

Financial Statements and Supplemental Schedule

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

Table of Contents

	Page(s)
Independent Auditors' Report	1
Statements of Financial Position, June 30, 2010 and 2009	2
Statements of Activities, Years ended June 30, 2010 and 2009	3
Statement of Activities, Year ended June 30, 2009	4
Statements of Cash Flows, Years ended June 30, 2010 and 2009	5
Notes to Financial Statements	6 – 27
Independent Auditors' Report on Accompanying Supplemental Schedule	28
Supplemental Schedule, Year ended June 30, 2010	29
Note to Supplemental Schedule	30



KPMG LLP Suite 200 30 North Third Street PO Box 1190 Harrisburg, PA 17108-1190

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, 2010 and 2009, 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, 2010 and 2009, 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.



October 26, 2010

Statements of Financial Position

June 30, 2010 and 2009

Assets	_	2010	2009
Cash and cash equivalents	\$	6,995,544	3,747,366
Accounts and other receivables, net of allowance for doubtful			
accounts of \$50,000 at June 30, 2010 and 2009, respectively		2,571,210	2,390,283
Inventories, prepaid expenses, and other assets		1,604,252	1,834,296
Loans receivable, net of allowance for loan loss of \$1,110,762 and			
\$1,083,140 at June 30, 2010 and 2009, respectively		6,664,121	6,558,965
Investments		250,684,311	216,917,981
Funds held in trust by others		35,845,577	34,827,435
Contributions receivable, net		10,880,282	14,296,449
Settlement receivable		14,814,969	13,559,323
Deposits with trustees under debt agreements		10,326,380	5,481,221
Property and equipment, net		157,312,880	160,610,891
Deferred financing costs	_	2,299,320	2,216,129
Total assets	\$_	499,998,846	462,440,339
Liabilities and Net Assets	· -		
Liabilities:			
Accounts payable and accrued expenses	\$	6,584,283	6,238,846
Deferred revenue		2,827,312	3,339,591
Student deposits		2,205,761	2,866,076
Line of credit			7,000,000
Postretirement benefits		3,117,133	7,140,106
Funds held in custody for others		861,129	941,555
Annuities payable		3,202,089	4,045,080
Obligations under capital leases		2,307,061	2,293,599
Long-term debt		113,773,916	100,964,068
U.S. government advances refundable	_	2,236,333	2,234,181
Total liabilities	_	137,115,017	137,063,102
Net assets:			
Unrestricted		225,571,464	201,424,085
Temporarily restricted		38,382,571	29,149,042
Permanently restricted		98,929,794	94,804,110
Total net assets	_	362,883,829	325,377,237
Total liabilities and net assets	\$	499,998,846	462,440,339

Statements of Activities

Years ended June 30, 2010 and 2009

			20)10		
	•	Unrestricted	Temporarily restricted	Permanently restricted	Total	2009 Total
Revenues: Tuition and fees Student aid	\$	95,102,442 (32,419,739)			95,102,442 (32,419,739)	91,443,532 (28,578,560)
Net tuition and fees		62,682,703	_	_	62,682,703	62,864,972
Private gifts, grants, and contributions Government grants and		3,860,389	2,592,040	2,766,061	9,218,490	8,935,020
appropriations Investment income Change in split-interest and		1,424,308 21,784,354	12,294,940	1,293,080	1,424,308 35,372,374	2,041,459 (57,552,667)
other agreements Other revenues Sales and services of auxiliary		4,105,957 1,251,169	207,908 —	66,543	4,380,408 1,251,169	(4,769,041) 1,170,534
enterprises Net assets released from restrictions		27,289,892 5,861,359	(5,861,359)	_	27,289,892	26,894,036
Total revenues	•	128,260,131	9,233,529	4,125,684	141,619,344	39,584,313
Expenses: Programs: Education and general:	•				77-	
Instructional Academic support Student services		39,110,805 10,319,376 13,283,429			39,110,805 10,319,376 13,283,429	37,913,213 10,405,296 12,992,288
Research Public service Auxiliary enterprises		2,930,646 791,993 22,885,460		_ _ _	2,930,646 791,993 22,885,460	3,002,765 794,737 23,610,418
Institutional support		18,172,141			18,172,141	19,918,833
Total expenses		107,493,850			107,493,850	108,637,550
Change in net assets before other gain		20,766,281	9,233,529	4,125,684	34,125,494	(69,053,237)
Other gains: Termination of early retirement plan Pension-related changes other		3,381,098	_	_	3,381,098	_
than net periodic pension cost						7,617
Change in net assets		24,147,379	9,233,529	4,125,684	37,506,592	(69,045,620)
Net assets: Beginning of year	•	201,424,085	29,149,042	94,804,110	325,377,237	394,422,857
End of year	\$	225,571,464	38,382,571	98,929,794	362,883,829	325,377,237

Statement of Activities

Year ended June 30, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
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 Government grants and	4,532,878	2,044,349	2,357,793	8,935,020
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	(21,020,000)	(1), (10,007)	(10,017,5.2)	(67,662,667)
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	78,068,292	(24,366,463)	(14,117,516)	39,584,313
Expenses: Programs: Education and general: Instructional Academic support Student services Research Public service Auxiliary enterprises Institutional support Total expenses Change in net assets before other gain	37,913,213 10,405,296 12,992,288 3,002,765 794,737 23,610,418 19,918,833 108,637,550	(24,366,463)	(14,117,516)	37,913,213 10,405,296 12,992,288 3,002,765 794,737 23,610,418 19,918,833 108,637,550 (69,053,237)
Other gain: Pension-related changes other than net periodic pension cost	7,617	_	_	7,617
• •		(0.1.0.5.5.1.5.5)		
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	\$ 201,424,085	29,149,042	94,804,110	325,377,237

Statements of Cash Flows

Years ended June 30, 2010 and 2009

	_	2010	2009
Cash flows from operating activities: Change in net assets	\$_	37,506,592	(69,045,620)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		0.767.610	0.624.570
Depreciation and amortization Loss on disposition of fixed assets		9,767,610 43,515	9,634,570 287,941
Gain on termination of early retirement plar		(3,381,098)	207,941
Net realized and unrealized (gains) losses on investments		(32,931,583)	53,040,504
Change in split-interest agreements		(303,568)	36,244
Change in value of funds held in trust by others		(1,018,142)	6,018,897
Provision for doubtful accounts		27,622	116,670
Other changes in annuities payable		(505,051)	220,139
Gifts received for permanently restricted net assets and capital projects Change in assets and liabilities:		(2,782,479)	(2,360,234)
Accounts receivable		(180,927)	677,068
Contributions and settlement receivables		2,160,521	4,796,745
Inventories, prepaid, and other assets		230,044	(461,336)
Accounts payable and accrued expenses		(296,438)	(918,343)
Deferred revenue		(512,279)	330,759
Student deposits		(660,315)	(298,897)
Funds held in custody for others	_	(80,426)	68,791
Total adjustments	_	(30,422,994)	71,189,518
Net cash provided by operating activities	_	7,083,598	2,143,898
Cash flows from investing activities:			
Proceeds from sale of investments		21,598,320	73,749,019
Purchase of investments		(22,129,499)	(65,329,248)
Deposits with trustee under debt agreements		(4,845,159)	181,949
Purchase of plant assets		(6,293,032)	(14,377,423)
Sale of plant assets		7,300	3,770
Loan principal payments received		765,099	659,803
Net increase in student loans	_	(897,877)	(908,951)
Net cash used in investing activities	-	(11,794,848)	(6,021,081)
Cash flows from financing activities:		15 000 000	7 000 000
Proceeds from issuance of long-term debt and line of credit		15,000,000	7,000,000
Payments on long-term debt and line of credit		(9,190,152)	(2,100,153)
Principal payments under capital lease obligation		(98,322)	(104,485)
Gifts received for permanently restricted net assets and capital projects		2,782,479 (198,789)	2,360,234
Other change in deferred financing costs Payments to annuity recipients		(337,940)	(362,561)
Increase in U.S. government grants refundable	_	2,152	21,809
Net cash provided by financing activities	_	7,959,428	6,814,844
Net increase in cash and cash equivalents		3,248,178	2,937,661
Cash and cash equivalents: Beginning of year		3,747,366	809,705
End of year	\$	6,995,544	3,747,366
Supplemental disclosure of each flow information:	=		
Supplemental disclosure of cash flow information: Cash paid during the year for interest	\$	5,562,216	5,355,589
Supplemental disclosure of noncash investing and financing activity: Lease of buildings	\$	111,784	422,469

Notes to Financial Statements June 30, 2010 and 2009

(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, 2010 and 2009 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.

Notes to Financial Statements June 30, 2010 and 2009

(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, 3.2% and 2.8% at June 30, 2010 and 2009, 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, 2010 and 2009, \$14,814,969 and \$13,559,323, 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 & 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 4.28% and 4.60% for the years ended June 30, 2010 and 2009, 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 statements 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

7

Notes to Financial Statements June 30, 2010 and 2009

each year at June 30. The student loan notes receivable totaled approximately \$978,000 and \$1,112,000 at June 30, 2010 and 2009, 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 \$1,110,762 and \$1,083,140 at June 30, 2010 and 2009, 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 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 3.2% and 2.8% for the years ended June 30, 2010 and 2009, respectively. Contributions arising from annuities and life income funds amounted to \$25,222 and \$44,380 for the years ended June 30, 2010 and 2009, 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.

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 (NAV) of the College's interest in the Sandia Foundation was \$30,472,800 and \$29,715,292 at June 30, 2010 and June 30, 2009, respectively.

(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.

8

Notes to Financial Statements June 30, 2010 and 2009

(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, 2010, a total loss of \$35,550 was recorded in other revenue on the statement of activities and a liability of \$158,382 was recorded in accounts payable and accrued expenses on the statement of financial position.

(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 as well as additional obligations. The corresponding asset retirement costs are recorded in accounts payable and accrued expenses. As of June 30, 2010 and 2009, the asset retirement costs were \$925,824 and \$675,306, 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, 2010 and 2009.

(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 statements of financial position.

(n) Fund-Raising Expenses

Direct fund-raising expenses for the years ended June 30, 2010 and 2009 were approximately \$3,127,185 and \$3,233,000, respectively.

(o) Other Gains

Other gains in 2010 include a net gain from changes made to the College's early retirement plan (ERP) benefits.

(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

Notes to Financial Statements June 30, 2010 and 2009

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.

(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 down payment assistance. It also provides a Deferred Payment Loan of up to \$5,000 for additional down payment 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 \$178,459 and \$175,538 at June 30, 2010 and 2009, respectively.

(r) Fair Value

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:

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 NAVs provided by external investment managers or on audited financial statements when available. NAVs provided by external investment managers are based on estimates, appraisals, assumptions, and methods that are reviewed by management.

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 NAV of the trust or entity.

Notes to Financial Statements June 30, 2010 and 2009

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.

Derivatives

Derivatives are valued based on the foreign currency strike price as of June 30, 2010.

Debt

The fair value of long-term debt 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 fair value of long-term debt at June 30, 2010 is \$113,260,477.

(2) Investments

Overall Investment Objective

The overall investment objective of the College is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The College diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's Investment Committee, which oversees the College's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the College may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset 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, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turnaround situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider

11

Notes to Financial Statements June 30, 2010 and 2009

variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the College's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the College and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The College's interests in alternative investment funds are generally reported at the NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value of the College's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2010 and 2009, the College had no plans or intentions to sell investments at amounts different from NAV.

Fair value measurements are based on three levels of inputs:

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.

Notes to Financial Statements June 30, 2010 and 2009

The following table summarizes the College's investments and other assets by major category in the fair value hierarchy as of June 30, 2010 and 2009, as well as related strategy, liquidity, and funding commitments:

		June 30, 2010			
	Level 1	Level 2	Level 3	Total	or liquidation
Long-term investment strategies:					
Fixed income:					
U.S. Treasuries	\$ —	14,140,045	_	14,140,045	Daily
Hedge funds:					
Credit/event driven	_	_	967,992	967,992	N/A (1)
Fixed income strategies			9,513,057	9,513,057	Illiquid (2)
Equity long/short		90,071,885	_	90,071,885	Daily/monthly
Multistrategy		56,755,331	_	56,755,331	Monthly
Private equity funds			51,659,159	51,659,159	Illiquid (3)
Real assets			4,224,738	4,224,738	Illiquid (4)
Cash and cash equivalents	10,851,920	_	_	10,851,920	Daily
Other nonpooled funds:					
Cash and cash equivalents	866,074		_	866,074	Daily
Fixed income funds	1,393,782		_	1,393,782	Daily
Global equities	1,635,821		_	1,635,821	Daily
Real assets		8,469,390	_	8,469,390	Daily
Other		56,514	78,603	135,117	Illiquid (5)
	14,747,597	169,493,165	66,443,549	250,684,311	1
Other assets (liabilities):					
Funds held in trust by others	_	3,651,262	32,194,315	35,845,577	
Deposits with trustees under		- , , -	- , - ,	,,	
debt agreements	10,326,380	_	_	10,326,380	
Contributions receivable	, , <u>, </u>	10,880,282	_	10,880,282	
Settlement receivable	_	14,814,969	_	14,814,969	
Derivatives	(158,382)			(158,382)	
	10,167,998	29,346,513	32,194,315	71,708,826	
	\$ 24,915,595	198,839,678	98,637,864	322,393,137	i.

^{(1) –} Illiquid sidepocket remaining. Unfunded future commitments aggregate \$292,500.

^{(2) –} Approximately \$7.3 million is subject to 36-month rolling lockups, with 1/3 of the investment available each year with 90 days' notice. The remaining investment is expected to liquidate within 3 years. Unfunded future commitments aggregate \$3,245,334.

^{(3) –} These funds are expected to liquidate within 5 years. Unfunded future commitments aggregate \$30,435,805.

^{(4) –} These funds are expected to liquidate within 4 years. Unfunded future commitments aggregate \$73,148.

^{(5) –} Illiquid items include the cash surrender value of life insurance policies and investments in privately held companies.

Notes to Financial Statements June 30, 2010 and 2009

		June 3	30, 2009		Redemption
	Level 1	Level 2	Level 3	Total	or liquidation
Long-term investment strategies: Fixed income:					
U.S. Treasuries	\$ —	13,197,802	_	13,197,802	Daily
Hedge funds:					
Credit/event driven	_	_	1,205,135	1,205,135	Illiquid (1)
Fixed income strategies	_	_	7,018,685	7,018,685	Illiquid (2)
Equity long/short	_	_	65,227,187	65,227,187	Daily/monthly Quarterly
Real assets	_	_	6,199,564	6,199,564	(30 days notice)
Multistrategy	_	_	57,650,537	57,650,537	Monthly
Private equity funds	_	_	37,670,731	37,670,731	Illiquid (3)
Real assets	_	_	4,646,052	4,646,052	Illiquid (4)
Cash and cash equivalents Other nonpooled funds:	12,792,878	179,446	_	12,972,324	Daily
Cash and cash equivalents	954,906	_	1,280,510	2,235,416	Daily/illiquid (5)
Fixed income funds	1,273,219	_	_	1,273,219	Daily
Global equities	1,613,376	_		1,613,376	Daily
Real assets	_	5,736,373		5,736,373	Daily
Other		57,363	214,217	271,580	Illiquid (6)
	16,634,379	19,170,984	181,112,618	216,917,981	
Other assets:					
Funds held in trust by others Deposits with trustees under	_	3,353,086	31,474,349	34,827,435	
debt agreements	5,481,221	_	_	5,481,221	
Contributions receivable	· · · · —	14,296,449	_	14,296,449	
Settlement receivable		13,559,323		13,559,323	
Derivatives	301,195			301,195	
	5,782,416	31,208,858	31,474,349	68,465,623	
	\$ 22,416,795	50,379,842	212,586,967	285,383,604	

- (1) Illiquid sidepocket remaining. Unfunded future commitments aggregate \$292,500.
- (2) Approximately \$6 million is subject to 36-month rolling lockups, with 1/3 of the investment available each year with 90 days' notice. The remaining investment is expected to liquidate within 4 years. Unfunded future commitments aggregate \$4,723,207.
- (3) These funds are expected to liquidate within 6 years. Unfunded future commitments aggregate \$40,999,599.
- (4) These funds are expected to liquidate within 5 years. Unfunded future commitments aggregate \$167,648.
- (5) Illiquid items include frozen funds held in the Commonfund Short Term Fund.
- (6) Illiquid items include the cash surrender value of life insurance policies and investments in privately held companies.

U.S. Treasuries and registered mutual funds are classified in Level 1 of the fair value hierarchy as defined in note 1(r) because their fair values are based on quoted prices for identical securities. Most investments classified in Levels 2 and 3 consist of shares or units in nonregistered investment funds as opposed to direct interests in the funds' underlying securities, some of which are marketable or not difficult to value. The level in which a fund's fair value measurement is classified is based on the College's ability to redeem its interest at or near the date of the statements of financial position. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not

Notes to Financial Statements June 30, 2010 and 2009

necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

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

	2010						
Level 3 rollforward	1	Hedge funds	Private equity funds	Real assets	Other nonpooled funds	Funds held in trust by others	Total
Beginning balance Net realized and unrealized	\$ 1	137,301,108	37,670,731	4,646,052	1,494,727	31,474,349	212,586,967
gains (losses)		672,449	9,705,472	(472,074)	(63,107)	799,966	10,642,706
Acquisitions		1,719,570	11,234,912	67,770	_	_	13,022,252
Dispositions		(6,334,353)	(6,951,956)	(17,010)	(1,353,017)	(80,000)	(14,736,336)
Transfers in/out of Level 3	(1	22,877,725) (1)					(122,877,725)
Ending balance	\$_	10,481,049	51,659,159	4,224,738	78,603	32,194,315	98,637,864
Net gains (losses) in Level 3 attributable to changes in net unrealized gains (losses) relating to those investments still held at June 30, 2010	\$	255.079	9.425,952	(498,804)	(63,107)	799,966	9,919,086
still field at Julie 30, 2010	Ψ	233,019	7,743,934	(470,004)	(03,107)	179,900	7,719,000

^{(1) –} 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)*, in fiscal year 2009. Subsequent guidance has been issued, which clarified the requirements for Level 3 classification and allowed the College to reclassify certain hedge fund investments to Level 2, based on their redemption periods.

	2009					
Level 3 rollforward	Hedge funds	Private equity funds	Real assets	Other nonpooled funds	Funds held in trust by others	Total
Beginning balance	\$ 117,475,072	41,265,246	5,138,965	1,587,511	36,294,021	201,760,815
Net realized and unrealized losses Acquisitions Dispositions	(16,780,141) 43,885,718 (7,279,541)	(12,512,481) 10,198,699 (1,280,733)	(519,915) 280,679 (253,677)	(104,505) 61,674 (49,953)	(4,739,672) — (80,000)	(34,656,714) 54,426,770 (8,943,904)
Ending balance	\$ 137,301,108	37,670,731	4,646,052	1,494,727	31,474,349	212,586,967
Net losses in Level 3 attributable to changes in net unrealized losses relating to those investments still held at June 30, 2009	\$ (16,501,134)	(12,434,612)	(637,610)	(104,505)	(4,867,547)	(34,545,408)

Notes to Financial Statements June 30, 2010 and 2009

The following summarizes investment return components for the years ended June 30, 2010 and 2009:

	_	2010	2009
Investment income on funds held in trust by others	\$	1,125,000	877,140
Interest and dividend income		1,116,208	1,575,617
Net realized and unrealized gains (losses) on investments		33,949,725	(59,059,401)
Adjustment of split-interest and other agreements		4,380,408	(4,769,041)
Investment-related fees	_	(818,559)	(946,023)
Total investment income (loss)	\$ _	39,752,782	(62,321,708)

Private equity investments are generally made through limited partnerships. Under the terms of such agreements, the College may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The College cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.

Certain hedge funds contain "rolling" lock-up provisions. Under such provisions, tranches of the investment are available for redemption at calendar year-end once every two or three years, if the College makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement.

Investment liquidity as of June 30, 2010 is aggregated below based on redemption or sale period:

Daily	\$	39,728,105
Monthly		144,456,144
Subject to rolling lockups		7,305,946
Illiquid	_	59,194,116
Total as of June 30, 2010	\$	250,684,311

(3) Endowments

The College's endowment consists of approximately 850 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 \$238,184,127 and \$205,788,016 at June 30, 2010 and 2009, respectively, are pooled on a market value basis, with each unitized fund subscribing to or disposing of

Notes to Financial Statements June 30, 2010 and 2009

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 Uniform Prudent Management of Institutional Funds Act (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 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 College 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

Notes to Financial Statements June 30, 2010 and 2009

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 this nature were approximately \$479,000 and \$1,875,000 as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. The College interprets Pennsylvania law to allow for the aggregation of similar endowments; therefore, endowments with deficiencies are netted with gains and accounted for within temporarily restricted net assets.

Net Asset Classifications of Endowment Funds

Net asset classification by type of endowment as of June 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds Board-designated	\$ —	35,595,720	99,911,422	135,507,142
endowment funds	176,771,230			176,771,230
Total endowment assets	176,771,230	35,595,720	99,911,422	312,278,372
Annuity liabilities		(2,181,834)	(1,020,255)	(3,202,089)
Total endowment net assets	\$_176,771,230	33,413,886	98,891,167	309,076,283

Notes to Financial Statements June 30, 2010 and 2009

Changes in endowment net assets for the year ended June 30, 2010:

	_	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$	156,348,489	24,833,096	94,838,038	276,019,623
Investment return: Interest and dividend income Net appreciation (realized and unrealized gains and		367,885	395,058	151,069	914,012
losses) Investment-related fees	_	20,206,147 (376,278)	16,816,096 (371,424)	1,388,015 (67,476)	38,410,258 (815,178)
Total investment return		20,197,754	16,839,730	1,471,608	38,509,092
Contributions		2,643,919	327,128	2,417,249	5,388,296
Other additions/transfers		121,173	(462,732)	276,447	(65,112)
Appropriation of endowment assets for expenditure	_	(2,540,105)	(8,123,336)	(112,175)	(10,775,616)
	\$	176,771,230	33,413,886	98,891,167	309,076,283

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

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

Notes to Financial Statements June 30, 2010 and 2009

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

	_	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$	188,455,950	48,306,881	108,863,749	345,626,580
Investment return: Interest and dividend income Net depreciation (realized and unrealized gains and		366,889	444,016	443,459	1,254,364
losses) Investment-related fees	_	(31,396,282) (427,997)	(15,793,060) (420,633)	(16,614,015) (91,186)	(63,803,357) (939,816)
Total investment return		(31,457,390)	(15,769,677)	(16,261,742)	(63,488,809)
Contributions		2,292,112	10,000	2,354,943	4,657,055
Other additions/transfers Appropriation of endowment		174,831	123,758	29,871	328,460
assets for expenditure	_	(3,117,014)	(7,837,866)	(148,783)	(11,103,663)
	\$	156,348,489	24,833,096	94,838,038	276,019,623

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

	-	2010	2009
Investments:			
Pooled endowment investments	\$	238,184,127	205,788,015
Life income funds		2,176,294	2,476,477
Real assets		6,591,111	5,736,373
Funds invested separately	-	1,469,988	1,393,134
		248,421,520	215,393,999
Funds held in trust by others		35,845,577	34,827,435
Property and equipment, net:			
Land and property		1,296,020	2,550,000
Artwork and collections	_	2,367,497	2,021,397
		3,663,517	4,571,397
Settlement receivable		14,814,969	13,559,323
Contributions receivable, net	_	9,532,789	11,712,549
	\$	312,278,372	280,064,703

Notes to Financial Statements June 30, 2010 and 2009

(4) Property and Equipment

As of June 30, 2010 and 2009, property and equipment at cost and accumulated depreciation are summarized as follows:

	_	2010	2009
Land	\$	11,175,735	12,403,210
Buildings and improvements		210,750,453	202,195,703
Leases and leasehold improvements		3,377,782	3,265,998
Furniture, equipment, and vehicles		11,152,013	11,506,029
Computers		9,169,670	9,147,329
Library books		17,940,112	17,065,336
Rare works		2,367,497	2,021,397
Construction in progress	_	1,652,620	4,823,567
		267,585,882	262,428,569
Less accumulated depreciation	_	110,273,002	101,817,678
	\$ _	157,312,880	160,610,891
	\$ =	157,312,880	160,610,891

Depreciation expense totaled \$9,652,012 and \$9,502,504 for the years ended June 30, 2010 and 2009, respectively.

(5) Contributions Receivable

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

	_	2010	2009
Contributions receivable expected to be collected in: Less than one year One year to five years	\$	3,232,618 6,629,924	3,726,154 10,020,921
Over five years	_	2,876,788	2,986,788
		12,739,330	16,733,863
Less discount Allowance for uncollectible contributions receivable	_	(1,393,676) (465,372)	(1,787,334) (650,080)
	\$	10,880,282	14,296,449
	_		

Notes to Financial Statements June 30, 2010 and 2009

Contributions receivable are recorded as follows:

		2010	2009
Unrestricted	\$	6,746,327	9,561,777
Temporarily restricted		2,145,300	2,364,119
Permanently restricted	_	1,988,655	2,370,553
	\$	10,880,282	14,296,449

(6) Long-term Debt and Lines of Credit

Long-term debt at June 30, 2010 and 2009 consists of the following:

	 2010	2009
1998 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, maturing annually to 2010, in principal amounts ranging from \$885,000 to \$1,450,000, with interest rates ranging from 3.90% to 5.25%	\$ 1,450,000	2,820,000
2003 Pennsylvania Higher Education Facilities Authority Fixed Rate Revenue Bonds Series 2003 AA1, maturing annually to 2026, in principal amounts ranging from \$185,000 to \$1,095,000, with interest rates ranging from 2.00% to 5.25%	11,955,000	12,360,000
2006 Montgomery County Higher Education and Health Authority Fixed Rate Revenue Bonds Series 2006 FF1, maturing annually to 2031, in principal amounts ranging from \$45,000 to \$5,220,000, with interest rates ranging from 3.60% to 5.00%	43,150,000	43,200,000
2007 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series 2007 GG1, maturing annually to 2037, in principal amounts ranging from \$3,445,000 to \$4,355,000, with interest rates ranging from 4.50% to 5.00%	23,375,000	23,375,000
2008 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2008, maturing annually to 2026, in principal amounts ranging from \$260,000 to \$1,335,000, with interest rates ranging from 2.75% to 5.00%	17,605,000	17,885,000

Notes to Financial Statements June 30, 2010 and 2009

	_	2010	2009
2009 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series 2009 HH1, maturing annually from 2037 to 2039, in principal amounts ranging from \$3,170,000 to \$3,500,000, with interest rates of 5.00%	\$	10,000,000	_
2009 Cumberland County Municipal Authority Multi Mode Revenue Bonds, Series 2009 Q1, maturing annually from 2037 to 2039, in principal amounts ranging from \$1,570,000 to \$1,765,000 (with interest at 2.75% through October 31, 2012, at which time the Bonds will either continue in the Term Mode for successive three-year periods, or be converted to a different Rate Mode at the			
election of the borrower)	-	5,000,000	
Total long-term debt		112,535,000	99,640,000
Unamortized bond premiums, net	_	1,238,916	1,324,068
	\$	113,773,916	100,964,068

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 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 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 CIFG 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 and 2009 Cumberland County Municipal Authority Revenue Bonds were issued based on the creditworthiness of the College and did not require insurance.

Notes to Financial Statements June 30, 2010 and 2009

The aggregate amount of maturities of long-term debt outstanding at June 30, 2010 is as follows:

2011	\$ 2,205,000
2012	2,275,000
2013	2,355,000
2014	2,455,000
2015	2,570,000
Thereafter	100,675,000
	\$ 112,535,000

The College maintains a \$10,000,000 line of credit with Wells Fargo, which is due and payable by August 31, 2010, with variable interest based on LIBOR plus 80 basis points. The College also maintains a \$10,000,000 line of credit with Orrstown Bank, subject to annual renewal, with variable interest based on the Wall Street Prime Index. At June 30, 2010, there were no amounts outstanding on the lines of credit. At June 30, 2009, there was a \$7,000,000 balance on the Wells Fargo line of credit (with variable interest at 1.33%).

(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% of employees' salaries. Expense for the years ended June 30, 2010 and 2009 under this plan was approximately \$2,732,000 and \$2,663,000, respectively.

(b) Postretirement Benefits

In 2010, the College announced the termination of the ERP as of June 30, 2011. For the year ended June 30, 2010, a total gain of \$3,381,098 was recorded in other gains on the statement of activities and a liability of \$3,117,133 remains in postretirement benefits on the statement of financial position as follows:

Early Retirement Program

Under the existing early retirement program, 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 early retirement program, 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 under this program receive three years of medical insurance, three years of paid life insurance, and a supplemental Social Security payment for four years.

Notes to Financial Statements June 30, 2010 and 2009

This plan is being discontinued as of June 30, 2011. A liability of \$219,564 remains in postretirement benefits as of June 30, 2010 based on estimated utilization of the early retirement program.

Phased Retirement Program

Under the voluntary phased retirement program, an eligible employee's work schedule may be reduced to 80% of the normal workload (additional 60% option available to faculty) for a period of 1-3 years. As part of this program, College-paid health and life insurance continue based on 100% of the employee's salary prior to the reduction in schedule. The life insurance benefit is subject to the age reduction provisions of the policy. In addition, employees are eligible to continue other benefits based on the reduced percentage of employment and salary. In order to participate in the phased retirement program, employees must provide at least three months' notice and must have supervisory and senior officer approval. At the end of the specified phased retirement period, the employee is considered to be retired from the College.

Buy-Out Program (One-Time Option)

Under the voluntary buy-out program, an eligible employee agrees to retire on December 31, 2010. The employee receives College-paid health insurance for three years or until the employee becomes eligible for Medicare insurance, whichever occurs first. Life insurance benefits continue for three years after separation of employment based on the base salary as of July 1, 2010. The life insurance benefit is subject to the age reduction provisions of the policy. In addition, the employee will receive one year of salary based on the base salary as of July 1, 2010. This salary will be paid semimonthly from January through December 2011. Employees electing the buy-out option were required to provide six months' notice, no later than June 30, 2010.

A liability of \$2,897,569 was recorded in postretirement benefits as of June 30, 2010 to accrue for employees electing to participate in the buy-out program.

(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, 2010:

2011 \$	555,341
2012	568,526
2013	580,838
2014	509,150
2015	518,641
Thereafter	2,492,625
Total minimum lease payments	5,225,121
Less amount representing interest	(2,918,060)
Present value of net minimum	
lease payments \$	2,307,061

Notes to Financial Statements June 30, 2010 and 2009

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, 2010:

2011	\$ 281,266
2012	214,056
2013	172,531
2014	165,276
2015	151,277
Thereafter	193,707

Total rental expense for all operating leases was \$977,131 and \$1,058,048 in 2010 and 2009, respectively.

(9) Temporarily Restricted Net Assets

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

	_	2010	2009
Accumulated investment gains on donor endowments			
subject to time restrictions under Pennsylvania law	\$	32,383,298	24,041,421
Annuity funds		1,030,588	791,675
Pledges receivable		2,145,300	2,364,119
Unexpended donor-restricted funds	_	2,823,385	1,951,827
	\$	38,382,571	29,149,042

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.

(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:

	_	2010	2009
Donor-contributed principal invested to support:			
Scholarship and financial aid	\$	60,775,513	57,937,021
Educational and general programs		33,949,355	32,437,837
Loan funds for students		1,170,945	1,170,292
Annuity funds		1,045,326	888,407
Pledges receivable	_	1,988,655	2,370,553
	\$	98,929,794	94,804,110

Notes to Financial Statements June 30, 2010 and 2009

(11) 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 does not believe that there are any unrecognized tax benefits or costs that should be recorded in accordance with Accounting Standards Codification Subtopic 740-10, *Income Taxes – Overall*.

(12) 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.

(13) 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.



KPMG LLP Suite 200 30 North Third Street PO Box 1190 Harrisburg, PA 17108-1190

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, 2010 and 2009.

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 the Schedule 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.



October 26, 2010

Supplemental Schedule Year ended June 30, 2010

	Current operations	Other unrestricted	Total unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:						
Tuition and fees Student aid	\$ 95,102,442 (32,146,346)	(273,393)	95,102,442 (32,419,739)			95,102,442 (32,419,739)
Net tuition and fees	62,956,096	(273,393)	62,682,703	_	_	62,682,703
Private gifts, grants, and contributions Government grants and appropriations Investment income Change in split-interest and	2,687,570 750,376 8,807,859	1,172,819 673,932 12,976,495	3,860,389 1,424,308 21,784,354	2,592,040 — 12,294,940	2,766,061 — 1,293,080	9,218,490 1,424,308 35,372,374
other agreements Other revenues Sales and services of auxiliary	434,074	4,105,957 817,095	4,105,957 1,251,169	207,908	66,543 —	4,380,408 1,251,169
enterprises Net assets released from restrictions	27,289,892 293,975	5,567,384	27,289,892 5,861,359	(5,861,359)		27,289,892 —
Total revenues	103,219,842	25,040,289	128,260,131	9,233,529	4,125,684	141,619,344
Expenses: Programs: Education and general:						
Instructional	35,626,502	3,484,303	39,110,805	_	_	39,110,805
Academic support Student services	9,038,135	1,281,241	10,319,376	_	_	10,319,376
Research	11,910,666 2,097,886	1,372,763 832,760	13,283,429 2,930,646	_	_	13,283,429 2,930,646
Public service	562,813	229,180	791,993	_	_	791,993
Auxiliary enterprises	21,646,997	1,238,463	22,885,460	_	_	22,885,460
Institutional support	16,049,340	2,122,801	18,172,141	_	_	18,172,141
Total expenses	96,932,339	10,561,511	107,493,850			107,493,850
Change in net assets before capital items and additions to reserves and other gain	6,287,503	14,478,778	20,766,281	9,233,529	4,125,684	34,125,494
Capital items and additions to reserves	(6,287,503)	6,287,503	_	_	_	_
Other gain: Extinguishment of early retirement plan		3,381,098	3,381,098			3,381,098
Change in net assets	_	24,147,379	24,147,379	9,233,529	4,125,684	37,506,592
Net assets: Beginning of year	_	201,424,085	201,424,085	29,149,042	94,804,110	325,377,237
End of year	\$ —	225,571,464	225,571,464	38,382,571	98,929,794	362,883,829
•						

See accompanying independent auditors' report.

Note to Supplemental Schedule Year ended June 30, 2010

(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 Dickinson College's operating budget. Other unrestricted includes all other activities that are classified as unrestricted.