

Bryn Mawr College

Bryn Mawr College
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May 31, 2021 and 2020

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To the Board of Trustees of Bryn Mawr College:

Bryn Mawr College
Statements of Financial Position
May 31, 2021 and 2020

Bryn Mawr College
Statement of Activities
Year Ended May 31, 2021

Bryn Mawr College
Statement of Activities
Year Ended May 31, 2020

(in thousands)

	Without donor restrictions	With donor restrictions	Total 2020
Operating revenues and other support:			
Tuition and fees, net of discount of \$39,497	\$ 46,028	\$ -	\$ 46,028
Private contributions	6,658	4,029	10,687
Government grants	6,998	-	6,998
Endowment payout under spending formula	23,740	23,081	46,821
Other	4,047	-	4,047
Auxiliary enterprises, net of discount of \$1,674	20,506	-	20,506
Interest income on cash and short-term investments	2,137	-	2,137
Releases from restriction	24,574	(24,574)	-
Total operating revenues and other support	<u>134,687</u>	<u>2,536</u>	<u>137,223</u>
Operating expenses:			
Education	78,556		78,556
Research	1,783		1,783
Public service	1,157		1,157
Institutional support	22,840		22,840
Auxiliary enterprises	17,567		17,567
Total operating expenses	<u>121,903</u>	<u>-</u>	<u>121,903</u>
Net changes from operations and other support	<u>12,784</u>	<u>2,536</u>	<u>15,320</u>
Non-operating items:			
Private contributions	1,649	6,854	8,504
Actuarial changes, interest and payments	(456)	(420)	(876)
Releases from restriction	839	(839)	-
Other	(17)	-	(17)
Realized and unrealized gains (losses) on investments, net of \$48,867 appropriated for endowment spending payout	(16,856)	(21,000)	(37,856)
Net changes from non-operating activities	<u>(14,841)</u>	<u>(15,404)</u>	<u>(30,245)</u>
Change in net assets	(2,057)	(12,868)	(14,925)
Net assets at beginning of year	521,709	557,332	1,079,041
Net assets at end of year	<u>\$ 519,651</u>	<u>\$ 544,464</u>	<u>\$1,064,116</u>

The accompanying notes are an integral part of these financial statements.

Bryn Mawr College
Statements of Cash Flows
Years Ended May 31, 2021 and 2020

(in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 350,729	\$ (14,925)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,708	12,854
Amortization	(585)	(832)
Loss on disposal of equipment	-	25

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Bryn Mawr College
Notes to the Financial Statements
May 31, 2021

(Dollars in thousands)

1 Organization

Bryn Mawr College (the College) is a private institution of higher education founded in 1885 and located in Bryn Mawr, Pennsylvania on an historic and picturesque suburban campus less than ten miles from the downtown center of Philadelphia.

The Undergraduate College offers a four-year, residential experience to approximately 1,300 women representing 47 different states, districts and territories and 37 different countries with an expansive, customizable liberal arts curriculum of over 35 majors and 50 minors. Bryn Mawr was the first women's college to offer graduate education through the Ph.D., defying the limitations imposed on women's intellectual achievement at other institutions of the time. The College continues its support of master and doctoral programs via its Graduate School of Arts and Sciences and its Graduate School of Social Work and Social Research. All graduate programs are coeducational and enroll approximately 300 full-time equivalent students in total.

2 Summary of Significant Accounting Policies

Basis of Presentation

Bryn Mawr College
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(Dollars in thousands)

Use of Estimates

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

Cash and Cash Equivalents

Cash and other investments with a maturity of three months or less at the time of purchase are reported as cash equivalents. The College has elected to classify cash equivalents included within short-term investments and long-term investments on the Statements of Financial Position as an investment and, therefore, does not include these within the Statement of Cash Flows.

Reconciliation between cash, cash equivalents, and restricted cash on the Statements of Cash Flows and Statements of Financial Position as of May 31 is as follows:

	<u>2021</u>	<u>2020</u>
Statements of Financial Position		
Cash & cash equivalents	\$ 78,536	\$ 48,522
Cash included in Long term investments	\$ 5,715	\$ 13,098
Statements of Cash Flow total cash, cash equivalents, and restricted cash*	\$ 84,250	\$ 61,620

*The College does not have restricted cash balances.

Contributions Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received at their net present value, less an allowance for estimated uncollectible amounts.

Fair Value of Financial Instruments

Certain College investments and other financial instruments are reported at fair value and other investments are reported using the practical expedient by reporting the fair value using the net asset value (NAV). Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Investments are then classified and disclosed in one of the following categories based on the lowest level input that is significant (in the fair value hierarchy) and disclosed in the notes to the financial statements.

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and broad credit data, liquidity statistics and other factors. The College considers observable data to be that market data which is readily available, regular

Bryn Mawr College

Notes to the Financial Statements

May 31, 2021

(Dollars in thousands)

Hedge Funds

Investments in hedge funds, also known as marketable alternatives, represent multi-strategy, global and US equity interests. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparables or some other method. These investments are valued at NAV and adjusted for subsequent cash flow activity if applicable.

Trust and Split Interest Agreements

Split interest agreements represent a variety of funds including pooled growth, pooled income, charitable gift annuity, charitable remainder unitrust and annuity trusts and income trusts. Where the College is trustee, liabilities associated with third party interests are reported on the Statement of Financial Position at fair value. Discount rates range between 3-6%. The College is the beneficiary of Trusts held by others. These are income trusts where the College will receive income payments in perpetuity or a defined term as defined in the trust. Beneficial interest in perpetual trusts represent resources neither in the possession of nor under the control of the College, but held and administered by outside fiscal agents, with the College deriving income from such funds. The trusts are recorded at their respective fair values which are reported periodically to the College by the outside fiscal agent.

Mortgages

The College's Mortgage Loan program is currently available to faculty who meet certain eligibility requirements and permits long-term monthly amortizing first mortgage loans of up to 85% of the appraised value (subject to a cap) for homes which are within a specified distance of campus. Mortgages are to be paid off in full within six months of termination of employment for any reason. The interest rate on such mortgage loans is locked for the term of the mortgage using the long-term monthly Applicable Federal Rate published by the Internal Revenue Service. Mortgage payments are by payroll deduction. Currently, there are no associated allowances for the receivables held under this program. The College has limited the number of faculty mortgages it issues to five during each calendar year.

Student Loan Receivables

Student loan receivables are reported net of allowances for doubtful loans whose adequacy is assessed regularly. The allowance provisions are intended to provide for loans that may not be collected. Determination of the fair value of student loan receivables, which are primarily federally-sponsored student loans with U.S. Government mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition, could not be made without incurring excessive costs.

Endowment Investment and Spending Policies and Objectives

The College's endowment is comprised of approximately 1,475 individual funds established for a variety of reasons, including donor restrictions as well as funds designated by the Board to function as endowments (i.e. the quasi-endowment). Bryn Mawr's investment policy objective is to maintain (or increase) in perpetuity the inflation-adjusted purchasing power of its assets net of spending over the long-term, specifically to achieve CPI-U + 4.5%. To meet this objective, the endowment must assume investment risk. This risk must consist predominantly of owning appreciating, equity or equity-linked assets, which are subject to market volatility over shorter time periods.

In determining the annual spending amount, Bryn Mawr College's policy uses a constant growth factor in combination with incremental spending from new gifts and a market-value-based collar. The spending amount for a given fiscal year is calculated using a 4.5% increase over the prior fiscal year's

Bryn Mawr College
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Fund Raising Expenses

Direct expenses for fundraising were \$4,453 in 2021 and \$4,776 in 2020.

Leases

The College determines if an arrangement is or contains a lease at inception of the contract and if a lease is identified analyzes the agreement to determine whether it should be classified as a finance lease or an operating lease. For operating leases, right-of-use assets and lease liabilities are recognized at the

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A summary of investments, measured at fair value in accordance with the *Fair Value Measurement* standard on a recurring basis, as of May 31, 2021 and 2020, is as follows:

	2021				
	Level I	Level II	Level III	NAV	Total
Endowment					
Cash and Cash Equivalents	\$ 45,793				\$ 45,793
Diversifying Strategies/Hedge Funds				\$ 119,649	119,649
Equity - Developed International				36,552	36,552
Equity - Domestic	117,018	224		71,386	188,627
Equity - Emerging Markets	39,719			56,322	96,042
Equity - Global				132,521	132,521
Fixed Income				79,109	79,109
Private Equity-Buyout/Other				216,000	216,000
Private Equity-Fund of Funds				1,090	1,090
Private Equity-Venture Capital				188,369	188,369
Real Assets (non-marketable)				78,777	78,777
Total Endowment	\$ 202,530	\$ 224	\$ -	\$ 979,776	\$ 1,182,530
Trusts	12,641		29,180		41,820
Residential Mortgages		5,881			5,881
Sub-Total Long Term Investments	\$ 215,171	\$ 6,105	\$ 29,180	\$ 979,776	\$ 1,230,232
Short Term Investments	27,168				27,168
Total Investments	\$ 242,339	\$ 6,105	\$ 29,180	\$ 979,776	\$ 1,257,400

	2020				
	Level I	Level II	Level III	NAV	Total
Endowment					
Cash and Cash Equivalents	\$ 16,059				\$ 16,059
Diversifying Strategies/Hedge Funds				\$ 116,442	116,442
Equity - Developed International				66,805	66,805
Equity - Domestic	69,827	170		47,179	117,175
Equity - Emerging Markets	29,640			36,386	66,026
Equity - Global				75,489	75,489
Fixed Income				78,921	78,921
Private Equity-Buyout/Other				139,963	139,963
Private Equity-Fund of Funds				2,689	2,689
Private Equity-Venture Capital				102,413	102,413
Real Assets (non-marketable)				84,048	84,048
Total Endowment	\$ 115,526	\$ 170	\$ -	\$ 750,335	\$ 866,030
Trusts	10,720		24,261		34,981
Residential Mortgages		5,631			5,631

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6 Debt

Long-term debt, net of unamortized issuance costs, discounts, or premiums at May 31, consisted of the following:

	Maturity Date	Coupon Rates	2021	2020
Pennsylvania Higher Educational Facilities Authority				
College Revenue Bonds, Series 2019	12/1/2049	2.0-5.0%	\$ 28,895	\$ 29,998
College Revenue Bonds, Series 2014	12/1/2044	3.5-5.0%	50,522	51,948
College Revenue Bonds, Series 2012A	12/1/2022	4.0%	13,322	13,544
College Revenue Bonds, Series 2010	12/1/2029	3.5-5.0%	8,533	9,320
Montgomery County Industrial Development Authority				
College Revenue Bonds, Series 2017	12/1/2037	3.25-5%	21,549	21,624
			<u>\$ 122,821</u>	<u>\$ 126,435</u>

Principal payments on long-term debt are as follows:

	Series 2019	Series 2017	Series 2014	Series 2012A	Series 2010	Total
2022	\$ 1,040	-	1,320	-	815	3,175
2023	-	-	1,385	13,100	840	15,325
2024	240	-	1,455	-	870	2,565
2025	255	-	1,525	-	900	2,680
2026	275	-	1,600	-	930	2,805
Thereafter	\$ 24,095	20,335	39,170	-	4,115	<u>87,715</u>
Total principal payments						\$ 114,265
Net bond premiums, discount, and issuance costs						<u>8,556</u>
Total outstanding debt						<u>\$ 122,821</u>

The long-term debt includes various tax-exempt bond issues, which were all issued to fund capital projects or refinance/defease prior bond issues. All of the bonds bear interest at fixed rates that were determined on their original sale date. Interest is payable semi-annually. The bonds were issued by the Pennsylvania Higher Educational Facilities Authority or by the Montgomery County Industrial Development Authority, as noted on the schedule above, pursuant to indentures with bond trustees. The proceeds were loaned to the College via loan agreements. For the purpose of securing the payments to Series 2010, 2012, and 2014 bondholders, the College pledged its unrestricted revenues, as defined in those agreements. In addition, under the terms of the agreements, the College is required to comply with various financial covenants. The College was in compliance with such covenants as of May 31, 2021 and May 31, 2020. The Series 2017 and Series 2019 bonds are not secured by a pledge of revenues or any other asset of the College; they are a general obligation of the College.

In May 2010, the College issued the Series 2010 bonds primarily to currently refinance the Series 1999 bond issue.

In November 2012, the College issued the Series 2012A bonds primarily to currently refinance the remainder of the Series 2002 bond issue. Approximately \$5,000 of proceeds was used for the construction, improvement, renovation, and equipping of various College facilities.

In July 2014, the College issued the Series 2014 bonds to refinance a portion of the Series 2012 bond issue and to fund various construction, improvement, renovation and equipping projects expected to

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include the renovation and expansion of a student residential facility and the College's primary science facility. The Series 2014 Bonds legally defeased \$21,780 of the outstanding Series 2012 Bonds.

In June 2017, the College issued the Series 2017 bonds primarily to currently refinance the Series 2007 bond issue.

In September 2019, the College issued Series 2019 bonds to currently refund all outstanding Series 2010A Bonds. In addition, the Series 2019 Bonds provided approximately \$9,000 to fund a portion of the costs of planned improvements to the College's facilities.

7 Net Assets

Net assets at May 31, 2021 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Current funds	\$ _____	_____	_____

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Notes to the Financial Statements
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(Dollars in thousands)

12 Liquidity

The College closely monitors liquidity and availability of resources required to meet its operating needs and contractual commitments. All expenses of the College’s mission-related and support activities are considered in the analysis of resources available to meet the general expenditures over a 12-month period.

The following financial assets were available for expenditure within one year as of May 31:

	2021	2020
Cash and Cash Equivalents	\$ 78,536	\$ 48,522
Short Term Investments	27,168	25,672
Accounts Receivable	5,850	5,553
One year or less Contribution Receivable	3,443	2,689
Endowment Draw for Operations	48,609	48,366
<u>Total</u>	<u>\$ 163,606</u>	

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revenues collected. There was also a decline in the net Tuition and Fees revenue line item, albeit more modest, due in part to the fact that some students chose to take a hiatus from their studies for the year.

There were myriad expenses the College incurred to help manage the risks introduced by the pandemic, the largest of which was associated with periodic testing of students. The new COVID-related expenses were offset by a reduction in spending, particularly spending associated with travel and on-campus activities that didn't occur or were re-imagined in a virtual format at significantly reduced costs.

15 Subsequent Events

The College evaluated subsequent events after the balance sheet date of May 31, 2021 through its