OBERLIN

Oberlin College
Financial Report
Year Ended June 30, 2010

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Oberlin College
Financial Report
Year ended June 30, 2010

Financial Report 2009-2010

Ronald R. Watts, Vice President for Finance
Mark R. Bates, Associate Vice President for Finance

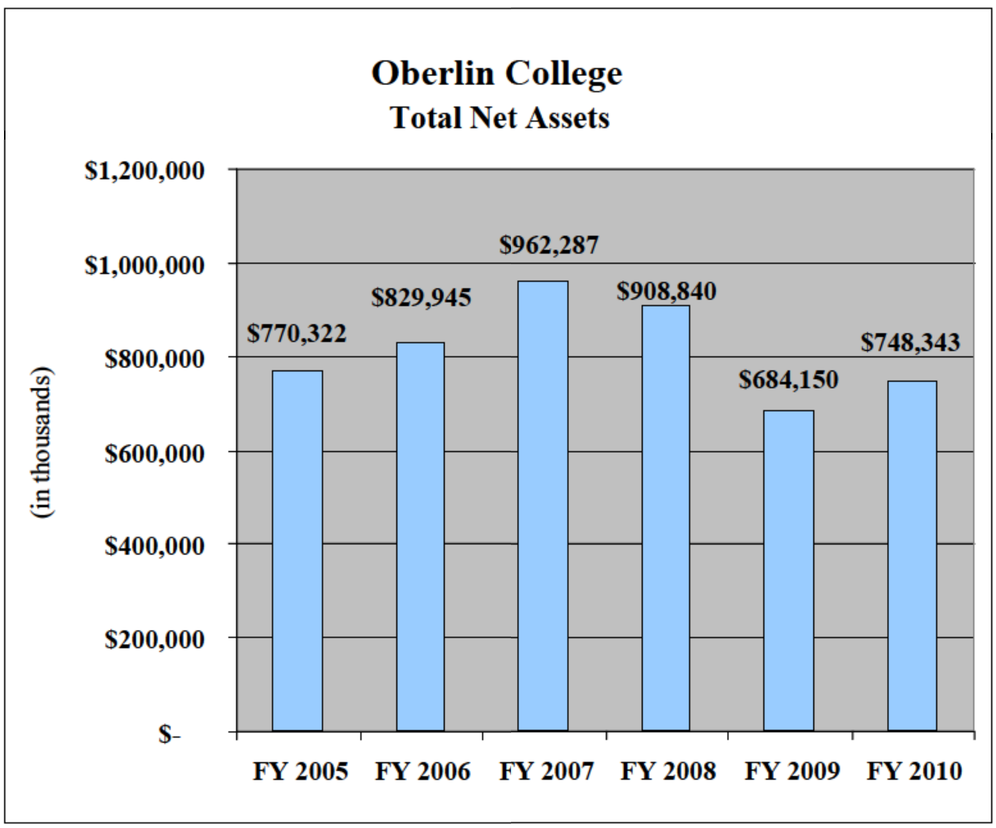
We are pleased to present Oberlin College's Annual Financial Report for the year ended June 30, 2010. This report includes our audit report, audited financial statements and related footnotes to the statements.

To provide a more complete picture of the state of the College, we are also presenting an overview of the institution's financial condition and operating results for the year. Finally, we have included comments regarding events subsequent to our fiscal year end, and the effects of those events on the College and its financial position.

FINANCIAL CONDITION

Total Net Assets

At June 30, 2010, Oberlin's total assets were $990.1 million, up 4.5% from the previous fiscal year's $947.3 million. Total liabilities as of June 30, 2010 were $241.7 million, a reduction of $21.5 million from the prior year's $263.2 million. Total net assets for the College were $748.3 million, compared to $684.2 million as of June 30, 2009. This represents an increase of $64.1 million, or 9.4%, during this fiscal year, as compared to the previous fiscal year's decrease of $224.7 million, or 24.7% from June 30, 2008.



A majority of the College's net assets are within its endowed funds and plant funds. The increases and decreases in the College's total assets, as well as total net assets, are primarily the result of the investment returns and the spending of cumulative earnings of the College's Endowed Funds.

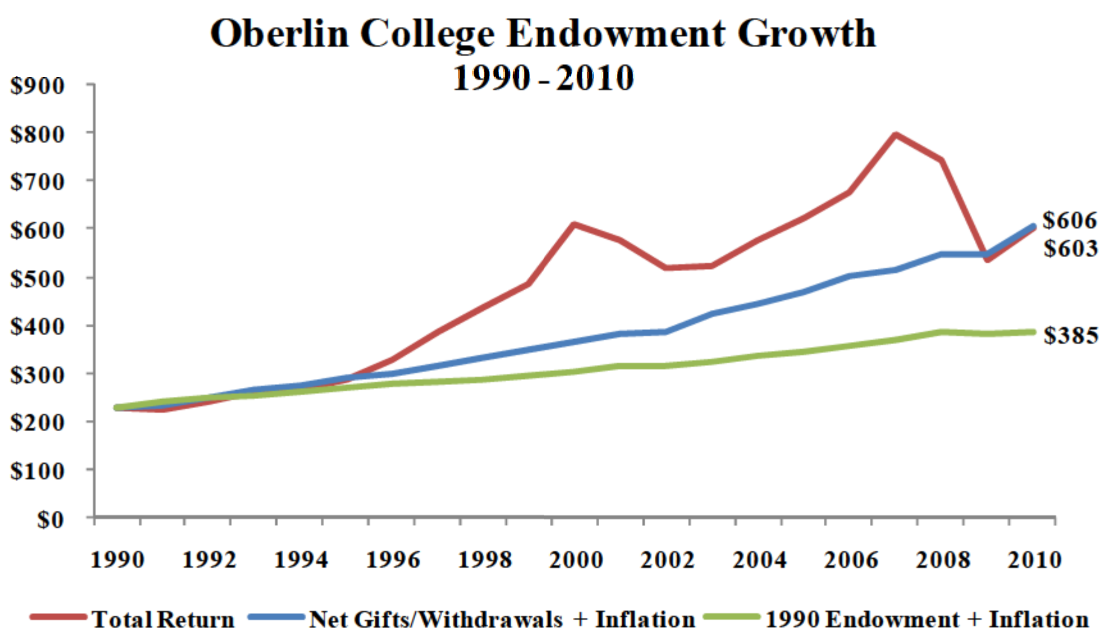
Endowed Funds

Total endowed funds as of June 30, 2010 were $604.3 million, compared to $537.3 million the previous year, an increase of $67.0 million. In comparison, total endowed funds decreased by $207.1 million in the fiscal year ended June 30, 2009.

The endowment is the financial cornerstone of the College. Investment earnings from the endowment provide long-term funding for student financial aid, faculty compensation and academic programs. Most of Oberlin's 1,450 endowed funds are invested within its General Investment Pool. The College's General Investment Pool was $603.4 million at June 30, 2010, an increase of $66.8 million from the pool's $536.6 million market value at June 30, 2009. Growth in the General Investment Pool is the result of donor- and board-designated gifts received from generous alumni and friends during the fiscal year as well as the increase or decrease in the market value of the pooled investments. Capital and deferred gifts totaled $13.7 million this fiscal year, of which $9.4 million were donor-designated endowed gifts. In addition, $34.7 million in matured annuity funds were transferred to endowed funds. In fiscal year 2009, capital and deferred gifts were $16.7 million, with $6.7 million of donor-designated endowed gifts.

The Oberlin College Board of Trustees' Investment Committee and investment staff are responsible for oversight of the General Investment Pool. In fiscal year 2010, the net total return was 11.5%, versus a net negative return of 22.0% in fiscal year 2009. Oberlin College's returns are comparable to the returns of our peer schools.

Over the past 20 years, the General Investment Pool has grown from $229.2 million to $603.4 million. Oberlin College's spending and investment policies have provided substantial levels of financial support to the operating budget. The annual distributions are critical in supporting our academic mission while preserving endowment purchasing power for future generations.



Oberlin College's Endowment has a highly diversified portfolio with allocations to hedge funds, private equity and real assets, which include venture capital, oil and gas and other alternative investments. Our allocations to alternative investments have been higher than many other endowments our size. Historically, our relatively higher allocations have both increased investment returns and decreased volatility. The College's Investment office staff regularly rebalances our portfolio allocations as directed by our Board's Investment Committee.

The following is the College's targeted endowment portfolio allocation for the year ending June 30, 2010.

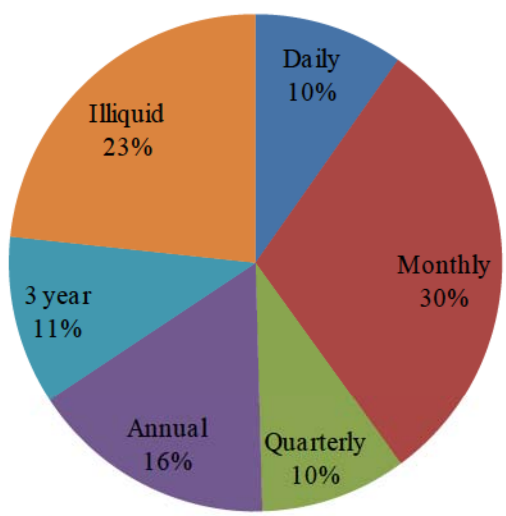
Cash	0%	
Fixed Income	15%	
Total Fixed Income		**15%**
U.S. Equity	10%	
International Equity	6%	
Emerging Markets Equity	4%	
Total Equity		**20%**
Hedge Funds	34%	
Private Equity	16%	
Real Assets	10%	
Opportunistic	5%	
Total Alternative Investments		**65%**
Total		**100%**

Actual investment balances at June 30, 2010 and 2009 are reflected in Footnote 2 to the financial statements. It should be noted that the College's Investment office often rebalances portfolio allocations at the end of a quarter. This can result in higher than targeted levels of cash and increased investment proceeds receivable balances at fiscal year-end. Actual investment allocations at June 30, 2009 do reflect such greater balances in cash.

<u>Liquidity</u>

The Investment Committee has increased liquidity in the Endowment in recent years to avoid the risk of being forced to sell securities in highly distressed markets. It has also enabled us to access investment opportunities which would otherwise be unavailable. The College's Investment office staff conducts ongoing due diligence on these investment vehicles. The following chart depicts the total investment liquidity of both our $604.3 million endowment and $8.2 million in cash equivalents and short-term investments at June 30, 2010.

Oberlin College
Total Investment Liquidity
Fiscal Year Ended June 30, 2010



Daily - $60 **Quarterly - $59** **3 Year - $67**
Monthly - $185 **Annual - $99** **Illiquid - $143**
($ in millions)

Plant Funds

The second largest component of the College's total net assets is net assets designated for plant facilities, or plant equity, totaling \$102.3 million (\$103.3 million previous year). Plant equity is reflected either in unrestricted net assets or temporary restricted net assets, the latter representing gifts to support investment in plant. Plant equity consists primarily of the College's property, plant and equipment assets, at cost, net of accumulated depreciation and capital-related debt.

The College added approximately \$54.2 million to its Property, Plant and Equipment assets in the year ended June 30, 2010. The College made many major capital expenditures during the fiscal year, most notably the construction of the Bertram and Judith Kohl Building, a Jazz Studies, recording and faculty office facility for the Conservatory of Music, and the construction of the Robert L Kahn Hall, a first-year residence hall.

Debt

The College had \$176.6 million of outstanding bonded debt at June 30, 2010, as described in greater detail within Footnote 5 to the financial statements.

Effective and responsible debt portfolio management enables Oberlin to execute major strategic initiatives while preserving working capital. The Oberlin College Board of Trustees' Budget and Finance Committee and finance staff oversee the management of our long-term debt, utilizing both revenue bonds and derivative transactions to optimize our debt portfolio.

Oberlin's prudent debt portfolio management is designed to achieve the following objectives:

- ensure that an appropriate mix of funding sources is used;
- limit the overall debt to a level that, when combined with the College's strategic initiatives, will help preserve appropriate credit ratings over the long term;
- achieve a low risk-adjusted cost of capital while balancing that effort appropriately with the College's exposure to market shifts; and
- manage working capital, short-term investments and debt service requirements in a coordinated manner to optimize overall funding and investment return strategies.

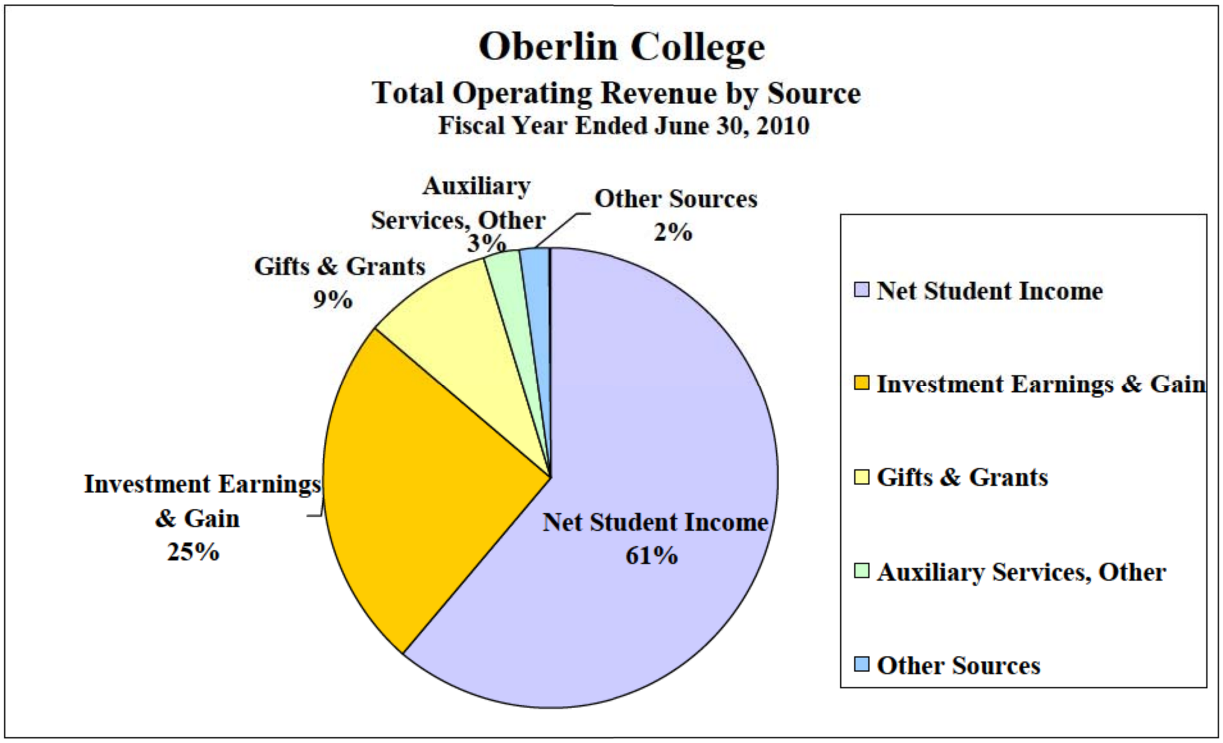
During the fiscal year 2006, Oberlin entered into three derivative transactions: a basis swap involving taxable and tax exempt variable interest rates and two variable-to-fixed interest rate swaps. In fiscal year 2008 the College entered into a fourth basis swap. These swaps have been used to limit the portfolio's exposure to long-term interest rate fluctuations as well as to lower the College's cost of capital at fixed rates well below historical levels. These swaps have allowed the College to enjoy a synthetically fixed cost of capital rate of less than 4% on its outstanding bonds.

Because of the unusual interest rate environment, these swaps have varied widely in value. During this fiscal year, the College was presented the opportunity to unwind its position in two of its swaps under terms quite favorable to the College. These swaps represented a combined mark-to-market liability of \$8.0 million at June 30, 2009, and were terminated in 2010 at a total cost of \$6.4 million.

OPERATING RESULTS – FISCAL YEAR 2010

Operating Revenues

Oberlin's total operating revenues were \$147.0 million for the year ended June 30, 2010 as compared to last year's \$147.6 million. The following chart depicts the various sources of operating revenue for the College and the relative percentages of each source to total operating revenues.



Net student income, comprising tuition and fees, room and board, net of student financial aid, is the largest component of Oberlin's unrestricted operating revenues, totaling $88.7 million in the current year versus $84.1 million the previous year, an increase of approximately 5.5%. Student enrollment was slightly higher than in the previous fiscal year. Thus, the increase in net student revenue was almost entirely driven by increases in tuition, room, and board rates, which increased by approximately 3.9%, 5.0% and 5.0%, respectively. However, total student financial aid increased by 9.1%. As such, our discount rate for June 30, 2010 increased to 43.3%, from 41.9% in the previous fiscal year (calculated as the percentage of total student aid to total unrestricted tuition and fees).

Endowment earnings used in support of unrestricted operations is the second largest component of the College's unrestricted operating revenues. In fiscal year 2010, $15.4 million of operating support was provided in accordance with the endowment spending policy approved by the Board of Trustees, whereas in fiscal 2009 approximately $17.1 million of support was provided. This decrease of $1.7 million, or 9.9%, was commensurate with the overall decrease in the endowment spending. Oberlin's endowment spending policy strives to increase the real value of the endowment, provide a dependable stream of support to the College's annual operating budget and release earnings at a sustainable rate over the long term while seeking to provide predictability and stability of endowment spending essential for long range planning.

For fiscal year 2010 the College distributed a total of $36.3 million, which equates to a spending rate of 4.7% of the 36-month weighted average of our endowment pool and 6.8% of the beginning market value. This compares to $40.1 million distributed in fiscal 2009, which equated to a spending rate of 5.5% of the 36-month weighted average, and 5.4% of the beginning market value of our endowment pool. These distribution amounts include direct support of the operating budget and support donor-restricted and board-restricted activities, such as restricted scholarships.

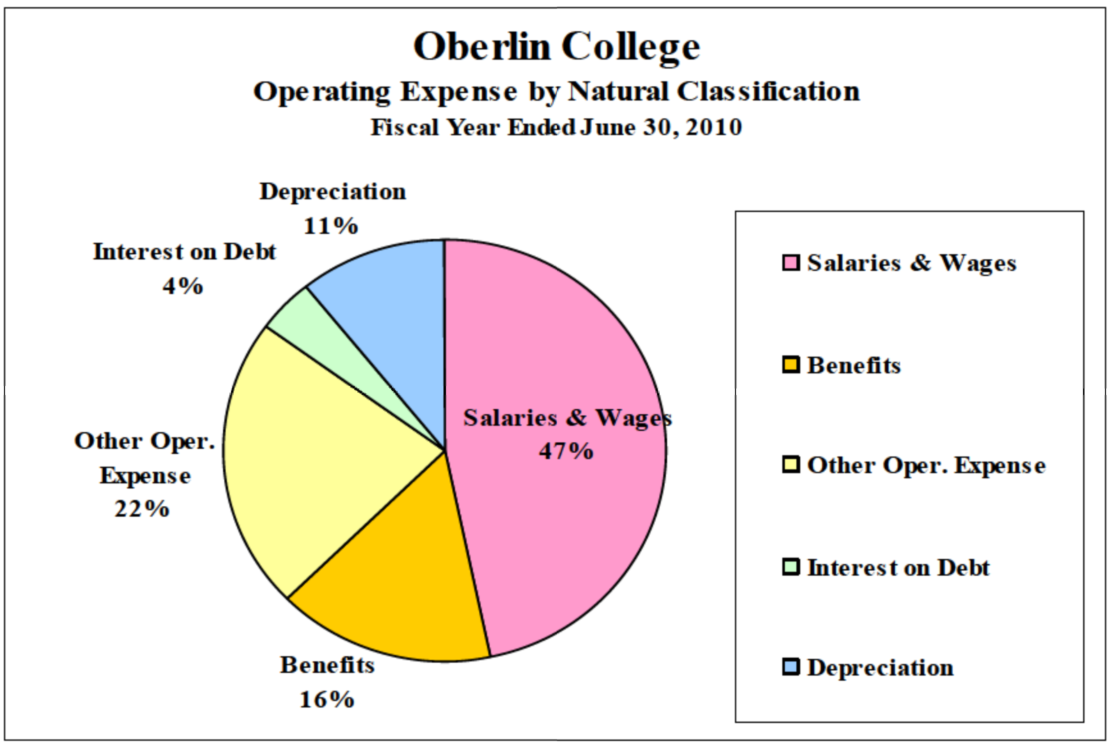
Oberlin's third largest component of unrestricted operating revenues is support from unrestricted Private Gifts and Grants. The timing of the receipt of bequests is unpredictable, and the varying size of such bequests can cause fluctuations in giving from year to year, as depicted in this chart (dollars in thousands).

	2007	2008	2009	2010
Undesignated Bequests	$ 5,266	$ 2,285	$1,999	$ 1,211
Unrestricted Giving	2,667	2,652	2,450	3,259
Total	$ 7,933	$ 4,937	$4,449	$ 4,470

Operating Expenses

Oberlin's operating expenses totaled $148.9 million for the year ended June 30, 2010, an increase of just $0.5 million over the prior year. Like our peers, Oberlin College's expenses tend to increase at rates which exceed traditional price indices, such as the Consumer Price Index, or "CPI". This occurs because our costs are more heavily weighted toward salaries, benefits and energy than the average consumer. The Higher Education Price Index (HEPI), as reported by the Commonfund Institute, tends to be a more accurate indicator of cost changes for colleges and universities than the CPI. In the previous ten-year period, HEPI has tended to average approximately 1.0-1.5% higher than CPI. For fiscal year 2010, the College was forced to tighten its belt in response to the economic downturn during fiscal year 2009, and was successful at reining in spending.

While the audited financial statements present operating expenses by program, as required by accounting and reporting standards, the chart below reflects the fiscal year 2010 operating expenses by natural classification, or function, to enable greater analysis of expenses and spending trends.

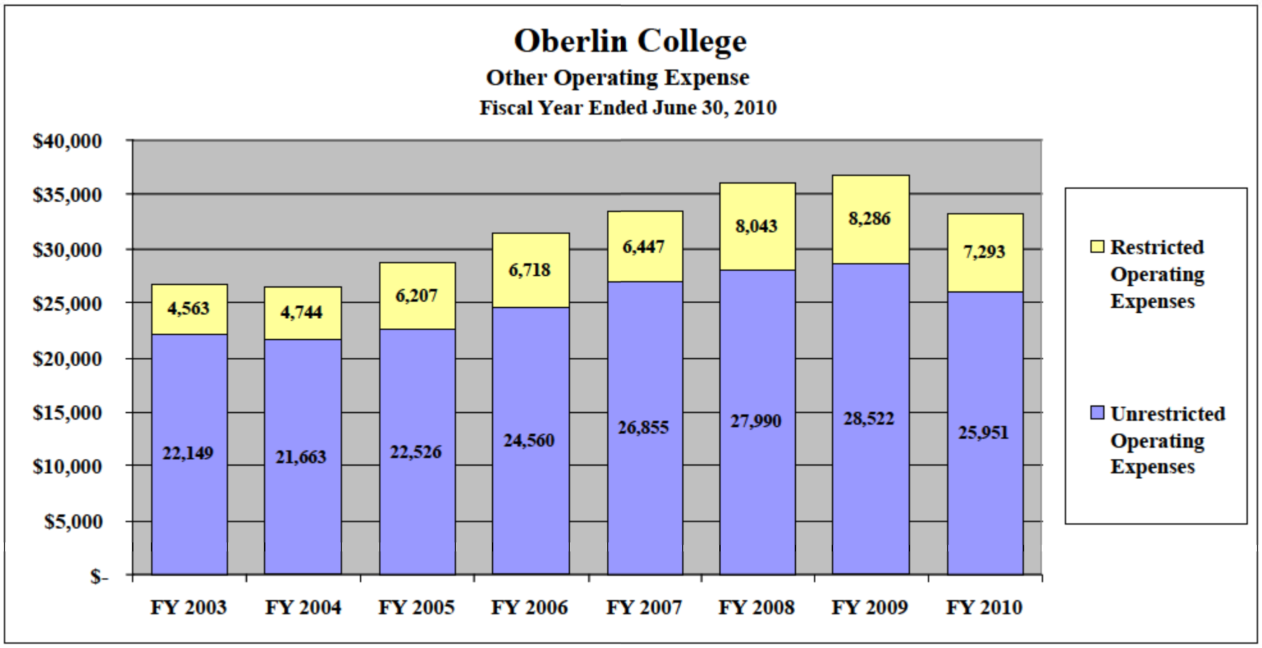


Salaries and wages are by far our largest component of operating expense, totaling approximately $69.3 million in fiscal year 2010. This represents an increase of 1.5% over the fiscal year 2009 total of $68.3 million. The Faculty and Administrative & Professional Staff received no raises for this fiscal year. Thus, this increase is primarily the result of contractual wage increases and seniority increases for those employees covered by existing collective bargaining contracts (which generally ranged from 3-4%). In addition, some out-sourced services were brought in-house at an overall operating budget savings to the College.

Other operating expense, which includes utilities expense and food costs, is our second largest spending component, totaling approximately $33.2 million in fiscal year 2010. This represents a decrease of 9.8% from the fiscal year 2009 total of $36.8 million, as compared to the 2.2% increase experienced the previous fiscal year. The current year decrease is the result of many factors, including the termination of certain out-sourced services that have been brought in-house, the general tightening of the operating budget and the reduction in restricted fund expenditures such as the Brand Identity Initiative program.

Unrestricted operating expense decreased slightly from the prior fiscal year. The prices of food and energy are entirely dependent on market factors, as we must continue to feed our students and heat our buildings regardless of costs. However, we work closely with our strategic partners to manage these costs despite inflationary pressure. Oberlin College continues to work diligently to moderate increases in operational spending.

As depicted below, the College actively reduced the Other Operating spending during fiscal year 2003 and 2004, by -4.0% and -1.2%, respectively, and has maintained control over its spending through our budgetary process. As such, total fiscal year 2010 Other Operating spending, inclusive of restricted spending and food and energy costs, represents a modest 2.3% compounded rate of increase over the last eight years.



Employee benefits expense is our third largest component of operating expense. This expense classification, which includes expenses associated with the College's 403(b) employee defined contribution plan and the College's health plan for both active employees and retirees, totaled $23.8 million in fiscal year 2010 as compared to $24.3 million in fiscal year 2009. Contributions to the 403(b) plan are directly proportional to increases in salaries and wages. Only minor changes have been made to the design of this benefit in a number of years, such that contribution increases are almost entirely due to increases in salaries and wages which increased by 1.5%. The cost of health care, on the other hand, continues to increase at trend rates of 8-12%, before consideration of plan design changes or adjustments to employee premiums. To date, the College has generally been successful at making annual changes to the design of the health plan, and then sharing the increases in projected health plan costs ratably between employer and employee, to maintain the plan without a significant negative budget impact. During fiscal year 2010, health plan expense was comparable to the previous year. The primary reason for the decrease in the employee benefits expense component between years is the reduction in cost of disability insurance and workers compensation insurance coverages, both resulting from favorable claim experience in recent years.

LOOKING AHEAD – FISCAL YEAR 2011

Enrollment

First-year enrollment statistics are reflected in the chart below. Applications continued to be strong, setting new records in Arts & Sciences. Admit rates declined in both A&S and the Conservatory. A&S yield rose from 2009 while the Conservatory yield achieved target, both positive indicators..

		Applications	% of Admitted	Yield
College of A&S				
	Fall 2010	6,014	33%	35%
	Fall 2009	5,939	37%	32%
	Fall 2008	5,778	36%	33%
	Fall 2007	5,749	34%	32%
	Fall 2006	5,552	37%	31%
Conservatory				
	Fall 2010	1,208	25%	40%
	Fall 2009	1,287	26%	42%
	Fall 2008	1,227	25%	41%
	Fall 2007	1,261	25%	47%
	Fall 2006	1,132	27%	44%

Enrollment data for our returning classes is equally strong. Retention rates are better than projected, and therefore we have exceeded our planned headcount for Fall 2010. However, at this point we are not projecting any increase in net tuition revenue for fiscal year 2011 compared to plan, as unrestricted financial aid expense will be greater than planned. Also, Spring semester 2011 study away participation is likely to be greater than in Spring semester 2010.

Endowment Rebound

Overall, our endowment has fared quite well through these difficult times. Since June 30, 2010, strong investment performance has enabled the Endowment to grow from $603.4 million to approximately $637.4 million on September 30, 2010. Preliminary data indicates that Oberlin's investments have continued to out-perform their benchmark. Valuations remain much lower than our endowment values in fiscal years 2006, 2007 and 2008, and thus the College has tightened its budget belt for fiscal year 2011, 2012 and beyond.

Bond Offering and Agency Ratings

In October 2009, the College refinanced its 2005, 2006 and a portion of its 1999 bonds, enabling the College to take advantage of the current financial markets and at the same time eliminating any tax arbitrage issues associated with its bonds. Perhaps equally relevant, in conjunction with our October 2009 bond offering, we were required to request updated ratings from Moody's and Standard & Poor's. We are pleased to note that Oberlin retained its strong bond ratings with the bond rating agencies, as Moody's assigned Oberlin College a rating of Aa2 and Standard & Poor's assigned Oberlin an AA rating. We believe these ratings re-affirm that our efforts to manage the College during these tough economic times are being well received within the financial markets, as well as allowing Oberlin College to obtain the best possible interest rates on its bond issuance.

SUMMARY

We continue to carefully manage our finances during this financial recovery and ongoing Endowment rebound. To address investment and financial risk in the market, we have maintained liquidity as reflected in the liquidity chart found on page 3. It is essential for Oberlin's long-term financial sustainability that we not make substantial distributions in a down market. As such, Oberlin's Board of Trustees approved an endowment distribution to support operations in the amount of $36.0 million for fiscal year 2011, a reduction of approximately $0.3 million from the actual fiscal year 2010 of $36.3 million. By comparison, such distributions were $39.2 million and $40.1 million in fiscal years 2008 and 2009, respectively. In order to incorporate these reduced levels of distribution into our long-range plans, we must continue to maintain financial discipline in the years ahead.

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Maloney+Novotny LLC

Board of Trustees
Oberlin College
Oberlin, Ohio

Independent Auditors' Report

We have audited the accompanying statements of financial position of Oberlin 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 Oberlin 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As discussed in Note 2, the financial statements include investments, representing approximately 41% and 40% of total assets at June 30, 2010 and 2009, respectively, for which there is no ready market and are valued based upon fair values reported by the investment managers.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oberlin 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 accounting principles generally accepted in the United States of America.

Maloney + Novotny LLC

Cleveland, Ohio
December 10, 2010

Oberlin College

Statements of Financial Position

As of June 30, 2010 and 2009
(dollars in thousands)

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 11,658	$ 30,384
Short-term investments	673	12
Accounts receivable, net	1,690	1,882
Other current assets	5,251	4,536
Total current assets	$ 19,272	$ 36,814
Pledges Receivable and Bequests in Probate	$ 22,673	$ 18,714
Long-Term Receivables		
Student loans	$ 13,089	$ 12,137
Allowance for doubtful loans	(1,273)	(1,273)
Total long-term receivables	$ 11,816	$ 10,864
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 25,921	$ 48,971
Endowment funds	604,274	537,345
Annuity and life income funds	27,303	54,702
Funds held in trust by others	13,596	12,918
Total long-term investments	$ 671,094	$ 653,936
Property, Plant and Equipment		
Land, buildings and equipment	$ 461,633	$ 436,633
Construction in progress	43,467	14,286
Less: accumulated depreciation	(239,890)	(223,930)
Total property, plant and equipment	$ 265,210	$ 226,989
TOTAL ASSETS	$ 990,065	$ 947,317

The Notes to Financial Statements are an integral part of these statements.

Oberlin College
Statements of Financial Position
As of June 30, 2010 and 2009
(dollars in thousands)

LIABILITIES and NET ASSETS	2010	2009
Current Liabilities		
Accounts payable	$ 9,858	$ 6,818
Current portion of bonds payable	2,760	2,775
Deposits and agency funds	3,652	4,159
Other current liabilities	3,196	2,272
Total current liabilities	$ 19,466	$ 16,024
Other Liabilities		
Accrued postretirement benefit obligation	13,773	13,877
Annuity obligations	12,179	28,154
Federal student loan funds	6,278	6,278
Other non-current liabilities	16,234	22,092
Bonds payable, net	173,792	176,742
Total liabilities	$ 241,722	$ 263,167
Net Assets		
Unrestricted -		
Current operations	$ (8,854)	$ (9,287)
Non-operating	(8,727)	(14,423)
Designated for specific purposes	4,120	16,039
Plant and facility funds	39,809	43,770
Board-designated endowment funds	231,967	195,113
Total unrestricted	$ 258,315	$ 231,212
Temporarily Restricted -		
Donor designated for specific purposes	$ 21,250	$ 18,204
Annuity and life income funds	6,849	6,232
Unexpended plant and facility funds	24,596	21,276
Unamortized contributions for long-lived assets	37,941	38,295
Endowment funds	180,917	160,277
Total temporarily restricted	$ 271,553	$ 244,284
Permanently Restricted -		
Student loan funds	$ 3,903	$ 3,736
Annuity and life income funds	4,098	3,943
Funds held in trust by others	13,596	12,918
Endowment funds	196,878	188,057
Total permanently restricted	$ 218,475	$ 208,654
Total net assets	$ 748,343	$ 684,150
TOTAL LIABILITIES and NET ASSETS	$ 990,065	$ 947,317

The Notes to Financial Statements are an integral part of these statements.

Oberlin College
Statement of Activities
For the year ended June 30, 2010
(dollars in thousands)

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 113,058	$ 1,009		$ 114,067
Room and board	24,581			24,581
Student aid	(48,978)			(48,978)
Net student income	88,661	1,009		89,670
Auxiliary services, other	3,754			3,754
Government grants and contributions		2,697		2,697
Private gifts and grants	4,470	6,079		10,549
Investment earnings and gains	15,393	20,917	$ 705	37,015
Other sources	3,185	107		3,292
Net assets released from restrictions	33,413	(33,413)		
Total operating revenues	$ 148,876	$ (2,604)	$ 705	$ 146,977
Operating Expenses				
Instruction	$ 70,856			$ 70,856
Research	935			935
Academic support	19,692			19,692
Student services	12,373			12,373
Institutional support	21,160			21,160
Auxiliary services, student and other	23,854			23,854
Total operating expenses	$ 148,870			$ 148,870
Change in net assets from operating activities	$ 6	$ (2,604)	$ 705	$ (1,893)
Non-operating Activities				
Investment earnings and losses	$ 1,490	$ (5,376)	$ (3,584)	$ (7,470)
Unrealized gains	15,802	25,781	2,725	44,308
Capital and deferred gifts	369	3,711	9,603	13,683
Pledges and bequests	264	4,312	(616)	3,960
Change in annuity obligations	15,502	(274)	747	15,975
Payments to beneficiaries	(1,064)	(698)	(511)	(2,273)
Change in fair value of swap contracts	(694)			(694)
Non-recurring bond defeasance charge	(449)			(449)
Redesignated funds and other	(4,123)	2,417	752	(954)
Change in net assets from non-operating activities	$ 27,097	$ 29,873	$ 9,116	$ 66,086
Change in net assets	27,103	27,269	9,821	64,193
Net assets at beginning of year	$ 231,212	$ 244,284	$ 208,654	$ 684,150
Net assets at end of year	$ 258,315	$ 271,553	$ 218,475	$ 748,343

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statement of Activities

For the year ended June 30, 2009
(dollars in thousands)

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 107,010	$ 795		$ 107,805
Room and board	21,939			21,939
Student aid	(44,887)			(44,887)
Net student income	84,062	795		84,857
Auxiliary services, other	4,982			4,982
Government grants and contributions		2,054		2,054
Private gifts and grants	4,449	7,117		11,566
Investment earnings and gains	17,077	23,623	$ 244	40,944
Other sources	3,004	230		3,234
Net assets released from restrictions	34,814	(34,814)		
Total operating revenues	$ 148,388	$ (995)	$ 244	$ 147,637
Operating Expenses				
Instruction	$ 70,571			$ 70,571
Research	592			592
Academic support	19,684			19,684
Student services	12,524			12,524
Institutional support	22,199			22,199
Auxiliary services, student and other	22,807			22,807
Total operating expenses	$ 148,377			$ 148,377
Change in net assets from operating activities	$ 11	$ (995)	$ 244	$ (740)
Non-operating Activities				
Investment earnings and losses	$ (13,878)	$ (28,427)	$ (801)	$ (43,106)
Unrealized losses	(81,839)	(94,178)	(3,918)	(179,935)
Capital and deferred gifts	2,841	6,043	7,820	16,704
Pledges and bequests	92	(5,316)	4,012	(1,212)
Change in annuity obligations	(652)	1,465	300	1,113
Payments to beneficiaries	(3,327)	(220)	(602)	(4,149)
Change in fair value of swap contracts	(10,935)			(10,935)
Redesignated funds and other	(4,400)	1,771	199	(2,430)
Change in net assets from non-operating activities	$ (112,098)	$ (118,862)	$ 7,010	$ (223,950)
Change in net assets	(112,087)	(119,857)	7,254	(224,690)
Net assets at beginning of year	$ 343,299	$ 364,141	$ 201,400	$ 908,840
Net assets at end of year	$ 231,212	$ 244,284	$ 208,654	$ 684,150

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Cash Flows

For the years ended June 30, 2010 and 2009
(dollars in thousands)

	2010	2009
Cash Flows From Operating Activities		
Change in net assets	$ 64,193	$ (224,690)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	15,960	14,754
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	192	(12)
Other current assets	(715)	397
Pledges receivable and bequests in probate	(3,959)	1,213
Accounts payable, accrued expenses and other liabilities	4,496	10,021
Deposits and agency funds	(507)	(155)
Accrued postretirement benefit obligation	(104)	42
Net adjustment of annuity obligations	(15,975)	(1,112)
Contributions restricted for long-term investments	(13,613)	(15,863)
Earnings restricted for long-term investment	130	4,475
Net realized and unrealized (gains) losses on long-term investments	(72,893)	183,728
Net cash used for operating activities	$ (22,795)	$ (27,202)
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (54,181)	$ (33,300)
Proceeds from student loans collected	699	830
Student loans issued, net	(1,651)	(1,407)
(Increase)/Decrease in short-term investments	(661)	34
Purchases of investments	(1,339,729)	(239,900)
Proceeds from sales and maturities of investments	1,395,464	293,630
Net cash (used for) provided by investing activities	$ (59)	$ 19,887
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 9,392	$ 6,689
Investment in long-lived assets	3,754	6,084
Investment in life income agreements	467	3,090
Earnings restricted for long-term investment	(130)	(4,475)
Payments on long-term debt	(80,605)	(2,670)
Payment on termination of swap contracts	(6,390)	-
Proceeds from issuance of bonds, net	77,640	-
Net cash provided by financing activities	$ 4,128	$ 8,718
Net (decrease) increase in cash and cash equivalents	$ (18,726)	$ 1,403
Cash and cash equivalents, beginning of year	30,384	28,981
Cash and cash equivalents, end of year	$ 11,658	$ 30,384

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Oberlin College is an independent, coeducational institution consisting of two major divisions. The College of Arts and Sciences offers a balanced curriculum in the humanities, social sciences and natural sciences. The Conservatory of Music offers pre-professional training in music performance, composition, education, technology, theory and history.

Basis of Presentation and Accounting

The financial statements are presented on the accrual basis of accounting, focusing on the institution as a whole. In accordance with the existence or absence of donor-imposed restrictions, fund balances and transactions are grouped into three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Fund Group	Net Asset Group
Unrestricted current funds	Unrestricted
Restricted current funds	Temporarily restricted
Annuity and life income fund	Unrestricted, temporarily restricted and permanently restricted
Long-term investments	Unrestricted, temporarily restricted and permanently restricted
Plant funds	Unrestricted and temporarily restricted
Loan funds	Permanently restricted

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

Unrestricted net assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted funds designated by the Board of Trustees for long-term investment are classified as Board-designated endowment funds. Unrestricted net assets also includes the cumulative earnings and gains of donor-restricted funds that do not have a corpus restriction, both realized and unrealized.

Temporarily restricted net assets - Temporarily restricted net assets consist primarily of gifts subject to donor-imposed stipulations and cumulative earnings and gains, both realized and unrealized, that may or will be met by Board appropriation, College spending and/or the passage of time. These net assets are used to support general instruction, scholarships, professorships, research, library operations and capital acquisition.

Permanently restricted net assets - Permanent net assets consist primarily of gifts subject to donor-imposed corpus restriction that they be maintained permanently by the College. The Board of Trustees has specifically resolved that in the absence of explicit donor stipulations to the contrary, an amount equal to the aggregate fair value of (a) each permanent endowment fund of the College at the time it became an endowment fund, (b) each subsequent donation to the fund at the time it is made, and (c) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund, is deemed to be the amount that must be retained permanently consistent with applicable law. In general, the donors of these assets permit the use of all or part of the cumulative earnings and gain, both realized and unrealized, on related investments for general or specific purposes. Permanently restricted net assets consist primarily of amounts whose income supports general instruction, scholarships, professorships and library funds.

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 explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Investment return is distributed for operations on a unit share basis as authorized by the Board of Trustees, and is reflected in investment earnings and gains and net assets released from restrictions in the statement of activities.

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, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value. Contributions to be received after one year are discounted using a rate commensurate with the risks involved (7 percent at June 30, 2010 and 2009). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity. Currently, no allowance is deemed to be required. Fundraising expenses of approximately $4,772 and $4,547 are reflected within institutional support in the statement of activities for the years ended June 30, 2010 and 2009, respectively.

Income and realized net gains on long-term investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund or as funds held in trust by others;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the use of the income;
- as increases in unrestricted net assets in all other cases.

Fair Value of Financial Instruments

Effective July 1, 2008, the College adopted the Financial Accounting Standards Board (FASB) Topic 820, Fair Value Measurements, for its financial instruments measured at fair value on a recurring basis. Topic 820 provides a framework for measuring fair value, expands disclosure about fair value measurements, and establishes a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements:

Level 1 - Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Uses inputs other than Level l that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 - Uses inputs that are unobservable and are supported by little or no market activity, and reflects the use of significant management judgment. These values are generally determined using pricing models for which assumptions utilize management's estimates of market participant assumptions.

The following table sets forth by level the College's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2010 and 2009. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the three levels. The table does not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value.

ASSETS	June 30, 2010 Level 1	Level 2	Level 3	Total
Long-Term Investments				
Cash and Cash Equivalents	$ 3,694			$ 3,694
Emerging Markets Equity	15,780	$ 11,808		27,588
Fixed Income	268	91,550		91,818
Hedge Funds	42,603		$ 198,790	241,393
International Equity	13,743	29,255		42,998
Private Equity			97,792	97,792
Real Assets	11,008		29,306	40,314
U.S. Equity	21,419	37,258		58,677
Annuity Trusts and Unitrusts	11,581		15,722	27,303
Funds Held in Trust by Others			13,596	13,596
Restricted for Plant Facilities	25,921			25,921
TOTAL	**$ 146,017**	**$ 169,871**	**$ 355,206**	**$ 671,094**
LIABILITIES				
Interest Rate Swaps		8,727		8,727
TOTAL	**$**	**$ 8,727**	**$**	**$ 8,727**

ASSETS	June 30, 2009 Level 1	Level 2	Level 3	Total
Long-Term Investments				
Cash and Cash Equivalents	$ 30,877			$ 30,877
Emerging Markets Equity	11,125	$ 10,378		21,503
Fixed Income	61,240			61,240
Hedge Funds	40,509	30,349	$ 179,997	250,855
International Equity	54	22,931		22,985
Private Equity			91,642	91,642
Real Assets		10,827	17,151	27,978
U.S. Equity	10,392	19,872		30,264
Annuity Trusts and Unitrusts	40,231		14,471	54,702
Funds Held in Trust by Others			12,918	12,918
Restricted for Plant Facilities	48,971			48,971
TOTAL	**$ 243,400**	**$ 94,357**	**$ 316,179**	**$ 653,936**
LIABILITIES				
Interest Rate Swaps		14,423		14,423
TOTAL	**$**	**$ 14,423**	**$**	**$ 14,423**

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	Balance at 6/30/09	Contributions	Withdrawals	Change in MV	Balance at 6/30/10
Hedge Funds	$ 179,997	$ 69,296	$ (80,930)	$ 30,427	$ 198,790
Private Equity	91,642	12,637	(12,177)	5,690	97,792
Real Assets	17,151	14,688	(401)	(2,132)	29,306
Gift Annuities and Trusts	14,471	10	(135)	1,376	15,722
Funds Held in Trust by Others	12,918	659		19	13,596
TOTAL	**$ 316,179**	**$ 97,290**	**$ (93,643)**	**$ 35,380**	**$ 355,206**

	Balance at 6/30/08	Contributions	Withdrawals	Change in MV	Balance at 6/30/09
Hedge Funds	$ 258,681	$ 20,000	$ (39,881)	$ (58,803)	$ 179,997
Private Equity	94,565	16,173	(6,007)	(13,089)	91,642
Real Assets	16,359	5,672	(310)	(4,570)	17,151
Gift Annuities and Trusts	18,093	550	(279)	(3,893)	14,471
Funds Held in Trust by Others	16,299	778		(4,159)	12,918
TOTAL	**$ 403,997**	**$ 43,173**	**$ (46,477)**	**$ (84,514)**	**$ 316,179**

Long-Term Investments

The College classifies its investments into the following categories:

Fixed Income - Fixed income investments include investments in government securities and corporate bonds via separate accounts, limited partnerships and co-mingled vehicles.

U.S. Equity, International Equity, Emerging Markets Equity - The College invests in public equity securities in various geographical areas including U.S., developed markets (International Equity) and emerging markets. Public equity securities are owned either directly by the College or indirectly through investments in limited partnerships and co-mingled vehicles which invest primarily in public equity securities.

Hedge Funds - Hedge funds seek to generate high long-term real returns and reduce volatility by exploiting market inefficiencies. Returns are achieved using various strategies including market neutral, long/short equity, credit, event driven, and global macro strategies.

Private Equity - Private equity investments include venture capital, buyouts and distressed debt. The College diversifies these investments by geography and sectors.

Real Assets - Real assets include real estate, energy, commodities, Treasury Inflation-Protected Securities (TIPS) and Real Estate Investment Trusts (REITs). Real asset investments are made both via liquid public markets (TIPS, REITs, natural resource equities and commodities) and via illiquid private equity structured funds (private real estate and, private energy).

Cash and Cash Equivalents - The College invests in cash and cash equivalents, equities and other securities with quoted prices in active markets.

Funds Held in Trust by Others - These investments represent resources neither in the possession nor under the control of the College, but rather held and administered by outside trustees, with the College paid income or a residual interest from the assets of such funds. The fair value of these funds is based on inputs that are derived principally from observable market data which is used to estimate the future cash flows of the trust.

Gift Annuities and Trusts and Investments Restricted for Plant Facilities - These investments consist of annuity and life income funds and assets restricted to investment in land, buildings and equipment. The College invests in equities and fixed income securities with quoted prices in active markets.

Interest Rate Swaps - The fair value of the interest rate swaps is based on projected London InterBank Offered Rate (LIBOR) for the duration of the swap, values that, while observable in the market, are subject to adjustment due to pricing considerations for the specific instrument and the resulting fair values.

Capital Commitments and Endowment Liquidity

Investment funds in the private equity and real assets classes are typically organized as limited partnerships. A unique characteristic of these funds is that the investment manager requests (or 'calls') capital commitments from the investors as investment opportunities arise and distributes capital as investments are liquidated. Capital calls are typically made by the investment manager during years 1-5 of a fund's life while the majority of capital distributions do not occur until years 8-10 of a fund's life.

Due to the nature of alternative investments and the use of some limited partnerships and co-mingled vehicles in traditional asset classes (public equities and fixed income), the College contractually agrees to liquidity restrictions. The College, in response to this risk, closely monitors the liquidity of the portfolio. As of June 30, 2010, the following liquidity characteristics applied to the College's endowment and board-designated endowment funds:

Liquid within	% of Endowment
1 year	65.3%
3 years	11.1%
Illiquid*	23.6%

*Illiquid investments represent those invested in real assets and private equity limited partnerships. There is a very limited secondary market for these interests and selling them would require considerable time. The College is not actively trying to sell any of its illiquid investments at this time.

Other Financial Instruments

The carrying amount of student accounts receivable, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. A reasonable estimate of fair value of loans receivable under donor restricted and federally sponsored loan programs could not be made because the notes are not salable, and are subject to significant restrictions as to their transfer and disposition. The fair value of the College's Bonds Payable, based on the College's current incremental borrowing rate for similar types of borrowing arrangements, approximates its carrying amount.

Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment

Contributions of exhaustible long-lived assets, cash or other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets, are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released over the estimated useful lives of the long-lived assets using the institution's depreciation policies.

Collections and Works of Art

The College has elected not to capitalize contributed collections. All works of art and collections are held for public exhibition, education or research; are protected, kept unencumbered, cared for, and preserved; and are subject to policies governing their use. Recognizing works of art as an asset of the institution would result in a material increase in property, plant and equipment and a corresponding increase in net assets in the statements of financial position.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Inventories

Inventories (included in other current assets) are stated at the lower of cost (first-in, first-out) or market.

Unrestricted Bequests

The College follows the policy of designating unrestricted bequests as additions to unrestricted board-designated funds or unrestricted plant funds.

Split Interest Agreements

The College is party to various split interest agreements, including perpetual trusts held by third parties, irrevocable charitable remainder trusts, charitable gift annuities, and pooled life income funds. Assets are invested by the College or by third-party trustees. Payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenues for split-interest agreements are recognized at the dates the agreements are established. Revenues are recorded at fair value, net of the present value of the estimated future payments to be made to donors and/or other beneficiaries. The present value of payments to beneficiaries under split-interest agreements has been calculated using a discount rate of 7 percent at June 30, 2010 and 2009.

Depreciation

Depreciation of the property, plant and equipment owned by the College has been computed using the mid-year convention under the following depreciation guidelines:

Buildings and additions	40 years
Building improvements and renovations	20 years
Library books and materials	15 years
Furniture and equipment	10 years

Using these guidelines, depreciation expense for years ended June 30, 2010 and 2009 was:

	2010	2009
Educational and general properties	$ 11,009	$ 10,187
Library books and materials	1,905	1,840
Auxiliary properties	3,046	2,727
	$ 15,960	$ 14,754

Cash Flow Information

For financial statement purposes, the College considers all investments (not held for long-term investment) with original maturities of three months or less as cash equivalents. Cash payments for interest amounted to $8,043 in 2010 and $6,675 in 2009. Included in these amounts are $1,852 and $1,633 of capitalized interest, respectively.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 income, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The College is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). The College generates minor amounts of unrelated business income, annually files Form 990T and pays taxes on such income. The College recognizes the tax benefit from an uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College, the continued tax-exempt status of bonds issued by the College and various positions related to potential sources of unrelated taxable income. The College believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. As of June 30, 2010, the College's income tax years from 2006 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

Reclassification

Certain June 30, 2009 data have been reclassified to conform with the June 30, 2010 presentation.

2. ENDOWMENT AND OTHER LONG-TERM INVESTMENTS

Uniform Prudent Management of Institutional Funds Act

On November 17, 2008, the Ohio House of Representatives adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which became effective June 1, 2009. The following table reflects the College's change in endowment assets for the year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, 7/1/09	$ 195,113	$ 162,695	$ 178,771	$ 536,579
Realized Gains	15,556	15,488		
Unrealized Gains	7,914	21,769		
Investment return	$ 23,470	$ 37,257	$	$ 60,727
Contributions, net	28,940	2,009	12,052	43,001
Endowment distributions	(15,556)	(21,314)		(36,870)
Endowment assets, 6/30/10	$ 231,967	$ 180,647	$ 190,823	$ 603,437

The following table reflects the College's change in endowment assets for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, 7/1/08	$ 291,646	$ 281,051	$ 170,792	$ 743,489
Realized Gains	(3,619)	(4,965)		
Unrealized Gains	(72,425)	(91,140)		
Investment return	$ (76,044)	$ (96,105)	$	$ (172,149)
Contributions, net	(2,966)	1,791	7,979	6,804
Endowment distributions	(17,523)	(24,042)		(41,565)
Endowment assets, 6/30/09	$ 195,113	$ 162,695	$ 178,771	$ 536,579

Endowment Investment and Spending Policy

The College's investment policies are designed to ensure the achievement of a rate of return that adequately supports the College's mission while minimizing risk to the greatest extent possible. The College seeks to minimize downside volatility and other risks while maximizing returns. The objective is to achieve a total return that exceeds a weighted average of individual asset class benchmarks as defined. Oberlin College's Endowment Spending Policy is set by the College's Board of Trustees. The Board of Trustees takes great care in developing the broad objectives and specific spending methodology, giving consideration to a number of factors, including preservation of the College's endowment for perpetuity, economic conditions and the possible impact of inflation and deflation, the College's historical total return on endowment, the expected total returns and the related investment policies and targeted allocations to achieve the expected returns, and the other financial resources of the College. The broad objectives of the Endowment Spending Policy are to increase the real value of the endowment, to provide a dependable stream of current earnings distribution from the endowment pool to the College, to release earnings at a rate sustainable over the long term, and to seek to provide predictability and stability of endowment spending essential for long range planning. These broad objectives, and the Board's frequent evaluation of the factors noted above, allow the College to establish its specific spending methodology. The College's specific spending methodology involves applying a targeted long-term spending rate applied to the 36-month weighted average as adjusted by Board-imposed spending collars, and also by a maximum spending rate applied to current market value. The actual payout rate for each fiscal year is approved annually by the Board of Trustees.

Investments in marketable equity and debt securities with readily determinable fair values are stated at market value based on the last trade price. Investments in real estate are stated at appraised market value, with certain real estate investments stated at cost on the date of acquisition (or fair market value at date of receipt, if gifted). The College holds investment securities which are exposed to various risks including interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment account balances and the amounts reported in the statements of financial position. The College has a substantial allocation to alternative investments, including hedge funds, private equity or real assets depending on the legal structure and investment strategy of the underlying manager. A significant portion of the College's investment allocation to alternative investments contain securities for which there is no ready market as of June 30, 2010. As most of the investment managers for these investments report their audited financial information only as of December 31st of each calendar year, these investments ($296,578 and $370,475 at June 30, 2010 and 2009, respectively) are valued by the College at estimated fair value based on a review of the most recent unaudited quarterly financial reports provided by investment managers. Though the college performs extensive due diligence on these investments, meets with the investment managers regularly and prepares roll-forwards of December 31 valuations to June 30, the estimated fair value is subject to uncertainty and therefore, may differ significantly from values that would have been used had a ready market for these investments existed. Such difference could be material.

Net realized and unrealized gains (losses) in market value of investments are reflected in the statement of activities. The College has committed to make $50,390 and $65,371 of additional investments at June 30, 2010 and 2009, respectively.

Long-term investments as reflected in the Statements of Financial Position are detailed as follows:

	June 30, 2010 Book Value	June 30, 2010 Market Value	June 30, 2009 Book Value	June 30, 2009 Market Value
GENERAL INVESTMENT POOL				
Cash & cash equivalents	$ 3,193	$ 3,671	$ 30,215	$ 31,103
Emerging Markets	30,927	27,588	27,927	21,503
Fixed Income	88,455	91,550	62,860	60,757
Hedge Funds	155,895	241,393	180,684	250,855
International Equity	35,000	42,962	20,000	22,931
Private Equity	120,280	97,792	117,741	91,642
Real Assets	41,803	40,314	26,351	27,978
U.S. Equity	53,434	58,167	26,034	29,810
Total Pooled Endowment	$ 528,987	$ 603,437	$ 491,812	$ 536,579
Non Pooled Endowment				
Cash & cash equivalents	$ 23	$ 23	$ (226)	$ (226)
Fixed income	252	268	489	484
International Equities	38	36	57	54
Note/Mortgages			2,625	
US Equities	256	510	239	454
Total Separately Invested Funds	$ 569	$ 837	$ 3,184	$ 766
TOTAL ENDOWMENT	**$ 529,556**	**$ 604,274**	**$ 494,996**	**$ 537,345**
ANNUITY AND LIFE INCOME FUNDS				
Pooled Income Fund Trusts				
Cash & Cash equivalents	$ 81	$ 81	$ 93	$ 93
Emerging Markets	5	11		
Fixed Income	1,463	1,556	1,390	1,369
International Equity	213	197	217	200
Real assets	409	319	469	302
U.S. Equity	620	564	631	506
Total Pooled Income Fund Trusts	$ 2,791	$ 2,728	$ 2,800	$ 2,470
Gift Annuity Pool				
Accounts Receivable	$ 9	$ 9	$ 95	$ 95
Cash & cash equivalent	1,391	1,501	725	725
Emerging Markets	244	355		
Fixed Income	2,009	2,152	10,513	10,594
International Equity	1,886	1,789	10,265	8,053
Real Assets	1,465	1,421	8,396	5,590
U.S. Equity	4,329	4,354	19,013	15,174
Total Gift Annuity Pool	$ 11,333	$ 11,581	$ 49,007	$ 40,231
Annuity Trusts And Unitrusts				
Cash & cash equivalents	$ 245	$ 245	$ 206	$ 206
Emerging Markets	255	385	267	370
Fixed Income	3,697	3,957	3,855	3,821
International Equity	2,344	1,890	2,276	1,759
Real Assets	2,077	1,713	2,536	1,838
U.S. Equity	5,328	4,804	5,135	4,007
Total Trusts	$ 13,946	$ 12,994	$ 14,275	$ 12,001
TOTAL ANNUITY &TRUSTS	**$ 28,070**	**$ 27,303**	**$ 66,082**	**$ 54,702**
RESTRICTED FOR PLANT FACILITIES				
Accounts Receivable	$ 300	$ 300	$ 295	$ 295
Fixed Income	20,063	20,060	46,442	46,440
Real Assets	5,561	5,561	2,236	2,236
TOTAL RESTRICTED FOR PLANT FACILITIES	**$ 25,924**	**$ 25,921**	**$ 48,973**	**$ 48,971**
FUNDS HELD IN TRUST BY OTHERS	**$ 14,126**	**$ 13,596**	**$ 14,775**	**$ 12,918**
TOTAL ASSETS FOR LONG-TERM INVESTMENT	**$ 597,676**	**$ 671,094**	**$ 624,826**	**$ 653,936**

3. STUDENT LOANS

Student loans receivable are carried at face value, less an allowance for doubtful accounts of $1,273 at June 30, 2010 and 2009. The interest rate on federal student financial aid was 5% for the year ended June 30, 2010 and 2009. Maturity dates range up to 10 years.

4. PLEDGES RECEIVABLE AND BEQUESTS IN PROBATE

Unconditional promises to give are included in the financial statements as pledges receivable and bequests in probate, and as revenue within the appropriate net asset category. Certain promises to give are recorded after discounting to the present value of the future cash flows.

Unconditional promises to give are expected to be realized in the following periods:

	2010	2009
In one year or less	$ 10,863	$ 7,496
Between one year and five years	11,432	9,933
Greater than five years	6,037	5,957
Less discount	(5,659)	(4,672)
	$ 22,673	$ 18,714

5. BONDS PAYABLE

2009 Issuance of Bonds

In October 2009, the College issued Ohio Higher Educational Facility Commission Revenue Bonds, (the Bonds) in the amount of $67,260. These new bonds were used to refinance, in full, two variable rate bond issues:

2005 Ohio Higher Educational Facility Commission Variable-Rate Revenue Bonds, par value $49,770;

2006 Ohio Higher Educational Facility Commission Variable-Rate Revenue Bonds, par value $25,170.

In addition, $3,010 of the 1999 Ohio Higher Educational Facility Commission Revenue Bonds were refunded.

Bonds payable, net of bond premium and bond discount, at June 30, 2010 and 2009 consisted of the following:

Ohio Higher Educational Facility Commission	2010	2009
Revenue Bonds dated February 1, 1999, maturing annually on October 1, 2010 through 2015 in amounts ranging from $2,760 to $3,560, with an interest rate of 5.25%, plus bond premium of $108 and $167 at June 30, 2010 and 2009, respectively.	$ 18,972	$ 24,698
Revenue Bonds dated September 1, 2003, maturing annually October 1, 2016, through 2033 in amounts ranging from $1,640 to $5,865 with interest rate of 5.250% to 5.125%, less net bond discount of $114 and $121 at June 30, 2010 and 2009, respectively.	39,886	39,879
Variable-rate Revenue Bonds dated December 1, 2005, maturing annually on October 1, 2009 through 2029 in amounts ranging from $120 to $10,240. Refinanced in 2010.		49,770
Variable-rate Revenue Bonds dated January 1, 2006, maturing in part on October 1, 2010 through 2035 in amounts ranging from $560 to $1,525. Refinanced in 2010.		25,170

Variable-rate Revenue Bonds dated April 18, 2008, maturing annually on October 1, 2023 through 2048 in amounts ranging from $965 to $2,295.	40,000	40,000
Revenue Bonds dated October 1, 2009, maturing in part on October 1, 2014 in the amount of $14,660 and October 1, 2019 in the amount of $52,600, with interest at 5.0% plus net bond premium of $10,433.	77,694	
Total Bonds Payable, Net of Bond Premium and Discount	$ 176,552	$ 179,517

In February 1999, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $78,875 plus a bond premium of $980. A portion of these bonds was used for an advanced legal defeasance of the remaining Variable Rate Demand Revenue Bonds dated December 1985 and a portion of the outstanding Revenue Bonds dated June 1993. The remaining funds were used to construct a new science center and other academic facilities. Bonds with a par value of $46,990 were legally defeased with the December 2005 bond offering. In addition, bonds with a par value of $3,010 were legally defeased with the October 2009 bond offering.

In September 2003, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $40,000 less a net bond discount of $157. A portion of these bonds was used to refund the outstanding principal of the June 1993 Revenue Bonds. The remaining funds were used to finance the purchase, renovation and construction of residence halls and academic buildings and to finance the acquisition and installation of a new phone system. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

In December 2005, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $50,115. These bonds were used to refund $46,990 of the outstanding principal of the February 1999 Revenue Bonds. The College refinanced the remainder with the proceeds of the October 2009 bond offering.

In January 2006, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $25,170. These bonds were used to finance the purchase, renovation and construction of residence halls, academic buildings, including a new conservatory building, a new track and soccer field, and to finance the purchase of new central heating plant equipment and a new art museum HVAC system. The College refinanced these bonds with the proceeds of the October 2009 bond offering.

In April 2008, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $40,000. These bonds are being used to finance the renovation of existing residence halls and academic buildings, and construction of new student housing. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

In October 2009, the Ohio Higher Educational Facility Commission issued $67,260 in Higher Educational Facility Revenue Bonds to refinance the 2005 Bonds, the 2006 Bonds and to partially refinance the 1999 Bonds. The Higher Educational Facility bonds were issued at a premium of $11,456. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of these bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

Future principal payments on the College's outstanding bonds at June 30, 2010 are as follows:

2010-11	$	2,760
2011-12		2,900
2012-13		3,055
2013-14		3,210
2014-15		18,040
Thereafter		136,160
	$	166,125

The estimated fair market value of all outstanding long-term obligations at June 30, 2010 is $176,067.

6. INTEREST RATE SWAP ARRANGEMENTS

As part of the restructuring of its long-term debt, the College terminated two existing interest rate swap arrangements. Termination costs in 2010 for both interest rate swaps totaled $6,390, resulting in a gain on termination of $1,609.

The College entered into an interest rate swap arrangement with an initial notional amount of $71,885, effective December 2, 2005, and terminating October 1, 2033. Under the terms of this basis swap arrangement, the College receives semi-annual interest payments based on 68% of the 3-month LIBOR plus 45.2 basis points (0.452%), and makes semi-annual interest payments based on 100% of the variable Securities Industry and Financial Markets Association Municipal Swap Index interest rate. The notional amount of the swap arrangement, which amortizes to zero concurrent with the amortization of the 1999 and 2003 bonds, was $61,875 and $64,530 at June 30, 2010 and 2009, respectively. The net settlement amount earned under this swap arrangement was $261 and $269 for the years ended June 30, 2010 and 2009, respectively, and is included in operating income in the statements of activities.

The College entered into an interest rate swap arrangement on its 2005 bonds with an initial notional in the amount of $50,115, effective December 14, 2005, and terminating October 1, 2029. Under the terms of this swap arrangement, the College received monthly interest payments based on 68% of 3-month LIBOR, and makes monthly interest payments at a fixed interest rate of 3.632%. The notional amount of the swap arrangement, which was to amortize over the term of the 2005 bonds, was $49,770 at June 30, 2009. The net settlement amount expensed was $1,272 for year ended June 30, 2010 and $1,135 for 2009. This interest rate swap arrangement was terminated in April 2010.

The College entered into an interest rate swap arrangement on its 2006 bonds in the amount of $25,170, effective October 1, 2009, and terminating October 1, 2035. Under the terms of this swap arrangement, the College received monthly interest payments based on 68% of 3-month LIBOR, and makes monthly interest payments at a fixed interest rate of 3.701%. The notional amount of the swap arrangement was to amortize over the term of the 2006 bonds. The net settlement amount expensed was $443 for the year ended June 30, 2010. This interest rate swap arrangement was terminated in April 2010.

The College entered into an interest rate swap arrangement in October 2007 with an initial notional amount of $77,870, terminating October 1, 2048. This interest rate swap arrangement was amended and restated to $40,000, matching the 2008 bond issuance, effective April 18, 2008. Under the terms of this amended swap arrangement, the College received monthly interest payments based on 68% of 3-month LIBOR, and makes monthly interest payments at a fixed interest rate of 3.565%. The notional amount of the swap arrangement will amortize over the term of the 2008 bonds. The net settlement amount expensed was $1,332 and $894 for the year ended June 30, 2010 and 2009, respectively, and is included in construction in progress.

The fair value of interest swap arrangements is the estimated amount that the College would receive (or would be required to pay) to terminate these contracts as of the fiscal year end. The swap arrangements currently carry no collateral requirement. The accounting for these agreements follows accounting principles generally accepted in the United States. The estimated cumulative fair value gain is included in long-term investments in the statement of financial position. The estimated cumulative fair value (loss) is included within other non-current liabilities in the statement of financial position. Changes in the fair value of these contracts are recorded as other non-operating items in the statement of activities. These agreements were entered into in order to manage interest rate exposures and qualify as fair value hedges. The fair value of these arrangements, which are classified as Level 2 of the fair value hierarchy at June 30, is as follows:

	2010	2009
Interest rate swap arrangement effective December 1, 2005, maturing on October 1, 2033 in the amount of $71,885.	$ (1,012)	$ (1,220)
Interest rate swap arrangement effective December 14, 2005, maturing on October 1, 2029 in the amount of $50,115; arrangement terminated in 2010.		(5,442)
Interest rate swap arrangement effective October 1, 2009, maturing on October 1, 2035 in the amount of $25,170; arrangement terminated in 2010.		(2,557)
Interest rate swap arrangement effective April 18, 2008, maturing on October 1, 2048 in the amount of $40,000.	(7,715)	(5,204)
Total Fair Market Value of Interest Rate Swap Arrangements	$ (8,727)	$ (14,423)

7. POSTRETIREMENT BENEFITS

The College sponsors an unfunded defined benefit postretirement health care plan that covers substantially all regular status employees. During fiscal year 1996 the plan's eligibility requirement was amended from the attainment of age 62 and no years of service to requiring 20 years of service after attaining age 42 to receive the maximum College contribution. All eligible employees age 42 or older were credited with 10 years of service as of June 30, 1996. The amendment also included a cap on medical benefits limiting the College subsidy of the health care plan to two times the 1995-96 contribution level. The cap is effective for all retirees retiring after June 30, 1996. These changes reduced the Accumulated Postretirement Benefit Obligation from $14,378 to $7,714. Accounting rules require the unrecognized excess prior service cost of $6,509 to be amortized over 14.3 years, the average remaining service period for current employees at June 30, 1996. The plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Employees hired after June 30, 1996 become eligible to participate in the plan if they retire from the College after reaching age 52, with 10 years of service. The plan is contributory, with retiree contributions adjusted annually. The accounting for the plan at June 30, 2010 anticipated future cost-sharing changes to the plan that are consistent with the College's policy stating that annual minimum retiree contributions will be set at an amount equal to 40% of the College's estimated cost before considering the contribution.

For measurement purposes, a 9% annual rate of increase in the per capita cost of covered health care claims was assumed for fiscal year 2011; the rate was assumed to decrease gradually to 5% by fiscal year 2015 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of June 30, 2010 by $96. The aggregate of the service and interest cost components of net postretirement health care cost for the year then ended would increase by $11. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7%.

The College has a postretirement health benefit plan which is required to recognize as a liability the accumulated postretirement benefit obligation for any postretirement benefit plans. However, the College had previously recognized this obligation and recorded a liability for the accumulated postretirement benefit obligation, and also for the unrecognized excess prior service cost, net of the unrecognized actuarial loss. Thus, the implementation of the requirements of this statement had no impact on the College's net assets.

The following table reconciles the plan's funded status to the accrued postretirement health care cost liability as reflected on the statements of financial position as of June 30, 2010 and 2009:

Accumulated Postretirement Benefit Obligation	2010	2009
Retirees	$ 5,242	$ 6,411
Other fully eligible participants	1,869	1,971
Other active participants	5,540	5,434
Accumulated postretirement benefit obligation	$ 12,651	$ 13,816
Unrecognized excess prior service cost	1,881	995
Unrecognized actuarial loss	(759)	(934)
Accrued postretirement health care cost liability	$ 13,773	$ 13,877

Thus, at June 30, 2010 and 2009 a total liability for accrued postretirement health care cost of $13,773 and $13,877, respectively, is reflected in the College's accompanying statement of financial position.

Net periodic postretirement health care cost for the years ended June 30, 2010 and 2009 included the following components:

Net periodic postretirement benefit cost	2010	2009
Service cost - benefits attributed to service during the period	$ 510	$ 497
Interest cost on accumulated postretirement benefit obligation	860	879
Net amortization and deferral	(621)	(548)
Net (Gain) or Loss	-	-
Net periodic postretirement benefit cost	$ 749	$ 828

The estimated future benefit claims expected to be paid in each of the next ten fiscal years are:

	Total Claims	Medicare Reimbursement	Net Claims
2011	1,184	258	926
2012	1,311	291	1,020
2013	1,416	317	1,100
2014	1,473	343	1,130
2015	1,506	374	1,132
2016-2020	8,436	2,350	6,086

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). Assuming retiree contributions of 40%, the College expects to contribute $926 toward expected net claims in fiscal 2011.

8. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan with the Teachers Insurance and Annuity Association – College Retirement Equities Fund. The College makes contributions based on a percentage of an eligible employee's earnings. Contributions for the years ended June 30, 2010 and 2009 were $7,285 and $7,034, respectively.

9. NOTES PAYABLE

The College opened a $10,000 unsecured bank line of credit with interest at 30-day LIBOR plus 1.50% on February 1, 2009. The balance outstanding on the line of credit at June 30, 2010 was zero.

10. CONDITIONAL ASSET RETIREMENT OBLIGATION

The College recognizes the costs associated with the retirement of assets, which primarily are for the future remediation and removal of asbestos from College-owned property. Such costs are not material to the College, given the dates of construction for its buildings. However, the College has recorded an accrual for these costs of approximately \$2,300 and \$2,200 at June 30, 2010 and 2009, respectively, within other non-current liabilities on the statement of financial position.

11. COMMITMENTS AND CONTINGENCIES

At June 30, 2010, the College has outstanding commitments on various construction projects totaling approximately \$20,000. These projects are being funded with the bond proceeds from the 2008 bonds as well as with donor contributions.

The College is involved in litigation and is subject to certain claims that arise in the normal course of operations. Any liabilities required to be recorded under generally accepted accounting principles are reflected within other non-current liabilities on the statement of financial position, and are not material to the College's financial position. In the opinion of management, the ultimate disposition of such litigation and claims will not have a material adverse effect on the College's operations or financial position.

12. SUBSEQUENT EVENTS

The College has evaluated all events subsequent to the statement of financial position date of June 30, 2010 through December 10, 2010 which is the date these financial statements were available to be issued, there are no subsequent events that require disclosure.