



DICKINSON COLLEGE

Financial Statements and Supplemental Schedule

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

DICKINSON COLLEGE

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Independent Auditors' Report

The Board of Trustees
Dickinson College:

We have audited the accompanying statements of financial position of Dickinson College (the College) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 Dickinson College as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As described in note 1(r), the College adopted Financial Standards Board Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, on July 1, 2008. In addition, the College adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, as of July 1, 2008.

KPMG LLP

October 23, 2009

DICKINSON COLLEGE
 Statements of Financial Position
 June 30, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	\$ 3,747,366	809,705
Accounts and other receivables, net of allowance for doubtful accounts of \$50,000 at June 30, 2009 and 2008, respectively	2,390,283	3,067,351
Inventories, prepaid expenses, and other assets	1,834,296	1,372,960
Loans receivable, net of allowance for loan loss of \$1,083,140 and \$966,470 at June 30, 2009 and 2008, respectively	6,558,965	6,426,487
Investments	216,917,981	278,414,500
Funds held in trust by others	34,827,435	40,846,332
Contributions receivable, net	14,296,449	14,360,398
Settlement receivable	13,559,323	18,292,119
Deposits with trustees under debt agreements	5,481,221	5,663,170
Property and equipment, net	160,610,891	155,605,214
Deferred financing costs	2,216,129	2,348,195
Total assets	\$ 462,440,339	527,206,431
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,238,846	7,475,101
Deferred revenue	3,339,591	3,008,832
Student deposits	2,866,076	3,164,973
Line of credit	7,000,000	—
Postretirement benefits	7,140,106	6,822,194
Funds held in custody for others	941,555	872,764
Annuities payable	4,045,080	4,187,502
Obligations under capital leases	2,293,599	1,975,615
Long-term debt	100,964,068	103,064,221
U.S. government advances refundable	2,234,181	2,212,372
Total liabilities	137,063,102	132,783,574
Net assets:		
Unrestricted	201,424,085	231,985,726
Temporarily restricted	29,149,042	53,515,505
Permanently restricted	94,804,110	108,921,626
Total net assets	325,377,237	394,422,857
Total liabilities and net assets	\$ 462,440,339	527,206,431

See accompanying notes to financial statements.

DICKINSON COLLEGE

Statement of Activities

Year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:				
Tuition and fees	\$ 91,443,532	—	—	91,443,532
Student aid	(28,578,560)	—	—	(28,578,560)
Net tuition and fees	62,864,972	—	—	62,864,972
Private gifts, grants and contributions	4,532,878	2,044,349	2,357,793	8,935,020
Government grants and appropriations	2,041,459	—	—	2,041,459
Investment loss	(21,623,868)	(19,410,857)	(16,517,942)	(57,552,667)
Change in split-interest and other agreements	(4,703,679)	(107,995)	42,633	(4,769,041)
Other revenues	1,170,534	—	—	1,170,534
Sales and services of auxiliary enterprises	26,894,036	—	—	26,894,036
Net assets released from restrictions	6,891,960	(6,891,960)	—	—
Total revenues	<u>78,068,292</u>	<u>(24,366,463)</u>	<u>(14,117,516)</u>	<u>39,584,313</u>
Expenses:				
Programs:				
Education and general:				
Instructional	37,913,213	—	—	37,913,213
Academic support	10,405,296	—	—	10,405,296
Student services	12,992,288	—	—	12,992,288
Research	3,002,765	—	—	3,002,765
Public service	794,737	—	—	794,737
Auxiliary enterprises	23,610,418	—	—	23,610,418
Institutional support	19,918,833	—	—	19,918,833
Total expenses	<u>108,637,550</u>	<u>—</u>	<u>—</u>	<u>108,637,550</u>
Change in net assets before other gain	(30,569,258)	(24,366,463)	(14,117,516)	(69,053,237)
Other gain:				
Pension-related changes other than net periodic pension cost	7,617	—	—	7,617
Change in net assets	(30,561,641)	(24,366,463)	(14,117,516)	(69,045,620)
Net assets:				
Beginning of year	231,985,726	53,515,505	108,921,626	394,422,857
End of year	\$ <u>201,424,085</u>	<u>29,149,042</u>	<u>94,804,110</u>	<u>325,377,237</u>

See accompanying notes to financial statements.

DICKINSON COLLEGE

Statement of Activities

Year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:				
Tuition and fees	\$ 84,803,016	—	—	84,803,016
Student aid	(25,435,464)	—	—	(25,435,464)
Net tuition and fees	59,367,552	—	—	59,367,552
Private gifts, grants and contributions	20,049,112	3,997,869	1,610,902	25,657,883
Government grants and appropriations	2,353,723	—	—	2,353,723
Investment income (loss)	11,731,267	(1,554,090)	(449,638)	9,727,539
Change in split-interest and other agreements	356,853	(539,326)	(162,703)	(345,176)
Other revenues	1,046,289	—	—	1,046,289
Sales and services of auxiliary enterprises	25,672,586	—	—	25,672,586
Net assets released from restrictions	7,002,945	(7,002,945)	—	—
Total revenues	<u>127,580,327</u>	<u>(5,098,492)</u>	<u>998,561</u>	<u>123,480,396</u>
Expenses:				
Programs:				
Education and general:				
Instructional	36,214,340	—	—	36,214,340
Academic support	10,345,733	—	—	10,345,733
Student services	11,454,396	—	—	11,454,396
Research	2,622,304	—	—	2,622,304
Public service	856,050	—	—	856,050
Auxiliary enterprises	21,325,184	—	—	21,325,184
Institutional support	19,332,199	—	—	19,332,199
Total expenses	<u>102,150,206</u>	<u>—</u>	<u>—</u>	<u>102,150,206</u>
Change in net assets before other gains (losses)	25,430,121	(5,098,492)	998,561	21,330,190
Other gains (losses):				
Pension-related changes other than net periodic pension cost	373,583	—	—	373,583
Loss on other items	(2,935,853)	—	—	(2,935,853)
Change in net assets	22,867,851	(5,098,492)	998,561	18,767,920
Net assets:				
Beginning of year	<u>209,117,875</u>	<u>58,613,997</u>	<u>107,923,065</u>	<u>375,654,937</u>
End of year	\$ <u><u>231,985,726</u></u>	<u><u>53,515,505</u></u>	<u><u>108,921,626</u></u>	<u><u>394,422,857</u></u>

See accompanying notes to financial statements.

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Statements of Cash Flows
Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (69,045,620)	18,767,920
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,634,570	8,187,149
Loss on disposition of fixed assets	287,941	2,398,238
Loss on debt extinguishment	—	535,629
Net realized and unrealized losses (gains) on investments	52,967,066	(6,111,130)
Change in split-interest agreements	36,245	665,924
Change in value of funds held in trust by others	6,018,897	301,391
Provision for doubtful accounts	116,670	—
Other changes in annuities payable	220,139	794,676
Gifts received for permanently restricted net assets and capital projects	(2,360,234)	(2,136,673)
Change in assets and liabilities:		
Accounts receivable	677,068	(499,812)
Contributions and settlement receivables	4,796,745	(3,160,831)
Inventories, prepaid, and other assets	(461,336)	(172,781)
Accounts payable and accrued expenses	(918,343)	72
Deferred revenue	330,759	254,481
Student deposits	(298,897)	(437,864)
Funds held in custody for others	68,791	113,041
Total adjustments	71,116,081	731,510
Net cash provided by operating activities	2,070,461	19,499,430
Cash flows from investing activities:		
Proceeds from sale of investments	73,749,019	43,120,326
Purchase of investments	(65,255,811)	(53,517,750)
Deposits with trustee under debt agreements	181,949	20,313,086
Purchase of plant assets	(14,377,423)	(28,127,164)
Sale of plant assets	3,770	4,372
Loan principal payments received	659,803	927,850
Net increase in student loans	(908,951)	(1,249,211)
Net cash used in investing activities	(5,947,644)	(18,528,491)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt and line of credit	7,000,000	18,277,445
Payments on long-term debt and line of credit	(2,100,153)	(20,645,696)
Other costs on extinguishment of debt	—	(176,260)
Principal payments under capital lease obligation	(104,485)	(43,474)
Gifts received for permanently restricted net assets and capital projects	2,360,234	2,136,673
Deferred financing costs	—	(237,868)
Payments to annuity recipients	(362,561)	(388,848)
Increase in U.S. government grants refundable	21,809	27,538
Net cash provided by (used in) financing activities	6,814,844	(1,050,490)
Net increase (decrease) in cash and cash equivalents	2,937,661	(79,551)
Cash and cash equivalents:		
Beginning of year	809,705	889,256
End of year	\$ 3,747,366	809,705
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 5,355,589	4,844,181
Supplemental disclosure of noncash investing and financing activity:		
Lease of buildings	\$ 422,469	1,447,697

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

Dickinson College (the College) is a private, not-for-profit institution of higher education in Carlisle, Pennsylvania. The College provides education services at the undergraduate level.

The significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

(a) *Basis of Presentation*

Not-for-profit accounting standards require the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows. Net assets and revenues, gains, expenses, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited to contractual agreements with outside parties.

Temporarily Restricted

Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of endowment assets up to 7% of a three-year moving average of the market value of permanently restricted endowed assets. Since endowment net realized and unrealized gains may eventually be spent by the College, endowment net realized and unrealized gains are recorded in the financial statements as temporarily restricted net assets until transferred to unrestricted net assets. Temporarily restricted net assets of the College at June 30, 2009 and 2008 consist of unspent donor-restricted contributions and market appreciation of endowment funds.

Permanently Restricted

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 earned on these assets. Such assets primarily include the College's donor endowment funds and funds held in trust by others.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

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Notes to Financial Statements

June 30, 2009 and 2008

(b) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received are discounted at an appropriate discount rate commensurate with the risks involved, 2.8% and 3.8% at June 30, 2009 and 2008, respectively, which approximates the federal mid-term rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of the fund-raising activity.

Contributions and endowment income with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Contributions restricted for the acquisition of plant and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets when restrictions have been met and the plant and equipment have been placed in service.

(c) Settlement Receivable

At June 30, 2009 and 2008, \$13,559,323 and \$18,292,119, respectively, has been recorded as a settlement receivable related to a settlement agreement between the College; the Baltimore Symphony Orchestra; GBMC Healthcare, Inc.; Whiteford, Taylor and Preston LLP; and the trustees of the Robert A. Waidner Foundation, a charitable remainder trust, established under the will of alumnus Robert A. Waidner, Dickinson Class of 1932. Assets are being held in trust and their payment to the College is pursuant to both a trust under the will of Mr. Waidner and to the settlement agreement of the will. At the later of December 31, 2029 or the year in which the named trustees are no longer serving the trust, the trust shall terminate and the assets then comprising the trust shall be distributed. The receivable represents the present value of future cash flows using a discount rate of 4.60% and 4.96% for the years ended June 30, 2009 and 2008, respectively.

(d) Cash Equivalents

The College considers certificates of deposit and other short-term savings instruments with original maturities of 90 days or less to be cash equivalents. Cash equivalents exclude certain qualifying instruments recognized in investments.

(e) Loans Receivable

Included in loans receivable on the statement of financial position are two forms of flexible financing to families of students, which are no longer offered by the College. Plan A provided up to \$4,000 a year to parents of students. Loan terms require the payment of interest only through the date of graduation and then require payment of interest and principal over a period of six years. These notes bear 11% interest. Plan B provided up to \$10,000 a year to parents of students. Loan terms require the payment of principal and interest to begin immediately and extend over a period not greater than 13 years. These notes were issued bearing interest at the prime rate plus 1% adjusted each year at

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Notes to Financial Statements

June 30, 2009 and 2008

June 30. The student loan notes receivable totaled approximately \$1,112,000 and \$1,303,000 at June 30, 2009 and 2008, respectively. The remaining loans receivable consist principally of student receivables related to the Federal Perkins Loan Program. The allowance for uncollectible notes and loans was \$1,083,140 and \$966,470 at June 30, 2009 and 2008, respectively.

(f) *Deposits with Trustees under Debt Agreements*

Deposits with trustees under debt agreements are the unexpended construction fund proceeds of debt obligations and debt service funds. The funds are invested in short-term fixed income investments.

(g) *Deferred Financing Costs*

Deferred financing costs are amortized using the straight-line method over the remaining terms of the associated debt.

(h) *Annuity Agreements and Funds Held in Trust by Others*

The College's annuity agreements with donors consist primarily of charitable remainder trusts and annuity agreements for which the College serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries, using a discount rate of 2.8% and 3.8% for the years ended June 30, 2009 and 2008, respectively. Contributions arising from annuities and life income funds amounted to \$44,380 and \$21,512 for the years ended June 30, 2009 and 2008, respectively.

The College is also the beneficiary of certain perpetual trusts held and administered by others. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted to fair value at the trust.

(i) *Property and Equipment*

Property and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation of property and equipment is calculated using a straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 2 years to 20 years for equipment, 5 years for computers, 10 years for library books, and from 5 years to 50 years for buildings and land improvements.

Included in property and equipment is the College's rare works collection. The College carries its rare works collection at the fair value of the collection items at the date of gift, and the collection is not depreciated.

(j) *Derivative Financial Instruments*

The College has entered into various forward contracts for foreign currency purchases, which are being accounted for as derivatives. For the year ended June 30, 2009, a total gain of \$301,195 was recorded in other revenue on the statement of activities and an asset of \$301,195 was recorded in other assets on the statement of financial position.

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Notes to Financial Statements

June 30, 2009 and 2008

(k) Conditional Asset Retirement Obligations

The College has conditional asset retirement obligations arising from regulatory requirements to the remediation of asbestos and other hazardous materials in certain campus buildings. The liability was initially measured at fair value and is subsequently adjusted for accretion expense and changes in the amount or timing of the cash flows. The corresponding asset retirement costs are recorded in accounts payable and accrued expenses. As of June 30, 2009 and 2008, the asset retirement costs were \$675,306 and \$780,340, respectively.

(l) Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangibles to be held and used by an entity are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Also, in general, any long-lived assets and certain identifiable intangibles to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The College periodically evaluates the recoverability of its long-lived assets including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the College's long-lived assets were considered to be impaired as of June 30, 2009 and 2008.

(m) U.S. Government Advances Refundable

Funds provided by the U.S. government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statement of financial position.

(n) Fund-Raising Expenses

Direct fund-raising expenses for the years ended June 30, 2009 and 2008 were approximately \$3,233,000 and \$3,278,000, respectively.

(o) Loss on Other Items

Other items in 2008 include a loss on early extinguishment of debt in the amount of \$535,629 and a loss on the disposal of buildings in connection with the construction of the Rector Science Campus, in the amount of \$2,400,224.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to Financial Statements

June 30, 2009 and 2008

(q) *Related-Party Transactions*

The College offers a Homebuyer Program, which assists eligible employees with either the purchase of a home in a specific area or the purchase of a home for the first time. The program provides a Forgiveness Loan of up to \$2,000 for closing costs and downpayment assistance. It also provides a Deferred Payment Loan of up to \$5,000 for additional downpayment and closing cost assistance, which would be due on the sale of the house.

To be eligible, an employee must buy and occupy a single-, two-, or three-family home in the specified area or be a first-time homebuyer. The loans carry an interest rate of 0%. The balance of the homebuyer loans outstanding was \$175,538 and \$185,440 at June 30, 2009 and 2008, respectively.

(r) *New Accounting Pronouncements*

On July 1, 2008, the College adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. SFAS 157 defines fair value as the price that would be received to sell 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 at the measurement date. SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs as described in note 11. SFAS 157 applies to assets and liabilities for which other accounting pronouncements require or permit fair value measurements and, accordingly, SFAS 157 does not require any new fair value measurements. The adoption of SFAS 157 had no impact on the College's beginning net asset balance as of July 1, 2008. Subsequent changes in fair value are recognized in the statement of activities when they occur.

In conjunction with the implementation of SFAS 157, the College elected to early adopt the measurement provisions of Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends SFAS 157 and allows for the estimation of the fair value of investments for which the investment does not have a readily determinable fair value, by using net asset value per share or its equivalent. Net asset value may differ from fair value in many instances. As permitted by the amendment, the College elected to defer the adoption of the related disclosure provisions until its fiscal year ending June 30, 2010.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115* (SFAS 159), which, among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. The adoption of this statement had an immaterial impact on the financial statements.

Issued on August 6, 2008, FSP FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP 117-1) addresses

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Notes to Financial Statements

June 30, 2009 and 2008

endowment accounting and disclosure requirements. Because Pennsylvania has not enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), there was no change to the College's accounting as a result of the adoption of FSP 117-1 for the year ended June 30, 2009. Note 3 includes the enhanced disclosures required for all endowment funds under the standard.

Effective June 30, 2009, the College adopted FASB Statement No. 165, *Subsequent Events* (SFAS 165). SFAS 165 establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The adoption of SFAS 165 had no impact on the College's financial statements.

(s) **Reclassifications**

Certain 2008 balances have been reclassified to conform to the current year presentation.

(2) **Investments and Funds Held in Trust by Others**

Investments at June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Cash and equivalents	\$ 15,056,757	20,674,779
Fixed income funds	21,640,689	14,457,658
Global equities	73,040,126	71,875,044
Alternative investments	58,855,672	110,578,178
Private markets	42,316,783	46,392,231
Commodities and real assets	5,736,373	9,298,672
Other	271,581	5,137,938
	<u>\$ 216,917,981</u>	<u>278,414,500</u>

Under the terms of certain limited partnership agreements for private equity, venture capital, and real estate investments, the College is obligated to periodically advance additional funding. At June 30, 2009, the College had outstanding current commitments to remit additional funding of \$46,182,954 for which capital calls had not been made. The private equity partnerships (private markets) have 6 to 15 year terms, with extensions of 1 to 4 years. As of June 30, 2009 the average remaining life of the private equity partnerships is approximately 11 years.

As of June 30, 2009 and 2008, the College had investments other than private markets of \$86,855,607 and \$82,820,415, respectively, that are restricted from redemption for lock-up periods and provisions. All of these funds allow early redemption for specified fees upon approval of the general partner. The terms and conditions upon which an investor may redeem an investment vary, with the majority requiring 30 to 180 days notice after the initial lock-up period.

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Notes to Financial Statements

June 30, 2009 and 2008

The expirations of redemption lock-up periods as of June 30, 2009 are summarized in the table below:

Less than one year	\$ 45,273,364
One year to three years	28,810,322
Over three years	12,771,921
	<u>\$ 86,855,607</u>

Total investment income at June 30, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Investment income on funds held in trust by others	\$ 877,140	1,391,456
Interest and dividend income	1,502,179	2,526,344
Net realized and unrealized (losses) gains on investments	(58,985,963)	7,173,521
Adjustment of split-interest and other agreements	(4,769,041)	(345,176)
Investment-related fees	(946,023)	(1,363,782)
Total investment and split-interest (loss) income	<u>\$ (62,321,708)</u>	<u>9,382,363</u>

Funds held in trust by others include a 45% interest in the Sandia Foundation, created in 1975 under the terms of the will of Hugh W. Woodward, of which the College is a beneficiary. Those terms provide that the College is to receive annually and in perpetuity 45% of the net earnings of the Sandia Foundation, the assets of which consist principally of land and land improvements, in and around Albuquerque, New Mexico, and marketable securities. The net asset value of the College's interest in the Sandia Foundation was \$29,715,292 and \$33,938,184 at June 30, 2009 and June 30, 2008, respectively.

(3) Endowments

The College's endowment consists of approximately 830 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investments having market values of \$205,788,016 and \$262,949,846 at June 30, 2009 and 2008, respectively, are pooled on a market value basis, with each unitized fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the month within which the transaction takes place.

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the UPMIFA, or a version of the Uniform Management of Institutional Funds Act (UMIFA). Governing law resides in 15 Pa. C.S. § 5548 "Investment of Trust Funds." The College has interpreted relevant law as requiring the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The College classifies as

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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 to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the endowment spending rate plus inflation, defined as the Consumer Price Index plus 1%, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The spending policy of the College is set to provide, as closely as possible, equitable benefit from the endowment for current and future generations of students. A formal spending policy has been adopted to fairly meet the legal and programmatic requirements of the endowment. The College appropriates 7% of the endowment and targets a maximum of 5% of the 12-quarter moving average market value of the pooled endowment to be utilized, with the remaining moved to board-designated. The approved spending rate formula is designed to provide a relatively predictable and growing stream of revenues to the operating budget. An additional goal of this policy is to minimize the temptation to relieve all budgetary pressures by simply taking additional monies from the endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of

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this nature were approximately \$1,875,000 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Pennsylvania law allows for the aggregation of endowments, therefore endowments with deficiencies are netted with gains and accounted for within temporarily restricted net assets. There were no such deficiencies as of June 30, 2008.

Net Asset Classifications of Endowment Funds

Net asset classification by type of endowment as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	27,735,305	95,980,909	123,716,214
Board-designated endowment funds	<u>156,348,489</u>	<u>—</u>	<u>—</u>	<u>156,348,489</u>
Total endowment assets	156,348,489	27,735,305	95,980,909	280,064,703
Annuity liabilities	<u>—</u>	<u>(2,902,209)</u>	<u>(1,142,871)</u>	<u>(4,045,080)</u>
Total endowment net assets	<u>\$ 156,348,489</u>	<u>24,833,096</u>	<u>94,838,038</u>	<u>276,019,623</u>

Changes in endowment net assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 188,455,950	48,306,881	108,863,749	345,626,580
Investment return:				
Interest and dividend income	341,664	419,874	363,979	1,125,517
Net depreciation (realized and unrealized gains and losses)	(30,971,336)	(15,513,958)	(16,281,657)	(62,766,951)
Investment-related fees	<u>(427,997)</u>	<u>(420,633)</u>	<u>(91,186)</u>	<u>(939,816)</u>
Total investment return	(31,057,669)	(15,514,717)	(16,008,864)	(62,581,250)
Contributions	2,466,942	105,022	2,309,809	4,881,773
Appropriation of endowment assets for expenditure	<u>(3,516,734)</u>	<u>(8,064,090)</u>	<u>(326,656)</u>	<u>(11,907,480)</u>
	<u>\$ 156,348,489</u>	<u>24,833,096</u>	<u>94,838,038</u>	<u>276,019,623</u>

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Net asset classification by type of endowment as of June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	51,239,910	110,118,222	161,358,132
Board-designated endowment funds	<u>188,455,950</u>	<u>—</u>	<u>—</u>	<u>188,455,950</u>
Total endowment assets	188,455,950	51,239,910	110,118,222	349,814,082
Annuity liabilities	<u>—</u>	<u>(2,933,029)</u>	<u>(1,254,473)</u>	<u>(4,187,502)</u>
Total endowment net assets	<u>\$ 188,455,950</u>	<u>48,306,881</u>	<u>108,863,749</u>	<u>345,626,580</u>

Changes in endowment net assets for the year ended June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 164,830,700	54,347,702	107,829,232	327,007,634
Investment return:				
Interest and dividend income	173,805	423,772	509,364	1,106,941
Net appreciation (realized and unrealized gains and losses)	5,382,696	3,049,458	(436,313)	7,995,841
Investment-related fees	<u>(626,005)</u>	<u>(623,901)</u>	<u>(98,243)</u>	<u>(1,348,149)</u>
Total investment return	4,930,496	2,849,329	(25,192)	7,754,633
Contributions	19,116,840	(19,874)	1,485,869	20,582,835
Appropriation of endowment assets for expenditure	<u>(422,086)</u>	<u>(8,870,276)</u>	<u>(426,160)</u>	<u>(9,718,522)</u>
	<u>\$ 188,455,950</u>	<u>48,306,881</u>	<u>108,863,749</u>	<u>345,626,580</u>

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Endowment assets are categorized on the statement of financial position as follows:

	2009	2008
Investments:		
Pooled endowment investments	\$ 205,788,015	262,949,846
Life income funds	2,476,477	3,117,038
Real estate	5,736,373	6,688,092
Funds invested separately	1,393,134	1,568,062
	215,393,999	274,323,038
Funds held in trust by others	34,827,435	40,846,332
Property and equipment, net:		
Land and property	2,550,000	2,550,000
Artwork and collections	2,021,397	2,013,897
	4,571,397	4,563,897
Settlement receivable	13,559,323	18,292,119
Contributions receivable, net	11,712,549	11,788,696
	\$ 280,064,703	349,814,082

(4) Property and Equipment

As of June 30, 2009 and 2008, property and equipment at cost and accumulated depreciation are summarized as follows:

	2009	2008
Land	\$ 12,403,210	9,856,009
Buildings and improvements	202,195,703	160,810,107
Leases and leasehold improvements	3,265,998	2,550,423
Furniture, equipment and vehicles	11,506,029	10,880,430
Computers	9,147,329	9,075,210
Library books	17,065,336	16,118,336
Rare works	2,021,397	1,965,297
Construction in progress	4,823,567	37,347,784
	262,428,569	248,603,596
Less accumulated depreciation	101,817,678	92,998,382
	\$ 160,610,891	155,605,214

Depreciation expense totaled \$9,502,504 and \$8,144,767 for the years ended June 30, 2009 and 2008, respectively.

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(5) Contributions Receivable

Contributions receivable are summarized as follows at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Contributions receivable expected to be collected in:		
Less than one year	\$ 3,726,154	2,589,491
One year to five years	10,020,921	8,656,334
Over five years	2,986,788	6,383,359
	<u>16,733,863</u>	<u>17,629,184</u>
Less discount	(1,787,334)	(2,610,431)
Allowance for uncollectible contributions receivable	<u>(650,080)</u>	<u>(658,355)</u>
	<u>\$ 14,296,449</u>	<u>14,360,398</u>

Contributions receivable are recorded as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted	\$ 9,561,777	10,425,788
Temporarily restricted	2,364,119	2,483,064
Permanently restricted	2,370,553	1,451,546
	<u>\$ 14,296,449</u>	<u>14,360,398</u>

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(6) Line of Credit and Long-Term Debt

Debt at June 30, 2009 and 2008 consists of the following:

	2009	2008
Line of credit:		
\$10,000,000 with Wachovia Bank, due and payable by December 31, 2009, with variable interest based on LIBOR plus 80 basis points (1.33% at June 30, 2009)	\$ 7,000,000	—
Long-term debt:		
1998 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, maturing annually to 2010, in annual principal amounts ranging from \$885,000 to \$1,450,000 with interest ranging from 3.90% to 5.25% per annum	\$ 2,820,000	4,130,000
2003 Pennsylvania Higher Education Facilities Authority Revenue Bonds Series 2003 AA1, maturing annually to 2026, in annual principal amounts ranging from \$185,000 to \$1,095,000, with fixed interest rates ranging from 2.00% to 5.25%	12,360,000	12,755,000
2006 Montgomery County Higher Education and Health Authority Revenue Bonds Series 2006 FF1, maturing annually to 2031, in annual principal amounts ranging from \$45,000 to \$5,220,000, with fixed interest rates ranging from 3.60% to 5.00%	43,200,000	43,250,000
2007 Cumberland County Municipal Authority Revenue Bonds, Series 2007 GG1, maturing annually to 2037, in annual principal amounts ranging from \$3,445,000 to \$4,355,000, with fixed interest rates ranging from 4.50% to 5.00%	23,375,000	23,375,000
2008 Cumberland County Municipal Authority Revenue Bonds, Series of 2008, maturing annually to 2026, in annual principal amounts ranging from \$260,000 to \$1,335,000, with fixed interest rates ranging from 2.75% to 5.0%.	17,885,000	18,145,000
Total long-term debt	99,640,000	101,655,000
Unamortized bond premiums, net	1,324,068	1,409,221
	\$ 100,964,068	103,064,221

The bond agreements contain certain restrictive covenants which, among other restrictions, require the pledge of certain revenues as collateral for repayment and the maintenance of a minimum level of aggregate expendable funds and a maximum level of debt service. In addition, for certain bonds, the

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College is required to maintain deposits with an outside trustee for the purpose of meeting scheduled debt service requirements of the respective outstanding bonds until they become due.

All outstanding bond issues are collateralized by a general interest in the College's revenue.

The proceeds from the sale of the 2008 Cumberland County Municipal Authority Revenue Bonds were used to refund the Authority's Variable Rate Dickinson College Revenue Bonds, Series B of 1996 and Series B of 2000, and to pay certain costs related to the issuance of the bonds.

The 1998 Cumberland County Municipal Authority Fixed Rate Revenue Bonds are insured for the life of the related debt by Ambac Assurance Corporation. As part of the loan agreement related to the 1998 Revenue Bonds issued by the College, Dickinson has agreed to indemnify the Bond Trustee and Authority for and against all liability, obligations, losses, claims, and damages paid or incurred in connection with its business and properties, and the issuance of the bonds. The 2003 Pennsylvania Higher Education Facilities Authority Revenue Bonds are insured for the life of the related debt by Radian Asset Assurance, Inc. The 2006 Montgomery County Higher Education and Health Authority Revenue Bonds are insured for the life of the related debt by CIGF Assurance North America, Inc. The 2007 Cumberland County Municipal Authority Revenue bonds are insured for the life of the related debt by MBIA Insurance Corporation. The 2008 Cumberland County Municipal Authority Revenue Bonds were issued based on the creditworthiness of the College and did not require insurance.

The aggregate amount of maturities of long-term debt outstanding at June 30, 2009 is as follows:

2010	\$	2,105,000
2011		2,205,000
2012		2,275,000
2013		2,355,000
2014		2,455,000
Thereafter		<u>88,245,000</u>
	\$	<u><u>99,640,000</u></u>

The fair value of long-term debt, based on current market rates for loans with similar maturities and credit quality, is \$94,950,649 at June 30, 2009.

(7) Retirement and Other Benefits

(a) Retirement Benefits

Retirement benefits are provided for substantially all employees through the Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA – CREF) and Fidelity. The College's policy with respect to its contribution is to fund 7% (6% in fiscal year 2008) of employees' salaries. Expense for the years ended June 30, 2009 and 2008 under this plan was approximately \$2,663,000 and \$2,124,000, respectively.

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(b) Early Retirement Plan

The College maintains an unfunded Early Retirement Plan (ERP) in conjunction with the College basic retirement plan through TIAA – CREF to make it financially feasible for eligible employees to retire earlier than the age of 65. Under the ERP, eligible employees may choose to retire as early as age 62 and still receive benefits equal to what they would receive at age 65. Eligible employees may retire at any time from age 55 to age 62 and receive benefits reduced by 5% for every year prior to age 62. To be eligible to participate in the ERP, an employee must be a faculty professional, or an administrator, and have 10 years of employment with the College by the time age 62 is reached.

In addition, employees electing to retire early receive an annual Social Security benefit supplement payment for four years until they are eligible for full Social Security benefits. The accumulated early retirement and Social Security benefit supplement liability is \$3,684,321 and \$3,690,063 for the years ended June 30, 2009 and 2008, respectively.

(c) Postretirement Benefits Other Than Pensions

Postretirement medical benefits are provided for participants retiring as early as 55 with at least 10 years of service. Spouses are eligible for the same coverage as retirees. Coverage provided includes medical benefits for three years for the retiree and spouse and life insurance equal to final salary.

The components of accrued benefit costs and net periodic benefit cost for other postretirement benefits as of June 30, 2009 and 2008 are as follows:

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 3,132,131	3,131,931
Service cost	327,714	348,674
Interest cost	215,465	191,203
Actuarial gain	(24,692)	(390,658)
Benefits paid	(207,501)	(154,439)
Plan participant contributions	12,668	5,420
Benefit obligation at end of year	3,455,785	3,132,131
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Expected return on plan assets	—	—
Employer contributions	194,833	149,019
Benefits paid	(207,501)	(154,439)
Plan participant contributions	12,668	5,420
Fair value of plan assets at end of year	—	—
Funded status	\$ (3,455,785)	(3,132,131)

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The funded status is included in postretirement liabilities in the accompanying statements of financial position. The College uses an annual measurement date of June 30 to determine benefit obligations for the plan. The benefit obligations and funded status were calculated using a discount rate of 6.23% and 7.10% at June 30, 2009 and 2008, respectively.

	2009	2008
Assumed healthcare cost trend rates:		
Ultimate rate	6.50%	6.50%
Ultimate year	2018	2018
Healthcare cost trend rate	12.00%	12.75%
Discount rate	7.10%	6.25%
Compensation increases	4.00%	4.00%
Net periodic postretirement benefit cost (NPPBC):		
Service cost	\$ 327,714	348,674
Interest cost	215,465	191,203
Amortization of prior service cost	(17,075)	(17,075)
Total NPPBC	\$ 526,104	522,802

The benefits expected to be paid after June 30, 2009 are as follows:

2010	\$	249,913
2011		334,005
2012		348,272
2013		372,083
2014		353,405
2015 – 2019		2,712,049

Expected employer and employee contributions during the year ending June 30, 2010 are \$249,913 and \$17,491, respectively.

Amounts not recognized as a component of net periodic postretirement benefit cost are reported on the statement of activities as follows:

	2009	2008
Amortization of prior service cost	\$ (17,075)	(17,075)
Net gain	24,692	390,658
	\$ 7,617	373,583

The projected net periodic postretirement benefit cost for 2009 includes expected amortization of prior service cost in the amount of \$17,075.

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(8) Lease Commitments

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

2010	\$	498,053
2011		510,499
2012		523,309
2013		536,494
2014		493,125
Thereafter		2,934,749
Total minimum lease payments		5,496,229
Less amount representing interest		(3,202,630)
Present value of net minimum lease payments	\$	2,293,599

The following is a schedule of future minimum lease payments under operating leases together with the amount of scheduled lease payments as of June 30, 2009:

2010	\$	313,605
2011		240,200
2012		183,255
2013		160,808
2014		158,919
Thereafter		351,533

Total rental expense for all operating leases was \$1,058,048 and \$1,103,915 in 2009 and 2008, respectively.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2009	2008
Accumulated investment gains on donor endowments subject to time restrictions under Pennsylvania law	\$ 24,041,421	46,923,579
Pledges receivable and annuity funds subject to time and/or purpose restrictions	3,030,366	3,629,842
Unexpended donor restricted funds	2,077,255	2,962,084
	\$ 29,149,042	53,515,505

Unexpended donor restricted funds consist of funds available for scholarships and financial aid, building and capital projects, academic programs, and general operations of the College.

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(10) Permanently Restricted Net Assets

Permanently restricted net assets consist principally of endowment funds and funds held in trust by others, which are designated for the following purposes:

	<u>2009</u>	<u>2008</u>
Donor-contributed principal invested to support:		
Scholarship and financial aid	\$ 57,937,021	63,099,349
Educational and general programs	32,437,837	42,221,426
Loan funds for students	1,170,292	1,161,120
Donor pledges and annuities for endowments	3,258,960	2,439,731
	<u>\$ 94,804,110</u>	<u>108,921,626</u>

(11) Fair Value

As described in note 1(r), the College adopted SFAS 157 on July 1, 2008.

SFAS 157 describes three levels of inputs used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The College measures its investments, split-interest and other agreements, and contributions receivable at inception at fair value in accordance with other accounting pronouncements. Additionally, the College discloses the fair value of the College's outstanding debt. The College's valuation methodologies for each of these items are described below:

Derivatives

Derivatives are valued based on the foreign currency strike price as of June 30, 2009.

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Investments

Equity Securities

Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

Debt securities are valued at the closing price reported in the active market in which the bond is traded, if available. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings.

Alternative Investments

Valuations for alternative investments including debt and equity funds, real estate funds, private partnership and other alternative investments are based on net asset values provided by external investment managers or on audited financial statements when available. Net asset values provided by external investment managers are based on estimates, appraisals, assumptions, and methods that are reviewed by management.

Consistent with the amendment noted in note 1(r), the College uses net asset value per share as reported by investment managers as an estimate of fair value without further adjustment for its investments in alternative investment for which there is no readily determinable market value. Net asset value may differ from fair value.

The College has \$137,301,108 of investments which are reported at fair value by using the net asset value per share without further adjustment. In addition, the College's investments in private markets are reported at fair value by using the most recent interim net asset value per share adjusted to year-end for cash flows. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the College's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the College were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant.

The College has no current plans or intentions to sell these securities in the secondary market as of June 30, 2009.

Funds Held in Trust by Others

The College's beneficial interest in perpetual trusts held by others is recorded at fair value based on the fair value of the trust's holdings as reported by the trustee or the net asset value of the trust or entity. As of June 30, 2009, the College has funds held in trust by others totaling \$31,474,349 which are reported at the College's proportionate share of the net asset value.

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Contributions Receivable

The College values contributions receivable at fair value using the present value of future cash flows as described in note 1(b).

Split-Interest and Other Agreements

Depending on the type of agreement, fair value measurements for split-interest and other agreements are performed either at inception or on a recurring basis. Fair value of the residual gift is generally based on the present value of expected future cash flows including payments to beneficiaries and investment return, and inputs include the life expectancy of the donor and other beneficiaries as well as financial assumptions.

Debt

The College's disclosure of the fair value of its debt in note 6 is based on quoted prices from similar maturities based upon the rating of the credit enhancement or that of the College for each series of bonds.

The following table presents the College's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2009:

	Fair value measurements at June 30, 2009 using:			
	2009	Level 1	Level 2	Level 3
Financial assets:				
Derivatives	\$ 301,195	301,195	—	—
Investments:				
Cash and equivalents	15,056,757	13,596,801	179,446	1,280,510
Fixed income funds	21,640,689	1,424,202	13,197,802	7,018,685
Global equities	73,040,126	1,613,375	—	71,426,751
Alternative investments	58,855,672	—	—	58,855,672
Private markets	42,316,783	—	—	42,316,783
Commodities and real assets	5,736,373	—	5,736,373	—
Other	271,581	—	57,364	214,217
Funds held in trust by others	34,827,435	—	3,353,086	31,474,349
Contributions receivable	14,296,449	—	14,296,449	—
Settlement receivable	13,559,323	—	13,559,323	—
Deposits with trustees under debt agreements	5,481,221	5,481,221	—	—
	<u>\$ 285,383,604</u>	<u>22,416,794</u>	<u>50,379,843</u>	<u>212,586,967</u>

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The following table presents assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2009:

Investment type	Fair value measurements using significant unobservable inputs (Level 3)		
	Investments	Funds held in trust by others	Total
Beginning balance	\$ 177,721,157	36,294,021	214,015,178
Total gains/losses (realized and unrealized)	(29,917,042)	(4,739,672)	(34,656,714)
Purchases, issuances, and settlements	33,308,503	(80,000)	33,228,503
Ending balance	\$ 181,112,618	31,474,349	212,586,967
The amount of total gains and losses for the period included in changes in net assets attributable to the change in unrealized gains and losses related to assets still held at June 30, 2009	\$ (29,677,861)	(4,867,547)	(34,545,408)

(12) Tax Status

The College, as a not-for-profit educational institution, qualifies under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose.

The College adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), during the year ended June 30, 2008. FIN 48 prescribes a threshold of more likely than not for recognition and derecognition of tax provisions taken or expected to be taken in a tax return. FIN 48 also recognizes related guidance on measurement, classification, interest and penalties, and disclosure. The implementation of FIN 48 had no impact on the College's statement of financial position or statement of activities. The College does not believe that there are any unrecognized tax benefits or costs that should be recorded.

(13) Contingencies

The College is involved in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College's financial position.

(14) Concentrations of Credit Risk

Investments consist of a wide variety of financial instruments with no single investment individually material. The related values, as presented in the financial statements, are subject to various market fluctuations, which include changes in equity markets, the interest rate environment, and general economic conditions. These changes cause the net asset position of the College to increase or decrease.

DICKINSON COLLEGE

Notes to Financial Statements

June 30, 2009 and 2008

(15) Subsequent Event

On September 30, 2009 the College issued both fixed and variable rate bonds through the Association of Independent Colleges and Universities of Pennsylvania (AICUP) Financing Program “CUBBS & BONDS” administered by the M&T Education Investment Banking Group. The \$5,000,000 Cumberland County Municipal Authority Revenue Bonds, Dickinson College Project Series 2009 Q1, and College & University Bank Bond Securities (CUBBS) were issued as variable rate (term mode) bonds without a bank letter of credit. The first three-year term is fixed at a rate of 2.75%. The \$10,000,000 Cumberland County Municipal Authority Revenue Bonds, Dickinson College Project Series 2009 HH1, and CUBBS were issued as traditional fixed rate bonds at an interest rate of 5.0%.

The College evaluated events subsequent to June 30, 2009 and through the date the financial statements were available to be issued, October 23, 2009.



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Independent Auditors' Report on Accompanying Supplemental Schedule

The Board of Trustees
Dickinson College:

We have audited and reported separately herein on the financial statements of Dickinson College (the College) as of and for the years ended June 30, 2009 and 2008.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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

October 23, 2009

DICKINSON COLLEGE

Supplemental Schedule

Year ended June 30, 2009

	Current operations	Other unrestricted	Total unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:						
Tuition and fees	\$ 91,443,532	—	91,443,532	—	—	91,443,532
Student aid	(28,333,987)	(244,573)	(28,578,560)	—	—	(28,578,560)
Net tuition and fees	63,109,545	(244,573)	62,864,972	—	—	62,864,972
Private gifts, grants and contributions	2,236,766	2,296,112	4,532,878	2,044,349	2,357,793	8,935,020
Government grants and appropriations	735,968	1,305,491	2,041,459	—	—	2,041,459
Investment income (loss)	10,200,717	(31,824,585)	(21,623,868)	(19,410,857)	(16,517,942)	(57,552,667)
Change in split-interest and other agreements	—	(4,703,679)	(4,703,679)	(107,995)	42,633	(4,769,041)
Other revenues	720,679	449,855	1,170,534	—	—	1,170,534
Sales and services of auxiliary enterprises	26,894,036	—	26,894,036	—	—	26,894,036
Net assets released from restrictions	275,824	6,616,136	6,891,960	(6,891,960)	—	—
Total revenues	104,173,535	(26,105,243)	78,068,292	(24,366,463)	(14,117,516)	39,584,313
Expenses:						
Programs:						
Education and general:						
Instructional	34,435,555	3,477,658	37,913,213	—	—	37,913,213
Academic support	9,270,272	1,135,024	10,405,296	—	—	10,405,296
Student services	12,573,427	418,861	12,992,288	—	—	12,992,288
Research	1,913,275	1,089,490	3,002,765	—	—	3,002,765
Public service	442,619	352,118	794,737	—	—	794,737
Auxiliary enterprises	21,945,330	1,665,088	23,610,418	—	—	23,610,418
Institutional support	16,607,671	3,311,162	19,918,833	—	—	19,918,833
Total expenses	97,188,149	11,449,401	108,637,550	—	—	108,637,550
Change in net assets before capital items and additions to reserves and other gain	6,985,386	(37,554,644)	(30,569,258)	(24,366,463)	(14,117,516)	(69,053,237)
Capital items and additions to reserves	(6,985,386)	6,985,386	—	—	—	—
Other gain:						
Pension-related changes other than net periodic pension cost	—	7,617	7,617	—	—	7,617
Change in net assets	—	(30,561,641)	(30,561,641)	(24,366,463)	(14,117,516)	(69,045,620)
Net assets:						
Beginning of year	—	231,985,726	231,985,726	53,515,505	108,921,626	394,422,857
End of year	\$ —	201,424,085	201,424,085	29,149,042	94,804,110	325,377,237

See accompanying independent auditors' report.

DICKINSON COLLEGE

Notes to Supplemental Schedule

June 30, 2009 and 2008

(1) Components of Unrestricted Activities

In the supplemental schedule, unrestricted activities are broken out by current operations and other unrestricted. The current operations column includes unrestricted activity presented on the same basis as the College's operating budget. Other unrestricted includes all other activities that are classified as unrestricted.