



BARNARD COLLEGE

Financial Statements and Supplementary
Information on Federal Awards Programs

June 30, 2011

(With Independent Auditors' Report and
Reports on Internal Control and Compliance Thereon)

BARNARD COLLEGE

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KPMG LLP
345 Park Avenue
New York, NY 10154

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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, 2011, 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 2010 financial statements, and in our report dated December 8, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2011, 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.

As discussed in note 5 to the financial statements, the College has adopted Accounting Standards Codification Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, for classification of donor-restricted endowment funds in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

November 30, 2011

BARNARD COLLEGE

Balance Sheet

June 30, 2011

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

(Dollars in thousands)

Assets	2011	2010
Cash and cash equivalents	\$ 29,132	28,291
Student accounts receivable (net of allowance of \$14 in 2011 and \$9 in 2010)	67	68
Student notes receivable (net of allowance of \$558 in 2011 and \$516 in 2010)	3,557	3,977
Grants, bequests, and other receivables	3,133	5,186
Pledges receivable, net (note 3)	17,976	18,978
Other assets	4,728	4,003
Investments (notes 4 and 5)	224,152	191,886
Funds held by bond trustee (notes 4 and 9)	9,450	12,412
Property, plant, and equipment, net (note 6)	151,634	151,348
Total assets	<u>\$ 443,829</u>	<u>416,149</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,020	14,621
Deferred revenues	3,571	3,868
Liability under split-interest agreements	4,277	4,263
Refundable government loan program	2,187	2,238
Postretirement benefit obligation (note 8)	12,562	11,998
Asset retirement obligations (note 7)	2,025	1,906
Obligation under derivative instrument (notes 4 and 9)	861	1,271
Long-term obligations (note 9)	101,548	104,451
Total liabilities	<u>140,051</u>	<u>144,616</u>
Commitments and contingencies (notes 4, 8, 9, and 12)		
Net assets (note 5):		
Unrestricted	72,223	87,280
Temporarily restricted (note 11)	112,584	70,335
Permanently restricted (note 11)	118,971	113,918
Total net assets	<u>303,778</u>	<u>271,533</u>
Total liabilities and net assets	<u>\$ 443,829</u>	<u>416,149</u>

See accompanying notes to financial statements.

BARNARD COLLEGE

Statement of Activities

Year ended June 30, 2011

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

(Dollars in thousands)

	2011			2010 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Operating revenue:				
Tuition and fees	\$ 93,033	—	—	93,033
Less financial aid allowance	(28,436)	—	—	(28,436)
Net tuition and fees	64,597	—	—	64,597
State appropriations	210	—	—	210
Investment return appropriated for operations (note 5)	1,736	7,146	—	8,882
Other investment income	7	209	—	216
Federal grants and contracts	4,246	—	—	4,246
State grants	810	—	—	810
Private gifts and grants	6,887	4,271	—	11,158
Auxiliary enterprises	29,514	—	—	29,514
Other sources	631	139	—	770
Net assets released from restrictions	14,230	(14,230)	—	—
Total operating revenue	122,868	(2,465)	—	120,403
Operating expenses:				
Instruction	49,882	—	—	49,882
Research	4,779	—	—	4,779
Public service	1,170	—	—	1,170
Academic administration	8,079	—	—	8,079
Student services	9,406	—	—	9,406
Institutional support	22,733	—	—	22,733
Auxiliary enterprises	30,195	—	—	30,195
Total operating expenses	126,244	—	—	126,244
(Deficiency) excess of operating revenue (under) over operating expenses	(3,376)	(2,465)	—	(5,841)
Nonoperating activities:				
Investment return in excess of amount appropriated for operations (note 5)	3,123	24,714	—	27,837
Contributions for long-term purposes and split interest agreements	259	30	4,830	5,119
Contributions and grants for plant improvements	—	3,598	—	3,598
Net assets released from restrictions for plant improvements	4,067	(4,067)	—	—
Net assets reclassification based on the adoption of ASC 958-205-45 (note 5)	(19,748)	19,748	—	—
Changes in value of split-interest agreements	—	769	145	914
Change in value of obligation under derivative instrument (notes 4 and 9)	410	—	—	410
Change in donor designation	—	(78)	78	—
Postretirement benefit cost other than net periodic benefit cost (note 8)	208	—	—	208
Total nonoperating activities	(11,681)	44,714	5,053	38,086
Changes in net assets	(15,057)	42,249	5,053	32,245
Net assets – beginning of year	87,280	70,335	113,918	271,533
Net assets – end of year	\$ 72,223	112,584	118,971	271,533

See accompanying notes to financial statements.

BARNARD COLLEGE
Statement of Cash Flows
Year ended June 30, 2011
(with comparative financial information for the year ended June 30, 2010)
(Dollars in thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Changes in net assets	\$ 32,245	18,025
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Change in value of obligation under derivative instrument	(410)	158
Change in value of split-interest agreements	(914)	(296)
Postretirement benefits cost other than net periodic benefit cost	(208)	1,182
Contributions for long-term purposes and split interest agreements	(5,119)	(1,505)
Contributions and grants for plant improvements	(3,598)	(1,011)
Net appreciation in fair value of investments	(36,200)	(22,654)
Accretion of asset retirement obligations	119	112
Depreciation and amortization	6,499	6,637
Changes in operating assets and liabilities:		
Student accounts receivable	1	11
Grants, bequests, and other receivables	2,053	(2,109)
Pledges receivable	1,601	480
Other assets	(580)	127
Accounts payable and accrued expenses	1,411	74
Deferred revenue	(297)	130
Refundable government loan program	57	(16)
Postretirement benefits obligation	772	683
Net cash (used in) provided by operating activities	<u>(2,568)</u>	<u>28</u>
Cash flows from investing activities:		
Purchase of investments	(46,107)	(48,470)
Proceeds from the sale of investments	51,282	52,890
Building renovations and purchase of equipment	(6,729)	(19,870)
Decrease in accounts payable for capital assets	(3,012)	(1,011)
Student loans granted	(241)	(373)
Student loans repaid	553	462
Net cash used in investing activities	<u>(4,254)</u>	<u>(16,372)</u>
Cash flows from financing activities:		
Decrease in funds held by bond trustees	2,962	10,972
Payment of principal notes and bond payables	(2,846)	(2,314)
Increase in bond issue costs	—	(128)
Decrease in liability under split-interest agreements	(531)	(1,162)
Contributions for long-term purposes and split interest agreements	3,197	2,461
Contributions and grants for plant improvements	4,881	4,448
Net cash provided by financing activities	<u>7,663</u>	<u>14,277</u>
Net change in cash and cash equivalents	841	(2,067)
Cash and cash equivalents – beginning of year	<u>28,291</u>	<u>30,358</u>
Cash and cash equivalents – end of year	<u>\$ 29,132</u>	<u>28,291</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 4,024	4,123

See accompanying notes to financial statements.

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

(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 risk-adjusted rate. 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

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

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 stated at estimated fair value based on the net asset value, as a practical expedient, reported by the investment managers or general partners. 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 has determined that the valuation methods and assumptions used in determining the fair value of the alternative investments are reasonable.

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.

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.

(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

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

(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 long-term purposes, split interest agreements and plant improvements, 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, and the New York State Science and Technology Entry Program (STEP).
- 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

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

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.

- f. *Institutional Support* – includes expenses for collegewide 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 (U.S. GAAP) 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 liability under split-interest agreements, valuation of property plant and equipment, asset retirement obligations, 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. GAAP. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

(o) *Accounting for Uncertainty in Income Taxes*

The College follows the guidance of ASC 740-10, *Accounting for Uncertainty in Income Taxes*, 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.

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

(p) Subsequent Events

The College evaluated subsequent events after the balance sheet date of June 30, 2011 through November 30, 2011, which was the date the financial statements were issued and concluded that no additional disclosures are required.

(q) 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 Levels 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.

(r) Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

(3) Pledges Receivable

Pledges receivable at June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Amounts expected to be collected in:		
One year or less	\$ 8,144	7,938
Two to five years	9,471	11,549
Greater than five years	3,306	3,280
	<u>20,921</u>	<u>22,767</u>
Less:		
Discount to present value (using rate of 0.19% – 5.13%)	(1,164)	(1,644)
Allowance for uncollectible pledges	(1,781)	(2,145)
Net pledges receivable	<u>\$ 17,976</u>	<u>18,978</u>

As of June 30, 2011 and 2010, 56% and 53%, respectively, of gross pledges receivable were due from five donors.

(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, private equity and real estate 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. Real estate strategies involve funds whose managers invest primarily in commercial and residential real estate primarily located in the U.S.

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

Investments are held in the following funds:

	<u>2011</u>	<u>2010</u>
Trust and pooled life income funds	\$ 8,663	7,871
Endowment and designated as endowment funds	<u>215,489</u>	<u>184,015</u>
Total	<u>\$ 224,152</u>	<u>191,886</u>

As of June 30, 2011 and 2010, the College had alternative investments of \$208.3 million and \$179.5 million, 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, 2011, the College's remaining outstanding commitments to private equity and real estate partnerships/funds approximated \$32.3 million. The private equity partnerships have 1-to 6-year terms remaining. As of June 30, 2011, the average remaining life of the private equity partnerships is approximately 3 years.

At June 30, 2011 and 2010, the College had hedge funds of \$24.4 million and \$24.2 million, 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, 2011, the expirations of redemption lockup periods are summarized in the table below:

<u>Fiscal year</u>	<u>Amount</u>
Less than one year	\$ 20,043
Between one and three years	<u>4,336</u>
Total	<u>\$ 24,379</u>

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BARNARD COLLEGE
Notes to Financial Statements
June 30, 2011
(With Comparative Financial Information for June 30, 2010)
(Dollars in thousands)

The following tables present the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2011 and 2010:

	June 30, 2011				Redemption or liquidation	Days notice
	Fair value	Level 1	Level 2	Level 3		
Financial assets:						
Investments:						
Cash and cash equivalents \$	9,616	9,616	—	—	Daily	Daily
Domestic equities:						
Small cap	564	160	404	—	Daily/Monthly	0 to 30
Mid cap	123	123	—	—	Daily	Daily
Large cap	3,255	1,668	1,587	—	Daily	Daily
	<u>3,942</u>	<u>1,951</u>	<u>1,991</u>	<u>—</u>		
International equities:						
International equities	1,125	508	617	—	Daily	Daily
	<u>1,125</u>	<u>508</u>	<u>617</u>	<u>—</u>		
Fixed income:						
U.S. Treasuries	3,829	—	3,829	—	Daily	Daily
Other	3,194	—	3,194	—	Monthly	30
	<u>7,023</u>	<u>—</u>	<u>7,023</u>	<u>—</u>		
Hedge funds:						
Credit/event driven	12,355	—	—	12,355	Subject to lockup	180
Equity long/short	72,072	—	72,072	—	Daily/Monthly	10 to 120
Fixed income strategies	12,024	—	—	12,024	Subject to lockup	60 to 90
Multistrategy	44,498	—	44,498	—	Monthly	90
	<u>140,949</u>	<u>—</u>	<u>116,570</u>	<u>24,379</u>		
Other types:						
Private equity	57,441	—	—	57,441	Illiquid	Illiquid
Real estate	4,056	—	—	4,056	Illiquid	Illiquid
	<u>61,497</u>	<u>—</u>	<u>—</u>	<u>61,497</u>		
Total investments	224,152	12,075	126,201	85,876		
Other assets:						
Funds held by bond trustee	9,450	9,450	—	—		
Total assets	<u>\$ 233,602</u>	<u>21,525</u>	<u>126,201</u>	<u>85,876</u>		
Liabilities:						
Obligation under derivative instrument	\$ 861	—	861	—		

(Continued)

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2011
(With Comparative Financial Information for June 30, 2010)
(Dollars in thousands)

	June 30, 2010				Redemption or liquidation
	Fair value	Level 1	Level 2	Level 3	
Financial assets:					
Investments:					
Cash and cash equivalents	\$ 4,151	4,151	—	—	Daily
Domestic equities:					
Small cap	471	128	343	—	Daily/Monthly
Mid cap	109	109	—	—	Daily
Large cap	2,834	1,464	1,370	—	Daily
	<u>3,414</u>	<u>1,701</u>	<u>1,713</u>	<u>—</u>	
International equities:					
International equities	972	416	556	—	Daily
	<u>972</u>	<u>416</u>	<u>556</u>	<u>—</u>	
Fixed income:					
U.S. Treasuries	6,114	—	6,114	—	Daily
Other	3,066	—	3,066	—	Monthly
	<u>9,180</u>	<u>—</u>	<u>9,180</u>	<u>—</u>	
Hedge funds:					
Credit/event driven	11,155	—	—	11,155	Subject to lockup
Equity long/short	62,757	—	62,757	—	Monthly
Fixed income strategies	13,055	—	—	13,055	Subject to lockup
Multistrategy	40,716	—	40,716	—	Monthly
	<u>127,683</u>	<u>—</u>	<u>103,473</u>	<u>24,210</u>	
Other types:					
Private equity	41,750	—	—	41,750	Illiquid
Real estate	4,736	—	—	4,736	Illiquid
	<u>46,486</u>	<u>—</u>	<u>—</u>	<u>46,486</u>	
Total investments	191,886	6,268	114,922	70,696	
Other assets:					
Funds held by bond trustee	12,412	12,412	—	—	
Total assets	<u>\$ 204,298</u>	<u>18,680</u>	<u>114,922</u>	<u>70,696</u>	
Liabilities:					
Obligation under derivative instrument	\$ 1,271	—	1,271	—	

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

The following tables present the College's activities for the years ended June 30, 2011 and 2010 for assets classified in Level 3:

	<u>Hedge funds</u>	<u>Private equity</u>	<u>Real estate</u>	<u>Total</u>
Beginning balance at July 1, 2010	\$ 24,210	41,750	4,736	70,696
Acquisitions	—	11,168	80	11,248
Dispositions	(2,720)	(6,800)	(1,819)	(11,339)
Net appreciation	<u>2,889</u>	<u>11,323</u>	<u>1,059</u>	<u>15,271</u>
Ending balance at June 30, 2011	<u>\$ 24,379</u>	<u>57,441</u>	<u>4,056</u>	<u>85,876</u>

	<u>Hedge funds</u>	<u>Private equity</u>	<u>Real estate</u>	<u>Total</u>
Beginning balance at July 1, 2009	\$ 113,207	30,001	7,057	150,265
Acquisitions	115	9,061	188	9,364
Dispositions	(6,660)	(5,050)	(609)	(12,319)
Transfers from Level 3 to Level 2	(86,216)	—	—	(86,216)
Net appreciation (depreciation)	<u>3,764</u>	<u>7,738</u>	<u>(1,900)</u>	<u>9,602</u>
Ending balance at June 30, 2010	<u>\$ 24,210</u>	<u>41,750</u>	<u>4,736</u>	<u>70,696</u>

At June 30, 2011 and 2010, the carrying values of the College's cash and cash equivalents, receivables, and accounts payable and accrued expenses approximated their fair values. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because loans are not saleable and can only be assigned to the U.S. government or its designees.

(5) Endowment Funds

The College's endowment consists of approximately 800 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.

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

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 31 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 capped the endowment spending for 2011 to the prior year amount of \$8.882 million.

On September 17, 2010, New York State enacted its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), referred to as "NYPMIFA," which imposes guidelines on the management and investment of endowment funds. The Board of Trustees of the College has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. As a result of this interpretation, the College continues to classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts donated to the permanent endowment; and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Accounting guidance associated with the enactment of NYPMIFA as set forth in Accounting Standards Codification Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA* (ASC 958-205-45), requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. Accordingly, upon the adoption of ASC 958-205-45, the College reclassified \$19.748 million of appreciation on donor-restricted endowment funds from unrestricted net assets 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 75% and 73% of the College's endowment investments at June 30, 2011 and 2010, respectively.

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

Endowment funds consisted of the following at June 30, 2011 and 2010, excluding perpetual trusts and pledges of approximately \$3.1 million and \$1.3 million, respectively:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fiscal year 2011:				
Donor restricted	\$ —	71,578	115,829	187,407
Board designated	28,082	—	—	28,082
Total	<u>\$ 28,082</u>	<u>71,578</u>	<u>115,829</u>	<u>215,489</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fiscal year 2010:				
Donor restricted	\$ 19,748	27,113	112,610	159,471
Board designated	24,544	—	—	24,544
Total	<u>\$ 44,292</u>	<u>27,113</u>	<u>112,610</u>	<u>184,015</u>

Changes in the endowment funds for the fiscal years ended June 30, 2011 and 2010 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fiscal year 2011:				
Balance at June 30, 2010	\$ 44,292	27,113	112,610	184,015
Interest and dividends, net	167	352	—	519
Net appreciation in fair value	4,692	31,508	—	36,200
Net assets reclassification based on adoption of ASC 958-205-45	(19,748)	19,748	—	—
Contributions	415	3	3,141	3,559
Change in donor designation	—	—	78	78
Distributions	(1,736)	(7,146)	—	(8,882)
Balance at June 30, 2011	<u>\$ 28,082</u>	<u>71,578</u>	<u>115,829</u>	<u>215,489</u>

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fiscal year 2010:				
Balance at June 30, 2009	\$ 40,734	13,733	110,839	165,306
Interest and dividends, net	851	1,523	—	2,374
Net appreciation in fair value	7,727	14,927	—	22,654
Contributions	792	—	1,771	2,563
Distributions	(5,812)	(3,070)	—	(8,882)
Balance at June 30, 2010	<u>\$ 44,292</u>	<u>27,113</u>	<u>112,610</u>	<u>184,015</u>

(6) Property, Plant, and Equipment

Property, plant, and equipment consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,234	1,234
Buildings and building improvements	245,832	243,580
Furniture, fixtures, and equipment	29,194	27,756
Construction in progress	3,794	755
	<u>280,054</u>	<u>273,325</u>
Less accumulated depreciation	(128,420)	(121,977)
Total	<u>\$ 151,634</u>	<u>151,348</u>

The increase in the construction in progress balance was primarily due to the initiation of several campus-wide construction projects.

(7) Asset Retirement Obligations

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 \$1.4 million. As of June 30, 2011 and 2010, the obligation amounted to \$2.0 million and \$1.9 million, respectively.

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

(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, 2011 and 2010 was \$5.9 million and \$5.7 million, 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 obligation recognized in the accompanying balance sheet, the net periodic postretirement medical benefit cost recognized in the accompanying statement of activities, and the related assumptions.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 11,998	10,132
Service cost	417	346
Interest cost	619	620
Plan participants' contributions	38	24
Actuarial loss	10	1,305
Benefits paid	<u>(520)</u>	<u>(429)</u>
Accrued postretirement benefit obligation at end of year	<u>\$ 12,562</u>	<u>11,998</u>

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BARNARD COLLEGE

Notes to Financial Statements

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(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

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

	<u>2011</u>	<u>2010</u>
Service cost	\$ 417	346
Interest cost	619	619
Amortization of prior service credit	(47)	(47)
Recognized actuarial loss	<u>265</u>	<u>170</u>
Net periodic postretirement medical benefit cost	<u>\$ 1,254</u>	<u>1,088</u>
Weighted average discount rate used to determine benefit obligations at June 30	5.25%	5.25%
Weighted average discount rate used to determine net periodic benefit cost for the fiscal years ended June 30	5.25	6.25
	<u>2011</u>	<u>2010</u>
	(Union/Nonunion)	
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	8.0%/8.0%	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:

	<u>1% increase</u>	<u>1% decrease</u>
Effect on total service and interest cost component	\$ 94	(78)
Effect on postretirement benefit obligation	857	(716)

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

	<u>2011</u>	<u>2010</u>
Net actuarial loss	\$ 3,652	3,907
Prior service credit	<u>(161)</u>	<u>(208)</u>
Total	<u>\$ 3,491</u>	<u>3,699</u>

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

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(Dollars in thousands)

The estimated amount that will be amortized into net periodic postretirement medical benefit cost in 2012 is \$0.2 million.

As of June 30, 2011, the College has not identified any provisions of healthcare reform that would be expected to have a significant impact on the measured obligation.

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, 2012 through June 30, 2020, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2012	\$	562
2013		603
2014		651
2015		708
2016		754
2017 through 2020		4,502

(9) Long-Term Obligations

Long-term obligations consist of the following:

	<u>2011</u>	<u>2010</u>
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	\$ 45,450	46,970
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2008. Interest at variable rates due serially to 2037	27,015	27,540
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	26,580	27,195
Note payable	1,000	1,000
Other	—	186
	<u>100,045</u>	<u>102,891</u>
Total	100,045	102,891
Add unamortized bond premium	1,529	1,588
Less unamortized bond discount	(26)	(28)
Total long-term obligations	<u>\$ 101,548</u>	<u>104,451</u>

(Continued)

BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

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 million 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 million 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 \$2.9 million at June 30, 2011 and 2010, 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 \$32.6 million 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 \$28.0 million 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 \$5.5 million 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 \$28.4 million 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 \$5.3 million and \$8.3 million at June 30, 2011 and 2010, 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 \$27.5 million 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 LIBORs and a fixed fee from RBS Citizens, N.A. The average interest rate on the DASNY 2008 Bonds was approximately 2% in fiscal years 2011 and 2010, respectively.

In September 2007, the College entered into a seven-year interest rate swap agreement on the notional amount of \$32.6 million, 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 \$28.0 million, the outstanding amount of the DASNY 2008 Bonds at that time. At June 30, 2011 and 2010, the fair value of the swap agreement, which is based upon the value provided by a

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

third-party financial institution, was a liability of \$0.9 million and \$1.3 million, respectively, and is reported as an obligation under derivative instrument on the accompanying balance sheets at June 30, 2011 and 2010, 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 August 2011, the College made a supplemental principal payment of \$5.0 million on the DASNY 2008 debt.

In February 2004, the College entered into a loan agreement with the Dormitory Authority of the State of New York to issue \$28.9 million 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 \$1.2 million at June 30, 2011 and 2010, and were held in cash.

On December 15, 2008, the College entered into a loan agreement with the Leon Lowenstein Foundation for \$1.0 million. 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, 2011, for five years subsequent to June 30, 2011 and thereafter, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,780	4,429	8,209
2013	2,885	4,310	7,195
2014	2,710	4,189	6,899
2015	2,835	4,067	6,902
2016	2,965	3,927	6,892
Thereafter	84,870	42,621	127,491
	<u>\$ 100,045</u>	<u>63,543</u>	<u>163,588</u>

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.

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

Interest expense for the years ended June 30, 2011 and 2010 amounted to approximately \$4.0 million and \$4.1 million, respectively. The College capitalized \$0.8 million of interest costs related to the construction of the Diana Center and other projects for the year ended June 30, 2010.

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

(10) 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, College services, faculty exchange, athletics, and certain special services and support costs.

The statement of activities includes expenses in the amount of approximately \$4.9 million and \$4.6 million for the years ended June 30, 2011 and 2010, respectively, for services provided under the terms of the agreement.

(11) Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Instruction, research, and library	\$ 68,526	35,143
Financial aid	31,291	21,282
Plant improvements	8,264	8,733
Gifts to be designated	4,503	5,177
	<u>\$ 112,584</u>	<u>70,335</u>

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BARNARD COLLEGE

Notes to Financial Statements

June 30, 2011

(With Comparative Financial Information for June 30, 2010)

(Dollars in thousands)

Permanently restricted net assets are as follows at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Investments to be held in perpetuity, the earning from which are expendable to support:		
Financial aid	\$ 64,832	62,523
Instructional and other programs	<u>54,139</u>	<u>51,395</u>
	<u>\$ 118,971</u>	<u>113,918</u>

(12) Commitments and Contingencies***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.

BARNARD COLLEGE
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Federal grantor/program title	CFDA number/ Contract number	Expenditures
U.S. Department of Education:		
Federal Student Financial Assistance Cluster:		
Federal Direct Student Loans (note 2)	84.268	\$ 9,349,286
Federal Perkins Loan Program (note 2)	84.038	222,987
Federal Pell Grant Program	84.063	2,239,532
Federal Work-Study Program	84.033	264,789
Federal Supplemental Educational Opportunity Grant Program	84.007	389,691
Federal Academic Competitiveness Grant Program	84.375	225,900
Federal Science and Mathematics Access to Retain Talent Grant Program	84.376	134,000
Total Federal Student Financial Assistance Cluster		12,826,185
Research and Development Cluster:		
U.S. Department of Education – Pass-through:		
Columbia University – The Effects of No Child Left Behind on School Services and Student Outcomes	84.305A	127,137
Total U.S. Department of Education		127,137
National Science Foundation – Direct:		
RUI: Partitioning Drivers of Root Trait Covariation: From Phenotypic Plasticity to Global Evolutionary Trends (note 3)	47.074	12,645
From Animal to Artifice: an Ethnographic Investigation of Scientific Research in the Experimental Realm of Human Organ Transplant	47.075	6,422
High Energy Astrophysics with STACEE and VERITAS (note 3)	47.049	13,913
Elucidating the Role of Hoxa-5 in Morphogenesis and Evolution of Cervical Somites	47.074	83,361
RUI: Dynamic Control of Electrophilic Carbene Additions to Strained C-C Bonds	47.049	83,994
Dark Components and Other Cosmological Mysteries Linked Through Extra Dimensions	47.049	19,287
RUI: Metallanitrene-Mediated Amino Sugar Synthesis	47.049	81,510
Collaborative Research: Coupled Thermal-Hydrological-Mechanical-Chemical-Biological Experimental Facility at DUSEL Homestake (note 3)	47.041	36,204
Collaborative Research on the Reacting to the Past Pedagogy for Science Education	47.076	22,534
The Geometry and Dynamics of Symplectic Manifolds	47.049	86,899
3-Manifolds and Geometry	47.049	73,051
High Energy Gamma-Ray Astrophysics with VERITAS (note 3)	47.049	201,651
Spinning Eccentric Black Hole Pairs: Black Hole Scattering and Binary Formation (note 3)	47.049	171,953
Collaborative Research: Educational Assessment Tools for Genomics and Bioinformatics Education	47.076	29,781
Collaborative Research: Lit: Vulnerability of Tropical Ectotherms to Climate Warming	47.074	23,095
RUI - Collaborative: Engaging undergraduates in genomic questions and environmental context: building a database of complex phenotypes for plant knockout mutants	47.074	3,679
ARRA - MRI-R2: Acquisition of UV-Vis-NIR, FT-IR and Fluorescence Spectrometric Instrumentation	47.082	164,093
When Climate Changed: The Fall of Empires and the Rise of a New Science	47.075	76,779
Homology Theories for Tangles and Bordered 3 Manifolds	47.049	35,991
Maximizing Recruitment, Persistence, and Success of Undergraduate Women in Science	47.076	64,881
The Barnard Interdisciplinary Workshop on Embodiment	47.075	11,003
RUI: Pubertal Maturation of the Hypothalamic-Pituitary-Adrenal Axis	47.074	41,399
ARRA - Research in Chemistry: Lab Renovations for Faculty and Undergraduate Women	47.082	1,070,238
National Science Foundation – Pass-through:		
University of Chicago – Construction of a Muon Tagging System for the Double Chooz Neutrino Experiment	47.049	8,218
Columbia University – Advance: Increasing the Participation and Advancement of Women in Academic Science and Engineering Careers	47.074	518
Columbia University – Nanoscience and Engineering Center: Columbia Center for Electronic Transport in Molecular Nanostructures	47.049	42,128

(Continued)

BARNARD COLLEGE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Federal grantor/program title	CFDA number/ contract number	Expenditures
Institute for Advanced Study – NSF Joint Institutes Post Doctoral Fellowship for Basic Research in Mathematics	47.047	\$ 7,152
National Council for Science and the Environment – Creating a Learning Community for Solutions to Climate Change	47.076	18,966
Total National Science Foundation		<u>2,491,345</u>
National Aeronautics and Space Administration:		
Cornell University – NASA New York Space Grant – Pass-through	61420-9280	4,400
Using FERMI to Understand the Contributions from Unresolved Discrete Sources to the Extragalactic G-Ray Background – Direct	NNX09AT71G	50,203
Using FERMI – LAT to Select Variable, Unidentified TEV Source Candidates – Direct	NNX10AP66G	7,352
GEV/TEV Blazar Population Studies with Veritas and Fermi – Direct	NNX09AU14G	9,647
Total National Aeronautics and Space Administration		<u>71,602</u>
National Institute for Alcohol Abuse and Alcoholism – Pass-through: The Research Foundation of SUNY – Developmental Exposure Alcohol Research Center	93.273	34,478
U.S. Department of Energy – Pass-through: Columbia University – Tagging Carbon Dioxide to Enable Quantitative Inventories of Geological Carbon Storage	81.089	50,104
U.S. Department of Health and Human Services – Direct:		
Sensory and Perceptual Factors in Spoken Communication	93.173	56,990
Physiological Dissection of the SCN	93.853	349,224
Amidoglycosylation Reactions of Glycal Metallanitrenes	93.859	3,436
Time and Associative Learning (note 3)	93.242	422,063
Effects of Aging on Germline and Somatic Stem Cells in Drosophila Melanogaster	93.866	29,020
The Creation and Enhancement of Language	93.173	253,553
The Creation and Enhancement of Language	93.173	127,360
ARRA – Intuitive Mathematical Operations in Infancy and Childhood	93.701	129,428
Neural Basis of Pubertal Shifts in Stress Reactivity	93.242	32,881
U.S. Department of Health and Human Services – Pass-through:		
Columbia University – Health Effects and Geochemistry of Arsenic and Manganese	93.113	119,727
Columbia University – SCN Networks and Efferent Signals	93.242	61,507
Columbia University – Rejection Sensitivity and Self-Regulation in Personality Disorders	93.242	30,440
Columbia University – Does Arsenic Mitigation in Bangladesh Raise Exposure to Bacterial and Viral Pathogens	93.989	4,725
Total U.S. Department of Health and Human Services		<u>1,620,354</u>
Total Research and Development Cluster		<u>4,395,020</u>
Total Expenditures of Federal Awards		<u>\$ 17,221,205</u>

See accompanying notes to schedule of expenditures of federal awards.

BARNARD COLLEGENotes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2011**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Barnard College (the College) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Loan Programs

With respect to the Federal Direct Student Loan Programs (including Federal Stafford Student Loans and Federal PLUS Loans), the College is responsible only for the performance of certain administrative duties. Therefore, the balances of loans outstanding and transactions related to these programs are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under those programs at June 30, 2011.

The College administers and accounts for all aspects of the Federal Perkins Loan Program. Accordingly, the College's basic financial statements include all activity related to this program. New loans made by the College during the year ended June 30, 2011 under the Federal Perkins Loan Program totaled \$222,987, which includes administrative costs of \$48,373. Federal Perkins loans outstanding at June 30, 2011 were \$2,350,745.

(3) Subrecipients

Of the federal expenditures included in the accompanying schedule, the College provided awards to subrecipients as follows:

Program title	CFDA number	Amount provided to subrecipients
RUI: Partitioning Drivers of Root Trait Covariation: From Phenotypic Plasticity to Global Evolutionary Trends	47.074	\$ 3,691
Collaborative Research: Coupled Thermal-Hydrological-Mechanical-Chemical-Biological Experimental Facility at DUSEL Homestake	47.041	22,092
High Energy Astrophysics with STACEE and VERITAS	47.049	13,432
High Energy Gamma-Ray Astrophysics with VERITAS	47.049	48,361
Spinning Eccentric Black Hole Pairs: Black Hole Scattering and Binary Formation	47.049	36,140
Time and Associative Learning	93.242	189,802
		<u>\$ 313,518</u>



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Trustees
Barnard College:

We have audited the financial statements of Barnard College (the College) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011 which includes an explanatory paragraph regarding the College's adoption of Accounting Standards Codification Topic 958 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, for classification of donor-restricted endowment funds in 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The



results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the committee of audits and compliance of the College in a separate letter dated November 16, 2011.

This report is intended solely for the information and use of the board of trustees and management of the College, and federal awarding agencies and pass-through entities that provided funding, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 30, 2011



KPMG LLP
345 Park Avenue
New York, NY 10154

**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

The Board of Trustees
Barnard College:

Compliance

We have audited the compliance of Barnard College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (the Compliance Supplement) that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011, except those requirements discussed in the second paragraph of this report. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We did not audit the College's compliance with requirements governing the billing, repayments, and due diligence functions in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement. Those requirements govern functions that are performed by University Accounting Services, LLC (UAS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. UAS' compliance with the requirements governing the functions that it performs for the College for the year ended June 30, 2011 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of UAS' compliance with such requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.



In our opinion, the College complied, in all material respects, with the requirements referred to in the first paragraph above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

Requirements governing the billing, repayments, and due diligence functions in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement are performed by UAS. Internal control over compliance relating to such functions was reported on by the other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants' testing of UAS' internal control over compliance related to such functions.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees and management of the College, and federal awarding agencies and pass-through entities that provided funding, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 20, 2011

BARNARD COLLEGE

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

- (a) Type of report issued on the financial statements: **Unqualified opinion**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**

Material weaknesses: **No**

- (c) Noncompliance that is material to the financial statements: **No**
- (d) Significant deficiencies in internal control over major programs: **None reported**
- (e) Material weaknesses: **No**
- (f) Type of report issued on compliance for major programs: **Unqualified opinion**
- (g) Audit findings that are required to be reported under Section 510(a) of OMB Circular A-133: **No**
- (h) Major federal programs:

Federal Student Financial Assistance Cluster (various CFDA numbers)**Research and Development Cluster** (various CFDA numbers)

- (i) Dollar threshold used to distinguish between Type A and Type B programs: **\$523,924**
- (j) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None