

# **Bryn Mawr College**

**Financial Statements**  
**May 31, 2005 and 2004**

**Bryn Mawr College**  
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**May 31, 2005 and 2004**

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**Report of Independent Auditors**

To the Board of Trustees  
Bryn Mawr College

In our opinion, the accompanying balance sheets and the related statements of operations, changes in net assets and cash flows present fairly, in all material respects, the financial position of Bryn Mawr College (the "College") at May 31, 2005 and 2004, and the results of its operations and changes in its net assets and its cash flows for the years then 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 5, 2005

**Bryn Mawr College**  
**Statements of Financial Position**  
**May 31, 2005 and 2004**  
**(in thousands)**

	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Cash	\$ 31,054	\$ 25,572
Short-term investments	28,171	26,384
Accounts receivable (less allowance of \$31 in 2005 and \$48 in 2004)	2,788	2,034
Inventories and prepaid expenses	863	588
Contributions receivable (less allowance of \$2,485 in 2005 and \$481 in 2004)	12,370	18,447
Student loans receivable (less allowance of \$226 in 2005 and \$150 in 2004)	2,441	2,417
Deposits with bond trustees	2,170	11,529
Plant and equipment, net of accumulated depreciation	184,500	175,895
Long-term investments		
Endowment and similar funds	501,564	467,596
Life income, annuity, and trust funds	26,699	24,858
Trust funds held by others	<u>6,315</u>	<u>4,681</u>
 Total assets	 \$ <u>798,935</u>	 \$ <u>760,001</u>
<b>Liabilities:</b>		
Accounts payable	\$ 3,183	\$ 2,463
Accrued expenses	2,242	1,559
Student deposits	2,004	1,524
Deferred revenue	1,814	1,451
Current maturities of long-term debt	3,765	4,024
Annuity obligations	5,415	4,824
Long-term debt	83,237	87,152
Advances from U.S. government for student loans	<u>1,947</u>	<u>1,922</u>
 Total liabilities	 <u>103,607</u>	 <u>104,919</u>
 Unrestricted	 315,186	 298,698
Temporarily restricted	225,706	207,112
Permanently restricted	<u>154,436</u>	<u>149,272</u>
 Total net assets	 <u>695,328</u>	 <u>655,082</u>
 Total liabilities and net assets	 \$ <u>798,935</u>	 \$ <u>760,001</u>

See accompanying notes to the financial statements.

**Bryn Mawr College**  
**Statements of Activity**  
**Year Ended May 31, 2005**  
(with comparative totals for 2004, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2005	Total 2004
Operating revenues:					
Tuition and fees, net of discount of \$16,436 in 2005 and \$16,673 in 2004	\$ 28,633	\$ -	\$ -	\$ 28,633	\$ 25,670
Private contributions	5,424	4,269	-	9,693	14,783
Government grants	2,924	-	-	2,924	2,682
Endowment payout under spending formula	12,893	9,857	2	22,752	24,744
Other endowment income	-	-	-	-	1,093
Other	4,673	-	-	4,673	3,553
Auxiliary enterprises, net of discount of \$442 in 2005 and \$425 in 2004	14,202	-	-	14,202	15,241
Interest income on cash and short-term investments	2,996	-	-	2,996	3,945
Satisfaction of program restrictions	22,525	(22,525)	-	-	-
<b>Total operating revenues</b>	<b>94,270</b>	<b>(8,399)</b>	<b>2</b>	<b>85,873</b>	<b>91,711</b>
Operating expenses:					
Instruction	28,419	-	-	28,419	29,650
Research	2,856	-	-	2,856	2,732
Public service	2,337	-	-	2,337	2,348
Academic support	10,740	-	-	10,740	11,061
Student services	7,266	-	-	7,266	8,117
Institutional support	14,306	-	-	14,306	14,785
Scholarships and fellowships	1,637	-	-	1,637	2,073
Auxiliary enterprises	15,818	-	-	15,818	17,681
<b>Total operating expenses</b>	<b>83,379</b>	<b>-</b>	<b>-</b>	<b>83,379</b>	<b>88,447</b>
<b>Net changes from operations</b>	<b>10,891</b>	<b>(8,399)</b>	<b>2</b>	<b>2,494</b>	<b>3,264</b>
Non-operating items:					
Private contributions	40	6,171	5,876	12,087	12,137
Actuarial changes, interest, payments, and maturities of annuities	-	(203)	(1,626)	(1,829)	(1,049)
Realized and unrealized gains (losses) on investments, net of \$12,413 in 2005 and \$14,353 in 2004 appropriated for endowment payout	5,557	21,025	912	27,494	45,689
<b>Net changes from non-operating activities</b>	<b>5,597</b>	<b>26,993</b>	<b>5,162</b>	<b>37,752</b>	<b>56,777</b>
<b>Change in net assets</b>	<b>16,488</b>	<b>18,594</b>	<b>5,164</b>	<b>40,246</b>	<b>60,041</b>
<b>Net assets at beginning of year</b>	<b>\$ 298,698</b>	<b>\$ 207,112</b>	<b>\$ 149,272</b>	<b>\$ 655,082</b>	<b>\$ 595,041</b>
<b>Net assets at end of year</b>	<b>\$ 315,186</b>	<b>\$ 225,706</b>	<b>\$ 154,436</b>	<b>\$ 695,328</b>	<b>\$ 655,082</b>

See accompanying notes to the financial statements

**Bryn Mawr College**  
**Statements of Activity**  
**Year Ended May 31, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2004</u>
Operating revenues:				
Tuition and fees, net of discount of \$16,673 in 2004	\$ 25,670	\$ -	\$ -	\$ 25,670
Private contributions	5,046	9,737	-	14,783
Government grants	2,682	-	-	2,682
Endowment payout under spending formula	16,825	7,917	2	24,744
Other endowment income	-	1,093	-	1,093
Other	3,553	-	-	3,553
Auxiliary enterprises, net of discount of \$425 in 2004	15,241	-	-	15,241
Interest income on cash and short-term investments	3,945	-	-	3,945
Satisfaction of program restrictions	15,279	(15,279)	-	-
Total operating revenues	<u>88,241</u>	<u>3,468</u>	<u>2</u>	<u>91,711</u>
Operating expenses:				
Instruction	29,650	-	-	29,650
Research	2,732	-	-	2,732
Public service	2,348	-	-	2,348
Academic support	11,061	-	-	11,061
Student services	8,117	-	-	8,117
Institutional support	14,785	-	-	14,785
Scholarships and fellowships	2,073	-	-	2,073
Auxiliary enterprises	17,681	-	-	17,681
Total operating expenses	<u>88,447</u>	<u>-</u>	<u>-</u>	<u>88,447</u>
Net changes from operations	<u>(206)</u>	<u>3,468</u>	<u>2</u>	<u>3,264</u>
Non-operating items:				
Private contributions	2,202	972	8,963	12,137
Actuarial changes, interest, payments, and maturities of annuities	-	(1,958)	909	(1,049)
Loss on defeasance of long-term debt	-	-	-	-
Realized and unrealized gains (losses) on investments, net of \$14,353 in 2004	13,164	29,560	2,965	45,689
Net changes from non-operating activities	<u>15,366</u>	<u>28,574</u>	<u>12,837</u>	<u>56,777</u>
Change in net assets	15,160	32,042	12,839	60,041
Net assets at beginning of year	\$ <u>283,538</u>	\$ <u>175,070</u>	\$ <u>136,433</u>	\$ <u>595,041</u>
Net assets at end of year	<u>\$ 298,698</u>	<u>\$ 207,112</u>	<u>\$ 149,272</u>	<u>\$ 655,082</u>

See accompanying notes to the financial statements

# Bryn Mawr College

## Statements of Cash Flows

For fiscal years ended May 31, (in thousands)	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$40,246	\$60,041
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,050	7,196
Loss on disposal of equipment	62	1,583
Provision for losses on accounts/loans receivable	2,063	(102)
Contributions restricted/designated for long-term investment	(11,988)	(11,041)
Change in trust funds held by others	(1,634)	(2,965)
Unrealized (gains)/losses on short-term investments	(2,347)	1,930
Unrealized and realized (gains)/losses on investments	(37,557)	(59,007)
Change in net present value of annuities	591	103
Changes in operating assets and liabilities:		
Accounts receivable	(737)	(280)
Contributions receivable	4,073	5,312
Inventories and prepaid expenses	(275)	(227)
Accounts payable and accrued expenses	1,403	(6,343)
Deferred revenue and student deposits	843	608
 Net cash provided by (used in) operating activities	 <u>2,793</u>	 <u>(3,192)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long-term investments	317,665	204,366
Purchase of long-term investments	(315,452)	(196,336)
Mortgage loans made	(812)	(2,731)
Mortgage principal repaid	347	2,742
Student loans made	(586)	(417)
Student loans repaid	486	561
Purchase of property, plant and equipment	(16,826)	(10,060)
Short-term investment sales	2,520	1,744
Short-term investment purchases	(1,960)	(593)
Additions to deposits with bond trustees	(8,503)	(8,512)
Use of deposits with bond trustees	17,862	22,625
 Net cash (used in) provided by investing activities	 <u>(5,259)</u>	 <u>13,389</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted or designated for long-term investment	11,988	11,041
Repayment of debt	(4,065)	(3,010)

Bryn Mawr College  
Notes to the Financial Statements  
May 31, 2005

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 years was 1,210 students. Geographically, 39% of undergraduate students come from the Middle Atlantic region of the United States, 51% from states in other regions, and 10% from foreign countries. Bryn Mawr also has coeducational graduate schools of Arts and Sciences and of Social Work and Social Research. Graduate school enrollment headcount at the opening of the year was 445.

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 follow:

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. Such assets are included in the College's permanent endowment funds.

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 stipulations 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.

Investments

Investments in marketable securities are stated at quoted market values. The average cost of investment securities sold is used to determine the basis for computing realized gains or losses. Investments in mortgages are stated at unpaid principal balances. The majority of alternative investments are carried at estimated fair value provided by the management of the alternative investment partnerships or funds as of March 31, 2005 and 2004, as adjusted by cash receipts, cash disbursements, and securities distributions through May 31, 2005 and 2004. The College believes that the carrying amount of its alternative instruments is a reasonable estimate of fair value as of May 31, 2005 and 2004. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements using the equity method of accounting.

Unrealized and realized gains and losses are reported net of amounts appropriated for endowment spending in the statements of activities. The amount of gains so appropriated was \$12,413,492 in 2005 and \$14,353,435 in 2004.

Bryn Mawr College  
Notes to the Financial Statements,  
continued

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.

The policy allowed for a payout of 5.25% of the three-year average market value of the consolidated portfolio for fiscal year 2005 and 5.3% for fiscal year 2004.

Plant and Equipment

Plant assets are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of buildings (60 years); building systems, renovations and land improvements (20-25 years); information systems, equipment and furnishings (5-10 years); and books (20 years). 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 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, 2005.

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 \$25,000 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.

Bryn Mawr College  
Notes to the Financial Statements,  
continued

Fund Raising Expenses

Direct expenses for fund raising were \$2,802,315 in 2005 and \$2,800,265 in 2004.

Inventories

Inventories 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.

3. Contributions Receivable

Contributions receivable consisted of the following at May 31 (in thousands). The discount rates applied to new pledges was 5.5% and 4.5% at May 31, 2005 and 2004, respectively.

	2005	2004
Bequests	\$ 1,149	\$ 414
Contributions receivable in:		
Less than one year	4,369	8,840
One to five years	9,601	10,585
More than five years	475	825
	15,594	20,664
Less allowance for doubtful contributions	(2,485)	(481)
	13,109	20,183
Less discount to present value	(739)	(1,736)
	\$ 12,370	\$ 18,447

Currently the College has \$2,708,000 of conditional promises to give not included in the amounts above.

4. Deposits with Bond Trustees

Assets in the amount of \$2,170,154 at May 31, 2005 and \$11,528,537 at May 31, 2004 are short-term investments held by outside trustees. These assets are restricted under loan agreements for new construction.

5. Property, Plant and Equipment

At May 31 property, plant, and equipment consisted of the following (in thousands):

	2005	2004
Land and land improvements	\$ 9,294	\$ 5,260
Buildings and fixed equipment	196,399	191,072
Information systems	4,721	4,640
Equipment and library books	49,470	48,477
Fine arts and special collections	5,253	5,253
Construction-in-progress	7,678	1,348
	272,815	256,050
Accumulated depreciation	(88,315)	(80,155)
Net property, plant, and equipment	\$ 184,500	\$ 175,895

Depreciation expense was \$8,159,524 and \$7,342,051 at May 31, 2005 and 2004, respectively.

Bryn Mawr College  
Notes to the Financial Statements,  
Continued

6. 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.

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 a liability of \$5,414,852 at May 31, 2005 and \$4,823,763 at May 31, 2004 representing the present value of future cash payments to annuitants based on the annuitants' life expectancy.

The market value of the College's long-term investments at May 31 was (in thousands):

	2005	2004
Cash and temporary investments	\$ 47,565	\$ 11,519
Short-term cash held by managers	15,610	7,421
Bonds	100,651	118,157
U.S. equities	194,866	260,451
International equities	68,215	60,126
Venture capital and limited partnerships	77,039	15,320
Real estate	9,964	6,236
Faculty mortgages	5,495	5,029
Other	8,858	8,195
<b>Total</b>	<b>\$ 528,263</b>	<b>\$ 492,454</b>

In addition, the College is beneficiary of certain perpetual trusts held and administered by others. The present value of those trust assets is \$6,315,143 in 2005 and \$4,680,861 in 2004.

Long-term investment activity for 2005 and 2004 is as follows (in thousands):

	Endowment and similar funds	Gift annuities and trusts	2005 Total	2004 Total
Investments beginning of year	\$467,596	\$24,858	\$492,454	\$439,066
Contributions restricted by donor	5,276	1,287	6,563	8,771
Contributions designated for long-term investment	5,425	-	5,425	2,269
Maturities of annuities	-	(667)	(667)	(408)
	10,701	620	11,321	10,560
Investment returns net of expenses of \$1,729 in 2005 and \$965 in 2004				
Annuity and trust income	-	465	465	406
Investment dividends and interest	10,633	-	10,633	9,823
Realized gains/losses	41,995	1,014	43,009	29,242
Unrealized gains/losses	(6,231)	779	(5,452)	32,186
	46,397	2,258	48,655	71,657
Endowment spending payout	(22,752)		(22,752)	(23,778)
Payout returned to long-term investments	49		49	49
Payments to annuitants and trust expenses	-	(1,037)	(1,037)	(941)
Repayment of loan	(2,000)	-	(2,000)	-
Other increases/decreases	1,573	-	1,573	(4,160)
	(23,130)	(1,037)	(24,167)	(28,829)
<b>Investments end of year</b>	<b>\$501,564</b>	<b>\$26,699</b>	<b>\$528,263</b>	<b>\$492,454</b>

Bryn Mawr College  
Notes to the Financial Statements,  
continued

The market value of the College's short-term investments at May 31 was (in thousands):

	2005	2004
Short-term corporate fixed income	\$ 4,924	\$ 4,370
Short-term government fixed income	17,967	17,987
Municipal bonds	5,035	3,949
Equities	245	78
<b>Total</b>	<b>\$ 28,171</b>	<b>\$ 26,384</b>

7. Long-term Debt

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

	2005	2004
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2002	\$ 41,514	\$ 41,726
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 1999	15,002	14,982
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 1997	23,986	25,629
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 1995	-	339
The Pew Charitable Trusts	6,500	8,500
<b>Total</b>	<b>87,002</b>	<b>91,176</b>
Current maturities of long-term debt	3,765	4,024
<b>Long-term debt</b>	<b>\$ 83,237</b>	<b>\$ 87,152</b>

The College is obligated to the Pennsylvania Higher Educational Facilities Authority and to others under indentures relating to the College Revenue Bonds, Series 2002, issued at a par value of \$40,030,000, of which \$40,030,000 plus unamortized premium of \$1,484,073 remains outstanding at May 31, 2005. These bonds have interest rates ranging from 4.00% to 5.25%. The debt matures in varying amounts through December 2012.

The College is obligated to the Pennsylvania Higher Educational Facilities Authority and to others under indentures relating to the College Revenue Bonds, Series 1999, issued at a par value of \$17,175,000, of which \$15,490,000 less unamortized discount of \$487,843 remains outstanding at May 31, 2005. These bonds have interest rates ranging from 4.125% to 5.125%. The debt matures in varying amounts through December 2029.

The College is also obligated to the Pennsylvania Higher Educational Facilities Authority and to others under indentures relating to the College Revenue Bonds, Series 1997, issued at a par value of \$44,335,000 during fiscal year 1997. At May 31, 2005, \$24,910,000 remains outstanding, less unamortized discount of \$923,991. The trust indenture requires that a Sinking Fund account be funded on December 1, 2008, in the amount of \$2,045,000 with an additional deposit on December 1, 2009, in the amount of \$2,160,000 for retirement of the principal amounts due December 1, 2009. These bonds have interest rates ranging from 4.40% to 5.625%. The debt matures in varying amounts through December 2027.

Bryn Mawr College  
Notes to the Financial Statements,  
continued

The College was also obligated to the Pennsylvania Higher Educational Facilities Authority and to others under indentures relating to the College Revenue Bonds, Series 1995, issued at a par value of \$8,665,000, of which \$0 remains outstanding at May 31, 2005.

The Series 2000, Series 1999 and Series 1997 bonds are collateralized by an interest in, and lien on, the College's Unrestricted Revenues. In addition, the College is subject to certain restrictions related to additional indebtedness, and the maintenance of various financial ratios.

The aggregate amount of principal payments required on all bond issues through May 31, 2010 is as follows: in 2006 - \$1,765,000; in 2007 - \$1,400,000; in 2008 - \$1,470,000; in 2009 - \$1,540,000; and in 2010 - \$1,625,000.

During fiscal year 2000 the College received a non-interest bearing loan in the amount of \$8,500,000 from The Pew Charitable Trusts. Income earned from the investments is to be used for operations. The imputed interest on the loan is treated as gift income and interest expense in the Statement of Activities. During the fiscal year the first repayment of the proceeds was made. The repayment schedule for the outstanding loan amount is:

Fiscal Year 2006	\$2,000,000
Fiscal Year 2007	\$2,000,000
Fiscal Year 2008	\$2,500,000

8. Net Assets

Net assets at May 31, 2005, consisted of the following (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS
Current funds:				
Unrestricted	\$ 1,506	\$ -	\$ -	\$ 1,506
Temporarily restricted	-	21,016	-	21,016
Loan funds:	432	1,182	-	1,614
Endowment and similar funds:				
Pure endowment	-	166,109	134,394	300,503
Quasi-endowment	170,292	26,392	-	196,684
Term endowment	-	869	-	869
Annuities and trusts	-	7,557	20,042	27,599
Plant funds:				
Unexpended designated	7,228	-	-	7,228
Unexpended unrestricted	16,365	-	-	16,365
Capital projects	-	2,581	-	2,581
Net investment in plant	119,363	-	-	119,363
<b>TOTALS</b>	<b>\$ 315,186</b>	<b>\$225,706</b>	<b>\$154,436</b>	<b>\$695,328</b>

Bryn Mawr College  
Notes to the Financial Statements,  
continued

Net assets at May 31, 2004, consisted of the following (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS
<u>Current funds:</u>				
Unrestricted	\$ 1,153	\$ -	\$ -	\$ 1,153
Temporarily restricted	-	24,121	-	24,121
Loan funds:	492	1,154	-	1,646
<u>Endowment and similar funds:</u>				
Pure endowment	-	149,892	131,394	281,286
Quasi-endowment	158,264	25,103	-	183,367
Term endowment	-	1,245	-	1,245
Annuities and trusts	-	4,558	17,878	22,436
<u>Plant funds:</u>				
Unexpended designated	18,673	-	-	18,673
Unexpended unrestricted	8,828	-	-	8,828
Restricted	-	1,039	-	1,039
Net investment in plant	111,288	-	-	111,288
<b>TOTALS</b>	<b>\$ 298,698</b>	<b>\$207,112</b>	<b>\$149,272</b>	<b>\$655,082</b>

9. 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 \$3,160,643 in 2005 and \$3,268,136 in 2004.

10. Expenses by Natural Classifications

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

	2005	2004
Salaries and wages	\$ 35,025	\$ 36,291
Benefits	10,396	9,853
Scholarships and fellowships	1,637	2,073
Services and contracting	12,074	17,945
Supplies and minor equipment	3,847	3,678
Travel and entertainment	2,031	1,094
Auxiliaries' cost of goods sold	2,561	2,627
Utilities	2,734	2,419
Insurance	824	765
Depreciation	8,159	7,342
Interest	4,091	4,360
<b>Total</b>	<b>\$ 83,379</b>	<b>\$ 88,447</b>

11. Commitments and Contingencies

Certain of the College's investments in partnerships involve future cash commitments which total approximately \$64 million at May 31, 2005.

The College has outstanding construction contracts totaling approximately \$6,891,315. Completion of these projects is estimated to extend through September 2006.

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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.

12. 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 \$86,900,323 at May 31, 2005. 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.

The fair value of the loan from The Pew Charitable Trusts at May 31, 2005, is \$6,354,189.

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.