

Bryn Mawr College

**Financial Statements
May 31, 2009 and 2008**

Bryn Mawr College
Index
May 31, 2009 and 2008

	Page(s)
Report of Independent Auditors	1
Financial Statements	
Statement of Financial Position	2
Statements of Activities	3–4
Statements of Cash Flows	5
Notes to Financial Statements	6–19

Report of Independent Auditors

To the Board of Trustees
Bryn Mawr College

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Bryn Mawr College (the "College") at May 31, 2009 and 2008, and changes in its net assets and its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

August 14, 2009

Bryn Mawr College
Statement of Financial Position
Year Ended May 31, 2009
(in thousands)

	<u>May 2009</u>	<u>May 2008</u>
Assets:		
Cash	\$ 44,000	\$ 29,561
Short-term investments	9,808	14,412
Accounts receivable (less allowance of \$302 in 2009 & \$223 in 2008)	5,635	2,732
Other assets	877	347
Contributions receivable (less allowance of \$413 in 2009 & \$513 in 2008)	10,910	14,332
Student loans receivable (less allowance of \$177 in 2009 & \$125 in 2008)	2,389	2,535
Plant and equipment, net of accumulated depreciation	195,400	187,674
Long term investments	569,391	737,288
Total assets	<u>\$ 838,410</u>	<u>\$ 988,881</u>
Total Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 5,846	\$ 4,699
Accrued expenses	4,906	3,758
Student deposits	2,781	2,516
Deferred revenue	2,327	2,095
Annuity obligations	7,228	7,135
Debt	108,446	78,998
Other long-term liabilities	7,929	6,684
Advances from US government for student loans	1,857	1,899
Total Liabilities	<u>141,320</u>	<u>107,784</u>
Net Assets:		
Unrestricted	356,528	396,728
Temporarily restricted	157,807	305,654
Permanently restricted	182,755	178,715
Total net assets	<u>697,090</u>	<u>881,097</u>
Total Liabilities and Net Assets	<u>\$ 838,410</u>	<u>\$ 988,881</u>

See accompanying notes to the financial statements

Bryn Mawr College
Statement of Activities
Year Ended May 31, 2009
(with comparative totals for 2008, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Operating revenues:					
Tuition and fees, net of discount of \$20,557 in 2009 and \$20,647 in 2008	\$ 36,221	\$ -	\$ -	\$ 36,221	\$ 34,022
Private contributions	5,390	3,998		9,388	18,491
Government grants	7,943			7,943	4,158
Endowment payout under spending formula	16,422	12,948		29,370	27,172
Other	4,648			4,648	4,485
Auxiliary enterprises, net of discount of \$447 in 2009 and \$410 in 2008	19,106			19,106	18,223
Interest income on cash and short-term investments	1,257			1,257	2,074
Satisfaction of program restrictions	21,306	(21,306)		-	-
Total operating revenues	112,293	(4,360)	-	107,933	108,625
Operating expenses:					
Instruction	40,666			40,666	35,448
Research	2,155			2,155	2,082
Public service	2,278			2,278	2,278
Academic support	10,743			10,743	10,605
Student services	8,119			8,119	7,626
Institutional support	17,636			17,636	16,613
Scholarships and fellowships	4,694			4,694	3,693
Auxiliary enterprises	18,438			18,438	18,162
Total operating expenses	104,729	-	-	104,729	96,507
Net changes from operations	7,564	(4,360)	-	3,204	12,118
Non-operating items:					
Private contributions	3,452	128	4,428	8,008	13,704
Actuarial changes, interest and payments	(526)	(123)	(34)	(683)	(1,111)
Net assets whose restrictions have changed	23,211	(28,293)	5,082	-	-
Other	(2,185)			(2,185)	7,024
Realized and unrealized gains (losses) on investments, net of \$25,626 in 2009 and \$16,531 in 2008 appropriated for endowment spending payout	(71,716)	(115,199)	(5,436)	(192,351)	1,714
Net changes from non-operating activities	(47,764)	(143,487)	4,040	(187,211)	21,331
Change in net assets	(40,200)	(147,847)	4,040	(184,007)	33,450
Net assets at beginning of year	\$ 396,728	\$ 305,654	\$ 178,715	\$ 881,097	\$ 847,648
Net assets at end of year	\$ 356,528	\$ 157,807	\$ 182,755	\$ 697,090	\$ 881,097

See accompanying notes to the financial statements

Bryn Mawr College
Statement of Activities
Year Ended May 31, 2008
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008
Operating revenues:				
Tuition and fees, net of discount of \$20,647 in 2008 and \$19,765 in 2007	\$ 34,022			\$ 34,022
Private contributions	6,212	12,279		18,491
Government grants	4,158			4,158
Endowment payout under spending formula	14,764	12,351	57	27,172
Other	4,485			4,485
Auxiliary enterprises, net of discount of \$410 in 2008 and \$481 in 2007	18,223			18,223
Interest income on cash and short-term investments	2,074			2,074
Satisfaction of program restrictions	18,229	(18,229)		-
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Total operating revenues	102,167	6,402	57	108,625
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Operating expenses:				
Instruction	35,448			35,448
Research	2,082			2,082
Public service	2,278			2,278
Academic support	10,605			10,605
Student services	7,626			7,626
Institutional support	16,613			16,613
Scholarships and fellowships	3,693			3,693
Auxiliary enterprises	18,162			18,162
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Total operating expenses	96,507	-	-	96,507
	<hr/>			
Net changes from operations	5,660	6,402	57	12,118
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Non-operating items:				
Private contributions	3,956	330	9,418	13,704
Actuarial changes, interest and payments	(823)	(83)	(205)	(1,111)
Net assets whose restrictions have changed	17,895	(17,895)		-
Other	7,024			7,024
Realized and unrealized gains (losses) on investments, net of \$16,531 in 2008 and \$13,471 in 2007 appropriated for endowment spending payout	4,437	(1,952)	(771)	1,714
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Net changes from non-operating activities	32,489	(19,600)	8,442	21,331
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Change in net assets	38,149	(13,199)	8,499	33,450
Net assets at beginning of year	\$ 358,579	\$ 318,853	\$ 170,216	\$ 847,648
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Net assets at end of year	\$ 396,728	\$ 305,654	\$ 178,715	\$ 881,097
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See accompanying notes to the financial statements

Bryn Mawr College
Statements of Cash Flows

(in thousands)

For fiscal years ended May 31

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (184,007)	\$ 33,450
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,362	8,353
(Gain)/Loss on disposal of equipment	150	(5,100)
Provision for losses/(benefits) on accounts/loans receivable	29	(307)
Contributions designated for long-term investment	(8,615)	(13,572)
Net realized and unrealized (gains) losses on investments	168,961	(18,524)
Change in net present value of annuities	92	587
Other	(39)	289
Changes in operating assets and liabilities:		
Accounts receivable, inventory and prepaid expenses	(3,080)	3,436
Accounts payable, accruals, deferred revenue and deposits	826	1,026
Contributions receivable	3,523	(5,037)
Net cash (used in) provided by operating activities	<u>(13,798)</u>	<u>4,601</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	227,240	208,090
Purchase of long-term investments	(220,489)	(226,342)
Alumnae Association investments	(993)	48
Student loans and employee mortgages, net	(1,240)	(1,458)
Purchase of property, plant and equipment	(14,525)	(7,263)
Proceeds from sale of property, plant and equipment		8,190
Net cash used in investing activities	<u>(10,007)</u>	<u>(18,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions designated for long-term investment	8,615	13,572
Proceeds from long-term borrowing	30,000	
Debt issuance costs	(329)	(75)
Repayment of debt		(3,970)
Government advance for loans	(42)	33
Net cash provided by financing activities	<u>38,244</u>	<u>9,560</u>
Net increase (decrease) in cash and cash equivalents	14,439	(4,574)
Cash and cash equivalents at beginning of year	<u>29,561</u>	<u>34,135</u>
Cash and cash equivalents at end of year	<u>\$ 44,000</u>	<u>\$ 29,561</u>
Supplemental data for financing activities:		
Non-cash gifts-in-kind	31	214
Interest paid	3,980	3,991
Construction related payables	1,967	604

See accompanying notes to the financial statements.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

1 Organization

Bryn Mawr College (the College) is a private institution of higher education located in Bryn Mawr, Pennsylvania. The College has been granted tax-exempt status as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code.

The Undergraduate College offers a four-year, liberal arts curriculum to women and has cooperative exchanges with other area schools. Undergraduate full-time equivalent enrollment for the fiscal year was approximately 1,253 students. Geographically, 39% of undergraduate students come from the Middle Atlantic region of the United States, 45% from states in other regions, and 16% from foreign countries. Bryn Mawr also has coeducational graduate schools of Arts and Sciences and of Social Work and Social Research. The graduate school enrollment full-time equivalent enrollment was 344.

2 Summary of Significant Accounting Policies

Basis of Presentation

The College's financial statements have been prepared on an accrual basis. Resources are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Permanently restricted: Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on these assets.

Temporarily restricted: Net assets whose use by the College is subject to donor-imposed restrictions which can be fulfilled by actions of the College in accordance with those restrictions or by the passage of time. Endowment income and spendable contributions with donor-imposed restrictions are reported as temporarily restricted. Such net assets are reclassified to unrestricted net assets when the donor-imposed restrictions have been met.

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Expenses are reported as decreases in unrestricted net assets. Expirations or changes in donor-imposed stipulations are reported as net assets released from restrictions and treated as reclassifications between the applicable classes of net assets.

Investments

Effective June 1, 2008 the College adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements". SFAS 157 defines the term fair value, establishes a framework for measuring it within generally accepted accounting principles and expands disclosures about its measurements. The new standard provides a consistent definition of fair value which focuses on an

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

exit price between market participants in an orderly transaction as prescribed by SFAS 157. The standard also establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

- Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I generally include listed equities and treasuries.
- Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.
- Level III – Pricing inputs are unobservable for the investment and includes situations where a) there is minimal, if any, market activity for the investment and b) the inputs used in determination of fair value require significant management judgment or estimation.

Assets received under split interest agreements from donors where the College serves as trustee are categorized as Level I, or Level III based on the observability of pricing inputs to the underlying investments held in those trusts. For arrangements where the College is a beneficiary of a trust held by a third party, the valuations of these beneficial interests are included in Level III.

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds”. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires additional disclosures about an organization’s endowment (both donor-restricted and board-designated funds), whether or not the organization is subject to UPMIFA.

Bryn Mawr’s investment policy goal is primarily to maintain the purchasing power of the endowment and secondarily, to increase the portion of the colleges operating budget that comes from endowment over time. The College utilizes a highly diversified investment portfolio to reduce the risk and increase the return over a full market cycle. Protecting assets from downside risk increase the investment returns and reduce the risk over time. In both our spending policy and our investment strategy we try to reduce volatility to produce more predictable and stable results.

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges or market quotations as available. Alternative investments, which are not readily marketable, include certain hedge funds, private equity and real estate investments held through limited partnerships or commingled funds. These investments are carried at estimated fair value provided by the management of the alternative investment fund as adjusted by cash receipts, cash disbursements and securities distributions through May 31, 2009 and 2008. The College reviews the valuation methodologies used in determining the fair value of the alternative investments. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

Endowment Spending

Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of endowment net realized gains. The law allows non-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage, between 2% and 7%, is elected annually. The endowment market value is determined based on an average spanning at least three years.

Bryn Mawr College uses a constant growth policy spending policy as follows: a 4.5% increase over the prior years spending plus 5% of gifts received in the most recently closed fiscal year; subject to a floor/ceiling band of 5.5% and 4.5% of the trailing 12 quarter average of the endowment value.

New Accounting Standards

In March 2008, the FASB issued SFAS 161, *Disclosures about Derivative Instruments and Hedging Activities*. This standard changes the disclosure requirements for derivative instruments and hedging activities. This standard requires disclosures on how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect the College's financial position, financial performance and cash flows. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2008. The use of derivatives by the College is generally limited to interest rate swaps. Disclosures pertaining to these financial instruments will be expanded in accordance with this standard for financial statements beginning in fiscal year 2010.

In May 2009, the FASB issued SFAS 165, *Subsequent Events*. This standard provides guidance to establish general standards of accounting for and disclosures of events that occur after balance sheet date but before financial statements are issued or are available to be issued. It is effective for fiscal periods ending after June 15, 2009, and is required to be adopted by the College beginning at the end of fiscal 2010. Management is currently evaluating the impact of the adoption of this standard but does not expect the adoption to have a material impact on the College's Financial Statements.

Plant and Equipment

Plant assets are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows: buildings (60 years); building systems, renovations and land improvements (20-25 years); information systems, equipment and furnishings (5-10 years); and books (20 years). Depreciation expense is allocated to functional categories in the statement of operations based on building square footage. Expenditures for new construction, major renovations, equipment, and library acquisitions are capitalized. Gains or losses on sale or retirement of plant assets are recorded in the year of disposition.

Works of art, special collections and similar assets have been capitalized at their estimated fair value at the date of acquisition, based upon appraisals or similar valuations. Such assets are not depreciated.

Long-lived assets to be held and used are reviewed for impairments whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Management does not believe that there are any impairments at May 31, 2009.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

Cash and Cash Equivalents

Cash and other investments with a maturity of three months or less at the time of purchase are reported as cash equivalents. Cash and cash equivalents representing assets of endowment and similar funds are included in long-term investments.

Non-operating items

Endowment and other non-operating activity reflect increases and decreases in net assets associated with long-term investments. The College generally designates unrestricted bequests over \$25 for long-term investment.

Contributions Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received at their net present value, less an allowance for estimated uncollectible amounts.

Deferred Revenue

Revenues received prior to the end of the fiscal year which relate to the following fiscal year are recorded and reflected in student deposits and deferred revenue.

Other Assets

Other assets include prepaid expenses and inventories which are valued at cost.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Certain prior year amounts have been reclassified to conform to current year presentation.

Fund Raising Expenses

Direct expenses for fundraising were \$2,611 in 2009 and \$2,797 in 2008.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

3 Contributions Receivable

Contributions receivable consisted of the following at May 31. The discount rates applied to new pledges was 6.2% and 3.0% at May 31, 2009 and 2008, respectively.

Contributions receivable in:	2009	2008
Less than one year	\$ 3,372	\$ 3,608
One to five years	8,755	12,541
More than five years	8	8
	<hr/>	<hr/>
	12,135	16,157
Less allowance for doubtful contributions	(413)	(513)
	<hr/>	<hr/>
	11,722	15,644
Less discount to present value	(813)	(1,312)
	<hr/>	<hr/>
Contributions Receivable	<u>\$ 10,910</u>	<u>\$ 14,332</u>

4 Property, Plant and Equipment

At May 31 property, plant and equipment consisted of the following:

	2009	2008
Land and land improvements	\$ 9,294	\$ 9,294
Buildings and fixed equipment	226,688	223,561
Information systems	5,024	4,982
Equipment and library books	53,316	52,460
Fine arts and special collections	5,253	5,253
Construction in progress	14,050	2,091
	<hr/>	<hr/>
	313,625	297,641
Accumulated depreciation	(118,225)	(109,967)
	<hr/>	<hr/>
Net property, plant and equipment	<u>\$ 195,400</u>	<u>\$ 187,674</u>

Depreciation expense was \$8,584 and \$8,575 at May 31, 2009 and 2008, respectively.

Included in Land and land improvements is a property valued at \$4,033 which was acquired by gift. The College reviews the value of this gift annually and intends to sell this property after certain events transpire.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

5 Investments

Endowment and similar funds are classified as long-term investments and include the College's permanent endowment funds, term endowment funds, and quasi-endowment funds. Quasi-endowment funds have been established by the Board of Trustees for the same purposes as endowment funds; however, any portion of quasi-endowment funds may be expended. Certain assets in the endowment at May 31, 2009 were liquidated at year-end and were being held for investment.

Annuity, life income, and trust agreements are also classified as long-term investments. The College pays periodically either the income earned or a fixed percentage of the assets to the beneficiary designated by the donor. Upon termination of an annuity, life income, or trust agreement the College's remainder interest in the assets is available for use by the College as restricted by the donor or designated by the Board of Trustees. The College has recorded an accrued liability and deferred revenue of \$7,228 at May 31, 2009 and \$7,135 at May 31, 2008 representing gift annuities payable and pooled income fund liabilities.

Long-term investments include other long term investments of \$2,991 and \$304 and mortgages held on residences for eligible employees that amount to \$9,611 and \$8,277 as of May 31, 2009 and 2008 respectively.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009
 (All Information is reported in thousands)

The market value of the College's endowment and trust investments at May 31 were:

	2009	2008
Cash and temporary investments	\$ 3,920	\$ 8,600
Fixed income	60,822	74,872
US equities	144,328	165,280
Developed international equity	73,764	119,396
Global equity	27,072	19,182
Emerging market equities	28,737	31,651
Venture capital and private equity	71,307	69,471
Multi-Strategy	52,528	124,793
Real assets	94,311	115,462
Total	<u>\$ 556,789</u>	<u>\$ 728,707</u>

The market value of the College's short-term investments at May 31 were:

	2009	2008
Short-term corporate fixed income	\$ 5,142	\$ 6,895
Short-term government fixed income	2,506	4,130
Municipal bonds	2,160	3,200
Equities		187
Total	<u>\$ 9,808</u>	<u>\$ 14,412</u>

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

A summary of investments, measured at fair value in accordance with the *Fair Value Measurements* standard on a recurring basis, as of May 31, 2009 and 2008 is as follows:

Assets:	Level I	Level II	Level III	Total	2008
Investments	\$ 106,431	\$ 165,570	\$ 255,193	\$ 527,194	\$ 689,335
Split Interest Agreements	10,165		19,430	29,595	39,372
Short Term Investments	6,993	2,815		9,808	14,412
Total Assets	<u>\$ 123,589</u>	<u>\$ 168,385</u>	<u>\$ 274,623</u>	<u>\$ 566,597</u>	<u>\$ 743,119</u>
Liabilities:					
Swaps			\$ 2,276	2,276	\$ 429
Total Liabilities			<u>\$ 2,276</u>	<u>\$ 2,276</u>	<u>\$ 429</u>

Changes to the reported amounts of investments measured at fair value on a recurring basis using unobservable (Level III) inputs as of May 31, 2009 are as follows:

	Investments	Split Interest Agreements	Swaps	Total
Balance, May 31, 2008	\$ 268,108	\$ 26,117	\$ (429)	\$ 293,796
Net purchases, sales and settlements	42,850	57		42,907
Net Interest, dividends and fees	312	95		407
Net Distributions	(6,820)	(1,127)		(7,947)
Net change in realized/unrealized gains/(losses)	<u>(49,257)</u>	<u>(5,712)</u>	<u>(1,847)</u>	<u>(56,816)</u>
Balance, May 31, 2009	<u>\$ 255,193</u>	<u>\$ 19,430</u>	<u>\$ (2,276)</u>	<u>\$ 272,347</u>

The realized and unrealized gains and losses of the Level III investments for fiscal year 2009 are included in *Realized and unrealized gains (losses) on investments* in the Non-operating section of the Statement of Activities. Realized and unrealized losses of (\$46,321) and (\$5,742) are attributable to assets held at year end in investments and trusts respectively.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

Endowment investment activity for 2009 and 2008 is as follows:

	Endowment & similar funds	Gift annuities and trusts	Trusts held by others	2009	2008
Investments at beginning of year	\$ 689,334	\$ 32,354	\$ 7,019	\$ 728,707	\$ 699,947
Contributions restricted by donor	4,457	868		5,325	9,887
Contributions designated for long term investment	3,290			3,290	3,685
	697,081	33,222	7,019	737,322	713,519
Investment returns net of expenses of \$4,657 in 2009 and \$4,458 in 2008:					
Investment dividends and interest	3,795			3,795	10,461
Realized/Unrealized gains/losses	(157,739)	(6,937)	(2,100)	(166,776)	18,425
	(153,944)	(6,937)	(2,100)	(162,981)	28,886
Endowment spending payout	(29,370)			(29,370)	(27,172)
	(183,314)	(6,937)	(2,100)	(192,351)	1,714
Payout returned to long-term investments	794			794	57
Annuity and trust income		516		516	598
Payments to annuitants and trust expenses		(1,108)		(1,108)	(1,122)
Maturities of annuities		(1,017)		(1,017)	(272)
Repayment of loan				-	(2,500)
Other increases/decreases	12,633			12,633	16,713
Investments at end of year	\$ 527,194	\$ 24,676	\$ 4,919	\$ 556,789	\$ 728,707

6 Debt

Long-term debt, net of unamortized issuance costs, discounts, or premiums at May 31, consisted of the following:

	Maturity Date	Interest Rate	Original Issue, Net	2009	2008
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2009	12/1/2039	Variable	\$ 29,671	\$ 29,671	\$ -
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2007	12/1/2037	5.0%	23,162	23,026	23,057
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2002	12/1/2012	4.0% -5.25%	42,790	40,666	40,878
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 1999	12/1/2029	4.13% -5.13%	16,501	15,083	15,063
				<u>\$ 108,446</u>	<u>\$ 78,998</u>

The Series 2009 debt issue is a multi-model document currently in a one year term-rate option with an interest rate of .75%. The interest rate and mode are scheduled to reset in February 2010.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

Principal payments on long-term debt are as follows:

	Series 2009	Series 2007	Series 2002	Series 1999	Total
2010	\$ -	\$ -	\$ -	\$ -	\$ -
2011	555		665	470	1,690
2012	580		700	490	1,770
2013	600		38,665	515	39,780
2014	620			540	1,160
Thereafter	27,645	22,170		13,275	63,090
					\$ 107,490

Hedging Activity

In conjunction with the interest rate swap, the College adopted Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

Swap Agreement

In 2006, the College sold a swap option related to its 1999 Bonds to UBS AG (UBS) and entered into basis swaps with UBS related to the College's 1997 and 1999 Bonds, respectively. The swap option gives UBS the right to put the College into a swap during a 2-year period beginning 12/1/2009, when the 1999 Bonds become currently callable. If exercised by UBS, the swap would be for a notional amount and duration that mirrors the 1999 Bonds lasting until December 1, 2011. If the swap option is exercised by UBS, the College expects that it would either terminate the swap at market or issue variable rate tax-exempt bonds to refund the 1999 Bonds. The variable rate refunding bonds, if issued by the College, combined with the net swap payments are expected to result in aggregate net payments that are approximately equal to the scheduled debt service payments on the 1999 Bonds. The College entered into the swap option for the purpose of locking in interest rate savings that were available as the result of the decline in interest rates between the date of the issuance of the 1999 Bonds and the date that the College entered into the swap option. UBS pays the College a premium for the swap option, which generally reflected the decline in interest rates.

The basis swaps also provide for the College and UBS to exchange variable rate payments in amounts and for time periods tied to the College's 1997 Bonds (subsequently refunded by the 2007 Bonds) and 1999 Bonds. The variable rate payments paid by the College are based on a tax-exempt index. The variable rate payments paid by UBS are based on a taxable index plus a spread. The basis swaps expose the College to basis risk based on the future relationship between the tax-exempt index paid by the College and the taxable index paid by UBS. The College entered into the basis swaps for the purpose of lowering the expected net interest cost for the College's 1997 (now 2007) and 1999 Bonds.

At May 31, 2009, the fair value of the basis swaps were (\$569) and (\$1,707), resulting in a total net fair value of (\$2,276), and is recorded as a liability by the College. The realized and unrealized gains and losses for fiscal year 2009 are included in Other Non-operating Income in the Statement of Activities.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

7 Net Assets

Net assets at May 31, 2009 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current funds:	\$ 8,763	\$ 17,190		\$ 25,953
Loan funds:	538	1,240		1,778
Endowment and similar funds:				
True endowment		128,781	164,698	293,479
Quasi endowment	229,781	2,175		231,956
Term endowment		1,138		1,138
Annuities and trusts	985	3,325	18,057	22,367
Plant funds:				
Unexpended Plant	17,984			17,984
Capital projects		3,958		3,958
Net investment in plant	98,477			98,477
Total	<u>\$ 356,528</u>	<u>\$ 157,807</u>	<u>\$ 182,755</u>	<u>\$ 697,090</u>

Net assets at May 31, 2008 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current funds:	\$ 2,458	\$ 18,267		\$ 20,725
Loan funds:	538	1,230		1,768
Endowment and similar funds:				
True endowment		238,012	154,971	392,983
Quasi endowment	258,874	34,910		293,784
Term endowment		1,560		1,560
Annuities and trusts	3,246	5,246	23,745	32,237
Plant funds:				
Unexpended Plant	21,465			21,465
Capital projects		6,429		6,429
Net investment in plant	110,147			110,147
Total	<u>\$ 396,728</u>	<u>\$ 305,654</u>	<u>\$ 178,715</u>	<u>\$ 881,097</u>

During 2009 \$5,082 was re-designated from unrestricted net assets into permanently restricted net assets and \$28,293 was re-designated from temporarily restricted into unrestricted net assets. During 2008, management recorded a reclassification for a net release of temporarily restricted net assets of \$17,895 into unrestricted net assets.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

Changes to the reported amount of the College's endowments as of May 31 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, May 31, 2008	\$ 258,874	\$ 274,482	\$ 154,971	\$ 688,327
Investment return:				
Investment income	2,224	2,365		4,589
Net depreciation (realized and unrealized)	(60,104)	(97,599)	(36)	(157,739)
Total investment return	(57,880)	(95,234)	(36)	(153,150)
New gifts	3,145	147	3,848	7,140
Appropriation of endowment assets for spending	(11,070)	(18,300)		(29,370)
Transfers	13,041	(5,330)	5,915	13,626
Net assets whose restrictions have changed	23,671	(23,671)		-
Net assets, May 31, 2009	\$ 229,781	\$ 132,094	\$ 164,698	\$ 526,573
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, May 31, 2007	\$ 220,843	\$ 288,432	\$ 149,024	\$ 658,299
Investment return:				
Investment income	4,561	5,957		10,518
Net appreciation (realized and unrealized)	9,038	11,804		20,842
Total investment return	13,599	17,761	-	31,360
New gifts	3,523	47	5,424	8,994
Appropriation of endowment assets for spending	(11,783)	(15,389)		(27,172)
Transfers	14,797	1,526	523	16,846
Net assets whose restrictions have changed	17,895	(17,895)		-
Net assets, May 31, 2008	\$ 258,874	\$ 274,482	\$ 154,971	\$ 688,327

The aggregate amount of all donor-related endowment funds for which the fair value of assets at May 31, 2009 is less than the level required by donor stipulations is \$3,540.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

8 Employee Benefits

Eligible faculty, administration, and staff are provided pension benefits under the College's defined contribution retirement program administered principally by TIAA/CREF. The policy of the College is to pay its share of the annual premium accrued in connection with this program; there are no unfunded benefits. Pension plan expense for the program was \$3,857 in 2009 and \$3,654 in 2008.

9 Commitments and Contingencies

Certain of the College's long-term investments involve future cash commitments which total approximately \$159,685 at May 31, 2009.

The College has outstanding construction contracts totaling approximately \$17,782. Completion of these projects is estimated to extend through June 2011.

The College is a defendant in various legal actions. While the final amount of these claims cannot be determined at this time, management does not expect that the resolution of the outstanding claims and litigation will have a material adverse effect upon the College's financial position.

10 Expenses by Natural Classifications

Expenses were incurred in the following categories for the years ended May 31:

	2009	2008
Salaries and wages	\$ 43,360	\$ 41,121
Benefits	13,408	12,611
Scholarships and fellowships	4,694	3,693
Services and contracting	17,840	15,516
Supplies and minor equipment	3,951	1,997
Travel and entertainment	2,619	2,608
Auxiliaries' cost of goods sold	2,646	2,824
Utilities	3,070	2,930
Insurance	577	635
Depreciation	8,584	8,575
Interest	3,980	3,997
Total	<u>\$ 104,729</u>	<u>\$ 96,507</u>

Bryn Mawr College
Notes to the Financial Statements
May 31, 2009

(All Information is reported in thousands)

11 Disclosures about the Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Bonds Payable

The fair value of the College's bonds payable approximates \$110,331 at May 31, 2009. The fair value of bonds is estimated based on quoted market prices for the same or similar issues. The market prices utilized reflect the rate that the College would have to pay to a credit worthy third party to assume its obligation and do not reflect an additional liability to the College.

Student Loan Receivables

Determination of the fair value of student loan receivables, which are primarily federally-sponsored student loans with U.S. Government mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition, could not be made without incurring excessive costs.

12 Letter of Credit

During fiscal year 2009 the College initiated three lines of credit, with varying terms, totaling \$30,000 of which \$15,000 expires in fiscal year 2010 and the remaining \$15,000 expires in 2012. To date the College has not drawn on these funds.