Unbilled Charges

Summarized below is the College's accounts receivable and unbilled charges as of September 30, 2011 and 2010:

	2011	2010
Student tuition and fees	$ 2,116,606	$ 1,306,546
College of Micronesia	226,504	129,353
Employees and officers	43,249	38,247
Other	36,140	31,596
	2,422,499	1,505,742
Less allowance for doubtful accounts	(1,033,473)	(853,396)
Net accounts receivable and unbilled charges	$ 1,389,026	$ 652,346

(6) Property, Plant and Equipment

Summarized below is the College's investment in property, plant and equipment and changes for the years ended September 30, 2011 and 2010:

	Estimated Useful Lives	2011 Balance at October 1, 2010	Additions	Deletions	Balance at September 30, 2011
Nondepreciable capital assets:					
Land and improvements		$ 347,306	$ -	$ -	$ 347,306
Construction work-in-progress		2,030,139	1,253,914	(2,030,139)	1,253,914
		2,377,445	1,253,914	(2,030,139)	1,601,220
Depreciable capital assets:					
Furniture, vehicles and equipment	3 - 5 years	3,711,271	324,888	(43,590)	3,992,569
Buildings and improvements	20 years	16,235,878	4,290,115	-	20,525,993
		19,947,149	4,615,003	(43,590)	24,518,562
Less accumulated depreciation		(4,874,186)	(1,783,588)	33,330	(6,624,444)
		15,072,963	2,831,415	(10,260)	17,894,118
Net investment in plant		$ 17,450,408	$ 4,085,329	$ (2,040,399)	$ 19,495,338

	Estimated Useful Lives	2010 Balance at October 1, 2009	Additions	Deletions	Balance at September 30, 2010
Nondepreciable capital assets:					
Land and improvements		$ 289,562	$ 57,744	$ -	$ 347,306
Construction work-in-progress		567,350	2,584,055	(1,121,266)	2,030,139
		856,912	2,641,799	(1,121,266)	2,377,445
Depreciable capital assets:					
Furniture, vehicles and equipment	3 - 5 years	3,453,313	402,965	(145,007)	3,711,271
Buildings and improvements	20 years	15,114,612	1,121,266	-	16,235,878
		18,567,925	1,524,231	(145,007)	19,947,149
Less accumulated depreciation		(3,469,800)	(1,538,287)	133,901	(4,874,186)
		15,098,125	(14,056)	(11,106)	15,072,963
Net investment in plant		$ 15,955,037	$ 2,627,743	$ (1,132,372)	$ 17,450,408

Construction work-in-progress, totaling $567,350, as of September 30, 2011 and 2010, relates to renovations and improvements at the Gugeegue Campus, were on hold due to the College's accreditation status. The College is not currently utilizing the Gugeegue Campus and has entered into Memorandums of Agreement with the Ministry of Education for the use of other buildings and facilities located at the campus. Management does not plan to continue with the renovations and improvements at the Gugeegue Campus and has transferred the use of the buildings and facilities to the Ministry of Education in the year ended September 30, 2011.

(7) RepMar Contributions

The College is dependent upon RepMar to provide annual appropriations in an amount sufficient to provide stable financial backing to meet educational and vocational needs of the community. During the years ended September 30, 2011 and 2010, the College received $3,073,164 and $3,589,887, respectively, from RepMar to administer various postsecondary functions and to improve facilities, of which $146,162 and $74,767 was due and receivable from RepMar at September 30, 2011 and 2010, respectively. At September 30, 2011, the Nitijela of RepMar provided for an appropriation of $3,015,000 to fund the operations of the College for fiscal year 2012 and an additional $420,000 to fund capital improvements.

Commencing fiscal year 2006, the College was appropriated $25,000,000 of capital contributions from RepMar of which $5,000,000 was appropriated during each of the years ended September 30, 2011 and 2010. During the years ended September 30, 2011 and 2010, the College received $4,273,468 and $3,294,760, respectively, from RepMar under these appropriations to fund various capital improvements, of which $179,162 and $707,346 was due and receivable from RepMar at September 30, 2011 and 2010, respectively.

(8) Functional Classifications with Natural Classifications

Operating expenses are displayed in their functional classifications. The following table shows functional classifications with natural classifications:

2011	Salaries	Benefits	Services	Supplies	Insurance, Utilities and Rent	Depreciation	Bad Debts	Miscellaneous	Total
Instruction	$ 2,573,162	$ 579,834	$ 11,589	$ 364,580	$ 11,719	$ 70,060	$ -	$ 827,091	$ 4,438,035
Academic support	258,512	104,506	-	29,360	1,963	1,690	-	159,313	555,344
Student services	430,129	87,961	-	30,072	6,229	1,883	-	47,676	603,950
Institutional Support	777,998	560,966	75,233	71,355	119,948	15,167	180,077	178,304	1,979,049
Operations and Maintenance	627,248	111,092	54,234	121,106	635,448	1,694,788	-	-	3,262,320
Auxiliary Enterprises	-	-	-	1,330	45,747	-	-	426,841	473,918
	$ 4,667,049	$ 1,444,359	$ 141,056	$ 617,803	$ 821,054	$ 1,783,588	$ 180,077	$ 1,689,225	$ 11,312,616

2010	Salaries	Benefits	Services	Supplies	Insurance, Utilities and Rent	Depreciation	Bad Debts	Miscellaneous	Total
Instruction	$ 2,124,158	$ 569,965	$ 11,373	$ 73,352	$ 19,549	$ 99,253	$ -	$ 1,167,798	$ 4,065,448
Academic support	187,174	198,157	158	20,956	4,676	820	-	29,530	441,471
Student services	373,804	68,929	-	38,674	13,251	4,420	-	73,881	572,959
Institutional support	1,004,383	692,979	170,441	270,992	174,424	16,551	264,382	204,714	2,798,866
Operations and maintenance	576,946	87,292	319,665	235,044	432,439	1,417,243	-	146,213	3,214,842
Auxiliary enterprises	-	1,644	-	-	35,767	-	-	653,538	690,949
	$ 4,266,465	$ 1,618,966	$ 501,637	$ 639,018	$ 680,106	$ 1,538,287	$ 264,382	$ 2,275,674	$ 11,784,535

(9) Commitments

On July 31, 2000, the College executed two lease agreements for parcels of land and attached buildings and improvements located on Arrak Island. The leases commenced on July 1, 2000 for periods of thirty years each, ending on June 30, 2030, with options to renew for additional terms of thirty years. The terms of the leases call for rent to be paid in equal quarterly installments, with increases totaling $800 in the quarterly installments, every five years.

On October 1, 2006, the College executed a lease agreement for the main campus location in Uliga. This lease commenced October 1, 2006 for a term of twenty-five years, ending on September 30, 2031, with an option to extend in increments of five years for a total of twenty-five years. However, in January 2008, the RepMar government extended its Land Use Agreement for the same land for a period of five (5) years. Thus, the College has not made any payments pursuant to the lease agreement.

On April 20, 2007, the College executed a sublease agreement for a parcel of land adjacent to the main campus in Uliga. The lease commenced March 1, 2007 for a term of thirty years, ending on February 13, 2037.

Future minimum lease payments under these leases are as follows:

Year ending September 30,	
2012	$ 87,313
2013	87,313
2014	87,313
2015	88,113
2016	90,513
2017-2021	456,565
2022-2026	472,565
2027-2031	384,565
2032-2036	25,000
2037	1,042
	$ 1,780,302

As of September 30, 2011, the College had entered into several construction contracts and a service agreement in the cumulative amount of $2,560,360, of which outstanding commitments of $1,574,206 remain.

(10) Contingencies

Sick Leave

It is the policy of the College to record expenditures for sick leave when leave is actually taken. Sick leave is compensated time for absence during working hours arising from employee illness or injury. The estimated accumulated sick leave at September 30, 2011 and 2010 was $159,124 and $166,393, respectively.

(10) Contingencies, Continued

Accreditation

The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC) at its semi-annual meeting on June 9-11, 2009 reaffirmed accreditation of the College with a requirement that the College complete a follow-up report by March, 2010. The follow up report was submitted by the College on March 15, 2010. The Commission meets semi-annually in January and June to review the status of institutional reports.

The College is due for its next comprehensive evaluation during Spring 2015.