

# **Bryn Mawr College**

**Financial Statements  
May 31, 2010 and 2009**

**Bryn Mawr College**  
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**May 31, 2010 and 2009**

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## 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, 2010 and 2009, 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*

October 25, 2010

**Bryn Mawr College**  
**Statements of Financial Position**  
**As of May 31, 2010**

(in thousands)

	<u>May 2010</u>	<u>May 2009</u>
<b>Assets:</b>		
Cash	\$ 49,284	\$ 44,000
Short-term investments	2,509	9,808
Accounts receivable (less allowance of \$320 in 2010 & \$302 in 2009)	4,499	5,635
Other assets	861	877
Contributions receivable (less allowance of \$388 in 2010 & \$413 in 2009)	7,738	10,910
Student loans receivable (less allowance of \$219 in 2010 & \$177 in 2009)	2,318	2,389
Plant and equipment, net of accumulated depreciation	201,013	195,400
Long term investments	630,232	569,391
Total assets	<u>\$ 898,454</u>	<u>\$ 838,410</u>
<b>Total Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 5,331	\$ 5,846
Accrued expenses	3,906	4,906
Student deposits	1,742	2,781
Deferred revenue	2,850	2,327
Annuity obligations	7,090	7,228
Debt	108,797	108,446
Other long-term liabilities	7,558	7,929
Advances from US government for student loans	1,814	1,857
Total Liabilities	<u>139,088</u>	<u>141,320</u>
<b>Net Assets:</b>		
Unrestricted	389,481	356,528
Temporarily restricted	183,268	157,807
Permanently restricted	186,617	182,755
Total net assets	<u>759,366</u>	<u>697,090</u>
Total Liabilities and Net Assets	<u>\$ 898,454</u>	<u>\$ 838,410</u>

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

# Bryn Mawr College

## Statement of Activities

### Year Ended May 31, 2010

(with comparative totals for 2009, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Total 2009
<b>Operating revenues:</b>					
Tuition and fees, net of discount of \$23,833 in 2010 and \$20,557 in 2009	\$ 35,844			\$ 35,844	\$ 36,221
Private contributions	4,956	5,716		10,672	9,388
Government grants	5,670			5,670	7,943
Endowment payout under spending formula	14,309	12,971		27,280	29,370
Other	4,301			4,301	4,648
Auxiliary enterprises, net of discount of \$620 in 2010 and \$447 in 2009	18,483			18,483	18,630
Interest income on cash and short-term investments	1,165			1,165	1,257
Satisfaction of program restrictions	23,071	(23,071)		-	-
Total operating revenues	107,799	(4,384)	-	103,415	107,457
<b>Operating expenses:</b>					
Instruction	38,629			38,629	40,666
Research	2,210			2,210	2,155
Public service	2,107			2,107	2,278
Academic support	11,429			11,429	10,743
Student services	7,931			7,931	8,119
Institutional support	16,265			16,265	17,636
Scholarships and fellowships	5,062			5,062	4,694
Auxiliary enterprises	16,675			16,675	17,962
Total operating expenses	100,308	-	-	100,308	104,253
Net changes from operations	7,491	(4,384)	-	3,107	3,204
<b>Non-operating items:</b>					
Private contributions	2,269	894	1,943	5,106	8,008
Actuarial changes, interest and payments	(214)	(154)	(88)	(456)	(683)
Net assets whose restrictions have changed	1,546	(1,616)	70	-	-
Other	140			140	(2,185)
Realized and unrealized gains (losses) on investments, net of \$23,010 in 2010 and \$25,626 in 2009 appropriated for endowment spending payout	21,721	30,721	1,937	54,379	(192,351)
Net changes from non-operating activities	25,462	29,845	3,862	59,169	(187,211)
Change in net assets	32,953	25,461	3,862	62,276	(184,007)
Net assets at beginning of year	\$ 356,528	\$ 157,807	\$ 182,755	\$ 697,090	\$ 881,097
Net assets at end of year	\$ 389,481	\$ 183,268	\$ 186,617	\$ 759,366	\$ 697,090

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

# Bryn Mawr College

## Statement of Activities

### Year Ended May 31, 2009

(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2009</u>
<b>Operating revenues:</b>				
Tuition and fees, net of discount of \$20,557 in 2009 and \$20,647 in 2008	\$ 36,221			\$ 36,221
Private contributions	5,390	3,998		9,388
Government grants	7,943			7,943
Endowment payout under spending formula	16,422	12,948		29,370
Other	4,648			4,648
Auxiliary enterprises, net of discount of \$447 in 2009 and \$410 in 2008	18,630			18,630
Interest income on cash and short-term investments	1,257			1,257
Satisfaction of program restrictions	21,306	(21,306)		-
Total operating revenues	<u>111,817</u>	<u>(4,360)</u>	<u>-</u>	<u>107,457</u>
<b>Operating expenses:</b>				
Instruction	40,666			40,666
Research	2,155			2,155
Public service	2,278			2,278
Academic support	10,743			10,743
Student services	8,119			8,119
Institutional support	17,636			17,636
Scholarships and fellowships	4,694			4,694
Auxiliary enterprises	17,962			17,962
Total operating expenses	<u>104,253</u>	<u>-</u>	<u>-</u>	<u>104,253</u>
Net changes from operations	<u>7,564</u>	<u>(4,360)</u>	<u>-</u>	<u>3,204</u>
<b>Non-operating items:</b>				
Private contributions	3,452	128	4,428	8,008
Actuarial changes, interest and payments	(526)	(123)	(34)	(683)
Net assets whose restrictions have changed	23,211	(28,293)	5,082	-
Other	(2,185)			(2,185)
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)
Net changes from non-operating activities	<u>(47,764)</u>	<u>(143,487)</u>	<u>4,040</u>	<u>(187,211)</u>
Change in net assets	(40,200)	(147,847)	4,040	(184,007)
Net assets at beginning of year	<u>\$ 396,728</u>	<u>\$ 305,654</u>	<u>\$ 178,715</u>	<u>\$ 881,097</u>
Net assets at end of year	<u>\$ 356,528</u>	<u>\$ 157,807</u>	<u>\$ 182,755</u>	<u>\$ 697,090</u>

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

# Bryn Mawr College

## Statements of Cash Flows

(in thousands)

For fiscal years ended May 31

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 62,276	\$ (184,007)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,414	8,362
(Gain)/Loss on disposal of equipment	76	150
Provision for losses/(benefits) on accounts/loans receivable	35	29
Contributions designated for long-term investment	(5,831)	(8,615)
Net realized and unrealized (gains) losses on investments	(77,940)	168,961
Change in net present value of annuities	(138)	92
Other	101	(39)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	1,136	(3,080)
Accounts payable, accruals, deferred revenue and student deposits	(2,031)	826
Contributions receivable	3,197	3,523
Net cash used in operating activities	<u>(9,705)</u>	<u>(13,798)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	195,300	227,240
Purchase of long-term investments	(171,033)	(220,489)
Alumnae Association investments	81	(993)
Student loans and employee mortgages, net	(394)	(1,240)
Purchase of property, plant and equipment	(14,927)	(14,525)
Net cash provided by (used in) investing activities	<u>9,027</u>	<u>(10,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions designated for long-term investment	5,831	8,615
Proceeds from long-term borrowing	15,520	30,000
Debt issuance costs	144	(329)
Repayment of debt	(15,490)	
Government advance for loans	(43)	(42)
Net cash provided by financing activities	<u>5,962</u>	<u>38,244</u>
Net increase(decrease) in cash and cash equivalents	5,284	14,439
Cash and cash equivalents at beginning of year	<u>44,000</u>	<u>29,561</u>
Cash and cash equivalents at end of year	<u>\$ 49,284</u>	<u>\$ 44,000</u>
Supplemental data for financing activities:		
Non-cash gifts-in-kind	27	31
Interest paid	4,110	3,980
Construction related payables	1,593	1,967

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

# **Bryn Mawr College**

## **Notes to the Financial Statements**

### **May 31, 2010**

(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 1,270 students. Geographically, 36% of undergraduate students come from the Middle Atlantic region of the United States, 47% from states in other regions, and 17% 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 356.

#### 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 FASB issued a standard on Fair Value Measurements. This standard 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 exit price between market participants in an orderly transaction. 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.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

- 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.

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, 2010 and 2009. 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.

#### 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.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

New Accounting Standards

In March 2008, the FASB issued a standard on 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 were expanded in accordance with this standard for financial statements beginning in fiscal year 2010.

In May 2009, the FASB issued a standard on 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 was required to be adopted by the College beginning at the end of fiscal 2010. The adoption of this standard only affected disclosures, and thus had no impact on the College's financial position, change in net assets or cash flows. In connection with the preparation of the financial statements and in accordance with the new standard, Bryn Mawr College's evaluated subsequent events after the balance sheet date of May 31, 2010 through its issuance date of October 25, 2010. No subsequent events were noted during this period.

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, 2010.

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.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

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 \$2,900 in 2010 and \$2,611 in 2009.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(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 3.5% and 6.2% at May 31, 2010 and 2009, respectively.

Contributions receivable in:	2010	2009
Less than one year	\$ 2,238	\$ 3,372
One to five years	6,266	8,755
More than five years	8	8
	<hr/> 8,512	<hr/> 12,135
Less allowance for doubtful contributions	(388)	(413)
	<hr/> 8,124	<hr/> 11,722
Less discount to present value	(386)	(813)
	<hr/> \$ 7,738	<hr/> \$ 10,910
Contributions Receivable	<hr/> <hr/> \$ 7,738	<hr/> <hr/> \$ 10,910

4 Property, Plant and Equipment

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

	2010	2009
Land and land improvements	\$ 9,441	\$ 9,294
Buildings and fixed equipment	248,373	226,688
Information systems	5,024	5,024
Equipment and library books	48,581	53,316
Fine arts and special collections	5,425	5,253
Construction in progress	6,084	14,050
	<hr/> 322,928	<hr/> 313,625
Accumulated depreciation	(121,915)	(118,225)
	<hr/> \$ 201,013	<hr/> \$ 195,400
Net property, plant and equipment	<hr/> <hr/> \$ 201,013	<hr/> <hr/> \$ 195,400

Depreciation expense was \$9,238 and \$8,584 at May 31, 2010 and 2009, 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, 2010**

(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, 2010 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 \$7,090 at May 31, 2010 and \$7,228 at May 31, 2009 representing gift annuities payable and pooled income fund liabilities.

Long-term investments include other long term investments of \$0 and \$2,991 and mortgages held on residences for eligible employees that amount to \$10,033 and \$9,611 as of May 31, 2010 and 2009 respectively.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

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

	2010	2009
Cash, temporary investments & fixed income	\$ 57,105	\$ 64,742
US equities	136,896	144,328
Developed international equity	60,236	73,764
Global equity	41,758	27,072
Emerging market equities	23,707	28,737
Venture capital and private equity	102,332	71,307
Multi-Strategy	78,414	52,528
Real assets	119,751	94,311
Total	<u>\$ 620,199</u>	<u>\$ 556,789</u>

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

	2010	2009
Short-term corporate fixed income	201	5,142
Short-term government fixed income	1,787	2,506
Municipal bonds	493	2,160
Equities	28	-
Total	<u>\$ 2,509</u>	<u>\$ 9,808</u>

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(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, 2010 and 2009 is as follows:

	2010			
Assets:	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 22,466			\$ 22,466
Equity funds	74,993	\$ 100,358		175,351
Fixed income funds	21,313	166		21,479
Real assets		25,235	\$ 82,435	107,670
Private equity			102,332	102,332
Hedge Funds			158,229	158,229
Trusts	10,454		22,218	32,672
Short Term Investments	261	2,248		2,509
Total Assets	\$ 129,487	\$ 128,007	\$ 365,214	\$ 622,708
Liabilities:				
Swaps			\$ 1,723	\$ 1,723
Total Liabilities			\$ 1,723	\$ 1,723
	2009			
Assets:	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 21,928			\$ 21,928
Equity funds	84,503	\$ 111,459		195,962
Fixed income funds		31,120		31,120
Real assets		22,991	\$ 61,877	84,868
Private equity			71,459	71,459
Hedge Funds			121,857	121,857
Trusts	10,165		19,430	29,595
Short Term Investments	6,993	2,815		9,808
Total Assets	\$ 123,589	\$ 168,385	\$ 274,623	\$ 566,597
Liabilities:				
Swaps			\$ 2,276	\$ 2,276
Total Liabilities			\$ 2,276	\$ 2,276

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

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

	Private					Total
	Real Assets	Equity	Hedge Funds	Trusts	Swaps	
Balance, May 31, 2009	\$ 61,877	\$ 71,459	\$ 121,857	\$ 19,430	\$ (2,276)	\$ 272,347
Net purchases, sales and settlements	12,783	18,270	19,792	880		51,725
Net Interest, dividends and fees	1,568	(1,576)	(166)	106		(68)
Net Distributions	(2,491)	(5,192)		(229)		(7,912)
Net change in realized/unrealized gains/(losses)	8,698	19,371	16,746	2,031	553	47,399
Balance, May 31, 2010	\$ 82,435	\$ 102,332	\$ 158,229	\$ 22,218	\$ (1,723)	\$ 363,491

	Private					Total
	Real Assets	Equity	Hedge Funds	Trusts	Swaps	
Balance, May 31, 2008	\$ 54,662	\$ 69,471	\$ 143,975	\$ 26,117	\$ (429)	\$ 293,796
Net purchases, sales and settlements	19,781	23,008	61	57		42,907
Net Interest, dividends and fees	2,694	(2,388)	6	95		407
Net Distributions	(5,309)	(1,511)		(1,127)		(7,947)
Net change in realized/unrealized gains/(losses)	(9,951)	(17,121)	(22,185)	(5,712)	(1,847)	(56,816)
Balance, May 31, 2009	\$ 61,877	\$ 71,459	\$ 121,857	\$ 19,430	\$ (2,276)	\$ 272,347

The realized and unrealized gains and losses of the Level III investments for fiscal years 2010 and 2009 are included in Realized and unrealized gains (losses) on investments in the Non-operating section of the Statement of Activities. Realized and unrealized gains of \$44,815 and \$2,031 are attributable to assets held at year end in investments and trusts respectively, for 2010 and (\$46,321) and (4,742) for 2009.

Liquidity risk is the risk that the College will not be able to meet its obligations due to restrictions on ability to redeem investments. The College has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that limit its ability to initiate redemptions due to notice periods, lock-ups and investment periods. \$323 million or 51.9% of our assets are redeemable within 6 months, 65.2% or \$406 million within one year. The College closely monitors liquidity and has a \$25 million untapped line of credit.

**Bryn Mawr College**  
**Notes to the Financial Statements**  
**May 31, 2010**

(All Information is reported in thousands)

Details on current redemption terms and restrictions by asset class and type of investment are provided below. Standard redemption notices are between 30 and 60 days.

Liquidity of Assets	Value
<b>1 to 7 days</b>	
Cash & cash equivalents	\$ 24,975
Equity	117,383
 <b>Between 1 week and 1 month</b>	
Equity	57,968
Fixed income	21,479
Real Assets	25,235
 <b>1 to 3 months</b>	
Hedge Funds	64,347
Real Assets	6,420
 <b>3 to 6 months</b>	
Hedge Funds	5,270
 <b>6 months to 1 year</b>	
Hedge Funds	76,995
Real Assets	5,659
 <b>Long-Term greater than 1 year</b>	
Hedge Funds	11,617
Real Assets	70,356
Private Equity	102,332
Trusts	32,672
 <b>TOTAL</b>	<b>\$ 622,708</b>

**Bryn Mawr College**  
**Notes to the Financial Statements**  
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Endowment investment activity for 2010 and 2009 is as follows:

	Endowment & similar funds	Gift annuities and trusts	Trusts held by others	2010	2009
Investments at beginning of year	\$ 527,194	\$ 24,676	\$ 4,919	\$ 556,789	\$ 728,707
Contributions restricted by donor	2,568	1,050		3,618	5,325
Contributions designated for long term investment	2,213			2,213	3,290
	<u>531,975</u>	<u>25,726</u>	<u>4,919</u>	<u>562,620</u>	<u>737,322</u>
Investment returns net of expenses of \$6,090 in 2010 and \$4,657 in 2009.					
Investment dividends and interest	4,535			4,535	3,795
Realized/Unrealized gains/losses	73,897	2,779	448	77,124	(166,776)
	<u>78,432</u>	<u>2,779</u>	<u>448</u>	<u>81,659</u>	<u>(162,981)</u>
Endowment spending payout	(27,280)			(27,280)	(29,370)
	<u>51,152</u>	<u>2,779</u>	<u>448</u>	<u>54,379</u>	<u>(192,351)</u>
Payout returned to long-term investments	59			59	794
Annuity and trust income		466		466	516
Payments to annuitants and trust expenses		(1,059)		(1,059)	(1,108)
Maturities of annuities		(607)		(607)	(1,017)
Other increases/decreases	4,341			4,341	12,633
	<u>4,341</u>	<u></u>	<u></u>	<u>4,341</u>	<u>12,633</u>
Investments at end of year	<u>\$ 587,527</u>	<u>\$ 27,305</u>	<u>\$ 5,367</u>	<u>\$ 620,199</u>	<u>\$ 556,789</u>

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	2010	2009
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2010	12/1/2029	2.0%-5.0%	\$ 15,665	\$ 15,665	\$ -
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2009	12/1/2039	Variable	29,671	29,683	29,671
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2007	12/1/2037	5.0%	23,162	22,995	23,026
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2002	12/1/2012	4.0%-5.25%	42,790	40,454	40,666
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 1999	12/1/2029	4.13%-5.13%	16,501	-	15,083
				<u>\$ 108,797</u>	<u>\$ 108,446</u>

The Series 2009 debt issue is a multi-model document currently in a one year term-rate option with an interest rate of .38%. The interest rate and mode are scheduled to reset in February 2011.

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Principal payments on long-term debt are as follows:

	Series 2010	Series 2009	Series 2007	Series 2002	Total
2011	\$ 450	\$ 555	\$ -	\$ 665	\$ 1,670
2012	555	580		700	1,835
2013	575	600		38,665	39,840
2014	600	620			1,220
2015	625	645			1,270
Thereafter	12,715	27,000	22,170		61,885
					\$ 107,720

Hedging Activity

In conjunction with the interest rate swap, the College adopted the Statement of Financial Accounting Standard on *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 (subsequently refunded by the 2010 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 (now 2010) Bonds.

At May 31, 2010, the fair value of the basis swaps were \$261 and (\$1,984), resulting in a total net fair value of (\$1,723), and is recorded as a liability by the College. The realized and unrealized gains and losses for fiscal year 2010 are included in Other Non-operating Income in the Statement of Activities.

**Bryn Mawr College**  
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7 Net Assets

Net assets at May 31, 2010 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current funds:	\$ 9,063	\$ 15,058		\$ 24,121
Loan funds:	538	1,270		1,808
Endowment and similar funds:				
True endowment		158,452	166,648	325,100
Quasi endowment	256,936	2,800		259,736
Term endowment		1,264		1,264
Annuities and trusts	1,423	4,190	19,969	25,582
Plant funds:				
Unexpended Plant	22,524			22,524
Capital projects		234		234
Net investment in plant	98,996			98,996
Total	<u>\$ 389,481</u>	<u>\$ 183,268</u>	<u>\$ 186,617</u>	<u>\$ 759,366</u>

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>

**Bryn Mawr College**  
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Changes to the reported amount of the College's endowment net assets as of May 31 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, May 31, 2009	\$ 229,781	\$ 132,094	\$ 164,698	\$ 526,573
Investment return:				
Investment income	2,140	2,394		4,534
Net appreciation (realized and unrealized)	30,532	43,858	16	74,406
Total investment return	32,672	46,252	16	78,940
New gifts	2,099	115	1,843	4,057
Appropriation of endowment assets for spending	(11,051)	(16,228)		(27,279)
Transfers	3,435	283	91	3,809
Net assets, May 31, 2010	\$ 256,936	\$ 162,516	\$ 166,648	\$ 586,100

	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

The aggregate amount of all donor-related endowment funds for which the fair value of assets at May 31, 2010 is less than the level required by donor stipulations was \$1,850 in 2010 and \$3,540 in 2009.

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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 \$3,945 in 2010 and \$3,857 in 2009.

9 Commitments and Contingencies

Certain of the College's long-term investments involve future cash commitments which total approximately \$144,175 at May 31, 2010.

The College has outstanding construction contracts totaling approximately \$5,537. Completion of these projects is estimated to extend through August 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:

	2010	2009
Salaries and wages	\$ 43,321	\$ 43,360
Benefits	14,133	13,408
Scholarships and fellowships	5,062	4,694
Services and contracting	12,899	17,364
Supplies and minor equipment	2,826	3,951
Travel and entertainment	2,153	2,619
Auxiliaries' cost of goods sold	2,799	2,646
Utilities	2,968	3,070
Insurance	799	577
Depreciation	9,238	8,584
Interest	4,110	3,980
Total	\$ 100,308	\$ 104,253

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 \$111,598 and \$110,331 at May 31, 2010 and 2009 respectively. 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

The College holds two lines of credit, with varying terms, totaling \$25,000 of which \$10,000 expires in fiscal year 2011 and the remaining \$15,000 expires in 2012. To date the College has not drawn on these funds.