

Bryn Mawr College

Financial Statements

May 31, 2015 and 2014

Bryn Mawr College
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May 31, 2015 and 2014

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Independent Auditor's Report

To the Trustees of Bryn Mawr College:

We have audited the accompanying financial statements of Bryn Mawr College. The financial statements comprise the statements of financial position as of May 31, 2015 and 2014, and the related statements of activities and of cash flows for the years then ended.

Management's Responsibility

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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bryn Mawr College as of May 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



October 5, 2015

Bryn Mawr College
Statement of Financial Position
Years Ended May 31, 2015 and 2014
(in thousands)

	<u>May 2015</u>	<u>May 2014</u>
Assets:		
Cash	\$ 15,847	\$ 10,820
Short-term investments	5,062	5,271
Accounts receivable (less allowance of \$234 in 2015 & \$278 in 2014)	5,290	6,188
Other assets	2,052	895
Contributions receivable (less allowance of \$45 in 2015 & \$862 in 2014)	8,051	6,758
Student loans receivable (less allowance of \$1,336 in 2015 & \$909 in 2014)	3,090	3,160
Deposits with trustees of debt obligations	21,922	1,700
Plant and equipment, net of accumulated depreciation	195,938	193,854
Long term investments	908,934	881,448
	<hr/>	<hr/>
Total assets	<u>\$ 1,166,186</u>	<u>\$ 1,110,094</u>
 Total Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 5,106	\$ 3,360
Accrued expenses	5,482	5,276
Student deposits	2,310	2,155
Deferred revenue	2,670	2,250
Annuity obligations	7,869	7,952
Debt	136,725	106,502
Other long-term liabilities	2,454	2,417
Advances from US government for student loans	1,579	1,778
	<hr/>	<hr/>
Total Liabilities	<u>164,195</u>	<u>131,690</u>
 Net Assets:		
Unrestricted	481,757	483,813
Temporarily restricted	268,278	272,853
Permanently restricted	251,956	221,738
	<hr/>	<hr/>
Total net assets	<u>1,001,991</u>	<u>978,404</u>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,166,186</u>	<u>\$ 1,110,094</u>

Bryn Mawr College
Statements of Activities
As of May 31, 2015
(with comparative totals for 2014, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Operating revenues:					
Tuition and fees, net of discount of \$31,469 in 2015 and \$31,005 in 2014	\$ 40,431			\$ 40,431	\$ 39,037
Private contributions	5,063	2,528		7,591	9,348
Government grants	7,863			7,863	9,560
Endowment payout under spending formula	18,223	18,966		37,189	34,760
Other	4,808			4,808	5,637
Auxiliary enterprises, net of discount of \$704 in 2015 and \$549 in 2014	20,332			20,332	20,292
Interest income on cash and short-term investments	1,248			1,248	1,046

Bryn Mawr College
Statements of Activities
As of May 31, 2014
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
Operating revenues:				
Tuition and fees, net of discount of \$31,005 in 2014 and \$31,403 in 2013	\$ 39,037			\$ 39,037
Private contributions	5,163	4,185		9,348
Government grants	9,560			9,560
Endowment payout under spending formula	17,545	17,215		34,760
Other	5,637			5,637
Auxiliary enterprises, net of discount of \$549 in 2014 and \$836 in 2013	20,292			20,292
Interest income on cash and short-term investments	1,046			1,046
Satisfaction of program restrictions	19,113	(19,113)		

Bryn Mawr College
Statements of Cash Flows
Years Ended May 31, 2015 and 2014
(in thousands)

For fiscal years ended May 31	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,587	\$ 94,144
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,560	9,965
Loss on disposal of equipment	3,645	662
Provision for losses/(benefits) on accounts/loans receivable	(435)	360
Contributions designated for long-term investment	(26,988)	(19,128)
Net realized and unrealized (gains)/ losses on investments	(26,398)	(96,960)
Change in net present value of annuities	(83)	(112)
Change in asset retirement obligation	36	10
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Bryn Mawr College
Notes to the Financial Statements
May 31, 2015
(Dollars in thousands)

1 Organization

Bryn Mawr College (the College) is a private institution of higher education founded in 1885 and located in Bryn Mawr, Pennsylvania on an historic and picturesque suburban campus less than ten miles from the downtown center of Philadelphia.

The Undergraduate College offers a four-year, residential experience to approximately 1,365 women representing 45 different states and 57 different countries with an expansive, customizable liberal arts curriculum of over 37 majors and 41

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. Both graduate schools are coeducational and their full-time equivalent enrollment was approximately 280 in academic year 2014-2015.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2015

(Dollars in thousands)

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

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 the endowment and similar funds are included in long-term investments.

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

The Col and other financial instruments are reported at fair value. 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:

- x 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.
- x 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.
- x 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

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(Dollars in thousands)

As a practical expedient, the College estimates the fair value of an investment in an investment company at the measurement date using the reported net asset value (NAV). Investments in private equity, real assets and certain hedge funds are generally valued based on the most current NAV adjusted for cash flows when the reported NAV is not at the measurement date. This amount represents fair value of these investments at May 31, 2015.

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 NAV provided to ensure conformity with US Generally Accepted Accounting Principles (GAAP). The College has

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 investments with maturities between three and twelve months. 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. The majority of these short-term investments are fixed income instruments.

Equity Funds

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(Dollars in thousands)

Hedge Funds

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Notes to the Financial Statements
May 31, 2015

(Dollars in thousands)

Fund Raising Expenses

Direct expenses for fundraising were \$4,207 in 2015 and \$4,195 in 2014.

Tax Status

The College has been granted tax-exempt status as a non-profit organization under Section 501(c) (3) of the Internal Revenue Code, and accordingly, files federal tax Form 990 (Return of Organization Exempt from Income Tax) annually. 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.

Other Assets

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

Reclassifications

Certain amounts in the prior year may have been reclassified to conform to the current year presentation.

3 Contributions Receivable

Contributions receivable consisted of the following at May 31. The discount rates applied to new pledges was 4.5% and 5.0% at May 31, 2015 and 2014, respectively.

Contributions receivable in:	2015	2014
Less than one year	\$ 990	\$ 2,098
One to five years	8,396	6,143
More than five years	25	5
	<hr/>	<hr/>
	9,411	8,246
Less allowance for doubtful contributions	(45)	(862)
	<hr/>	<hr/>
	9,366	7,384
Less discount to present value	(1,315)	(626)
	<hr/>	<hr/>
Contributions Receivable	<u>\$ 8,051</u>	<u>\$ 6,758</u>

Bryn Mawr College
Notes to the Financial Statements
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(Dollars in thousands)

4 Property, Plant and Equipment

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

	2015	2014
Land and land improvements	\$ 6,676	\$ 10,465
Buildings and fixed equipment	272,040	269,362
Information systems	4,847	4,847
Equipment and library books	48,362	47,042
Fine arts and special collections	5,455	5,455
Construction in progress	15,637	2,890
	<hr/> 353,017	<hr/> 340,061
Accumulated depreciation	(157,079)	(146,207)
	<hr/>	<hr/>
Net property, plant and equipment	<u>\$ 195,938</u>	<u>\$ 193,854</u>

Depreciation expense was \$11,314 and \$11,215 at May 31, 2015 and 2014, respectively.

5 Long Term Investments

Endowment and similar funds are classified as long-term 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, 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

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

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(Dollars in thousands)

Changes to the reported amounts of investments measured at fair value on a recurring basis listing Level III

Bryn Mawr College

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Endowment investment activity for 2015 and 2014 is as follows:

	Endowment & similar funds	Gift annuities and trusts	Trusts held by others	2015	2014
Investments at beginning of year	\$ 839,226	\$ 30,537	\$ 6,870	\$ 876,633	\$ 748,392
Contributions restricted by donor	23,591	810		24,401	6,009
Contributions designated for long term investment	2,587			2,587	13,119
Payout returned to long-term investments	477			477	440
Other increases	6,406			6,406	38,832
	<u>872,287</u>	<u>31,347</u>	<u>6,870</u>	<u>910,504</u>	<u>806,792</u>
Investment returns net of expenses of \$6,602 in 2015 and \$6,877 in 2014.					
Investment dividends and interest	6,961			6,961	11,715
Realized/Unrealized gains/losses	25,669	531	41	26,241	97,354
	<u>32,630</u>	<u>531</u>	<u>41</u>	<u>33,202</u>	<u>109,069</u>
Endowment spending payout	(37,189)			(37,189)	(34,760)
	<u>(4,559)</u>	<u>531</u>	<u>41</u>	<u>(3,987)</u>	<u>74,309</u>
Annuity and trust income		258		258	287
Payments to annuitants and trust expenses		(1,340)		(1,340)	(1,299)
Maturities of annuities		(1,111)		(1,111)	(3,456)
Investments at end of year	<u>\$ 867,728</u>	<u>\$ 29,685</u>	<u>\$ 6,911</u>	<u>\$ 904,324</u>	<u>\$ 876,633</u>

6 Debt

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

	Maturity Date	Coupon Rates	2015	2014
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2014	12/1/2044	3.0-5.0%	\$ 56,798	
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2012A	12/1/2022	4.0%	14,654	\$ 14,876
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2012	12/1/2017	3.0%	1,326	25,721
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2010A	12/1/2019	4.0-5.0%	28,285	29,580
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2010	12/1/2029	3.0-5.0%	12,820	13,452
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2007	12/1/2037	5.0%	22,842	22,873
			<u>\$ 136,725</u>	<u>\$ 106,502</u>

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Derivative Activity

In 2006, the College entered into two swap agreements by which the College and counterparty exchanged payments based on variable interest rates. The swaps were originally associated with the 1997 Bonds (subsequently refunded by the 2007 Bonds) and its 1999 Bonds (subsequently refunded by the 2010 Bonds). The payments paid by the College were based on a tax-exempt variable rate index while the amounts the College received from the counterparty were based on a taxable

Bryn Mawr College
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7 Net Assets

Net assets at May 31, 2015 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current funds:	\$ (19,877)	\$ 11,754		\$ (8,123)
Loan funds:	538	382		920
Endowment and similar funds:				

During 2014 the College unitized \$34,933 of operating funds as an unrestricted quasi endowment. This joint decision of the Finance Committee and Investment Sub-Committee was made to invest these funds for the long-term. This change was reflected as a decrease in Cash and an increase in Long Term Investments in the Statement of Financial Position and a decrease in Unrestricted Current funds and an increase in Quasi endowment funds.

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(Dollars in thousands)

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, 2014	\$ 388,846	\$ 252,882	\$ 201,249	\$ 842,977
Investment return:				
Investment income	3,410	3,546		6,956
Net appreciation (depreciation) (realized and unrealized)	12,576	13,080	14	25,670
Total investment return	15,986	16,626	14	32,626
New gifts	2,529	17	24,970	27,516
Appropriation of endowment assets for spending	(18,229)	(18,959)		(37,188)
Transfers	994	345	5,548	6,887
Net assets, May 31, 2015	\$ 390,126	\$ 250,911	\$ 231,781	\$ 872,818
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, May 31, 2013	\$ 308,590	\$ 211,964	\$ 193,967	\$ 714,521
Investment return:				
Investment income	5,164	6,550		

The aggregate amount of all donor-related endowment funds for which the fair value of assets at May 31 is less than the level required by donor stipulations was \$69 in 2015 and \$0 in 2014.

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Notes to the Financial Statements
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(Dollars in thousands)

11 Line of Credit

The College has access to lines of credit with two banks, with varying terms, through which it can borrow approximately \$30,000 or \$15,000 from each bank. One line of credit commitment is currently scheduled to expire on November 30, 2015 and the other on February 1, 2018. As of May 31, 2015 and May 31, 2014 there was no outstanding balance on either line of credit.

12 Subsequent Events

The College evaluated subsequent events after the balance sheet date of May 31, 2015 through its distribution date of October 5, 2015. No subsequent events were noted during this period.