

Bryn Mawr College

Financial Statements

May 31, 2014 and 2013

Bryn Mawr College
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May 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees
Bryn Mawr College

We have audited the accompanying financial statements of Bryn Mawr College, which comprise the statements of financial position as of May 31, 2014 and 2013, and the related statements of activities and of cash flows for the years then ended.

Management's Responsibility 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; 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 our presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, we consider the internal control system that management has in place to prevent or detect misstatements. 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 at May 31, 2014 and 2013, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

September 22, 2014

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

		May 2014		May 2013
Assets:				
	Cash	\$ 10,820	\$	35,372
	Short-term investments	5,271		6,882
	Accounts receivable (less allowance of			

Bryn Mawr College
Statements of Activities
As of May 31, 2014

(with comparative totals for 2013, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
Operating revenues:					
Tuition and fees, net of discount of \$31,005 in 2014 and \$31,403 in 2013	\$ 39,037			\$ 39,037	\$ 36,427
Private contributions	5,163	4,185		9,348	9,589
Government grants	9,560			9,560	7,997
Endowment payout under spending formula	17,545	17,215		34,760	33,800
Other	5,637			5,637	4,261
Auxiliary enterprises, net of discount of \$549 in 2014 and \$836 in 2013	20,292			20,292	20,380
Interest income on cash and short-term investments	1,046			1,046	1,930
Satisfaction of program restrictions	19,113	(19,113)		-	-
Total operating revenues	117,393	2,287	-	119,680	114,384
Operating expenses:					
Instruction	45,018			45,018	42,237
Research	1,883			1,883	2,228
Public service	2,014			2,014	1,977
Academic support	15,050			15,050	15,514
Student services	11,339			11,339	11,014
Institutional support	22,471			22,471	22,612
Scholarships and fellowships	3,626			3,626	3,833
Auxiliary enterprises	15,903			15,903	16,391
Total operating expenses	117,304	-	-	117,304	115,806
Net changes from operations	89	2,287	-	2,376	(1,422)
Non-operating items:					
Private contributions	13,559	338	4,629	18,526	18,964
Actuarial changes, interest and payments	(593)	(140)	(167)	(900)	(1,272)
Net assets whose restrictions have changed	1,187	(1,080)	(107)	-	-
Other	(167)			(167)	2,483
Net changes from non-operating activities	32,848	40,445	1,016	74,309	57,130
Change in net assets	46,923	41,850	5,371	94,144	75,883
Net assets at beginning of year	\$ 436,890	\$ 231,003	\$ 216,367	\$ 884,260	\$ 808,377
Net assets at end of year	\$ 483,813	\$ 272,853	\$ 221,738	\$ 978,404	\$ 884,260

See accompanying notes to the ee

Bryn Mawr College
Statements of Activities
As of May 31, 2013

(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
Operating revenues:				
Tuition and fees, net of discount of \$31,403	\$ 36,427			\$ 36,427
Private contributions	5,404	4,185		9,589
Government grants	7,997			7,997
Endowment payout under spending formula	17,817	15,983		33,800
Other	4,261			4,261
Auxiliary enterprises, net of discount of \$836	20,380			20,380
Interest income on cash and short-term investments	1,930			1,930
Satisfaction of program restrictions	18,455	(18,455)		-
Total operating revenues	112,671	1,713	-	114,384
Operating expenses:				
Instruction	42,237			42,237
Research	2,228			2,228
Public service	1,977			1,977
Academic support	15,514			15,514
Student services	11,014			11,014
Institutional support	22,612			22,612
Scholarships and fellowships	3,833			3,833
Auxiliary enterprises	16,391			16,391
Total operating expenses	115,806	-	-	115,806
Net changes from operations	(3,135)	1,713	-	(1,422)
Non-operating items:				
Private contributions	4,369	159	14,436	18,964
Actuarial changes, interest and payments	(824)	(212)	(236)	(1,272)
Net assets whose restrictions have changed	1,052	(3,976)	2,924	-
Other	(1,436)		3,919	2,483
Realized and unrealized gains (losses) on investments, net of \$20,726 appropriated for endowment spending payout	24,897	30,831	1,402	57,130
Net changes from non-operating activities	28,058	26,802	22,445	77,305
Change in net assets	24,923	28,515	22,445	75,883
Net assets at beginning of year	\$ 411,967	\$ 202,488	\$ 193,922	\$ 808,377
Net assets at end of year	\$ 436,890	\$ 231,003	\$ 216,367	\$ 884,260

See accompanying notes to the financial statements

Bryn Mawr College
Notes to the Financial Statements
May 31, 2014

Bryn Mawr College
Notes to the Financial Statements
May 31, 2014
(Dollars in thousands)

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(Dollars in thousands)

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. During fiscal year 2013 Haffner Residence Hall was deemed partially impaired. \$640 of the remaining value was written down in 2013. The building will be extensively renovated, and there will be a significant addition, during fiscal years 2014, 2015 and 2016.

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.

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.

Deposit with Trustees of Debt Obligations

Deposits with trustees of 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 \$4,195 in 2014 and \$4,551 in 2013.

Income Tax

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 federal tax Form 990 (Return of Organization Exempt from Income Tax) annually. The College also files federal tax Form 990 (Return of Organizations Business Income Tax Return). No adjustments to raising funds

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Notes to the Financial Statements
May 31, 2014
(Dollars in thousands)

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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:

	2014	2013
Land and land improvements	\$ 10,465	\$ 9,791
Buildings and fixed equipment	269,362	270,496
Information systems	4,847	3,834
Equipment and library books	47,042	45,558
Fine arts and special collections	5,455	5,455
Construction in progress	2,890	1,066
	340,061	336,200

Depreciation expense was \$11,215 and \$10,862 at May 31, 2014 and 2013, respectively.

5 Investments

Endowment and similar funds are classified as 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.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2014
(Dollars in thousands)

A summary of investments, measured at fair value in accordance with the Fair Value Measurements standard on a recurring basis, as of May 31, 2014 and 2013 is as follows:

Assets:

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Notes to the Financial Statements
May 31, 2014

(Dollars in thousands)

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

Liquidity of Assets	Value
1 to 7 days	
Cash & cash equivalents	\$ 26,324
Equity (domestic)	65,221
Real Assets	6,419
Fixed income (domestic)	74,602
	\$ 172,566
Between 1 week and 1 month	
Equity	
Domestic	7,662
International	154,228
Fixed income	5,272
	\$ 167,162
1 to 3 months	
Equity - International	8,867
Hedge Funds	
Global Equity (long/short)	3,890
Multi-Strategy	24,522
US Equity (long/short and event driven)	40,901
Real Assets	-
	\$ 78,180
6 months to 1 year	
Hedge Funds	
Global Equity (long/short)	14,989
Multi-Strategy	45,695
US Equity (long/short and event driven)	34,774
Real Assets	1,036
	\$ 96,494
Long-Term greater than 1year	
Hedge Funds	
Global Equity (long/short)	15,507
Multi-Strategy	11,642
US Equity (long/short and event driven)	17,232
Real Assets	129,051
Private Equity	156,663
Trusts	37,407
	\$ 367,502
TOTAL	\$ 881,904

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(Dollars in thousands)

Principal payments on long-term debt are as follows:

	Series 2012A	Series 2012	Series 2010A	Series 2010	Series 2007	Total
2015		\$ 645	\$ 945	\$ 625		\$ 2,215
2016		670	985	640		2,295
2017		695	1,020	670		2,385
2018		21,780	1,065	695		23,540
2019			1,105	715		1,820
Thereafter	13,100		22,360	9,995	22,170	67,625
Total principal payments						\$ 99,880
Net bond premium and discounts						6,622
Total outstanding debt						\$ 106,502

Under the terms of its various debt documents, the College is required to comply with various financial covenants. The College was in compliance with such covenants as of May 31, 2014 and May 31, 2013.

Hedging Activity

In conjunction with the interest rate swap, the College adopted the Statement of Financial Accounting Standard on Accounting for Derivative Instruments and Hedging Activities as amended.

Swap Agreement

On May 29 2014, the College terminated two basis swaps related to the Series 1997 and Series 1999 Bonds. The realized losses of \$381 for fiscal year 2014 are included in Other Operating Income in the Statement of Activities. As of May 31, 2014 there are no remaining swap agreements.

In December 2010, UBS exercised a swap option and put the College into a swap pursuant to which the College was required to pay a fixed rate of 5.104% to UBS and received from UBS a variable rate EDVHG RQ WKH 6 HFXULWLHV , QGXVWU\ DQG nicipal Swap Index 0 D U N H plus 26 basis points on certain notional principal amounts related to the 1999 Bonds.

The basis swaps provided for the College to exchange variable rate payments in amounts and for time SHULRG V WLHG WR WKH & R nicipal Swap Index by the 2007 Bonds) and 1999 Bonds X H (subsequently refunded by the 2010 Bonds). The variable rate payments paid by the College were based on a tax-exempt index. The basis swaps exposed the College to basis risk based on the future relationship between the tax-exempt index paid by the College and the taxable index paid by UBS.

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