



BALDWIN-WALLACE COLLEGE
Financial Statements and Supplementary Information
June 30, 2011 and 2010
(With Independent Auditors' Report Thereon)

BALDWIN-WALLACE COLLEGE

Table of Contents

	Page
The College	1
Report of the Administration	3
Independent Auditors' Report	4
Statements of Financial Position	6
Statements of Activities and Changes in Net Assets	8
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplementary Information – Schedule I	25

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The College

Founded in 1845, Baldwin-Wallace College was one of the first colleges in Ohio to admit students without regard to race or gender. Today, B-W continues as an independent, coeducational college, accredited by the Higher Learning Commission. The academic program is rooted in the liberal arts but contains abundant opportunities for career exploration and application.

B-W maintains more than 50 academic majors within the following seven divisions: Business Administration, Education, Health and Physical Education, Humanities, Music, Science and Mathematics, and Social Sciences. Undergraduate degrees offered include Bachelor of Arts, Bachelor of Science, Bachelor of Science in Education, Bachelor of Music, and Bachelor of Music Education. Baldwin-Wallace College offers graduate programs leading to the degrees of Master of Business Administration and Master of Arts in Education. The College also has certificate programs in a variety of specialties.

The campus is in Berea, Ohio, a suburb southwest of Cleveland.

Baldwin-Wallace College does not discriminate because of race, creed, age, disabilities, national origin, gender, or sexual orientation in admissions, programs, or administration.

The 2010-2011 academic year opened with a total fall semester enrollment of 4,352. This total included 3,119 full-time undergraduate students, 509 part-time undergraduates, and 724 graduate students. The full-time equivalent enrollment was 3,834, down slightly from the previous fall.

Total spending for programs was \$86,282,583, up just 2 percent from the previous year. B-W continued its long practice of operating with balanced budgets. The operating margin was \$4,014,402, while the total increase in unrestricted net assets was \$4,401,894. In addition to the operating margin, unrestricted gifts to the capital campaign and investment gains contributed to this increase.

Total net assets increased \$23,699,324. Realized and unrealized gains on endowment and similar investments were a substantial part of this increase, over \$16 million. Gifts restricted for plant and endowment of about \$1.8 million were the other significant factor in addition to the operating margin. The market value of endowment and similar investments at June 30, 2011, was \$119,746,043, compared with \$103,946,340 the previous year. Total net assets were \$236,092,614 at June 30, 2011.

Plant spending totaled approximately \$19 million. The College completed work on the Thomas Family Center for Science and Innovation in time for the opening of the 2010 fall semester. Work on the Conservatory of Music renovations and construction continued throughout the year. Plant spending also included lesser renovations to existing buildings and purchases of equipment and furnishings.

Science and Innovation

Named for principal donors James and Sally Thomas, the Thomas Family Center for Science and Innovation encompasses three renovated buildings and one newly constructed building. The College renamed one of the buildings, the former Life Earth Sciences Building, to honor major donors Art and Helen Telfer.

The 90,000 square foot complex unites science, business, and innovation. The eighteen-month project included extensive renovations to Telfer, Wilker, and Ward halls, and the construction of the Center for Innovation and Growth building. A two-story addition to McKelvey Auditorium links the Wilker and Telfer upper floors.

The renovated science buildings contain dedicated labs for microbiology, gross anatomy, genetics, zoology, plant biology, ecology, human physiology, developmental biology, biochemistry, organic chemistry, acoustics, optics, applied physics, and more, along with an expanded neuroscience wing and other specialized spaces.

The Center for Innovation and Growth building contains class rooms and meeting rooms to house programs that focus on entrepreneurial thinking and economic development.

A new geothermal heating system serves the entire Thomas Center.

Conservatory of Music

During the 2009-2010 fiscal year, B-W undertook to have a portion of the south campus designated as the “Baldwin-Wallace College South Campus Historic District” by the National Park Service, and placed on the National Register of Historic Places. The designation includes Marting, Kulas, Kohler, Dietsch, Klein, Saylor, and Merner-Pfeiffer halls, Lindsay-Crossman Chapel, 63 Beech, and the former First Congregational United Church of Christ building purchased during the 2008-2009 year.

This designation enables private investors to assist the College financially with renovations in exchange for historic renovation tax credits. The College has entered into such an arrangement for renovations and construction to serve the Conservatory of Music and its 300-plus students.

The project includes renovations to Merner-Pfeiffer and the church building, construction of a four-level building to link the two existing buildings, and new seating for Gamble Auditorium in Kulas Hall. The College has named the connector building the Boesel Musical Arts Center to honor donors Stephen and Jacquelyn Boesel. The new complex includes fifty new soundproofed practice rooms and new and updated rehearsal halls. The Beverlie Buck Mayer Wing, named to honor the mother of donor Beth Swailes, includes voice and instrumental studios and a lounge. Also expanded and renovated are The Riemenschneider Bach Institute and the Jones Music Library.

A new geothermal heating system will also serve this complex.

The College substantially completed the project and the buildings were ready for use by the start of the fall 2011 semester.

Capital Campaign

The College’s Advancement Office has announced the successful conclusion of *Transforming Lives: The Campaign for Baldwin-Wallace College*. The multi-year campaign exceeded its goal and generated \$97,168,974 to support capital projects, the endowment, and operating support. The College publically announced the campaign in 2007, with a goal of \$82 million. The actual total included \$34.3 million for specific plant projects, \$21.2 million for endowment. \$15.6 million unrestricted or undesignated, \$14.4 million for academic programs, and \$11.6 million for the Annual Fund.



REPORT OF THE ADMINISTRATION

This report covers the fiscal year 2011 financial statements and related notes of Baldwin-Wallace College, along with supplementary information. The Administration of Baldwin-Wallace is responsible for the preparation and content of these statements. They have prepared the statements from the financial records of the College, in conformity with accounting principles generally accepted in the United States of America.

Statements issued by the Financial Accounting Standards Board govern the form and content of private college and university financial statements. The three basic financial statements are the statements of financial position (assets, liabilities and net assets), activities (revenue and expense), and cash flows. Baldwin-Wallace provides additional analytical and non-financial data, including enrollment, admissions, and fees, as supplementary information.

The College's accounting system includes internal controls designed to provide reasonable assurance, at appropriate cost, of the reliability of its financial records and the proper safeguarding and use of its assets. These controls are based on established policies and procedures, and they are implemented by trained, skilled personnel, with an appropriate segregation of duties.

The independent auditing firm of KPMG LLP has audited the financial statements in accordance with auditing principles generally accepted in the United States of America. Their opinion appears in this report.

The Board of Trustees exercises its responsibility for the financial statements through the Audit Review Committee. The Audit Review Committee has four members. It meets at least annually with members of the Administration and representatives of the independent auditing firm to discuss accounting, reporting and internal control matters.

A handwritten signature in cursive script, reading 'William M. Renoff'.

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Independent Auditors' Report

The Board of Trustees
Baldwin-Wallace College:

We have audited the accompanying statements of financial position of Baldwin-Wallace College (College) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Baldwin-Wallace College as of June 30, 2011 and 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2011 on our consideration of the College's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits for the years ended June 30, 2011 and 2010 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule I for the years ended June 30, 2011 and 2010 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the June 30, 2011 and 2010 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 for the years ended June 30, 2011 and 2010.



We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial position of the College as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets and cash flows for the years then ended (none of which is presented herein), and we expressed unqualified opinions on those financial statements. The supplementary information included in Schedule I related to the College's 2009 and 2008 financial statements, except for that portion marked "unaudited," on which we express no opinion, was subjected to auditing procedures applied in the audits of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

KPMG LLP

Cleveland, Ohio
October 12, 2011

BALDWIN-WALLACE COLLEGE

Statements of Financial Position

June 30, 2011 and 2010

Assets	2011	2010
Operating assets:		
Cash and cash equivalents	\$ 7,413,417	11,355,262
Short-term investments	10,217,689	10,184,538
Student accounts receivable, less allowance for doubtful receivables of \$145,000 in 2011 and \$150,000 in 2010	2,448,508	2,720,721
Other receivables, less allowance for doubtful receivables of \$9,000 in 2011 and \$8,700 in 2010	918,306	765,744
Inventory	1,482,402	1,281,376
Prepaid expenses	596,402	1,199,707
Pledges receivable, less allowance for doubtful pledges of approximately \$265,000 in 2011 and \$520,000 in 2010	5,097,395	5,537,849
Student loan notes receivable, less allowance for doubtful receivables of approximately \$580,000 in 2011 and 2010	4,054,493	4,175,080
Other assets	34,656	33,079
Total operating assets	<u>32,263,268</u>	<u>37,253,356</u>
Endowment and other long-term assets:		
Cash and cash equivalents	747,879	444,181
Investments, at fair value	118,998,164	103,502,159
Total endowment and other long-term assets	<u>119,746,043</u>	<u>103,946,340</u>
Plant and equipment:		
Grounds	5,798,503	5,137,558
Academic buildings	113,466,477	90,052,800
Residence halls	33,399,306	32,952,123
Residences	3,433,483	3,213,310
Furniture and equipment	19,248,985	18,690,995
	<u>175,346,754</u>	<u>150,046,786</u>
Less accumulated depreciation	(76,643,109)	(71,685,865)
Construction in progress	14,872,373	22,876,849
Net plant assets	<u>113,576,018</u>	<u>101,237,770</u>
Total assets	<u>\$ 265,585,329</u>	<u>242,437,466</u>

See accompanying notes to financial statements.

Liabilities and Net Assets	2011	2010
Liabilities:		
Accounts payable	\$ 2,979,812	3,312,706
Accrued expenses	2,199,174	2,158,446
Deferred revenue and student deposits	3,696,487	2,945,333
Other liabilities	1,416,409	1,525,947
Annuity obligations	3,612,039	3,538,486
Government advances for student loans (Perkins loans)	2,583,794	2,678,258
Long-term debt	13,005,000	13,885,000
Total liabilities	<u>29,492,715</u>	<u>30,044,176</u>
Net assets:		
Unrestricted	55,371,320	50,969,426
Temporarily restricted:		
Program	16,194,038	13,693,821
Student financial aid	8,605,113	8,290,178
Plant and equipment	53,101,857	51,297,971
Total temporarily restricted	<u>77,901,008</u>	<u>73,281,970</u>
Permanently restricted:		
Program	49,844,982	43,210,886
Student financial aid	47,726,246	40,526,239
Plant and equipment	5,249,058	4,404,769
Total permanently restricted	<u>102,820,286</u>	<u>88,141,894</u>
Total net assets	236,092,614	212,393,290
Total liabilities and net assets	<u>\$ 265,585,329</u>	<u>242,437,466</u>

BALDWIN-WALLACE COLLEGE

Statements of Activities and Changes in Net Assets

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Changes in unrestricted net assets:		
Revenue:		
Tuition and fees	\$ 91,614,975	89,538,693
Less student financial aid grants	<u>34,911,913</u>	<u>32,922,490</u>
Net tuition and fees	<u>56,703,062</u>	<u>56,616,203</u>
Private gifts and grants	1,646,641	2,386,438
Endowment investment income	1,274,253	1,525,000
Auxiliary enterprises	18,428,886	18,008,787
Other	<u>563,770</u>	<u>2,350,298</u>
Total other revenue	<u>21,913,550</u>	<u>24,270,523</u>
Net assets released from restrictions:		
Program	4,375,489	3,997,305
Student financial aid grants	4,149,936	3,550,581
Plant and equipment	<u>3,017,740</u>	<u>2,992,253</u>
Total net assets released from restrictions	<u>11,543,165</u>	<u>10,540,139</u>
Total revenue and net assets released from restrictions	<u>90,159,777</u>	<u>91,426,865</u>
Expenses:		
Instruction	35,367,719	34,726,458
Academic support	7,756,745	7,242,429
Libraries	1,819,446	1,680,790
Student services	8,110,701	7,795,645
Organized student activities	5,937,124	5,936,599
Institutional support	13,271,813	13,182,842
Auxiliary enterprises	<u>14,019,035</u>	<u>14,069,602</u>
Total expenses	86,282,583	84,634,365
Realized and unrealized endowment investment gains, net	<u>524,700</u>	<u>262,845</u>
Increase in unrestricted net assets	<u>4,401,894</u>	<u>7,055,345</u>

BALDWIN-WALLACE COLLEGE

Statements of Activities and Changes in Net Assets

Years ended June 30, 2011 and 2010

	2011	2010
Changes in temporarily restricted net assets:		
Revenue:		
Private gifts, grants, and pledges	\$ 7,287,954	16,843,853
Endowment investment income	4,181,535	4,352,376
Government grants	1,763,532	1,547,451
Other	634,881	513,134
Total revenue	13,867,902	23,256,814
Net assets released from restrictions:		
Program	(4,375,489)	(3,997,305)
Student financial aid grants	(4,149,936)	(3,550,581)
Plant and equipment	(3,017,740)	(2,992,253)
Total net assets released from restrictions	(11,543,165)	(10,540,139)
Net revenue	2,324,737	12,716,675
Realized and unrealized endowment investment gains, net	2,294,301	1,565,162
Increase in temporarily restricted net assets	4,619,038	14,281,837
Changes in permanently restricted net assets:		
Private gifts, grants, and pledges	493,694	546,311
Endowment investment income	181,361	281,507
Other	471,790	256,380
Realized and unrealized endowment investment gains, net	13,531,547	6,364,690
Increase in permanently restricted net assets	14,678,392	7,448,888
Increase in net assets	23,699,324	28,786,070
Net assets at beginning of year	212,393,290	183,607,220
Net assets at end of year	\$ 236,092,614	212,393,290

See accompanying notes to financial statements.

BALDWIN-WALLACE COLLEGE

Statements of Cash Flows

Years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 23,699,324	28,786,070
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	6,627,559	5,569,315
Net realized and unrealized gains on investments	(16,350,548)	(8,192,697)
Change in student accounts and other receivables	560,105	(4,227,742)
Change in inventory and prepaid expenses	402,279	(381,090)
Change in accounts payable and accrued expenses	(322,106)	(390,371)
Change in deferred revenue, annuity obligations, government advances, and other liabilities	620,705	(1,767,558)
Contributions restricted for long-term investment and plant acquisition	(1,768,741)	(10,482,533)
Dividends, interest, and other restricted for long-term investment and plant acquisition	(959,031)	(1,283,431)
Net cash provided by operating activities	12,509,546	7,629,963
Cash flows from investing activities:		
Purchases of plant and equipment	(18,935,867)	(23,143,016)
Purchases of endowment and similar investments	(15,601,537)	(55,377,320)
Sales of endowment and similar investments	16,456,080	50,504,067
Change in short-term investments	(33,151)	(6,086,035)
Change in endowment short-term investments	(303,698)	4,906,327
Change in student loans	120,587	64,016
Change in other assets	(1,577)	7,965
Net cash used in investing activities	(18,299,163)	(29,123,996)
Cash flows from financing activities:		
Contributions restricted for long-term investment and plant acquisition	1,768,741	10,482,533
Dividends, interest, and other restricted for long-term investment and plant acquisition	959,031	1,283,431
Payments on long-term debt	(880,000)	(845,000)
Net cash provided by financing activities	1,847,772	10,920,964
Net decrease in cash and cash equivalents	(3,941,845)	(10,573,069)
Cash and cash equivalents at beginning of year	11,355,262	21,928,331
Cash and cash equivalents at end of year	\$ 7,413,417	11,355,262
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 691,342	726,723

See accompanying notes to financial statements.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

(1) Nature of Organization

Baldwin-Wallace College (College), founded in 1845, is an independent, coeducational college in the liberal arts tradition. The College, which is accredited by the Higher Learning Commission, maintains more than 50 academic programs within the following 7 divisions: Business Administration, Education, Health and Physical Education, Humanities, Music, Science and Mathematics, and Social Science.

(2) Summary of Significant Accounting Policies

(a) Method of Accounting

The accompanying financial statements of the College have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The College prepares its financial statements to focus on the organization as a whole and to present balances and transactions classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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

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

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulation or by law that limits their use. The College has primarily reported gains or losses on investments as permanently or temporarily restricted net assets as a result of such donor stipulations or law. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered to be released over the estimated useful lives of the assets using the College's depreciation policies.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions of long-lived assets, or of cash or other assets to be used to acquire them, with donor stipulations concerning the use of such long-lived assets, are reported as revenue of the temporarily restricted net asset class. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Contributions of assets other than cash are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures, and similar assets held as part of collections are not recognized or capitalized. Allowance is made for doubtful collection of contributions receivable based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

(b) Investments

Investments are reported at fair value. With respect to other investment funds such as the College’s investments managed by the Commonfund (The Common Fund for Nonprofit Organizations), the estimated fair values are provided by external investment managers. These estimated fair values are reviewed and evaluated by the College management. Due to the inherent uncertainties of these estimates, these estimated fair values may differ from the values that would have been used had a ready market existed for such investments.

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of the specific identification of securities sold. Investment custodial fees are classified as a reduction in investment income for financial reporting purposes.

The table below provides certain information regarding the amount of unrealized holding losses for marketable equity and debt securities managed by the College as of June 30, 2011 and 2010:

	2011		Total
	Equity securities	Debt and other securities	
Unrealized losses less than one year:			
Amount of unrealized losses	\$ (58,815)	(9,215)	(68,030)
Fair value of related securities held in a loss position	660,172	490,785	1,150,957
Number of related security positions	22	1	23
Unrealized losses greater than one year:			
Amount of unrealized losses	(3,411,176)	(2,570)	(3,413,746)
Fair value of related securities held in a loss position	47,922,055	17,430	47,939,485
Number of related security positions	27	1	28
Total unrealized losses	(3,469,991)	(11,785)	(3,481,776)
Unrealized gains	11,598,228	753,061	12,351,289
Net unrealized gains	\$ 8,128,237	741,276	8,869,513

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

	2010		
	Equity securities	Debt and other securities	Total
Unrealized losses less than one year:			
Amount of unrealized losses	\$ (14,885,643)	(13,353)	(14,898,996)
Fair value of related securities held in a loss position	69,947,701	3,470,000	73,417,701
Number of related security positions	48	1	49
Unrealized losses greater than one year:			
Amount of unrealized losses	(710,947)	(5,020)	(715,967)
Fair value of related securities held in a loss position	2,822,343	29,980	2,852,323
Number of related security positions	50	2	52
Total unrealized losses	(15,596,590)	(18,373)	(15,614,963)
Unrealized gains	4,780,191	224,360	5,004,551
Net unrealized losses	\$ (10,816,399)	205,987	(10,610,412)

(c) Inventory

Inventories, which consist of bookstore and other supplies, are valued at cost determined using the first-in, first-out method.

(d) Annuities and Perpetual Trusts

The College's split-interest agreements with donors consist of irrevocable charitable remainder trusts, charitable gift annuities, and life income contracts for which the College is either the remainder beneficiary or both the trustee and remainder beneficiary.

Assets held in trust for which the College serves as trustee are included in investments. The fair value of these investments was \$7,374,735 at June 30, 2011 and \$6,748,299 at June 30, 2010. In addition, the present value of the estimated future payments to be made to the donors and/or other beneficiaries is included in liabilities. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Significant assumptions used in the calculation of the liability include:

- Assumed mortality rates based upon the 1983 Group Annuity Mortality Table and Annuity 2000 Table
- Assumed valuation interest rates of 4.0%, 4.5% and 5.0%
- Assumed annuity payments made annually at the beginning of the year.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Assets held in trust for which the College does not serve as trustee (i.e., perpetual trusts) are included as investments in the financial statements. The balances of \$11,515,708 and \$9,544,508 at June 30, 2011 and 2010, respectively, are recorded at fair value. Changes in the value of the College's beneficial interest in these perpetual trusts are reflected within the statement of activities and changes in net assets as permanently restricted unrealized gains.

(e) Government Advances for Student Loans

The College receives government advances to fund student loans. These advances are recorded as a liability within the statements of financial position. Interest earned through loan repayments is reinvested into the program to fund additional loans.

(f) Deferred Revenue

Revenue and expenses related to academic terms conducted over two fiscal years, such as the summer session, are recognized in the fiscal year in which the program is conducted. Amounts prepaid for future academic terms are included in deferred revenue and student deposits within the statements of financial position.

(g) Plant and Equipment

Plant and equipment are stated at cost. Amounts capitalized are depreciated over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Estimated useful lives are as follows:

Buildings	50 years
Building additions and renovations	25 years
Computers, telephones, copiers, and vehicles	5 years
Other equipment and furniture	10 years

(h) Impairment of Long-Lived Assets

The College evaluates the recoverability of long-lived assets and the related estimated remaining lives at each fiscal year end. The College records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or the useful life. No such impairment was recorded in the fiscal years ended June 30, 2011 and 2010.

(i) Asset Retirement Obligations

The College has recorded a liability for conditional asset retirement obligations in other liabilities on the statements of financial position of \$911,000 and \$1,077,000 at June 30, 2011 and 2010, respectively. Related discount amortization and depreciation in the fiscal years ended June 30, 2011 and 2010 were \$55,000 and \$50,000, respectively.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

(j) Income Taxes

The College has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, and is exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying financial statements because, in management's opinion, the College does not have a significant amount of unrelated business income.

(k) Cash and Cash Equivalents and Short-Term Investments

Cash equivalents consist of short-term highly liquid instruments purchased with an original maturity date of three months or less, except for cash and cash equivalents of endowments and similar funds, which are treated as long-term investment assets.

Short-term investments are reported at fair value and represent the College's operating cash that has been invested in a short-term investment fund, which has underlying investments that are not considered cash equivalents and are reported at fair value based on quoted market prices.

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities and the reported amounts of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from those estimates.

(3) Long-Term Debt

On June 1, 2004, the College issued State of Ohio Higher Educational Facility Revenue Bonds (the Bonds) in the amount of \$18,585,000. Issuance costs of \$238,000 were recorded in prepaid expenses at June 30, 2004 and are being amortized over the life of the Bonds. The Bonds were issued pursuant to a Trust Agreement between the Ohio Higher Educational Facility Commission (the Commission) and National City Bank (the Trustee). The Bonds were dated as of June 1, 2004, and are scheduled to mature annually through 2024. Interest is payable beginning December 1, 2004, and semiannually on each June 1 and December 1, at an annual rate ranging from 2.0% to 5.5%. The outstanding debt balance had fair values of approximately \$13,587,000 and \$14,559,000 at June 30, 2011 and 2010, respectively.

The annual principal payments required on bonds payable for 2011 and thereafter are as follows:

Fiscal year ending June 30:	
2012	\$ 920,000
2013	960,000
2014	1,005,000
2015	695,000
2016	730,000
Thereafter	8,695,000
	<u>\$ 13,005,000</u>

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

The bond agreements contain certain covenants, including a net revenue covenant whereby the College covenants that it will establish, charge and collect tuition, student fees and charges for services provided by the College such that net revenues available for debt service will equal or exceed, in each fiscal year, 110% of the bond service charges for such fiscal year. The College is in compliance with its covenants as of June 30, 2011.

(4) Investments

Endowment and similar investments include endowment funds, funds functioning as endowment, charitable gift annuities, charitable remainder trusts, and beneficial interests in outside trusts. At June 30, 2011 and 2010, investments and cash and cash equivalents comprised the following:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 747,879	444,181
Commonfund:		
Equity funds:		
Emerging Markets Investors	11,492,845	10,473,829
Equity Index	186,638	941,522
Other Equities	46,913,532	35,975,947
Fixed income funds:		
High Quality Bond	17,623,201	19,422,710
CFI Real Return Bond	2,006,821	2,084,645
Alternative funds, marketable	11,402,061	11,197,419
Alternative funds, nonmarketable	1,133,954	165,250
Common stocks	8,625,037	6,176,168
Preferred stocks	1,923,362	1,879,204
Equity and balanced mutual funds	4,660,896	4,160,262
Fixed income	867,341	1,089,040
Beneficial interest in perpetual trusts	11,515,708	9,544,508
Limited partnerships and other	646,768	391,655
	<u>\$ 119,746,043</u>	<u>103,946,340</u>

Commonfund is an institutional investment manager serving higher education, health care, foundations, and other nonprofits.

As of June 30, 2011 and 2010, the total net gain (loss) for the year comprises of the following:

	<u>2011</u>	<u>2010</u>
Unrealized net gain	\$ 19,479,925	12,279,813
Realized net gain (loss)	<u>(3,129,377)</u>	<u>(4,087,116)</u>
Total net gain for the year	<u>\$ 16,350,548</u>	<u>8,192,697</u>

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Interest income earned on operating cash equivalents and included in other unrestricted revenue was approximately \$62,000 and \$371,000 for the years ended June 30, 2011 and 2010, respectively. Investment income on endowments is recorded within the statements of activities and changes in assets in the respective net asset category based on donor stipulations. Amounts reported for the years ended June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted net assets	\$ 1,274,253	1,525,000
Temporarily restricted net assets	4,181,535	4,352,376
Permanently restricted net assets	181,361	281,507

(5) Fair Value Measurements

The College has adopted the recognition and disclosure provisions prescribed in ASC 820, *Fair Value Measurement and Disclosures*, for financial assets. ASC 820 establishes a framework in generally accepted accounting principles for measuring fair value and expands disclosures about fair value measurements. Although it does not require any new fair value measurements, ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset.

ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets carried at fair value be disclosed according to the following three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets. Level 1 yields the highest priority to unadjusted quoted prices in active markets for identical assets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Observable inputs other than quoted prices in Level 1. Inputs such as quoted prices for similar assets in active markets, quoted prices for identical or similar liabilities that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are significant to the valuation of assets and are supported by little or no market data. This includes discounted cash flow methodologies, pricing models, and similar techniques that use significant unobservable inputs.

The College has categorized the investments by valuation technique. Level 1 investments include cash equivalents, short term investments and equity securities. These valuations are based on quoted prices from active stock exchanges for identical assets. Level 2 investments include fixed income securities and other miscellaneous securities. The valuation of these securities are based on quoted prices from active stock exchanges for similar assets, quoted prices in inactive markets, or other observable market data such as matrix pricing and yield curves.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Commonfund management quotes net asset values for each of its funds at the end of each month based on the quoted market price of the fund’s underlying securities. The net asset value has been applied as a practical expedient for estimating fair value as the investment can be redeemed at the net asset value. Commonfund investments are classified as Level 2 as the College has the ability to redeem at net asset value on or near the measurement date. The net asset value is also applied as a practical expedient for the valuation of the College’s beneficial interest in perpetual trusts. However, the beneficial interest in perpetual trusts is classified as Level 3 as the investments cannot be redeemed at net asset value.

The investments that are valued at their net asset value at June 30, 2011 include the following:

	<u>Fair value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
SSG Diversifying Company	\$ 3,012,342	Quarterly	95 days
SSG Relative Value & Event Driven Company	3,699,533	Annually	95 days
SSG Global Hedged Equity Company	4,690,186	Quarterly	95 days
Global Distressed Investors LLC4	1,063,953	Annually	120 days
Emerging Market Investors Co. B	11,492,845	Monthly	5 days
Equity Index Fund	186,638	Monthly	5 days
Other Equities	46,913,532	Monthly	5 days
High Quality Bond Fund	17,623,201	Monthly	5 days
CFI Real Return Bond Fund	2,006,821	Monthly	5 days
Beneficial interest in perpetual trusts	11,515,708	N/A	N/A

These funds utilize a multi-manager approach, allocating assets to investment Sub-Advisors or investment funds managed by Sub-Advisors (Third Party Investment Funds). The strategies employed by the funds are primarily long-term or full market cycle approaches. The College holds interests in various funds that are illiquid and do not allow for short-term redemption. The fair value for those funds is \$70,000.

The beneficial interest in perpetual trusts represent the College’s interest in trusts held by outside parties. These trusts are primarily invested in marketable equity and debt securities.

The College has various alternative investments that have minimum capital commitments. The College has committed to make a total investment of \$4,100,000, of which \$1,041,100 has been invested, leaving \$3,058,900 of outstanding commitments as of June 30, 2011.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 7,413,417	—	—
Short-term investments	10,217,689	—	—
Cash equivalents, endowment	747,879	—	—
Commonfund:			
Emerging Market Investors Fund	—	11,492,845	—
Equity Index Fund	—	186,638	—
Other Equities	—	46,913,532	—
High Quality Bond Fund	—	17,623,201	—
CFI Real Return Bond Fund	—	2,006,821	—
Alternative funds, marketable	—	11,402,061	—
Alternative funds, nonmarketable	—	—	1,133,954
Common stocks	8,625,037	—	—
Preferred stocks	1,923,362	—	—
Equity and balanced mutual funds	4,660,896	—	—
Fixed income	—	867,341	—
Beneficial interest in perpetual trusts	—	—	11,515,708
Miscellaneous	—	646,768	—
	<u>\$ 33,588,280</u>	<u>91,139,207</u>	<u>12,649,662</u>

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 11,355,262	—	—
Short-term investments	10,184,538	—	—
Cash equivalents, endowment	444,181	—	—
Commonfund:			
Emerging Market Investors Fund	—	10,473,829	—
Equity Index Fund	—	941,522	—
Other Equities	—	35,975,947	—
High Quality Bond Fund	—	19,422,710	—
CFI Real Return Bond Fund	—	2,084,645	—
Alternative funds, marketable	—	11,197,419	—
Alternative funds, nonmarketable	—	—	165,250
Common stocks	6,176,168	—	—
Preferred stocks	1,879,204	—	—
Equity and balanced mutual funds	4,160,262	—	—
Fixed income	—	1,089,040	—
Beneficial interest in perpetual trusts	—	—	9,544,508
Miscellaneous	—	391,655	—
	<u>\$ 34,199,615</u>	<u>81,576,767</u>	<u>9,709,758</u>

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

The following table presents activity for assets classified as Level 3:

Fair value measurements using unobservable inputs (Level 3)

	Beneficial interest in perpetual trusts	Commonfund alternative funds nonmarketable	Totals
Balance at July 1, 2009	\$ 8,596,337	—	8,596,337
Additions	—	165,250	165,250
Investment income	291,646	—	291,646
Payments	(527,856)	—	(527,856)
Realized and unrealized gains	1,184,381	—	1,184,381
Balance at June 30, 2010	9,544,508	165,250	9,709,758
Additions	—	875,850	875,850
Investment income	593,455	—	593,455
Payments	(437,859)	—	(437,859)
Realized and unrealized gains	1,815,604	92,854	1,908,458
Balance at June 30, 2011	<u>\$ 11,515,708</u>	<u>1,133,954</u>	<u>12,649,662</u>

(6) Endowment

The College's endowment consists of approximately 450 individual funds. The donors of these funds have restricted the principal for investment. Some of those donors have also restricted the use of the income as to purpose. The College classifies these funds, sometimes referred to as true endowment, as permanently restricted net assets. The College's Board of Trustees has designated other funds, usually resulting from major bequests or gifts, as funds functioning as endowment. The College classifies these funds as temporarily restricted net assets if the donor restricted the gift as to purpose, or as unrestricted net assets.

As a matter of fundraising practice, the College executes a signed agreement with all true endowment donors. These agreements specify, among other things, that the funds are governed by Baldwin-Wallace endowment policy, and that gains in excess of those required by the spending policy are added to principal, increasing the permanently restricted fund balance by such gains.

The College's spending policy is to withdraw each year an amount not exceeding 5.5% of the average of the June 30 market values for the preceding three years. These withdrawals include all ordinary investment income and the amount of accumulated gains required. The statements of activities and changes in net assets for each of the three net asset classes show these withdrawals as endowment investment income.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or legislation requires the College to maintain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in unrestricted net assets. There were no such deficiencies as of June 30, 2011 and 2010.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

The following tables present the endowment net asset composition by fund type as of June 30, 2011 and 2010:

	June 30, 2011			
	Permanently restricted	Temporarily restricted	Unrestricted	Total
Donor-restricted endowment funds	\$ 92,794,293	—	—	92,794,293
Board designated funds	—	6,806,107	4,149,266	10,955,373
	<u>\$ 92,794,293</u>	<u>6,806,107</u>	<u>4,149,266</u>	<u>103,749,666</u>

	June 30, 2010			
	Permanently restricted	Temporarily restricted	Unrestricted	Total
Donor-restricted endowment funds	\$ 79,722,275	—	—	79,722,275
Board designated funds	—	6,638,828	3,624,566	10,263,394
	<u>\$ 79,722,275</u>	<u>6,638,828</u>	<u>3,624,566</u>	<u>89,985,669</u>

The following table presents the changes in endowment net assets held by the College for the years ended June 30, 2011 and 2010:

	Permanently restricted	Temporarily restricted	Unrestricted	Total
Balances June 30, 2009	\$ 73,210,108	7,218,888	3,361,721	83,790,717
Ordinary investment income	1,965,575	358,963	77,581	2,402,119
Investment gains	8,735,966	762,702	414,431	9,913,099
Gifts and gift pledges	546,311	—	—	546,311
Transfers and other	404,979	(538,128)	—	(133,149)
Distributions for expenditure	(5,140,664)	(318,597)	(229,167)	(5,688,428)
Withdrawal for debt payment	—	(845,000)	—	(845,000)
Balances June 30, 2010	<u>79,722,275</u>	<u>6,638,828</u>	<u>3,624,566</u>	<u>89,985,669</u>
Ordinary investment income	1,527,450	364,273	61,322	1,953,045
Investment gains	15,199,012	1,058,653	687,693	16,945,358
Gifts and gift pledges	493,694	500	—	494,194
Transfers and other	486,063	(5,000)	—	481,063
Distributions for expenditure	(4,634,201)	(371,147)	(224,315)	(5,229,663)
Withdrawal for debt payment	—	(880,000)	—	(880,000)
Balances June 30, 2011	<u>\$ 92,794,293</u>	<u>6,806,107</u>	<u>4,149,266</u>	<u>103,749,666</u>

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Members of the Baldwin-Wallace College Investment Committee develop investment policy, which is subject to approval by the Board of Trustees. They design the policy to be flexible and subject to revisions as the needs of the College may change. While the endowment is under the responsibility of the Board of Trustees, the Board has delegated authority for investment activities – including appointment, oversight, and evaluation of the Investment Manager – to the Investment Committee, whose members are appointed and serve at the pleasure of the Chairperson of the Board of Trustees. The members of the Investment Committee are all Trustees who volunteer their services on a pro bono basis.

The College's objective is to invest the endowment to seek an average total annual return that exceeds the spending rate plus inflation. The intent is to preserve over time the principal value of the assets as measured in inflation-adjusted terms. The relative objective is to seek competitive investment performance versus appropriate capital market measures. The comparative performance objective is to achieve a total rate of return that is above the median performance of a universe of similarly managed funds.

The endowment has an indefinite time horizon that runs concurrent with the endurance of the College, in perpetuity. As such, the endowment can assume a time horizon that extends well beyond a normal market cycle, and can assume an above-average level of risk as measured by the standard deviation of annual returns. However, it is expected that both professional management and portfolio diversification will smooth volatility and help ensure a reasonable consistency of return.

The assets are managed on a total return basis.

The College believes that its policies and procedures comply with the provisions of the Uniform Prudent Management of Institutional Funds Act.

(7) Retirement Plan

The College participates in the Teachers Insurance and Annuity Association retirement plan, which covers substantially all regular full-time employees. The retirement plan is funded by College contributions ranging from 7% to 10% of the covered employees' regular salary and by required employee contributions ranging from 3% to 5% of regular salary. During the years ended June 30, 2011 and 2010, the College's contributions aggregated approximately \$1,912,000 and \$1,980,000, respectively.

(8) Commitments and Contingencies

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to their allowability in connection with the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will not be material to the College's financial statements.

(9) Gift Pledges

Gift pledges totaling \$5,097,395 and \$5,537,849 at June 30, 2011 and 2010, respectively, represent unconditional promises to give. All gift pledges are restricted as to use for various purposes, primarily for plant or endowment. These promises are reported at the present value of estimated future cash flows.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

Pledges received through June 30, 2009 were discounted at a rate of 6%, and those received subsequent to June 30, 2009 were discounted at a rate of 3%. Discounts of \$401,964 and \$579,655 were recorded at June 30, 2011 and 2010, respectively.

Gift pledges are expected to be realized as follows:

	<u>2011</u>	<u>2010</u>
In one year or less	\$ 2,395,580	2,380,721
Between one and five years	2,743,779	3,006,783
More than five years	<u>625,000</u>	<u>1,250,000</u>
	5,764,359	6,637,504
Less allowance for uncollectible pledges	(265,000)	(520,000)
Less discount on pledges	<u>(401,964)</u>	<u>(579,655)</u>
Net pledges receivable	<u>\$ 5,097,395</u>	<u>5,537,849</u>

Conditional promises to give totaled approximately \$16,754,000 as of June 30, 2011. This amount included \$16,434,000 in commitments contained in wills or insurance policies, and \$320,000 in pledges which contain matching and other requirements. The amount at June 30, 2010 was approximately \$18,134,000. Conditional promises to give are not recorded in the financial statements.

(10) Income Taxes

The College has adopted ASC 740, *Accounting for Uncertainty of Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. ASC 740 prescribes a more-likely than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC 740, tax provisions are evaluated for recognition, derecognition, and measurement using consistent criteria and they will provide more information about the uncertainty in income tax assets and liabilities. Based on the College's evaluation, no provision for uncertain tax positions is required as of June 30, 2011 and 2010.

(11) Line of Credit and Short-term Financing

The College has a \$5,000,000 line of credit for operating funds that bears interest at LIBOR plus 250 basis points. No borrowings were outstanding as of June 30, 2011 and 2010.

The College has secured a bank multiple draw term loan of up to \$10 million to provide interim financing for its South Campus Historic District construction project. The term loan bears interest at LIBOR plus 150 basis points for the first 24 months and LIBOR plus 175 basis points for the next 60 months. There were no amounts drawn as of June 30, 2011 and 2010.

BALDWIN-WALLACE COLLEGE

Notes to Financial Statements

June 30, 2011 and 2010

(12) Historic Tax Credits and Limited Liability Company

During the year ended June 30, 2010, the College created a new historic district containing ten campus buildings, the Baldwin-Wallace College South Campus Historic District. The Ohio Historic Preservation Office and the National Park Service approved this district, which was placed on the National Register of Historic Places on June 7, 2010. On June 28, 2010, The Ohio Historic Preservation Office and the National Park Service approved an application for renovation of two of the buildings and construction of a third building. This development, when completed according to specific requirements, is expected to qualify for Federal tax credits of \$3.4 million and state tax credits of \$3.6 million.

To obtain benefit from the credits, the College formed a for-profit limited liability company, KCM I, and transferred title to the two buildings to be renovated, Merner-Pfeiffer Hall and the adjacent church building purchased last year to KCM I. The project includes construction of a third building to link the two.

The estimated net project cost to the College is \$15 million, expected to be funded by gifts, pledges, a government grant for geothermal heating and cooling, and operating funds. Interim financing has been secured through a bank multiple draw term loan.

During the year ended June 30, 2011, KCM I admitted a for-profit corporate investor. The investor plans to utilize the \$7 million of tax credits and will contribute \$5.3 million to the project. The investor will remain a member of KCM I for five years.

Construction work proceeded throughout the year ended June 30, 2011, with the College managing the project. The College substantially completed the project and the buildings were ready for use by the start of the fall 2011 semester.

(13) Subsequent Events

The College evaluated subsequent events applicable to the year ended June 30, 2011 through October 12, 2011 the date the financial statements are available to be issued. No reportable events, other than those described, have occurred.

BALDWIN-WALLACE COLLEGE

Supplementary Information

Years ended June 30, 2011, 2010, 2009, and 2008

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Significant assets and liabilities (in millions):				
Operating cash and short-term investments	\$ 17.6	21.5	26.0	28.2
Student and other receivables, net	3.4	3.5	3.4	3.8
Gift pledges receivable, net	5.1	5.5	1.4	2.9
Student loan notes (primarily Perkins) receivable, net	4.1	4.2	4.2	3.8
Endowment investments (fair value)	119.7	103.9	95.8	130.3
Physical plant (historical cost)	190.2	172.9	151.1	139.1
Accumulated depreciation	76.6	71.7	67.8	65.3
Accounts payable and accruals	5.2	5.5	5.6	4.6
Annuity obligations	3.6	3.5	3.5	3.8
Long-term debt	13.0	13.9	14.7	15.5
Net assets (in millions):				
Unrestricted:				
Designated operating	\$ 1.1	1.1	1.1	1.1
Functioning as endowment	4.1	3.6	3.4	4.6
Designated for plant expenditures	5.1	9.5	2.8	0.7
Plant	45.1	36.8	36.6	33.7
Total	<u>55.4</u>	<u>51.0</u>	<u>43.9</u>	<u>40.1</u>
Temporarily restricted by donors, expendable for specific purposes or at specific times	77.9	73.3	59.0	65.2
Permanently restricted by donors for endowment investment or student loans	102.8	88.1	80.7	107.3
Total net assets	<u><u>236.1</u></u>	<u><u>212.4</u></u>	<u><u>183.6</u></u>	<u><u>212.6</u></u>
Enrollment, fall term (unaudited):				
Full-time undergraduate	3,119	3,180	3,113	3,037
Part-time undergraduate	509	504	568	601
Graduate	724	713	701	756
Total	<u><u>4,352</u></u>	<u><u>4,397</u></u>	<u><u>4,382</u></u>	<u><u>4,394</u></u>
Full-time equivalent (unaudited)	3,834	3,882	3,816	3,781
Residence hall occupancy, fall term (unaudited)	1,855	1,911	1,834	1,778
New day students, fall term (unaudited):				
Applied	4,073	4,036	3,846	3,621
Admitted	2,531	2,604	2,491	2,364
Enrolled	873	908	919	900

BALDWIN-WALLACE COLLEGE

Supplementary Information

Years ended June 30, 2011, 2010, 2009, and 2008

(In millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Activities summary:				
Tuition and fees	\$ 91.6	89.5	85.0	80.7
Less student financial aid grants	34.9	32.9	30.5	28.8
Net tuition and fees	56.7	56.6	54.5	51.9
Private gifts, grants, and pledges	9.4	19.8	8.9	8.7
Endowment and similar investment income	5.6	6.2	7.1	5.8
Government grants	1.8	1.5	1.9	2.2
Auxiliary enterprise revenue	18.4	18.0	17.7	16.8
Other income	1.7	3.1	1.2	2.4
Totals	93.6	105.2	91.3	87.8
Expenses	86.3	84.6	84.8	82.3
Net before investment gains or losses	7.3	20.6	6.5	5.5
Endowment and similar investment gains (losses)	16.4	8.2	(35.5)	(14.9)
Increase (decrease) in net assets	23.7	28.8	(29.0)	(9.4)
Gift purposes:				
Endowment and similar	0.6	0.6	0.6	2.2
Restricted or allocated for plant	3.4	14.9	3.6	1.5
Annual fund	1.6	1.5	2.1	1.8
Other current use or loan	3.8	2.8	2.6	3.2
Totals	9.4	19.8	8.9	8.7
Distributions of investment income				
Unrestricted	1.3	1.5	1.7	1.4
Restricted for program or financial aid	3.6	3.9	4.9	4.1
Endowment (reinvested per donors' instructions)	0.5	0.6	0.4	0.2
Plant	0.2	0.2	0.1	0.1
Totals	5.6	6.2	7.1	5.8

BALDWIN-WALLACE COLLEGE

Supplementary Information

Years ended June 30, 2011, 2010, 2009, and 2008

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Fees charged per full-time student (unaudited):				
Tuition	\$ 25,260	24,230	23,524	22,404
Residence hall room (double)	4,056	3,888	3,776	3,594
Campus card (food, bookstore)	4,244	4,072	3,952	3,764
	<u>33,560</u>	<u>32,190</u>	<u>31,252</u>	<u>29,762</u>
Student financial aid grants (in millions):				
Unrestricted funds	30.8	29.4	26.6	24.7
Restricted gifts, grants, and endowment earnings	4.1	3.5	3.9	4.1
Total college aid	<u>34.9</u>	<u>32.9</u>	<u>30.5</u>	<u>28.8</u>
Government grants to students administered by the college:				
Pell and other federal	5.7	4.8	3.2	2.7
Ohio Opportunity and other state	1.6	1.8	3.7	3.3
Total government administered	<u>7.3</u>	<u>6.6</u>	<u>6.9</u>	<u>6.0</u>
Total grant aid	<u>42.2</u>	<u>39.5</u>	<u>37.4</u>	<u>34.8</u>
Student financial aid grants as a percentage of tuition revenue from full-time students (unaudited):				
Unrestricted	41%	40%	38%	38%
Restricted gifts, grants, and endowment earnings	5	5	6	6
Total college aid	46	45	44	44
Administered	10	9	10	9
Total	<u>56%</u>	<u>54%</u>	<u>54%</u>	<u>53%</u>
Dollar amounts per full-time equivalent enrollment (unaudited):				
Academic and student services	\$ 12,400	12,100	12,300	12,100
Educational plant and general support	6,600	6,200	6,300	6,100
Gift support	2,500	5,100	2,700	2,400
Endowment market value	31,200	26,800	25,100	34,500

See accompanying independent auditors' report.