BARNARD COLLEGE

Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)

BARNARD COLLEGE

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Barnard College:

We have audited the accompanying balance sheet of Barnard College (the College) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the College's 2009 financial statements, and in our report dated December 9, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barnard College as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 8, 2010

BARNARD COLLEGE

Balance Sheet

June 30, 2010
(with comparative financial information as of June 30, 2009)

Assets		**2010**	**2009**
Cash and cash equivalents	$	28,290,655	30,358,076
Student accounts receivable (net of allowance of $9,000 in 2010 and $14,200 in 2009)		68,019	78,834
Student notes receivable (net of allowance of $516,000 in 2010 and $613,000 in 2009)		3,977,429	4,067,709
Grants, bequests, and other receivables		5,185,964	3,077,378
Pledges receivable, net (note 3)		18,977,538	23,772,432
Other assets		4,002,909	4,115,499
Investments (note 4)		191,886,237	172,654,722
Funds held by bond trustee (notes 4 and 9)		12,411,910	23,383,561
Property, plant, and equipment, net (note 6)		151,347,799	138,058,106
Total assets	$	416,148,460	399,566,317
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	14,620,759	15,558,025
Deferred revenues		3,868,468	3,738,441
Liability under split-interest agreements		4,263,246	4,643,555
Refundable government loan program		2,237,949	2,255,229
Postretirement benefits obligation (note 8)		11,997,474	10,132,332
Asset retirement obligations (note 7)		1,905,790	1,793,685
Obligation under derivative instrument (notes 4 and 9)		1,271,347	1,113,676
Long-term obligations (note 9)		104,451,390	106,823,575
Total liabilities		144,616,423	146,058,518
Net assets (note 5):			
Unrestricted		87,279,673	52,197,174
Temporarily restricted (note 12)		70,334,669	88,908,382
Permanently restricted (note 12)		113,917,695	112,402,243
Total net assets		271,532,037	253,507,799
Total liabilities and net assets	$	416,148,460	399,566,317

See accompanying notes to financial statements.

BARNARD COLLEGE

Statement of Activities

Year ended June 30, 2010
(with summarized financial information for the year ended June 30, 2009)

	2010				
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**2009 Total**
Operating revenue:					
Tuition and fees	$ 87,863,651	—	—	87,863,651	85,450,795
Less financial aid allowance	(26,314,989)	—	—	(26,314,989)	(27,411,142)
Net tuition and fees	61,548,662	—	—	61,548,662	58,039,653
State appropriations	226,750			226,750	230,486
Investment return designated for current operations (note 5)	5,812,348	3,069,653	—	8,882,001	9,348,999
Other investment income (loss)	225,520	(89,234)	—	136,286	475,981
Federal grants and contracts	3,806,393	—	—	3,806,393	3,373,154
State grants	874,868	—	—	874,868	872,404
Private gifts and grants	7,623,003	7,064,876	—	14,687,879	12,192,058
Auxiliary enterprises	27,143,752	—	—	27,143,752	26,482,032
Other sources	645,974	129,307	—	775,281	815,892
Net assets released from restrictions (note 13)	9,379,271	(9,379,271)	—	—	—
Total operating revenue	117,286,541	795,331	—	118,081,872	111,830,659
Operating expenses:					
Instruction	43,975,606	—	—	43,975,606	43,627,751
Research	4,522,464	—	—	4,522,464	4,345,371
Public service	1,175,659	—	—	1,175,659	1,174,106
Academic administration	7,810,666	—	—	7,810,666	7,404,422
Student services	10,439,716	—	—	10,439,716	10,392,266
Institutional support	20,943,798	—	—	20,943,798	19,965,990
Auxiliary enterprises	28,808,180	—	—	28,808,180	28,400,640
Total operating expenses	117,676,089	—	—	117,676,089	115,310,546
(Deficiency) excess of operating revenue over operating expenses	(389,548)	795,331	—	405,783	(3,479,887)
Nonoperating activities:					
Investment return (loss) in excess of amount appropriated for operations (note 5)	2,766,353	13,379,915	—	16,146,268	(49,335,852)
Contributions for endowment and split-interest agreements	—	125,446	1,379,020	1,504,466	1,481,831
Contributions for plant improvements	—	1,011,194	—	1,011,194	4,103,194
Net assets released for plant improvements	34,045,012	(34,045,012)	—	—	—
Changes in value of split-interest agreements	—	264,263	31,582	295,845	(1,927,629)
Change in value of obligation under derivative instrument (note 9)	(157,671)	—	—	(157,671)	(584,560)
Change in donor designation	—	(104,850)	104,850	—	—
Postretirement benefit cost other than net periodic benefit cost (note 8)	(1,181,647)	—	—	(1,181,647)	(968,872)
Total nonoperating activities	35,472,047	(19,369,044)	1,515,452	17,618,455	(47,231,888)
Changes in net assets	35,082,499	(18,573,713)	1,515,452	18,024,238	(50,711,775)
Net assets – beginning of year	52,197,174	88,908,382	112,402,243	253,507,799	304,219,574
Net assets – end of year	$ 87,279,673	70,334,669	113,917,695	271,532,037	253,507,799

See accompanying notes to financial statements.

BARNARD COLLEGE

Statement of Cash Flows

Year ended June 30, 2010
(with comparative financial information for the year ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Changes in net assets	$ 18,024,238	(50,711,775)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Change in value of obligation under derivative instrument	157,671	584,560
Change in value of split-interest agreements	(295,845)	1,927,629
Postretirement benefits cost other than net periodic benefit cost	1,181,647	968,872
Contributions for endowment and split-interest agreements	(1,504,466)	(1,481,831)
Contributions for plant improvements	(1,011,194)	(4,103,194)
Net (appreciation) depreciation in fair value of investments	(22,654,177)	40,596,751
Accretion of asset retirement obligations	112,105	105,511
Depreciation and amortization	6,636,925	7,554,784
Changes in operating assets and liabilities:		
Student accounts receivable	10,815	139,615
Grants, bequests, and other receivables	(2,108,586)	204,003
Pledges receivable	480,279	1,694,189
Other assets	126,925	1,218,904
Accounts payable and accrued expenses	74,086	(407,476)
Refundable government loan program	(15,846)	45,271
Deferred revenue	130,027	691,347
Postretirement benefits payable	683,495	539,483
Net cash provided by (used in) operating activities	28,099	(433,357)
Cash flows from investing activities:		
Purchase of investments	(48,469,683)	(121,816,918)
Proceeds from the sale of investments	52,890,238	143,345,703
Building renovations and purchase of equipment	(19,870,199)	(31,977,076)
Decrease in accounts payable for capital assets	(1,011,352)	(372,406)
Student loans granted	(372,915)	(583,718)
Student loans repaid	461,761	414,840
Net cash used in investing activities	(16,372,150)	(10,989,575)
Cash flows from financing activities:		
Decrease in funds held by bond trustees	10,971,651	21,059,031
Payment of principal notes and bond payables	(2,314,484)	(1,161,160)
Proceeds from issuance of principal notes and bond payables	—	1,000,000
Increase in bond issue costs	(128,456)	—
Decrease in liability under split-interest agreements, net	(1,162,209)	(259,696)
Contributions for endowment and split-interest agreements	2,461,545	2,514,405
Contributions for plant improvements	4,448,583	3,837,006
Net cash provided by financing activities	14,276,630	26,989,586
Net change in cash and cash equivalents	(2,067,421)	15,566,654
Cash and cash equivalents – beginning of year	30,358,076	14,791,422
Cash and cash equivalents – end of year	$ 28,290,655	30,358,076
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 4,123,241	3,973,291

See accompanying notes to financial statements.

(1) Organization

Barnard College (the College) is a not-for-profit independent liberal arts college for women. The College is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets of the College and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by actions of the College and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income and gains on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, that is, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

(b) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a discount rate commensurate with the rate on U.S. Treasury securities, whose maturities correspond to the maturities of the pledges. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the appropriate restricted net assets class. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as temporarily restricted net assets until the assets are placed in service.

(c) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid debt instruments with original maturities of 90 days or less other than those cash and cash equivalents held by external investment managers as part of their long-term investment strategies. Cash and cash equivalents are held by the College for operating and capital funding purposes.

(d) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices. Alternative investments are reported by the investment managers or general partners, at net asset value, as a practical expedient for fair value. Net asset value may differ significantly from the values that would have been reported had a ready market for these investments existed. The College reviews and evaluates the values provided by the investment managers or general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

The College invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Derivative financial instruments are recognized in the financial statements and measured at fair value regardless of the purpose or the intent for holding them. From time to time, investment managers may invest in derivative instruments, such as futures, forwards, options, and swaps. The fair value of the derivatives held is based upon values provided by a third-party financial institution, which is reviewed by management for reasonableness.

All investment transactions are recorded on a trade-date basis.

(e) Student Accounts Receivable

Student accounts receivable are reported at the estimated net realizable amount.

(f) Student Notes Receivable

Student notes receivable are loans to students, which are made from the College’s restricted loan funds and the Federal Perkins Loan Program. The notes are reported at the estimated net realizable value. A reasonable estimate of the fair value of student notes receivable could not be made because the loans are not saleable and can only be assigned to the U.S. government or its designees.

(g) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or, in the case of gifts, at fair value at the date of the gift. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	60 years
Building improvements	20 to 30 years
Furniture, fixtures, and equipment	5 to 10 years

(h) Deferred Revenues

Deferred revenues consist primarily of student tuition and fee payments that are received for academic periods subsequent to the fiscal year-end.

(i) Split-Interest Agreements

The College is the beneficiary of trusts, annuities, and pooled income funds. The College's interest in these split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed to the College and the estimated liability to the beneficiary. This liability is computed using actuarially determined rates and is adjusted annually. The assets held by the College under these arrangements are recorded at fair value as determined by quoted market price and are included as a component of investments in the accompanying financial statements.

(j) Operating and Nonoperating Activities

The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities consist of investment return in excess of or less than the amount appropriated for operations by the board of trustees, the change in value of split-interest agreements, contributions for endowment, split-interest agreements and plant improvements, and postretirement benefit costs other than net periodic benefit cost, and nonrecurring items.

(k) Categories of Expense

Expenses are reported in functional categories. Each category includes salaries and benefits, supplies, and other expenses, including operation and maintenance of physical plant, interest, and depreciation expense related to the function.

a. *Instruction* – includes expenses for all activities that are part of the College's instruction program.

b. *Research* – includes all expenses for governmental and privately sponsored research.

c. *Public Service* – includes activities established to provide noninstructional services such as the Women's Center, the New York State Science and Technology Entry Program (STEP), and Liberty Partnership Program.

d. *Academic Administration* – includes expenses incurred to provide administrative support to the instructional program. This category includes the offices of the Provost, Library, Academic Computing, and Media Services.

e. *Student Services* – includes expenses incurred for the offices of Dean of the College, Admissions, Registrar, Financial Aid Administration, Career Development, Disability Services, and the New York State Higher Education Opportunity Program (HEOP). In addition, it includes expenses for student-related activities outside the context of the formal instructional program such as intramural and intercollegiate athletics.

(Continued)

f. *Institutional Support* – includes expenses for college wide activities such as the offices of the President, Finance and Planning, Institutional Advancement, Administration, Administrative Computing, General Counsel, and Communications.

g. *Auxiliary Enterprises* – provides services to students for a fee that is directly related to, although not necessarily equal to, the cost of the services. This category includes Housing, Dining Services, Health and Counseling Services, and the Summer and Precollege Programs.

(l) Allocation of Certain Expenses

The College allocates operation and maintenance of plant, depreciation and interest expense on outstanding long-term obligations in the statement of activities based upon campus square footage.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Significant estimates made in the preparation of the financial statements include the valuation of alternative investments and interest rate swap agreement at fair value, valuation of property plant and equipment, asset retirement obligation, postretirement benefits obligation, and estimated net realizable value of receivables. Actual results could differ from those estimates.

(n) Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

(o) Codification of Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Update 2009-1, *Accounting Standards Codification* (Codification or ASC). The Codification did not change GAAP, but combined all authoritative standards issued by organizations, such as the FASB, American Institute of Certified Public Accountants, and Emerging Issues Task Force, into a comprehensive, topic organized single source of GAAP. The Codification became effective for reporting periods that ended on or after September 15, 2009 and authoritative standards in the College's financial statements have been identified by ASC references.

(p) Accounting for Uncertainty in Income Taxes

The College follows the guidance of ASC 740-10, *Accounting for Uncertainty in Income Taxe*s, which addresses the accounting for uncertainties in income taxes recognized in an enterprise's financial statements. The College utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

(Continued)

(q) Subsequent Events

The College evaluated subsequent events after the balance sheet date of June 30, 2010 through December 8, 2010, which was the date the financial statements were issued and concluded that no additional disclosures are required.

(r) Fair Value Hierarchy

Fair value is defined in ASC 820-10 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2: Observable inputs, other than those included in Level 1, that are either directly or indirectly observable for the assets or liabilities.

Level 3: No observable quoted prices, reliance on assumptions market participants would use if a market existed for the assets or liabilities.

Investments classified as Level 2 and 3 include shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the College's interest therein, its classification in Levels 2 or 3 is based on the College's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(3) Pledges Receivable

Pledges receivable at June 30, 2010 and 2009 are as follows:

		2010	2009
Amounts expected to be collected in:			
Less than one year	$	7,938,432	9,303,751
One to five years		11,549,029	13,421,878
Greater than five years		3,279,724	4,245,867
		22,767,185	26,971,496
Less:			
Discount to present value (using rate of 0.32% – 5.13%)		(1,644,481)	(2,064,174)
Allowance for uncollectible pledges		(2,145,166)	(1,134,890)
Net pledges receivable	$	18,977,538	23,772,432

As of June 30, 2010 and 2009, 53% and 62%, respectively, of gross pledges receivable were due from five and six donors, respectively.

(4) Investments and Fair Value

The College's investment objective is to invest its assets in a prudent manner in order to achieve a long-term rate-of-return sufficient to fund a portion of its spending and to increase investment value equal to or above inflation. The College uses a diversified investment approach incorporating multiple asset classes, strategies and managers. The Committee on Investments of the College's Board of Trustees oversees the College's investments and authorizes investment decisions.

In addition to equity and fixed income investments, the College may also hold shares or units in institutional funds and alternative investment funds involving hedged and private equity strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Private equity funds generally employ buyout, venture capital and debt related strategies, often requiring the estimation of fair values by the fund managers in the absence of readily determinable market values.

(Continued)

Investments are held in the following funds:

		2010	2009
Trust and pooled life income funds	$	7,871,575	7,980,936
Endowment and designated as endowment funds		184,014,662	164,673,786
Total	$	191,886,237	172,654,722

As of June 30, 2010, the College had alternative investments of $179,504,791 and $155,124,686 respectively. Alternative investments include private equity partnerships, hedge funds, venture capital funds, and derivatives. Underlying securities owned by the alternative investments include certain publicly traded securities that have readily available market values and other investments that are not readily marketable. The agreements underlying participation in those investments may limit the College's ability to liquidate its interests in such investments for a period of time.

At June 30, 2010, the College's remaining outstanding commitments to private equity partnerships approximated $26,500,000. The private equity partnerships have 2 to 11 year terms remaining with extensions of 1 to 2 years. As of June 30, 2010, the average remaining life of the private equity partnerships ($46,133,403) is approximately 5 years.

At June 30, 2010 and 2009, the College had alternative investments (excluding private equity and real estate) of $24,209,422 and $83,503,591, respectively, which are restricted from redemption for lockup periods. Some of these investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary with the majority requiring 60 to 180 days' notice after the initial lockup period.

At June 30, 2010, the expirations of redemption lockup periods are summarized in the table below:

Fiscal year		Amount
Less than one year	$	20,312,917
Between one and three years		3,896,505
Total	$	24,209,422

At June 30, 2010 and 2009, the carrying values of the College's investments, receivables, and accounts payable approximate fair values.

The following tables present the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2010 and 2009:

	June 30, 2010				Redemption or
	Fair value	**Level 1**	**Level 2**	**Level 3**	**liquidation**
Financial assets:					
Investments:					
Cash and cash equivalents	$ 4,150,793	4,150,793	—	—	Daily
Domestic equities:					
Small Cap	470,582	127,780	342,802	—	Daily/Monthly
Mid Cap	108,753	108,753	—	—	Daily
Large Cap	2,834,007	1,463,577	1,370,430	—	Daily
	3,413,342	1,700,110	1,713,232	—	
International equities:					
International equities	972,360	416,156	556,204	—	Daily
	972,360	416,156	556,204	—	
Fixed income:					
U.S. Treasuries	6,114,387	—	6,114,387	—	Daily
Other	3,066,344	—	3,066,344	—	Monthly
	9,180,731	—	9,180,731	—	
Hedge funds:					
Credit/event driven	11,154,530	—	—	11,154,530	Subject to Lockup
Equity long/short	62,756,765	—	62,756,765	—	Monthly
Fixed income strategies	13,054,892	—	—	13,054,892	Subject to Lockup
Multistrategy	40,716,208	—	40,716,208	—	Monthly
Other	353,213	—	—	353,213	Illiquid
	128,035,608	—	103,472,973	24,562,635	
Other types:					
Private equity	41,397,070	—	—	41,397,070	Illiquid
Real estate	4,736,333	—	—	4,736,333	Illiquid
	46,133,403	—	—	46,133,403	
Total investments	191,886,237	6,267,059	114,923,140	70,696,038	
Other assets:					
Funds held by bond trustee	12,411,910	12,411,910	—	—	
Total assets	$ 204,298,147	18,678,969	114,923,140	70,696,038	
Liabilities:					
Obligation under derivative instrument	$ 1,271,347	—	1,271,347	—	

	June 30, 2009			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Investments:				
Cash and cash equivalents	$ 4,141,298	4,141,298	—	—
Domestic equities:				
Exchange traded funds	4,919,325	4,919,325	—	—
Small Cap	497,683	147,133	350,550	—
Mid Cap	122,768	122,768	—	—
Large Cap	3,052,435	1,683,710	1,368,725	—
	8,592,211	6,872,936	1,719,275	—
International equities:				
International equities	968,476	432,744	535,732	—
	968,476	432,744	535,732	—
Fixed income:				
U.S. Treasuries	5,760,399	168,475	5,591,924	—
Other	2,927,455	322,659	2,604,796	—
	8,687,854	491,134	8,196,720	—
Hedge funds:				
Credit/event driven	9,590,734	—	—	9,590,734
Equity long/short	38,980,963	—	—	38,980,963
Fixed income strategies	11,413,257	—	—	11,413,257
Real estate	5,986,749	—	—	5,986,749
Multistrategy	47,235,122	—	—	47,235,122
Other	349,785	—	—	349,785
	113,556,610	—	—	113,556,610
Other types:				
Private equity	29,650,707	—	—	29,650,707
Real estate	7,057,566	—	—	7,057,566
	36,708,273	—	—	36,708,273
Total investments	172,654,722	11,938,112	10,451,727	150,264,883
Other assets:				
Funds held by bond trustee	23,383,561	23,383,561	—	—
Total assets	$ 196,038,283	35,321,673	10,451,727	150,264,883
Liabilities:				
Obligation under derivative instrument	$ 1,113,676	—	1,113,676	—

The following tables present the College's activities for the years ended June 30, 2010 and 2009 for assets classified in Level 3:

	Hedge funds	Private equity	Real estate	Total
Beginning balance at July 1, 2009	$ 113,556,610	29,650,707	7,057,566	150,264,883
Acquisitions	114,818	9,061,214	188,032	9,364,064
Dispositions	(6,694,065)	(5,015,675)	(608,875)	(12,318,615)
Transfers from Level 3 to Level 2	(86,216,084)	—	—	(86,216,084)
Net appreciation (depreciation)	3,801,356	7,700,824	(1,900,390)	9,601,790
Ending balance at June 30, 2010	$ 24,562,635	41,397,070	4,736,333	70,696,038

	Hedge funds	Private equity	Real estate	S&P options	Cash	Total
Beginning balance at July 1, 2008	$ 130,463,519	31,316,178	8,428,655	5,671,726	687,324	176,567,402
Acquisitions	26,898,604	8,523,237	224,480	3,703,889	5,139,866	44,490,076
Dispositions	(19,124,563)	(642,442)	—	(9,375,615)	(5,827,190)	(34,969,810)
Net depreciation	(24,680,950)	(9,546,266)	(1,595,569)	—	—	(35,822,785)
Ending balance at June 30, 2009	$ 113,556,610	29,650,707	7,057,566	—	—	150,264,883

(5) Endowment Funds

The College's endowment consists of 788 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the College to function as endowments (quasi-endowments).

The College manages the endowment to maximize annualized returns, net of all costs over rolling 10-year periods while adhering to stated risk parameters that seek to avoid 25% peak-to-trough declines in the inflation adjusted endowment unit value. Asset allocation parameters are established for investments with lock-up periods. The strategy allows for a significant allocation to equity-oriented investments offering long-term capital appreciation, diversified across asset classes and managers. The College compares the performance of its investments against several benchmarks.

The College has established an endowment spending policy for spending from the endowment for current operations in a manner that maintains the purchasing power of the endowment. The policy's goal is to achieve an average 5% spending rate over time. Annual spending from the endowment is set at 5% of the rolling three-year average of the endowment's market value as of December 31st of the previous year and is approved annually by the Board of Trustees. The College has a total return policy of utilizing its endowment resources. To the extent that the total return requirement for the current year is not achieved by income from investments, the College utilizes prior year's cumulative appreciation of its pooled investment funds.

The College has interpreted the Uniform Management of Institutional Funds Act (UMIFA) and New York State Trust Laws as requiring the preservation of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donors' gift instrument at the times the accumulations are added to the funds. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets to the extent the donor-restricted income earned on such endowment to a particular purpose or time, and in all other cases is classified as unrestricted net assets. Such amounts recorded as temporarily restricted net assets are released from restriction when the donor-stipulated purpose has been fulfilled and/or the required time period has elapsed.

The State of New York enacted its version of the Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in September 2010. Once NYPMIFA is effective, ASC 958 requires that the portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets be classified as temporarily restricted net assets until appropriated for expenditure. The College has determined the impact of NYPMIFA on its 2011 financial statements to be a reclassification of donor-restricted endowments of approximately $20 million from unrestricted to temporarily restricted net assets.

The College has outsourced its investment office. This outsourced investment office has established limited partnership vehicles to assist in the management of its client's accounts. These limited partnership investments represent 73% and 68% of the College's endowment investments at June 30, 2010 and 2009, respectively.

As a result of market declines, the fair value of certain donor-restricted endowments may fall below the original contributed value. At June 30, 2010 and 2009, this shortfall amounted to $320,000 and $3.8 million, respectively. Spending has been suspended for these affected accounts until their fair value is equal to or in excess of the original contributed value.

Endowment funds consisted of the following at June 30, 2010 and 2009, excluding perpetual trusts and pledges of $1,308,046 and $1,563,531, respectively:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Fiscal 2010:				
Donor restricted	$ 19,747,761	27,113,148	112,609,649	159,470,558
Board designated	24,544,104	—	—	24,544,104
Total	$ 44,291,865	27,113,148	112,609,649	184,014,662

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		Unrestricted	Temporarily restricted	Permanently restricted	Total
Fiscal 2009:					
Donor restricted	$	16,519,347	13,733,233	110,838,712	141,091,292
Board designated		24,214,657	—	—	24,214,657
Total	$	40,734,004	13,733,233	110,838,712	165,305,949

Changes in the endowment funds for the fiscal years ended June 30, 2010 and 2009 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Fiscal 2010:					
Balance at June 30, 2009	$	40,734,004	13,733,233	110,838,712	165,305,949
Interest and dividends, net		850,931	1,523,161	—	2,374,092
Net appreciation in fair value		7,727,770	14,926,407	—	22,654,177
Contributions		791,508	—	1,770,937	2,562,445
Distributions		(5,812,348)	(3,069,653)	—	(8,882,001)
Balance at June 30, 2010	$	44,291,865	27,113,148	112,609,649	184,014,662

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Fiscal 2009:					
Balance at June 30, 2008	$	58,004,768	45,758,411	108,948,521	212,711,700
Interest and dividends, net		212,142	397,756	—	609,898
Net depreciation in fair value		(14,211,133)	(26,385,618)	—	(40,596,751)
Contributions		39,910	—	1,890,191	1,930,101
Distributions		(3,311,683)	(6,037,316)	—	(9,348,999)
Balance at June 30, 2009	$	40,734,004	13,733,233	110,838,712	165,305,949

(6) Property, Plant, and Equipment

Property, plant, and equipment consist of the following at June 30, 2010 and 2009:

		2010	2009
Land	$	1,233,967	1,233,967
Buildings and building improvements		243,579,665	168,644,998
Furniture, fixtures, and equipment		27,756,425	26,406,473
Construction in progress		754,835	57,169,255
		273,324,892	253,454,693
Less accumulated depreciation		(121,977,093)	(115,396,587)
Total	$	151,347,799	138,058,106

The decline in the construction in progress balance was primarily due to the completion of a new, approximately 100,000 square foot multipurpose facility, the Diana Center, in January 2010.

(7) Asset Retirement Obligation

The College accrues for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The College has identified asbestos abatement and lead paint exposure as conditional asset retirement obligations. Asbestos and lead paint abatement costs are estimated using a per-square-foot estimate.

Using a discount rate of 6.25%, the present value of the initial obligation amounted to $1,413,450. As of June 30, 2010 and 2009, the obligation amounted to $1,905,790 and $1,793,685, respectively.

(8) Retirement Plans

Most full-time employees of the College are covered under two defined contribution pension plans established with Teachers Insurance and Annuity Association and Fidelity Investments. The College's contributions to the pension plans are based on specified percentages, ranging from 8% to 15%, of each employee's annual salary. Total pension expense for the years ended June 30, 2010 and 2009 was $5,684,000 and $5,415,000, respectively.

In addition to providing pension benefits, the College sponsors unfunded defined benefit postretirement medical plans. For nonunion employees to be eligible for the medical benefits, the employee must be at least 62 years old with at least 10 years of continuous service immediately prior to retirement or a total of age and years of service equal to 80 with a minimum of 15 years of service. To be eligible, union employees must be 62 years old and employed by the College for at least 10 years.

The following tables identify the accumulated postretirement medical benefit obligation, the postretirement benefit payable recognized in the accompanying balance sheet, the net periodic postretirement medical benefit cost recognized in the accompanying statement of activities, and the related assumptions.

		2010	2009
Change in benefit obligation:			
Benefit obligation at beginning of year	$	10,132,332	8,623,977
Service cost		345,599	251,935
Interest cost		619,546	568,874
Plan participants' contributions		23,848	28,277
Actuarial loss		1,304,703	1,011,947
Benefits paid		(428,554)	(352,678)
Accrued postretirement benefit obligation at end of year	$	11,997,474	10,132,332

Net periodic benefit cost reported as operating expense included the following components:

		2010	2009
Service cost	$	345,599	251,935
Interest cost		619,546	568,674
Amortization of prior service credit		(46,937)	(46,937)
Recognized actuarial loss		169,993	90,012
Net periodic postretirement medical benefit cost	$	1,088,201	863,684
Weighted average discount rate used to determine benefit obligations at June 30		5.25%	6.25%
Weighted average discount rate used to determine net periodic benefit cost for the fiscal years ended June 30		6.25	6.75

	2010	2009
	(Union/Nonunion)	
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	8.5%/8.5%	8.5%/8.5%
Healthcare cost trend assumed to decline	4.5%/4.5%	4.5%/4.5%
Ultimate trend rate achieved	2030	2030

The effect of a 1% increase (decrease) in trend rates on total service, interest cost, and the postretirement benefit obligation is as follows:

		1% increase	1% decrease
Effect on total service and interest cost component	$	85,149	(70,617)
Effect on postretirement benefit obligation		941,468	(780,048)

The items not yet recognized as a component of net periodic benefit cost are as follows:

		2010	2009
Net actuarial loss	$	3,907,373	2,772,663
Prior service credit		(208,400)	(255,337)
Total	$	3,698,973	2,517,326

The estimated amount that will be amortized into net periodic postretirement medical benefit cost in 2011 is $214,669.

As of June 30, 2010, the College has not identified any provisions of health care reform that would be expected to have a significant impact on the measured obligation.

The Medicare Modernization Act of 2003 (the Act) was signed into law on December 8, 2003. The Act created a new prescription drug program under Part D of Medicare and also provided a subsidy to employers who provide prescription drug coverage, which is at least equivalent to the Part D program provided by Medicare. The College has obtained an actuarial attestation confirming that the College’s postretirement medical benefit is equivalent to Part D of Medicare.

The College makes contributions to the postretirement medical plans equal to the benefits paid on a pay-as-you-go basis. For the years ending June 30, 2011 through June 30, 2020, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2011	$	514,643
2012		561,467
2013		603,242
2014		650,625
2015		708,048
2016 through 2020		4,264,310

For a 45-day period from June 1, 2009 to July 15, 2009, the College offered a Voluntary Retirement Incentive Program to eligible Administrative and Confidential Employees (Administrator Plan). The retirees in the Administrator Plan would receive severance payments based on years of service and health insurance benefits. Eleven employees entered into agreement with the College for the Administrator Plan as of July 15, 2009. The severance payments for the participants in the Administrator Plan amounted to approximately $666,167 and were recognized in fiscal 2010.

In addition, for a 61-day period from August 1, 2009 to September 30, 2009, the College offered a Voluntary Retirement Incentive Program to eligible full-time and part-time employees who are members of United Auto Workers (UAW), Local 2110 (Union Plan). Eight employees entered into agreements with the College for the Union Plan as of September 30, 2009. The severance payments for the participants in the Union Plan amounted to approximately $237,507 and were recognized in fiscal 2010.

(9) Long-Term Obligations

Long-term obligations consist of the following:

		2010	2009
Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007A Interest at 4.00% to 5.00%, due serially to 2037	$	46,970,000	48,005,000
Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2008 Interest at variable rates due serially to 2037		27,540,000	28,040,000
Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2004 Interest at 2.00% to 4.75%, due serially to 2035		27,195,000	27,785,000
Note payable		1,000,000	1,000,000
Other		186,258	375,742
Total		102,891,258	105,205,742
Add unamortized bond premium		1,587,686	1,646,490
Less unamortized bond discount		(27,554)	(28,657)
Total long-term obligations	$	104,451,390	106,823,575

On July 11, 2007, the College entered into a loan agreement with the Dormitory Authority of the State of New York to issue $48,420,000 Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007A (DASNY 2007A Bonds). The loan is a general and unsecured obligation of the College. The DASNY 2007A Bonds were issued to refund and defease the $23,715,000 Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 1996 (DASNY 1996 Bonds), to pay for a portion of the costs of the construction of a new approximately 100,000 square foot multipurpose facility, and to pay for other campus wide renovations and maintenance projects (the Diana Center and other projects). The DASNY 2007A Bonds were issued at fixed interest rates of 4.00% to 5.00% and are due serially to 2037. In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds at fair value were $2,942,214 and $12,471,921 at June 30, 2010 and 2009, respectively, and were held in cash and U.S. government securities.

On July 11, 2007, the College also entered into a separate loan agreement with the Dormitory Authority of the State of New York to issue $32,580,000 Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007B (DASNY 2007B Bonds) to pay for a portion of the costs of the construction of the Diana Center and other projects. The loan was a general and unsecured obligation of the College. The DASNY 2007B Bonds were insured variable rate bonds. On April 30, 2008, due to the downgrading of the bond insurer, the College elected to enter into a loan agreement with the Dormitory Authority of the State of New York to issue $28,040,000 Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2008 (DASNY 2008 Bonds). Proceeds from the DASNY 2008 Bonds along with approximately $5,500,000 from the College were used to refund and defease the outstanding DASNY 2007B Bonds. The DASNY 2008 Bonds are a general and unsecured obligation of the College. The DASNY 2008 Bonds were secured by a $28,362,653 irrevocable direct pay letter of credit with RBS Citizens, N.A., which was scheduled to expire on April 23, 2011 (see below). In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds at fair value were $8,262,957 and $9,710,513 at June 30, 2010 and 2009, respectively, and were held in cash and U.S. government securities.

On October 1, 2009, the College entered into a Bond Purchase and Continuing Covenants Agreement (Purchase Agreement) with RBS Citizens N.A., whereby RBS Citizens N.A. purchased the $27,540,000 outstanding DASNY 2008 Bonds. In addition, the letter of credit provided by RBS Citizens N.A. was canceled. Under the terms of the Purchase Agreement, the interest payments are now based on a combination of weekly LIBOR rates and a fixed fee from RBS Citizens N.A. The average interest rates on the DASNY 2008 Bonds were approximately 2% in both fiscal years 2010 and 2009.

In September 2007, the College entered into a seven-year interest rate swap agreement on the notional amount of $32,580,000, the outstanding amount of the DASNY 2007B Bonds, to effectively fix the rate at 3.55%. As a result of the refunding of the DASNY 2007B Bonds, the swap agreement was modified to the notional amount of $28,040,000, the outstanding amount of the DASNY 2008 Bonds at that time. At June 30, 2010 and 2009, the fair value of the swap agreement was a liability of $1,271,347 and $1,113,676, respectively, and is reported as an obligation under derivative instrument on the balance sheet at June 30, 2010 and 2009, respectively. The College has evaluated the valuation methodologies used to develop the fair values in order to determine whether such valuations are representative of an exit price. The College considered both its credit risk and counterparty credit risk in determining fair value and appropriate adjustments.

In February 2004, the College entered into a loan agreement with the Dormitory Authority of the State of New York to issue $28,915,000 Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2004. The loan agreement is a general and unsecured obligation of the College. In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds at fair value were $1,206,739 and $1,201,127 at June 30, 2010 and 2009, respectively, and were held in cash.

On December 15, 2008, the College entered into a loan agreement with the Leon Lowenstein Foundation for $1,000,000. The loan is unsecured and noninterest bearing. The loan is payable in full on January 9, 2012. The proceeds of the loan are to be used to pilot a three-pronged strategy to maximize persistence in the sciences by targeting specific obstacles in a student's career. The funds are to be used to support summer workshops in the sciences, internship opportunities for rising juniors and seniors, and financial assistance for specialized preparation courses for standardized examinations.

Projected debt service payments on the long-term obligations as of June 30, 2010, for five years subsequent to June 30, 2010 and thereafter, are as follows:

		Principal	Interest	Total
2011	$	2,846,258	4,542,092	7,388,350
2012		2,780,000	4,429,304	7,209,304
2013		3,885,000	4,310,334	8,195,334
2014		2,710,000	4,189,250	6,899,250
2015		2,835,000	4,067,128	6,902,128
Thereafter		87,835,000	46,547,977	134,382,977
	$	102,891,258	68,086,085	170,977,343

Interest payments included in the above chart for the DASNY 2008 Bonds were calculated on the basis of an assumed interest rate of 4% per annum.

Interest expense for the years ended June 30, 2010 and 2009 amounted to approximately $4,123,000 and $3,928,000, respectively. The College capitalized $827,000 and $1,654,000 of interest costs related to the construction of the Diana Center and other projects for the years ended June 30, 2010 and 2009, respectively. In addition, $265,000 of interest income related to the construction of the Diana Center and other projects was capitalized in the year ended June 30, 2009.

The carrying amount of long-term obligations approximates fair value.

(10) Allocation of Depreciation Expense

Depreciation expense is allocated to functions as follows:

		2010	2009
Instruction	$	1,738,341	1,815,262
Research		395,144	480,452
Academic administration		759,796	872,542
Student services		248,930	174,353
Institutional support		532,014	538,353
Auxiliary enterprises		2,906,281	3,622,388
	$	6,580,506	7,503,350

(11) Intercorporate Agreement

An intercorporate agreement between the College and Columbia University provides for payment for the exchange of certain services between the two institutions. These services include cross-registration for students, library services, faculty exchange, athletics, and certain special services and support costs.

The statement of activities includes expenses in the amount of approximately $4,623,000 and $4,485,000 for the years ended June 30, 2010 and 2009, respectively, for services provided under the terms of the agreement.

(12) Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2010 and 2009:

	2010	2009
Instruction, research, and library	$ 35,142,637	22,168,964
Financial aid	21,282,275	18,238,980
Plant improvements	8,733,256	41,767,074
Gifts to be designated	5,176,501	6,733,364
	$ 70,334,669	88,908,382

Permanently restricted net assets are as follows at June 30, 2010 and 2009:

	2010	2009
Investments to be held in perpetuity, the earnings from which are expendable to support:		
Financial aid	$ 62,523,171	61,715,685
Instructional and other programs	51,394,524	50,686,558
	$ 113,917,695	112,402,243

(13) Released from Restrictions for Operations

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

(Continued)

Purpose restrictions accomplished were as follows for the year ended June 30, 2010:

Expenses:		
Financial aid	$	2,829,789
Instruction		1,975,278
Research		1,093,552
Public service		71,953
Academic administration		777,230
Student services		410,696
Institutional support		2,105,482
Auxiliary enterprises		115,291
Total	$	9,379,271

Net assets released from restriction for plant improvements are reflected in the accompanying statement of activities as a component of nonoperating activities.

(14) Commitments and Contingencies

(a) Legal Matters

The College is a defendant in various lawsuits. Management of the College is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the College's financial position.