

Bryn Mawr College
Financial Statements
May 31, 2023 and 2022

Bryn Mawr College
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May 31, 2023 and 2022

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Report of Independent Auditors

To the Board of Trustees of Bryn Mawr College:

Opinion

We have audited the accompanying financial statements of Bryn Mawr College (the “College”), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities, changes in net assets and cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of May 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for one year after the date the financial statements are issued.

Auditors’ Responsibilities for the Audit of the Financial Statements

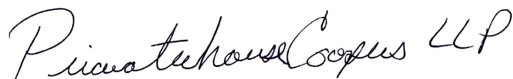
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Philadelphia, Pennsylvania
October 9, 2023

Bryn Mawr College
Statements of Financial Position
May 31, 2023 and 2022

<i>(in thousands)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 62,437	\$ 95,087
Short term investments	66,192	25,625
Accounts receivable (less allowance of \$231 in 2023 and \$287 in 2022)	4,460	3,835
Other current assets	1,534	1,535
Contributions receivable (less allowance of \$4 in 2023 and \$11 in 2022)	12,555	13,959
Student loans receivable (less allowance of \$1,605 in 2023 and \$1,683 in 2022)	1,867	2,058
Deposits with trustees of debt obligations	2,080	2,392
Plant and equipment, net of accumulated depreciation	199,533	199,533
Long term investments	1,182,036	1,246,127
Total assets	<u>\$ 1,532,695</u>	<u>\$ 1,590,151</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 2,201	\$ 3,100
Accrued expenses	9,528	9,002
Student deposits	2,208	2,185
Deferred revenue	1,959	2,261
Annuity obligations	6,039	6,853
Debt	115,413	119,061
Other long-term liabilities	4,707	4,772
Advances from US government for student loans	101	241
Total liabilities	<u>142,155</u>	<u>147,475</u>
Net assets		
Without donor restrictions	693,076	710,083
With donor restrictions	697,464	732,592
Total net assets	<u>1,390,540</u>	<u>1,442,675</u>
Total liabilities and net assets	<u>\$ 1,532,695</u>	<u>\$ 1,590,151</u>

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

Bryn Mawr College
Statements of Activities
Years Ended May 31, 2023 and 2022

<i>(with comparative totals for 2022, in thousands)</i>	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Operating revenues and other support				
Tuition and fees, net of discount of \$44,308	\$ 51,068	\$ -	\$ 51,068	\$ 49,264
Private contributions	6,508	3,212	9,720	8,922
Government grants	4,273		4,273	7,257
Endowment payout under spending formula	25,976	25,763	51,740	48,609
Other	4,460		4,460	4,042
Auxiliary enterprises, net of discount of \$2,365	23,529		23,529	21,500
Interest income on cash and short-term investments	4,514		4,514	1,598
Releases from restriction	29,449	(29,449)	-	-
Total operating revenues and other support	<u>149,778</u>	<u>(475)</u>	<u>149,303</u>	<u>141,192</u>
Operating expenses				
Education	84,703		84,703	80,865
Research	2,371		2,371	1,908
Public service	1,439		1,439	1,179
Institutional support	24,998		24,998	22,728
Auxiliary enterprises	18,905		18,905	17,600
Total operating expenses	<u>132,417</u>	<u>-</u>	<u>132,417</u>	<u>124,280</u>
Net changes from operations and other support	<u>17,361</u>	<u>(475)</u>	<u>16,887</u>	<u>16,912</u>
Nonoperating items				
Private contributions	1,452	13,451	14,903	11,562
Actuarial changes, interest and payments	(245)	(35)	(281)	(1,573)
Releases from restriction	538	(538)	-	-
Other	725	-	725	(968)
Realized and unrealized gains (losses) on investments, net of \$53,197 appropriated for endowment spending payout	<u>(36,838)</u>	<u>(47,531)</u>	<u>(84,370)</u>	<u>1,898</u>
Net changes from nonoperating activities	<u>(34,369)</u>	<u>(34,654)</u>	<u>(69,022)</u>	<u>10,918</u>
Change in net assets	<u>(17,007)</u>	<u>(35,128)</u>	<u>(52,136)</u>	<u>27,831</u>
Net assets at				
Beginning of year	<u>710,083</u>	<u>732,592</u>	<u>1,442,675</u>	<u>1,414,845</u>
End of year	<u>\$ 693,076</u>	<u>\$ 697,464</u>	<u>\$ 1,390,540</u>	<u>\$ 1,442,675</u>

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

Bryn Mawr College
Statements of Cash Flows
Years Ended May 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (52,136)	\$ 27,831
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	13,500	13,037
Amortization	(363)	(585)
Loss on disposal of equipment	85	1,440
Provision for losses on accounts/loans receivable	(99)	(165)
Contributions restricted/designated for long-term investment	(14,152)	(13,413)
Net realized and unrealized (gains) losses on investments	30,239	(54,242)
Change in net present value of annuities	(814)	386
Change in asset retirement obligation	76	160
Change in finance lease liability	6	372
Changes in operating assets and liabilities		
Accounts receivable, inventory and prepaid expenses	(567)	1,987
Accounts payable, accruals, deferred revenue and deposits	(321)	766
Operating lease liability	(76)	1,092
Contributions receivable	1,410	5,778
Net cash used in operating activities	<u>(23,212)</u>	<u>(15,556)</u>
Cash flows from investing activities		
Proceeds from sale of investments	305,522	409,618
Purchase of long-term investments	(309,985)	(367,630)
Payments on student loans and employee mortgages	1,010	1,335
Student loans and employee mortgages advanced	(600)	(554)
Purchase of property, plant and equipment	(13,917)	(22,637)
Decrease (increase) in deposits held by trustees of debt obligations	312	4,705
Net cash provided by investing activities	<u>(17,658)</u>	<u>24,837</u>
Cash flows from financing activities		
Contributions restricted or designated for long-term investment	14,152	13,413
Proceeds from long-term borrowing	12,040	-
Debt issuance costs/premium	-	-
Repayment of debt	(15,325)	(3,175)
Payments on finance lease liability	(72)	(49)
Government advance for loans	(141)	(174)
Net cash provided by financing activities	<u>10,654</u>	<u>10,015</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(30,216)	19,296
Cash, cash equivalents, and restricted cash		
Beginning of year	<u>103,547</u>	<u>84,251</u>
End of year	<u>\$ 73,331</u>	<u>\$ 103,547</u>
Supplemental disclosures		
Noncash gifts-in-kind	\$ 318	\$ 42
Contributed securities	3,427	4,917
Interest paid	5,127	4,926
Construction related payables	293	625

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

Bryn Mawr College

Notes to Financial Statements

May 31, 2023 and 2022

1. Organization

Bryn Mawr College (the College) is a not-for-profit private institution of higher education founded in 1885 and located in Bryn Mawr, Pennsylvania on an historic and picturesque suburban campus close to Philadelphia which encompasses over 45 buildings across approximately 112 acres.

The College offers a residential experience for its approximately 1,350 undergraduate women and an expansive liberal arts curriculum covering the natural sciences, social sciences and the humanities. Bryn Mawr College was the first women's college to offer graduate education through the Ph.D., defying the limitations imposed on women's intellectual achievement at other institutions of the time. The College continues its support of master and doctoral programs via its Graduate School of Arts and Sciences and its Graduate School of Social Work and Social Research. All graduate programs are coeducational and, including its post-baccalaureate premedical program, approximately 350 students are enrolled.

Students come to Bryn Mawr in search of academic excellence and an education that enables them to turn their passion for learning into a life of purpose

2. Summary of Significant Accounting Policies

Basis of Presentation

The College's financial statements have been prepared on an accrual basis and in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Net assets are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

- With donor restrictions: Net assets subject to donor-imposed stipulations include current spendable contributions (non-endowment) with donor-imposed restrictions, endowment, capital, and planned contributions, and realized and unrealized gains and losses on the endowment.
- Without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Trustees ("Quasi Endowment") or may otherwise be limited by contractual agreements with outside parties.

Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statements of Activities as releases from restriction.

Measure of Operations

The College's measure of operations as presented in the Statement of Activities includes operating revenue from student tuition and fees (net of financial aid), private contributions, government grants, endowment payout under spending formula, auxiliary (net of financial aid), interest, and other. The Statement of Activities presents operating expenses by their functional classification. Additionally, operating expenses are presented by natural and functional classifications in footnote 10 "Expenses by Nature and Function."

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Nonoperating activity presented on the Statement of Activities is comprised of private contributions (endowment and capital gifts), realized and unrealized gains and losses on investments (net of funds appropriated for endowment spending payout), actuarial changes related to split interest agreement funds, interest and payments related to the College's endowment and trusts, and other.

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.

Cash and Cash Equivalents

Investments with a maturity of three months or less at the time of purchase are reported as cash equivalents. The College has elected to classify cash equivalents included within short-term investments and long-term investments on the Statements of Financial Position as an investment and, therefore, does not include these within the Statement of Cash Flows.

Reconciliation between cash, cash equivalents, and restricted cash on the Statements of Cash Flows and Statements of Financial Position as of May 31 is as follows

	2023	2022
Statements of financial position		
Cash and cash equivalents	\$ 62,437	\$ 95,087
Cash included in long term investments	<u>10,898</u>	<u>8,460</u>
Statements of Cash Flow total cash, cash equivalents, and restricted cash*	<u>\$ 73,335</u>	<u>\$ 103,547</u>

* The College does not have restricted cash balances.

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.

Fair Value of Financial Instruments

Certain College investments and other financial instruments are reported at fair value and other investments are reported using the practical expedient by reporting the fair value using the net asset value (NAV). Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Investments are then classified and disclosed in one of the following categories based on the lowest level input that is significant to the fair value measurement in its entirety:

Level I Quoted prices in active markets for identical assets or liabilities, at the reporting date, without adjustment. Market price is data generally obtained from relevant exchange or dealer markets.

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- 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.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The College considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the College's perceived risk of that instrument.

Assets and liabilities are disclosed in the Notes to Financial Statements within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. The College's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy.

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or net asset value (NAV) provided to ensure conformity with US Generally Accepted Accounting Principles (GAAP). The College has assessed factors including, but not limited to, managers' compliance with the Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem NAV at the measurement date and existence of certain redemption restrictions at the measurement date.

Cash and Equivalents

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

Short-Term Investments

Short-term investments include cash equivalents and fixed income mutual funds with maturities between three and twelve months. These short-term investments are valued using observable market data to the degree that they can be valued based on quoted market prices in active markets.

Equity Funds

Equity investments consist of separate accounts, daily traded mutual funds, commingled funds and limited partnerships. Securities held in separate accounts and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets with no valuation adjustment applied. Commingled funds and limited partnership interests are valued at NAV.

Real Assets

Real assets primarily represent real estate, commodity and energy related interests held through limited partnerships. The fund managers invest primarily in private investments for which there is no readily determinable market value. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparable or some other method. These investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

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Private Equity

Investments in private equity are in the form of limited partnership interests. The fund managers invest primarily in private investments for which there is no readily determinable market value. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparable or some other method. These limited partnership investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

Hedge Funds

Investments in hedge funds, also known as marketable alternatives, represent multi-strategy, global and US equity interests. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparable or some other method. These investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

Trust and Split Interest Agreements

Split interest agreements represent a variety of funds including pooled growth, pooled income, charitable gift annuity, charitable remainder unitrust and annuity trusts and income trusts. Where the College is trustee, liabilities associated with third party interests are reported on the Statement of Financial Position at fair value. Discount rates range between 3-6%. The College is the beneficiary of Trusts held by others. These are income trusts where the College will receive income payments in perpetuity or a defined term as defined in the trust. Beneficial interest in perpetual trusts represent resources neither in the possession of nor under the control of the College, but held and administered by outside fiscal agents, with the College deriving income from such funds. The trusts are recorded at their respective fair values which are reported periodically to the College by the outside fiscal agent.

Mortgages

The College's Mortgage Loan program is currently available to faculty who meet certain eligibility requirements and permits long-term monthly amortizing first mortgage loans of up to 85% of the appraised value (subject to a cap) for homes which are within a specified distance of campus. Mortgages are to be paid off in full within six months of termination of employment for any reason. The interest rate on such mortgage loans is locked for the term of the mortgage using the long-term monthly Applicable Federal Rate published by the Internal Revenue Service. Mortgage payments are by payroll deduction. Currently, there are no associated allowances for the receivables held under this program. The College has limited the number of faculty mortgages it issues to five during each calendar year.

Student Loan Receivables

Student loan receivables are reported net of allowances for doubtful loans whose adequacy is assessed regularly. The allowance provisions are intended to provide for loans that may not be collected. 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.

Endowment Investment and Spending Policies and Objectives

The College's endowment is comprised of approximately 1,500 individual funds established for a variety of reasons, including donor restrictions as well as funds designated by the Board to function as endowments (i.e., the quasi-endowment). Bryn Mawr's investment policy objective is to maintain (or increase) in perpetuity the inflation-adjusted purchasing power of its assets net of spending over the long-term, specifically to achieve CPI-U + 4.5%. To meet this objective, the endowment must assume investment risk. This risk must consist predominantly of owning appreciating, equity or equity-linked assets, which are subject to market volatility over shorter time periods.

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In determining the annual spending amount, Bryn Mawr College's policy uses a constant growth factor in combination with incremental spending from new gifts and a market-value-based collar. The spending amount for a given fiscal year is calculated using a 4.5% increase over the prior fiscal year's spending amount plus 5% of new gifts that were received in the most recently closed fiscal year. The draw amount is then tested against the set collar: a floor or minimum draw amount of 4.5% of the trailing three-year average of the fiscal year-end market values and a ceiling or maximum draw amount of 5.5% of the same trailing three-year average of the fiscal year-end market values.

Commonwealth of Pennsylvania law (Act 141) permits the College to allocate to income each year a portion of endowment net realized gains. In accordance with the law, the College spends between 2% and 7% of the fair market value of the endowment funds, averaged over a period of three or more preceding years.

New Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard update replaces the incurred loss impairment methodology for recognizing credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This standards update is effective for fiscal years beginning after December 15, 2022. The College does not expect that adoption of this standard will have a material impact on the financial statements beginning in Fiscal Year 2024.

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from LIBOR (London Interbank Offered Rate) and other interbank offered rates to alternative reference rates. The College transitioned the reference rate on its lines of credit to Secured Overnight Financing Rate (SOFR).

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard updates financial statements presentations and disclosure requirements for non-for-profit entities that receive contributed nonfinancial assets (e.g., fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets). This standards update is effective for fiscal years beginning after June 15, 2021. The College adopted this pronouncement in fiscal year ending May 31, 2023, and it did not have a material effect of 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: building shell (60 years); building systems, renovations and land improvements (20-25 years); information systems, equipment and furnishings (5-10 years); and library 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 the sale or retirement of plant assets are recorded in the year of disposition.

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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.

Deferred Revenue

Student revenue is recognized net of institutional scholarships in the fiscal year in which the academic programs are delivered. 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.

Deposit With Trustees of Debt Obligations

Deposits with the trustee associated with the College's debt obligations are invested in cash, money market and various government securities according to the requirements established by the associated bond agreements.

Fund Raising Expenses

Direct expenses for fundraising were \$4,687 in 2023 and \$4,611 in 2022.

Leases

The College determines if an arrangement is or contains a lease at inception of the contract and if a lease is identified analyzes the agreement to determine whether it should be classified as a finance lease or an operating lease. For operating leases, right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. For finance leases, the College initially records the assets and lease liabilities at the present value of the future minimum lease payments. The College uses its incremental borrowing rate in effect at the commencement date of the lease agreement in determining the present value of lease payments. The College elects to apply the short-term lease recognition and measurement exemption for all leases with terms of 12 months or less.

Tax Status

The College has been granted tax-exempt status as a nonprofit organization under Section 501(c) (3) of the Internal Revenue Code, and accordingly, files annually federal tax Form 990 (Return of Organization Exempt from Income Tax). The College also files federal tax Form 990-T (Exempt Organizations Business Income Tax Return). The College monitors and evaluates its activities for unrelated business income.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act impacts the College in several ways, including an excise tax on net investment income, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. The College has used the published federal guidance to estimate the tax liability that the Act has created for the years ending with May 31, 2023 and May 31, 2022.

Other Assets

Other assets include prepaid expenses and inventory which is valued at the lower of cost or market.

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3. Contributions Receivable

Contributions receivable consisted of the following at May 31. The discount rates applied to new pledges was 4.0% and 4.0% at May 31, 2023 and 2022, respectively.

	2023	2022
Contributions receivable in		
Less than one year	\$ 842	\$ 2,784
One to five years	11,892	12,094
More than five years	1,479	700
	<u>14,214</u>	<u>15,578</u>
Less: Allowance for doubtful contributions	(4)	(11)
Less: Discount to present value	<u>(1,654)</u>	<u>(1,608)</u>
Contributions receivable	<u>\$ 12,555</u>	<u>\$ 13,959</u>

Conditional contributions including bequest intentions are not recognized as assets and if received, are recorded as revenue in the period the condition is met. The College has certain federal, state, and private awards which are considered conditional grants. These grants are considered conditional due to the need to first spend the awarded funds on qualifying expenses and the right of return that exists for unexpended funds. The College had conditional contributions from grant awards for which the conditions have not been met of \$4,462 at May 31, 2023 and \$7,525 at May 31, 2022.

4. Property, Plant and Equipment

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

	2023	2022
Land and land improvements	\$ 8,869	\$ 8,606
Buildings and fixed equipment	362,097	356,727
Information systems	6,743	6,713
Equipment and library books	55,394	53,817
Fine arts and special collections	6,193	5,875
Lease right of use asset	1,231	1,388
Construction in progress	16,477	10,812
	<u>457,004</u>	<u>443,938</u>
Accumulated depreciation	<u>(257,471)</u>	<u>(244,405)</u>
Net property, plant, and equipment	<u>\$ 199,533</u>	<u>\$ 199,533</u>

Depreciation expense was \$13,500 and \$13,037 at May 31, 2023 and 2022, respectively.

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5. Long Term 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 similar purposes as endowment funds; however, quasi-endowment funds may be expended in their entirety at the discretion of the Board.

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 of \$6,039 at May 31, 2023 and \$6,853 at May 31, 2022 representing gift annuities payable and pooled income fund liabilities.

Long-term investments include outstanding balances on residential mortgages held for eligible employees. The outstanding balances amounted to \$5,049 and \$5,234 as of May 31, 2023 and 2022, respectively. The mortgage portfolio's 3.0% weighted average interest rate approximates the market rates, and the assets are fully collateralized with a zero deficiency and default rate. Also included is a receivable balance related to a sale of investments of \$3 and \$390 as of May 31, 2023 and 2022, respectively.

In accordance with *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share or Its Equivalent* (ASU 2015-07), certain investments that are measured at fair value using the net asset value per share or its equivalent (NAV) as a practical expedient for fair value have been excluded from fair value hierarchy and reported separately.

A summary of investments, measured at fair value in accordance with the *Fair Value Measurement* standard on a recurring basis, as of May 31, 2023 and 2022, is as follows:

	2023				
	Level I	Level II	Level III	NAV	Total (000)
Endowment					
Cash	\$ 10,898	\$ -	\$ -	\$ -	\$ 10,898
Diversifiers				109,001	109,001
Equity long-short				74,003	74,003
Fixed income				76,981	76,981
Private equity				536,521	536,521
Public equity	37,990	191		296,199	334,380
Total endowment	48,888	191	-	1,092,705	1,141,784
Trusts	10,048		25,153		35,201
Residential mortgages		5,049			5,049
Subtotal long term investments	58,936	5,240	25,153	1,092,705	1,182,034
Short term investments	66,192				66,192
Total investments	\$ 125,128	\$ 5,240	\$ 25,153	\$ 1,092,705	\$ 1,248,226

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	2022				Total (000)
	Level I	Level II	Level III	NAV	
Endowment					
Cash	\$ 34,526	\$ -	\$ -	\$ -	\$ 34,526
Diversifiers				72,556	72,556
Equity long-short				54,110	54,110
Fixed income				71,728	71,728
Private equity				618,783	618,783
Public equity	<u>39,986</u>	<u>218</u>		<u>309,241</u>	<u>349,445</u>
Total endowment	74,512	218	-	1,126,418	1,201,148
Trusts	12,301		27,444		39,745
Residential mortgages		<u>5,234</u>			<u>5,234</u>
Subtotal long term investments	86,813	5,452	27,444	1,126,418	1,246,127
Short term investments	<u>25,625</u>				<u>25,625</u>
Total investments	<u>\$ 112,438</u>	<u>\$ 5,452</u>	<u>\$ 27,444</u>	<u>\$ 1,126,418</u>	<u>\$ 1,271,752</u>

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

	Trusts
Balance at May 31, 2021	\$ 29,180
Purchases, sales and settlements	925
Net interest, dividends, fees	138
Net distributions	(415)
Net change in realized/unrealized gains (losses)	<u>(2,384)</u>
Balance at May 31, 2022	27,444
Purchases, sales and settlements	43
Net interest, dividends, fees	145
Net distributions	(418)
Net change in realized/unrealized gains (losses)	<u>(2,061)</u>
Balance at May 31, 2023	<u>\$ 25,153</u>

Transfers between leveled assets are based on the actual date of the event which caused the transfer. As of May 31, 2023 and 2022 there were no transfers between Levels I, II, or III.

Deposits with trustees of debt obligations of \$2,080 and \$2,392 as of May 31, 2023 and 2022, respectively, are considered Level I investments.

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Limitations and restrictions regarding redeeming or selling investments exist for some of the College's investments. Investments like publicly traded securities or certain mutual funds have no restrictions, and under normal circumstances cash can be realized on a daily basis without advance notice prior to withdrawal. Other investments have provision that limit redemptions by requiring notice periods (generally 30 to 180 days after initial lock-up periods), limiting the dates on which redemptions can take place, and/or releasing cash associated with redemption requests over multiple quarters. Private equity and nonmarketable real asset limited partnership interests are "illiquid" in that they are reliant on the disposition of portfolio positions and return of capital by the investment manager. Liquidity provisions of the College's investments as of May 31, 2023 and May 31, 2022 are as follows:

	2023							Greater Than One Year or Illiquid	Total (000)
	In Redemption/Liquidation	Daily	Weekly	Monthly	Quarterly	Semi-Annual	Annual		
Endowment									
Cash	\$ -	\$ 10,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,898
Diversifiers	2,922				28,915	15,274	35,357	26,532	109,001
Equity long-short	764			32,641	6,703		33,895		74,003
Fixed income		76,981							76,981
Private equity								536,521	536,521
Public equity		37,990	97,515	94,126			104,749		334,381
Total endowment	3,687	125,870	97,515	126,767	35,618	15,274	174,001	563,053	1,141,785
Trusts								35,202	35,202
Residential mortgages								5,049	5,049
Subtotal long term investments	3,687	125,870	97,515	126,767	35,618	15,274	174,001	603,304	1,182,036
Short term investments		66,192							66,192
Total investments	\$ 3,687	\$ 192,062	\$ 97,515	\$ 126,767	\$ 35,618	\$ 15,274	\$ 174,001	\$ 603,304	\$ 1,248,228

	2022							Greater Than One Year or Illiquid	Total (000)
	In Redemption/Liquidation	Daily	Weekly	Monthly	Quarterly	Semi-Annual	Annual		
Endowment									
Cash	\$ -	\$ 34,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,526
Diversifiers	4,417				17,598		35,577	14,964	72,556
Equity long-short	1,142				6,749		15,626	30,593	54,110
Fixed income		71,728							71,728
Private equity	25,792							592,991	618,783
Public equity		39,986	98,101	122,312			46,923	42,123	349,445
Total endowment	31,351	146,240	98,101	122,312	24,347	-	98,126	680,671	1,201,148
Trusts								39,745	39,745
Residential mortgages								5,234	5,234
Subtotal long term investments	31,351	146,240	98,101	122,312	24,347	-	98,126	725,650	1,246,127
Short term investments		25,625							25,625
Total investments	\$ 31,351	\$ 171,865	\$ 98,101	\$ 122,312	\$ 24,347	\$ -	\$ 98,126	\$ 725,650	\$ 1,271,752

Investment activity for 2023 and 2022 is as follows:

	Endowment and Similar Funds	Gift Annuities and Trusts	Trusts Held by Others	2023	2022
Investments at beginning of year	\$ 1,201,148	\$ 30,645	\$ 9,099	\$ 1,240,893	\$ 1,224,352
Contributions restricted by donor	9,475	200	217	9,893	12,580
Contributions designated for long-term investment	4,259			4,259	832
Payout returned to long-term investment					
Other increases	8,829			8,829	2,939
	<u>1,223,711</u>	<u>30,845</u>	<u>9,316</u>	<u>1,263,874</u>	<u>1,240,703</u>
Investment returns net of expenses of \$15,309 in 2023 and \$13,040 in 2022					
Investment dividends and interest	(1,457)			(1,457)	(901)
Realized/unrealized gains (losses)	(28,729)	(1,881)	(571)	(31,181)	51,388
	(30,186)	(1,881)	(571)	(32,638)	50,487
Endowment spending payout	(51,740)			(51,740)	(48,609)
	(81,926)	(1,881)	(571)	(84,378)	1,878
Annuity and trust income		286		286	269
Payments to annuitants and trust expenses		(1,380)		(1,380)	(1,456)
Maturities of annuities		(1,413)		(1,413)	(501)
Investments at end of year	<u>\$ 1,141,785</u>	<u>\$ 26,457</u>	<u>\$ 8,745</u>	<u>\$ 1,176,989</u>	<u>\$ 1,240,893</u>

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6. Debt

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

	Maturity Date	Coupon Rates	2023	2022
Pennsylvania Higher Educational Facilities Authority				
College Revenue Bonds, Series 2019	12/1/2049	3.0-5.0%	\$ 27,649	\$ 27,752
College Revenue Bonds, Series 2014	12/1/2044	3.5-5.0%	47,463	49,025
College Revenue Bonds, Series 2012A	12/1/2022	4.0%	-	13,100
College Revenue Bonds, Series 2010	12/1/2029	3.5-5.0%	6,864	7,711
Montgomery County Industrial Development Authority				
College Revenue Bonds, Series 2017	12/1/2037	3.25-5.0%	21,398	21,473
Taxable Bank Loan	12/1/2032	variable rate	12,040	-
			<u>\$ 115,414</u>	<u>\$ 119,061</u>

Principal payments on long-term debt are as follows:

	Taxable Loan	Series 2019	Series 2017	Series 2014	Series 2010	Total
2024	\$ 950	\$ 240	\$ -	\$ 1,455	\$ 870	\$ 3,515
2025	1,000	255	-	1,525	900	3,680
2026	1,050	275	-	1,600	930	3,855
2027	1,105	295	-	1,680	965	4,045
2028	1,165	300	-	1,765	1,005	4,235
Thereafter	6,770	23,500	20,335	35,725	2,145	88,475
Total principal payments						107,805
Net bond premiums, discount, and issuance costs						7,609
Total outstanding debt						<u>\$ 115,414</u>

The long-term debt includes several tax-exempt bond issues, which were all issued to fund capital projects or refinance/defease prior bond issues. All of the bonds bear interest at fixed rates that were determined on their original sale date. Interest is payable semi-annually. The bonds were issued by the Pennsylvania Higher Educational Facilities Authority or by the Montgomery County Industrial Development Authority, as noted on the schedule above, pursuant to indentures with bond trustees. The proceeds were loaned to the College via loan agreements. For the purpose of securing the payments to Series 2010, 2012A and 2014 bondholders, the College pledged its unrestricted revenues, as defined in those agreements. In addition, under the terms of the agreements, the College is required to comply with various financial covenants. The College was in compliance with such covenants as of May 31, 2023 and May 31, 2022. The Series 2017 and Series 2019 bonds are not secured by a pledge of revenues or any other asset of the College; they are a general obligation of the College.

In May 2010, the College issued the Series 2010 bonds primarily to currently refinance the Series 1999 bond issue.

In November 2012, the College issued the Series 2012A bonds primarily to currently refinance the remainder of the Series 2002 bond issue. Approximately \$5,000 of proceeds was used for the construction, improvement, renovation, and equipping of various College facilities. These bonds fully matured on December 1, 2022.

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In July 2014, the College issued the Series 2014 bonds to refinance a portion of the Series 2012 bond issue and to fund various construction, improvement, renovation and equipping projects expected to include the renovation and expansion of a student residential facility and the

College's primary science facility. The Series 2014 Bonds legally defeased \$21,780 of the outstanding Series 2012 Bonds.

In June 2017, the College issued the Series 2017 bonds primarily to currently refinance the Series 2007 bond issue.

In September 2019, the College issued Series 2019 bonds to currently refund all outstanding Series 2010A Bonds. In addition, the Series 2019 Bonds provided approximately \$9,000 to fund a portion of the costs of planned improvements to the College's facilities.

In addition to the bonds, the College also has an outstanding bank loan that was entered into on October 3, 2022. The proceeds of that loan, together with existing resources of the College, were used to retire the Series 2012A bonds upon their final maturity date of December 1, 2022. Interest on the loan is payable monthly; the interest rate is variable and is based on the one-month Secured Overnight Financing Rate (SOFR). Principal is scheduled to be repaid annually through December 1, 2032 in accordance with an amortization schedule agreed to by the College and the bank.

7. Net Assets

Net assets at May 31, 2023 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Current funds	\$ 48,462	\$ 24,504	\$ 72,966
Loan funds	538	593	1,131
Endowment and similar funds			-
True endowment		617,897	617,897
Quasi-endowment	504,020		504,020
Other endowment		25,722	25,722
Term endowment		2,180	2,180
Annuities and trusts	2,683	26,479	29,162
Plant funds			-
Unexpended plant	57,958		57,958
Capital projects		89	89
Net investment in plant	79,413		79,413
	<u>\$ 693,074</u>	<u>\$ 697,464</u>	<u>1,390,538</u>

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Net assets at May 31, 2022 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Current funds	\$ 47,916	\$ 27,474	\$ 75,390
Loan funds	538	431	969
Endowment and similar funds			-
True endowment		648,749	648,749
Quasi-endowment	534,276		534,276
Other endowment		23,075	23,075
Term endowment		2,330	2,330
Annuities and trusts	3,927	28,965	32,892
Plant funds			-
Unexpended plant	47,724		47,724
Capital projects		1,568	1,568
Net investment in plant	75,702		75,702
	<u>\$ 710,083</u>	<u>\$ 732,592</u>	<u>\$ 1,442,675</u>

True endowment net asset consisted of the following as of May 31:

	2023	2022
Corpus	\$ 303,449	\$ 290,508
Gains	314,448	358,241
	<u>\$ 617,897</u>	<u>\$ 648,749</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at May 31, 2022	<u>\$ 534,276</u>	<u>\$ 674,154</u>	<u>\$ 1,208,430</u>
Investment return			
Investment income	(654)	(803)	(1,457)
Net realized and unrealized	(9,789)	(18,941)	(28,730)
Total investment return	<u>(10,443)</u>	<u>(19,744)</u>	<u>(30,187)</u>
New gifts	1,452	13,033	14,485
Appropriation of endowment assets for spending	(25,976)	(25,763)	(51,739)
Transfers	4,711	4,118	8,829
Net assets at May 31, 2023	<u>\$ 504,020</u>	<u>\$ 645,799</u>	<u>\$ 1,149,819</u>

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	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at May 31, 2021	<u>\$ 530,613</u>	<u>\$ 661,052</u>	<u>\$ 1,191,665</u>
Investment return			
Investment income	(720)	(181)	(901)
Net realized and unrealized	<u>27,717</u>	<u>26,673</u>	<u>54,390</u>
Total investment return	<u>26,997</u>	<u>26,492</u>	<u>53,489</u>
New gifts	750	8,194	8,944
Appropriation of endowment assets for spending	(24,576)	(24,033)	(48,609)
Transfers	<u>492</u>	<u>2,449</u>	<u>2,941</u>
Net assets at May 31, 2022	<u>\$ 534,276</u>	<u>\$ 674,154</u>	<u>\$ 1,208,430</u>

As of May 31, 2023, there were 27 donor-restricted endowment funds for which the fair value of assets was less than the level required by donor stipulations. These endowment funds had a total original gift value of \$8,645, current fair value of \$8,056, and a deficiency of \$590.

As of May 31, 2022, there were 18 donor-restricted endowment funds for which the fair value of assets was less than the level required by donor stipulations. These endowment funds had a total original gift value of \$4,063, current fair value of \$3,797, and a deficiency of \$266.

8. Employee Retirement Benefits

Eligible faculty, administration, and staff are provided retirement benefits under the College's defined contribution retirement program administered by Transamerica Retirement Solutions and the Teachers Insurance and Annuity Association of America (TIAA). The participants' contributions, which are permitted but not required, are fully vested, and the College funds its contributions to the plan on an ongoing basis. There are no unfunded benefits. The College's expense for the program was \$5,298 in 2023 and \$5,104 in 2022.

9. Commitments and Contingencies

Certain of the College's long-term investments involve future cash commitments which total approximately \$200,329 at May 31, 2023. The College anticipates meeting these commitments with endowment cash and cash equivalents described in footnote 5 and liquidity received from long-term investments. Should the need arise, these resources will be augmented with liquid resources described in footnote 12.

The College has outstanding construction contracts totaling approximately \$21,120. Completion of these projects is estimated to extend through Summer 2025.

The College is involved in various legal actions that arise during the ordinary course of its operations. While the final outcome of these matters 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.

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10. Expenses by Nature and Function

The statements of activities present expenses by functional classification. The College also summarizes its expenses by natural classification.

Expenses related to operation and maintenance of plant include facilities operations and annual maintenance, utilities, depreciation, amortization, and interest expense for long-term debt. Interest expense for long-term debt is allocated to functional categories based on use of campus facilities funded through proceeds of outstanding debt. All other operation and maintenance of plant expenses are allocated to functional categories based on building square footage.

Expenses were incurred in the following categories for the year ended May 31, 2023:

	Operating Expenses					Nonoperating Expenses	Total Expenses
	Education	Research	Public Service	Institutional Support	Auxiliary Enterprises		
Salaries and wages	\$ 40,344	\$ 716	\$ 897	\$ 12,076	\$ 4,677	\$ 2,124	\$ 60,834
Benefits	12,483	166	257	6,759	1,567	322	21,554
Program expenses	21,198	1,489	143	4,458	6,871	13,430	47,589
Depreciation	7,640	-	143	1,346	4,371	-	13,500
Interest	3,038	-	-	359	1,419	-	4,816
Total expenses	<u>\$ 84,703</u>	<u>\$ 2,371</u>	<u>\$ 1,440</u>	<u>\$ 24,998</u>	<u>\$ 18,905</u>	<u>\$ 15,876</u>	<u>\$ 148,293</u>

Expenses were incurred in the following categories for the year ended May 31, 2022:

	Operating Expenses					Nonoperating Expenses	Total Expenses
	Education	Research	Public Service	Institutional Support	Auxiliary Enterprises		
Salaries and wages	\$ 38,878	\$ 507	\$ 825	\$ 11,198	\$ 4,414	\$ 1,719	\$ 57,541
Benefits	12,206	124	255	5,229	1,631	276	19,721
Program expenses	19,954	1,277	57	4,379	5,455	12,887	44,009
Depreciation	6,760	-	42	1,562	4,673	-	13,037
Interest	3,067	-	-	360	1,427	-	4,854
Total expenses	<u>\$ 80,865</u>	<u>\$ 1,908</u>	<u>\$ 1,179</u>	<u>\$ 22,728</u>	<u>\$ 17,600</u>	<u>\$ 14,882</u>	<u>\$ 139,162</u>

11. Line of Credit

The College has access to lines of credit with two banks, with varying terms, through which a total of \$50,000 may be borrowed. One line of credit commitment is currently scheduled to expire on November 30, 2024, and the other on February 1, 2024. As of May 31, 2023, and May 31, 2022 there was no outstanding balance on either line of credit.

12. Liquidity

The College closely monitors liquidity and availability of resources required to meet its operating needs and contractual commitments. All expenses of the College's mission-related and support activities are considered in the analysis of resources available to meet the general expenditures over a 12-month period.

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The following financial assets were available for expenditure within one year as of May 31:

	2023	2022
Cash and cash equivalents	\$ 62,437	\$ 95,087
Short term investments	66,192	25,625
Accounts receivable	4,460	3,835
One year or less contribution receivable	1,573	4,290
Endowment draw for operations	<u>54,755</u>	<u>51,740</u>
	<u>\$ 189,417</u>	<u>\$ 180,577</u>

In addition to these financial assets, the College has two revolving lines of credit (footnote 11) with available credit that totaled \$50,000 as of May 31, 2023.

A portion of College's assets were designated by the Board of Trustees to function as endowments. Such assets totaled \$504,020 at May 31, 2023 and \$534,276 at May 31, 2022. These funds are invested for long-term appreciation and current income but remain available, subject to liquidity terms described in footnote 5, and may be spent at the discretion of the Board.

The College operates with a balanced budget that anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

13. Leases

The College leases limited property and equipment under the terms of financing and operating leases.

The components of lease expense for the years ended May 31, 2023 and May 31, 2022 were:

	2023	2022
Finance lease expense		
Amortization of right of use asset	\$ 76	\$ 53
Interest on lease obligation	12	10
Operating lease expense	124	79
Short-term lease expense	<u>479</u>	<u>583</u>
Total lease expenses	<u>\$ 691</u>	<u>\$ 725</u>

Lease payments for existing contracts extend through 2033 and are as follows:

	Operating	Finance	Total
2024	\$ 92	\$ 84	\$ 176
2025	116	84	200
2026	129	82	211
2027	133	26	159
2028	136	-	136
Thereafter	<u>629</u>	<u>-</u>	<u>629</u>
Total lease payments	<u>\$ 1,235</u>	<u>\$ 276</u>	<u>\$ 1,511</u>

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14. Related Parties

The Alumnae Association of Bryn Mawr College is separately incorporated 501(c)(3) organization with a mission to support alumnae as they continue to transform throughout their lives, connect them to the College and Bryn Mawr community, and enlist their talents and encourage their generosity in support of the College.

15. Subsequent Events

The College evaluated subsequent events after the balance sheet date of May 31, 2023 through its issuance date of October 9, 2023.

The College is not aware of any subsequent events that would require recognition or disclosure.