Bryn Mawr College

Financial Statements
May 31, 2016 and 2015

Bryn Mawr College
Index
May 31, 2016 and 2015

Report of Independent Auditors

To the Trustees of Bryn Mawr College:

We have audited the accompanying financial statements of Bryn Mawr College (the "College"), which comprise the statements of financial position as of May 31, 2016 and 2015, 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.

Auditors' 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 College's 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 College's 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, 2016 and 2015, 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.

PricewaterhouseCoopers LLP

October 31, 2016

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Bryn Mawr College
Statements of Financial Position
May 31, 2016 and 2015
(in thousands)

	May 2016	May 2015
Assets:		
Cash	$ 23,358	$ 15,847
Short-term investments	5,105	5,062
Accounts receivable (less allowance of $365 in 2016 & $234 in 2015)	5,179	5,290
Other assets	2,375	2,052
Contributions receivable (less allowance of $2 in 2016 & $45 in 2015)	8,224	8,051
Student loans receivable (less allowance of $1,455 in 2016 & $1,336 in 2015)	3,305	3,090
Deposits with trustees of debt obligations	15,234	21,922
Plant and equipment, net of accumulated depreciation	194,919	195,938
Long term investments	841,946	908,934
Total assets	$ 1,099,645	$ 1,166,186
Total Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 3,624	$ 5,106
Accrued expenses	6,446	5,482
Student deposits	2,151	2,310
Deferred revenue	2,429	2,670
Annuity obligations	7,096	7,869
Debt	133,663	136,725
Other long-term liabilities	2,575	2,454
Advances from US government for student loans	1,656	1,579
Total Liabilities	159,640	164,195
Net Assets:		
Unrestricted	452,257	481,757
Temporarily restricted	231,228	268,278
Permanently restricted	256,520	251,956
Total net assets	940,005	1,001,991
Total Liabilities and Net Assets	$ 1,099,645	$ 1,166,186

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

Bryn Mawr College
Statements of Activities
Year Ended May 31, 2016
(with comparative totals for 2015, in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
Operating revenues:					
Tuition and fees, net of discount of $32,375	$ 41,515	$ -	$ -	$ 41,515	$ 40,431
Private gifts and grants	5,817	5,093		10,910	7,591
Government grants	8,140			8,140	7,863
Endowment payout under spending formula	19,249	20,730		39,979	37,189
Other	4,692			4,692	4,808
Auxiliary enterprises, net of discount of $899	22,282			22,282	20,332
Interest income on cash and short-term investments	1,148			1,148	1,248
Satisfaction of program restrictions	23,053	(23,053)		-	-
Total operating revenues	125,896	2,770	-	128,666	119,462
Operating expenses:					
Instruction	44,259			44,259	43,642
Research	3,561			3,561	2,490
Public service	1,929			1,929	1,902
Academic support	16,403			16,403	16,058
Student services	12,687			12,687	12,735
Institutional support	21,916			21,916	20,614
Scholarships and fellowships	4,167			4,167	4,124
Auxiliary enterprises	17,266			17,266	16,301
Total operating expenses	122,188	-	-	122,188	117,866
Net changes from operations	3,708	2,770	-	6,478	1,596
Non-operating items:					
Private contributions	407	1,135	5,947	7,489	28,327
Actuarial changes, interest and payments	(286)	44	(55)	(297)	(999)
Net assets whose restrictions have changed	1,038	(991)	(47)	-	-
Other	(1,329)			(1,329)	(1,350)
Realized and unrealized gains (losses) on investments, net of $40,353 appropriated for endowment spending payout	(33,038)	(40,008)	(1,281)	(74,327)	(3,987)
Net changes from non-operating activities	(33,208)	(39,820)	4,564	(68,464)	21,991
Change in net assets	(29,500)	(37,050)	4,564	(61,986)	23,587
Net assets at beginning of year	481,757	268,278	251,956	1,001,991	978,404
Net assets at end of year	$ 452,257	$ 231,228	$ 256,520	$ 940,005	$ 1,001,991

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

Bryn Mawr College
Statements of Activities
Year Ended May 31, 2015
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
Operating revenues:				
Tuition and fees, net of discount of $31,469	$ 40,431	$ -	$ -	$ 40,431
Private gifts and grants	5,063	2,528		7,591
Government grants	7,863			7,863
Endowment payout under spending formula	18,223	18,966		37,189
Other	4,808			4,808
Auxiliary enterprises, net of discount of $704	20,332			20,332
Interest income on cash and short-term investments	1,248			1,248
Satisfaction of program restrictions	22,016	(22,016)		-
Total operating revenues	119,984	(522)	-	119,462
Operating expenses:				
Instruction	43,642			43,642
Research	2,490			2,490
Public service	1,902			1,902
Academic support	16,058			16,058
Student services	12,735			12,735
Institutional support	20,614			20,614
Scholarships and fellowships	4,124			4,124
Auxiliary enterprises	16,301			16,301
Total operating expenses	117,866	-	-	117,866
Net changes from operations	2,118	(522)	-	1,596
Non-operating items:				
Private contributions	2,681	226	25,420	28,327
Actuarial changes, interest and payments	(596)	(92)	(311)	(999)
Net assets whose restrictions have changed	(2,945)	(1,955)	4,900	-
Other	(1,350)			(1,350)
Realized and unrealized gains (losses) on investments, net of $30,211 appropriated for endowment spending payout	(1,964)	(2,232)	209	(3,987)
Net changes from non-operating activities	(4,174)	(4,053)	30,218	21,991
Change in net assets	(2,056)	(4,575)	30,218	23,587
Net assets at beginning of year	483,813	272,853	221,738	978,404
Net assets at end of year	$ 481,757	$ 268,278	$ 251,956	$ 1,001,991

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

Bryn Mawr College
Statements of Cash Flows
Years Ended May 31, 2016 and 2015
(in thousands)

For fiscal years ended May 31	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (61,986)	$ 23,587
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,359	8,560
Loss on disposal of equipment	905	3,645
Provision for losses/(benefits) on accounts/loans receivable	207	(435)
Contributions designated for long-term investment	(6,500)	(26,988)
Net realized and unrealized (gains)/ losses on investments	34,262	(26,398)
Change in net present value of annuities	(773)	(83)
Change in asset retirement obligation	121	36
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(343)	(215)
Increase/(decrease) in accounts payable, accruals, deferred revenue and student deposits	(918)	2,527
Decrease/(increase) in contributions receivable	(130)	(476)
Net cash used in operating activities	(23,796)	(16,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	227,373	232,429
Purchase of long-term investments	(194,540)	(233,512)
Payments on student loans and employee mortgages	1,184	1,222
Student loans and employee mortgages advanced	(1,668)	(1,373)
Purchase of property, plant and equipment	(12,012)	(17,046)
Decrease/(increase) in deposits held by trustees of debt obligations	6,688	(20,222)
Net cash provided by (used in) investing activities	27,025	(38,502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions designated for long-term investment	6,500	26,988
Proceeds from long-term borrowing, Par	-	51,670
Debt issue premium, net of discount and issue costs	-	5,305
Repayment of debt	(2,295)	(23,995)
Increase/(decrease) in government advance for loans	77	(199)
Net cash provided by financing activities	4,282	59,769
Net increase/(decrease) in cash and cash equivalents	7,511	5,027
Cash and cash equivalents at beginning of year	15,847	10,820
Cash and cash equivalents at end of year	$ 23,358	$ 15,847
Supplemental data for financing activities:		
Non-cash gifts-in-kind	$ 166	$ 47
Interest paid	5,724	4,873
Construction related payables	418	1,346

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

Bryn Mawr College
Notes to the Financial Statements
May 31, 2016
(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 1,409 women representing 50 different states, districts & territories and 57 different countries with an expansive, customizable liberal arts curriculum of over 37 majors and 41 minors. Bryn Mawr 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. Both graduate schools are coeducational and their full-time equivalent enrollment was approximately 232 in academic year 2015-2016.

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 unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

> Permanently restricted: Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. These donor-imposed restrictions neither expire by the passage of time nor can they be otherwise removed by the College. Generally, the donors of these assets permit the College to spend all or part of the investment return of these assets.
>
> Temporarily restricted: Net assets whose use by the College is subject to donor-imposed restrictions that can be fulfilled by actions of the College in compliance with those restrictions or by the passage of time. Realized and unrealized gains and losses on the permanently restricted endowment and current spendable contributions (non-endowment) 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 ("Quasi Endowment") or may otherwise be limited by contractual agreements with outside parties.

Expenses are reported as decreases in unrestricted net assets. Expirations or changes in donor-imposed stipulations are reported as satisfaction of program restrictions and treated as reclassifications between the applicable classes of net assets.

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

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 College's investments 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:

- 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.
- 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 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 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

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 primarily invest 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 comparables or some other method. These investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

Private Equity

Investments in private equity are in the form of limited partnership interests. The fund managers primarily invest 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 comparables 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 comparables or some other method. These investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

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.

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.

Endowment Investment and Spending Policies and Objectives

The College's endowment is comprised of approximately 1,350 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 goal is primarily to maintain the purchasing power of the endowment and secondarily, to increase the portion of the College's operating budget that comes from endowment over time. The College utilizes a highly diversified investment portfolio to reduce the risk and increase the return over a full market cycle.

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

On June 1, 2015, Bryn Mawr College early adopted new guidance about *Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate New Asset Value per Share (or Its Equivalent)*. This guidance requires Bryn Mawr to show investments that use net asset value (NAV) as a practical expedient for valuation purposes, separately from other investments categorized in the fair value hierarchy described in Footnote 5. Removing investments measured using the practical expedient from the fair value hierarchy is intended to eliminate the diversity in practice that currently exists with respect to the categorization of these investments.

This disclosure change, which was applied retrospectively, can be seen in the investments leveling tables shown in Footnote 5 for both fiscal years 2016 and 2015.

On June 1, 2015, Bryn Mawr College early adopted new guidance about Financial Instruments-Overall: Recognition and Measurements of Financial Assets and Financial Liabilities. This new guidance eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for reporting organizations that are not public business entities. The College is now no longer required to disclose the fair value of the bonds payable.

In May 2014, the FASB issued a standard of Revenue from Contracts with Customers. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. Management is evaluating the impact this will have on the financial statements beginning in Fiscal Year 2019.

In February 2016, the FASB issued a standard on Leases. This standard requires lessees to recognize assets and liabilities for the rights and obligations created by leases with terms in excess of 12 months. The recognition, measurement and presentation of expenses and cash flows arising from a lease will primarily depend on its classification as a finance or operating lease. The accounting by lessors remains largely unchanged. This standard is effective for fiscal years beginning after December 15, 2018. Management is evaluating the impact this will have on the financial statements beginning in Fiscal Year 2020.

In August 2016, the FASB issued a standard on the Presentation of Financial Statements of Not-for-Profit Entities. The new guidance requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantor, creditors and other users. The standard is effective for fiscal years beginning after December 15, 2017. College management is evaluating the impact this will have on the consolidated financial statements beginning in Fiscal Year 2019.

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.

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.

(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.

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

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 $4,528 in 2016 and $4,207 in 2015.

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 3.0% and 4.5% at May 31, 2016 and 2015, respectively.

Contributions receivable in:	**2016**	**2015**
Less than one year	$ 256	$ 990
One to five years	9,062	8,396
More than five years	-	25
	9,318	9,411
Less allowance for doubtful contributions	(2)	(45)
	9,316	9,366
Less discount to present value	(1,092)	(1,315)
Contributions Receivable	$ 8,224	$ 8,051

(Dollars in thousands)

4 Property, Plant and Equipment

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

		2016		2015
Land and land improvements	$	6,704	$	6,676
Buildings and fixed equipment		293,442		272,040
Information systems		5,129		4,847
Equipment and library books		49,050		48,362
Fine arts and special collections		5,455		5,455
Construction in progress		2,683		15,637
		362,463		353,017
Accumulated depreciation		(167,544)		(157,079)
Net property, plant and equipment	$	194,919	$	195,938

Depreciation expense was $12,123 and $11,314 at May 31, 2016 and 2015, respectively.

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 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 designated by the donor. Upon termination of an annuity, life income, or trust agreement the College's remainder interest in the assets is available for use by the College as restricted by the donor or designated by the Board of Trustees. The College has recorded an accrued liability and deferred revenue of $7,096 at May 31, 2016 and $7,869 at May 31, 2015 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 $4,760 and $4,610 as of May 31, 2016 and 2015, respectively. The portfolio's 4.5% 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 $19,292 and $0 as of May 31, 2016 and 2015, respectively.

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 categorized separately.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2016
(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, 2016 and 2015 is as follows:

	2016				
Assets:	**Level I**	**Level II**	**Level III**	**NAV**	**Total**
Endowment					
Cash and cash equivalents	$ 26,799	$ -	$ -	$ -	$ 26,799
Equity funds					
Domestic	141	66,345			66,486
Global		173,814			173,814
Fixed income funds (domestic)		60,527			60,527
Real assets		4,215		104,344	108,559
Private equity					
Buyout				13,842	13,842
Venture Capital				64,184	64,184
Other				87,769	87,769
Hedge Funds					
Global Equity (long/short)				25,104	25,104
Developed International				10,655	10,655
Multi-Strategy				137,713	137,713
US Equity (long/short and event driven)				28,446	28,446
Total Endowment	26,940	304,901	-	472,057	803,898
Trusts	10,802		22,486		33,288
Residential Mortgages		4,760			4,760
Subtotal Long Term Investments	37,742	309,661	22,486	472,057	841,946
Short Term Investments (Fixed Income)	138	4,967			5,105
Total Assets	$ 37,880	$ 314,628	$ 22,486	$ 472,057	$ 847,051

	2015				
Assets:	**Level I**	**Level II**	**Level III**	**NAV**	**Total**
Endowment					
Cash and cash equivalents	$ 29,918	$ -	$ -	$ -	$ 29,918
Equity funds					
Domestic	144	73,956			74,100
Global	23,814	168,239			192,053
Fixed income funds (domestic)		75,459			75,459
Real assets		5,019		108,718	113,737
Private equity					
Buyout				15,084	15,084
Venture Capital				62,633	62,633
Other				91,850	91,850
Hedge Funds					
Global Equity (long/short)				34,576	34,576
Multi-Strategy				82,576	82,576
US Equity (long/short and event driven)				95,742	95,742
Total Endowment	53,876	322,673	-	491,179	867,728
Trusts	12,554		24,042		36,596
Residential Mortgages		4,610			4,610
Subtotal Long Term Investments	66,430	327,283	24,042	491,179	908,934
Short Term Investments (Fixed Income)	56	5,006			5,062
Total Assets	$ 66,486	$ 332,289	$ 24,042	$ 491,179	$ 913,996

(Dollars in thousands)

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		Trusts
Balance, May 31, 2015	$ 24,042	Balance, May 31, 2014	$ 24,276
Purchases		Purchases	
Sales and settlements	106	Sales and settlements	(118)
Net Interest, dividends and fees	116	Net Interest, dividends and fees	121
Net Distributions	(328)	Net Distributions	(339)
Net change in realized/unrealized gains(losses)	(1,450)	Net change in realized/unrealized gains(losses)	102
Balance, May 31, 2016	$ 22,486	Balance, May 31, 2015	$ 24,042

Transfers between leveled assets are based on the actual date of the event which caused the transfer. As of May 31, 2016 and 2015 there were no transfers between Levels I, II, or III.

The realized and unrealized gains and losses of the Level III investments for fiscal years 2016 and 2015 are included in realized and unrealized gains (losses) on investments in the Non-operating section of the Statement of Activities. Realized and unrealized gains (losses) of $(1,450) and $102 are attributable to the trusts for 2016 and 2015 respectively.

Deposits with trustees of debt obligations of $15,234 and $21,922, as of May 31, 2016 and 2015, respectively, are considered Level II investments.

Liquidity risk is the risk that the College will not be able to meet its obligations due to restrictions on ability to redeem investments. The College has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that limit its ability to initiate redemptions due to notice periods, lock-ups, side-pocket investments and investment periods. Of the College's assets, 48%, or $407,313, are redeemable within 6 months; 56%, or $478,421, are redeemable within one year. The College closely monitors liquidity and has approximately $30,000 available in credit lines.

(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	$	26,799
Equity (domestic & international)		67,935
Real Assets		4,215
Fixed income (domestic)		5,104
		104,053
Between 1 week and 1 month		
Equity (domestic & international)		120,210
Fixed income (domestic)		60,527
Hedge Funds		
Developed International		10,545
Multi-Strategy		15,409
US Equity (long/short and event driven)		-
		206,691
1 to 3 months		
Equity (international)		52,155
		52,155
3 to 6 months		
Hedge Funds		
Global Equity (long/short)		10,047
Multi-Strategy		20,844
US Equity (long/short and event driven)		13,523
		44,414
6 months to 1 year		
Hedge Funds		
Global Equity (long/short)		1,244
Multi-Strategy		57,966
US Equity (long/short and event driven)		11,898
		71,108
Long-Term greater than 1 year		
Hedge Funds		
Global Equity (long/short)		13,813
Developed International		110
Multi-Strategy		43,495
US Equity (long/short and event driven)		3,025
Real Assets		104,344
Residential Mortgages		4,760
Private Equity		165,795
Trusts		33,288
		368,630
Total	$	847,051

(Dollars in thousands)

Endowment investment activity for 2016 and 2015 is as follows:

	Endowment & similar funds	Gift annuities and trusts	Trusts held by others	2016	2015
Investments at beginning of year	$ 867,728	$ 29,685	$ 6,911	$ 904,324	$ 876,633
Contributions restricted by donor	4,760	287		5,047	24,401
Contributions designated for long term investment	1,453			1,453	2,587
Payout returned to long-term investments	423			423	477
Other increases	2,001			2,001	6,406
	876,365	29,972	6,911	913,248	910,504
Investment returns net of expenses of $6,388 in 2016 and $6,602 in 2015.					
Investment dividends and interest	(364)			(364)	6,961
Realized/Unrealized gains/losses	(32,124)	(1,441)	(419)	(33,984)	26,241
	(32,488)	(1,441)	(419)	(34,348)	33,202
Endowment spending payout	(39,979)			(39,979)	(37,189)
	(72,467)	(1,441)	(419)	$ (74,327)	$ (3,987)
Annuity and trust income		240		240	258
Payments to annuitants and trust expenses		(1,311)		(1,311)	(1,340)
Maturities of annuities		(664)		(664)	(1,111)
Investments at end of year	$ 803,898	$ 26,796	$ 6,492	$ 837,186	$ 904,324

6 Debt

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

	Maturity Date	Coupon Rates	2016	2015
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2014	12/1/2044	3.0-5.0%	$ 56,621	$ 56,798
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2012A	12/1/2022	4.0%	14,432	14,654
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2012	12/1/2017	3.0%	675	1,326
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2010A	12/1/2019	4.0-5.0%	26,950	28,285
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2010	12/1/2029	3.0-5.0%	12,173	12,820
Pennsylvania Higher Educational Facilities Authority College Revenue Bonds, Series 2007	12/1/2037	5.0%	22,812	22,842
			$ 133,663	$ 136,725

(Dollars in thousands)

Principal payments on long-term debt are as follows:

	Series 2014	Series 2012A	Series 2012	Series 2010A	Series 2010	Series 2007	Total
2017	$ 520		$ 695	$ 1,020	$ 670		$ 2,905
2018	1,105			1,065	695		2,865
2019	1,145			1,105	715		2,965
2020	1,195			22,360	745		24,300
2021	1,250				780		2,030
Thereafter	46,455	13,100			8,470	22,170	90,195
Total principal payments							125,260
Net bond premium, discounts and issuance costs							8,403
Total outstanding debt							$ 133,663

The long-term debt includes various tax-exempt bond issues. All of the bonds bear interest at fixed rates that were determined on their original sale date. Interest is payable semi-annually. In all cases, the bonds were issued by the Pennsylvania Higher Educational Facilities Authority pursuant to an indenture with a bond trustee. The Authority then loaned the proceeds to the College via a loan agreement. For the purpose of securing the payments to bondholders, in these agreements the College had pledged its unrestricted revenues. 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, 2016 and May 31, 2015.

In May 2007, the College issued the Series 2007 bonds primarily to currently refinance the Series 1997 bond issue.

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

In November 2010, the College issued the Series 2010A bonds primarily to refinance a portion of the Series 2002 bond issue.

In February 2012, the College issued the Series 2012 bonds primarily to currently refinance the Series 2009 bond issue.

In November 2012, the College issued the Series 2012A bonds primarily to currently refinance the remainder of the Series 2002 bond issue. There was also approximately $5,000 of proceeds used for the construction, improvement, renovation and equipping of various College facilities.

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.

<u>Derivative Activity</u>

As of May 31, 2016 the College has no swap agreements or other derivatives.

Bryn Mawr College
Notes to the Financial Statements
May 31, 2016
(Dollars in thousands)

7 Net Assets

Net assets at May 31, 2016 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current funds:	$ (13,267)	$ 12,808	$ -	$ (459)
Loan funds:	538	182		720
Endowment and similar funds:				
True endowment		204,257	237,718	441,975
Quasi endowment	359,850	6,516		366,366
Term endowment		1,637		1,637
Annuities and trusts	2,554	4,837	18,802	26,193
Plant funds:				
Unexpended Plant	26,379			26,379
Capital projects		991		991
Net investment in plant	76,203			76,203
Total	$ 452,257	$ 231,228	$ 256,520	$ 940,005

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:				
True endowment		243,572	231,781	475,353
Quasi endowment	390,126	5,573		395,699
Term endowment		1,766		1,766
Annuities and trusts	3,595	4,957	20,175	28,727
Plant funds:				
Unexpended Plant	24,655			24,655
Capital projects		274		274
Net investment in plant	82,720			82,720
Total	$ 481,757	$ 268,278	$ 251,956	$ 1,001,991

(Dollars in thousands)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, May 31, 2015	$ 390,126	$ 250,911	$ 231,781	$ 872,818
Investment return:				
Investment income	(166)	(203)		(369)
Net appreciation (depreciation) (realized and unrealized)	(14,436)	(17,684)	(3)	(32,123)
Total investment return	(14,602)	(17,887)	(3)	(32,492)
New gifts	335	1,136	5,731	7,202
Appropriation of endowment assets for spending	(17,967)	(22,012)		(39,979)
Transfers	1,958	262	209	2,429
Net assets, May 31, 2016	$ 359,850	$ 212,410	$ 237,718	$ 809,978

	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 (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

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 $2,219 in 2016 and $69 in 2015.

(Dollars in thousands)

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. 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 $4,639 in 2016 and $4,526 in 2015.

9 Commitments and Contingencies

Certain of the College's long-term investments involve future cash commitments which total approximately $149,840 at May 31, 2016.

The College has outstanding construction contracts totaling approximately $7,196. Completion of these projects is estimated to extend through May 2017.

The College is a defendant in various legal actions. While the final amount of these claims cannot be determined at this time, management does not expect that the resolution of the outstanding claims and litigation will have a material adverse effect upon the College's financial position.

10 Expenses by Natural Classifications

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

	2016	2015
Salaries and wages	$ 52,178	$ 50,385
Benefits	17,535	17,019
Scholarships and fellowships	4,167	4,124
Services and contracting	17,494	16,257
Supplies and minor equipment	3,618	2,745
Travel and entertainment	3,589	3,645
Auxiliaries' cost of goods sold	2,822	2,973
Utilities	2,597	2,705
Insurance	712	1,185
Depreciation	12,123	11,314
Interest	5,353	5,514
Total	$ 122,188	$ 117,866

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 January 1, 2017 and the other on February 1, 2018. As of May 31, 2016 and May 31, 2015 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, 2016 through its distribution date of October 31, 2016. No subsequent events were noted during this period.