Simmons College

Financial Statements
June 30, 2011 and 2010

Simmons College
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June 30, 2011 and 2010

Report of Independent Auditors

To the Board of Trustees of Simmons College

In our opinion, the accompanying statement of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Simmons College (the "College") at June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the College's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the College as of June 30, 2010 and for the year then ended, prior to the adjustment to retrospectively apply the change in the presentation from a classified to an unclassified statement of financial position, as described in Note 1, were audited by other auditors whose report, dated October 21, 2010, expressed an unqualified opinion on those financial statements. We have audited the adjustments to revise the 2010 financial statements to retrospectively apply this change in presentation from a classified to an unclassified statement of financial position. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2010 financial statements of the College other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 19, 2011

Simmons College
Statements of Financial Position
June 30, 2011 and 2010

(in thousands)

		2011		2010
Assets				
Cash and cash equivalents	$	31,612	$	23,178
Accounts receivable, net		5,010		5,585
Contributions receivable, net		3,154		2,668
Amounts held under agreement with bond trustee		8,019		8,670
Investments and life income funds		159,273		135,717
Loans to students, net		5,804		6,103
Other assets		2,118		1,781
Deferred charges, net		3,719		3,911
Property, plant, and equipment, net		197,163		205,570
Total assets	$	415,872	$	393,183
Liabilities and Net Assets				
Accounts payable and accrued liabilities	$	15,378	$	15,420
Deposits payable and deferred revenues		3,258		4,022
Bonds payable		183,534		187,046
Loan payable		1,407		1,630
U.S. government loan advances		3,338		3,405
Other liabilities		3,483		3,545
Total liabilities		210,398		215,068
Net assets				
Unrestricted		76,812		65,667
Temporarily restricted		67,894		55,733
Permanently restricted		60,768		56,715
Total net assets		205,474		178,115
Total liabilities and net assets	$	415,872	$	393,183

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

Simmons College
Statements of Activities
Years Ended June 30, 2011 and 2010

(in thousands)

	Unrestricted		Temporarily Restricted		Permanently Restricted		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Operating activities								
Operating revenues								
Tuition and fees	$ 112,621	$ 106,982	$ -	$ -	$ -	$ -	$ 112,621	$ 106,982
Less: Student aid	(24,140)	(21,790)	-	-	-	-	(24,140)	(21,790)
Net tuition and fees	88,481	85,192	-	-	-	-	88,481	85,192
Auxiliary enterprises	14,344	14,380	-	-	-	-	14,344	14,380
Investment return in support of operations	6,576	7,964	-	-	-	-	6,576	7,964
Gifts	3,599	4,015	-	-	-	-	3,599	4,015
Government and private grants	2,989	2,581	-	-	-	-	2,989	2,581
Leases	3,500	2,687	-	-	-	-	3,500	2,687
Other	3,113	2,905	-	-	-	-	3,113	2,905
Net assets released from restrictions	1,805	1,988	-	-	-	-	1,805	1,988
Total operating revenues	124,407	121,712	-	-	-	-	124,407	121,712
Operating expenses								
Salaries and wages	52,676	52,377	-	-	-	-	52,676	52,377
Employee benefits	14,042	15,265	-	-	-	-	14,042	15,265
Materials, supplies, and services	32,590	28,994	-	-	-	-	32,590	28,994
Interest expense	7,183	8,006	-	-	-	-	7,183	8,006
Total operating expenses	106,491	104,642	-	-	-	-	106,491	104,642
Results from operations before depreciation and accretion	17,916	17,070	-	-	-	-	17,916	17,070
Depreciation	(12,484)	(12,433)	-	-	-	-	(12,484)	(12,433)
Results from operations after depreciation	**5,432**	**4,637**	**-**	**-**	**-**	**-**	**5,432**	**4,637**
Nonoperating revenues, gains, and losses								
Gifts	17	164	1,740	1,569	2,824	3,009	4,581	4,742
Investment gains (loss)	7,490	2,052	17,066	5,087	1,151	510	25,707	7,649
Distribution of investment return in support of operations	(6,576)	(7,964)	-	-	-	-	(6,576)	(7,964)
Realized gain on sale of property	20	1,392	-	-	-	-	20	1,392
Faculty early retirement expense	-	(2,782)	-	-	-	-	-	(2,782)
Net assets released from restriction	4,762	6,246	(6,645)	(8,275)	78	41	(1,805)	(1,988)
Change from nonoperating activity	5,713	(892)	12,161	(1,619)	4,053	3,560	21,927	1,049
Change in net assets	11,145	3,745	12,161	(1,619)	4,053	3,560	27,359	5,686
Net assets								
Beginning of year	65,667	61,922	55,733	57,352	56,715	53,155	178,115	172,429
End of year	$ 76,812	$ 65,667	$ 67,894	$ 55,733	$ 60,768	$ 56,715	$ 205,474	$ 178,115

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

Simmons College
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

(in thousands)

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 27,359	$ 5,686
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and accretion	12,291	12,388
Amortization of bond premium/discount and bond issuance costs	(525)	46
Stocks and gifts in kind	(260)	(455)
Net realized and unrealized (gains) on investments	(25,003)	(6,638)
Net realized gain on sale of property, plant, and equipment	(20)	(1,392)
Contributions for long-term investment	(2,830)	(2,713)
Changes in assets and liabilities		
(Decrease) increase in account receivable and other assets	(70)	585
Increase in accounts payable and other accruals	1,023	4,155
(Decrease) in deferred revenues and deposits payable	(764)	(461)
Net cash provided by operating activities	11,201	11,201
Cash flows from investing activities		
Purchases of property, plant, and equipment	(4,679)	(2,357)
Proceeds from the sale of property, plant, and equipment	20	1,921
Proceeds from the sale and maturities of investments	144,636	82,303
Purchases of investments	(142,946)	(75,999)
Decrease in amounts held under agreement with bond trustee	651	636
Student loans advanced	(564)	(842)
Student loans collected	684	810
Net cash (used in) provided by investing activities	(2,198)	6,472
Cash flows from financing activities		
Repayments of long-term debt	(3,017)	(2,792)
Payments to annuity beneficiaries	(382)	-
Contributions to be used for long-term investment	2,830	2,713
Net cash (used in) financing activities	(569)	(79)
Net increase in cash and cash equivalents	8,434	17,594
Cash and cash equivalents		
Beginning of year	23,178	5,584
End of year	$ 31,612	$ 23,178
Supplemental data		
Interest paid	$ 7,600	$ 7,718

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

1. Accounting Policies

Organization
Simmons College (the "College") is a private, nonsectarian institution located in Boston's Back Bay that currently serves approximately 1,900 undergraduate women and 3,100 men and women in its graduate programs at the master and doctoral levels.

Basis of Presentation
The financial statements of the College have been prepared on the accrual basis of accounting.

Accounting principles generally accepted in the United States of America (GAAP) for private, not-for-profit organizations require classification of net assets, revenues, expenses, gains, and losses into three categories based on the existence or absence of externally imposed restrictions. The categories – unrestricted, temporarily restricted, and permanently restricted net assets – are defined as follows:

Unrestricted Net Assets
Unrestricted net assets are the net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the College's Board of Trustees (the "Trustees").

All expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted either by donor stipulation or by law.

Temporarily Restricted Net Assets
Temporarily restricted net assets are the net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time as well as unexpended endowment income allocated under the spending formula. When the stipulations have been met (i.e., the time requirement has expired or the restricted purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets
Permanently restricted net assets are the net assets that are subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the income earned and gains, if any, on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is subject to donor-imposed restrictions. In those cases, amounts received that are permanently or temporarily restricted by the donor are reported as increases to those net asset classes.

Nonoperating Revenues, Gains and Losses
The nonoperating revenues, gains and losses include investment income, realized and unrealized investment gains and losses net of amounts distributed in support of operations, contributions to temporarily restricted and permanently restricted net assets, realized gains on the sale of property, early retirement expense and the nonoperating net assets utilized or released from restriction.

Expenses associated with fund-raising were $2,627,000 and $2,533,000 in 2011 and 2010, respectively, and are included in institutional support expenditures disclosed in Note 13.

Cash Equivalents
Cash and cash equivalents include highly liquid investments purchased with an initial maturity date of three months or less. For purposes of the statements of financial position and statements of cash flows, cash and cash equivalents exclude such amounts which are included within the investment accounts.

Investments and Life Income Funds
Investments and life income funds are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Certain investments are not publicly traded and are referred to as alternative investments. The alternative investments are carried at estimated fair values as provided by the investment managers (see Note 4 Investments and Note 5 Fair Value Measurements).

The College invests in various securities, including U.S. government securities, corporate debt instruments, hedge funds, private equities, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes could occur and materially affect the amounts reported in the financial statements.

Endowment Investment and Spending Policies
On July 2, 2009, The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was signed into law in Massachusetts. UPMIFA provides greater flexibility for organizations that may consider spending from underwater endowment funds. UPMIFA was effective June 30, 2009, and did not impact the College's spending from endowment funds in fiscal year 2011 and 2010.

The Trustees have interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Trustees and expended.

The College has adopted investment and spending policies for endowment assets to provide long-term capital appreciation to supply funds for the specified purposes for which the original endowed gifts were given (e.g., scholarships, endowed chairs and operations). The time horizon for the endowment is perpetuity. The assets of the College are managed accordingly by external professional investment managers or invested in professionally managed funds, including funds of funds or managers of managers. The appointment of such managers or funds is the responsibility of the Investment Committee, a standing committee of the Board of Trustees. Investment managers have discretion over their investment programs, subject to appropriate constraints reflected in the College's Investment Policy Statement or in the applicable investment management contracts.

The long-term objective of the College is to achieve a total return equivalent to or greater than the expected return. The expected return is the sum of the annual spending rate, the long-term inflation rate and any growth factor which the Investment Committee may deem appropriate. The spending rate for the years ended June 30, 2011 and June 30, 2010 was 4.5% and 4.0%, respectively. The annual spending rate is based on a three-year average of market values as of December 31. To the extent that current yield is inadequate to meet the spending rate a portion of cumulative realized and unrealized net gains is also available for current use.

Property, Plant, and Equipment
Property, plant, and equipment are recorded at cost or, if acquired by gift, at fair market value on the date of receipt. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. The College reports gifts of property and equipment as unrestricted net assets, unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The estimated useful lives used in computing depreciation are as follows:

Land improvements	10 years
Buildings and improvements	40 years
Furniture, fixtures and equipment	3–15 years
Library books	10 years

Conditional Asset Retirement Obligations
The College has recognized an asset retirement obligation for the future remediation of asbestos in campus facilities. The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities. The accrual balance for this obligation as of June 30, 2011 and 2010 is included in other liabilities in the statements of financial position. Changes in this balance for the years ended June 30 are as follows:

(in thousands)	**2011**	**2010**
Balance at beginning of year	$ 1,428	$ 1,396
Settlement in the current period	-	(21)
Accretion expense	54	53
Balance at end of year	$ 1,482	$ 1,428

Fair Value of Financial Instruments Other than Investments
The carrying amounts of cash equivalents, accounts receivable, accrued interest receivable, accounts payable, and student deposits approximate fair value because of the short maturities of these financial instruments.

Reasonable estimates of the fair values of the notes receivable from students under government loan programs and advances from the federal government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the U.S. government or its designees.

The fair market value of the College's financial debt instruments based on current borrowing rates for loans with similar maturities and average maturities was estimated to be approximately $198,557,000 and $200,710,000 as of June 30, 2011 and 2010, respectively.

Tuition and Fees Revenue
The College recognizes tuition and fees revenue in the period in which the educational instruction is performed. Accordingly, tuition and fees received in advance are deferred until the educational instruction is provided and related expenses incurred.

Contributions
Contributions received, including unconditional promises, are recognized as revenues when the donors' commitments are received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises of noncash assets are recorded at their fair market values. Conditional promises are recorded at their fair values when donor stipulations are substantially met.

Lease Revenue
The College leases parking garage and office space under operating leases. The operating leases have scheduled annual increases which the College recognizes on a straight-line basis over the lease term beginning with the start of the lease.

Tax Status
The College is a qualified tax-exempt organization under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Noncash Items
Noncash transactions impacting recorded assets and liabilities and therefore not resulting in cash receipts or payments reflected in the statements of cash flows include $830,000 and $1,696,000 of accrued liabilities related to plant and equipment purchases at June 30, 2011 and 2010, respectively.

Funds with Shortfalls
From time to time, the market value of assets associated with permanently restricted funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. Shortfalls of this nature are reported in unrestricted net assets, and totaled $232,000 and $1,214,000 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Reclassifications
Certain 2010 balances have been reclassified to conform with the 2011 presentation. In 2011, the College changed the presentation of its statement of financial position from a classified to a nonclassified format to be consistent with industry practice.

Subsequent Events
Subsequent events have been evaluated through October 19, 2011, which is the date when the financial statements were issued.

2. Accounts Receivable

At June 30 accounts receivable consisted of the following:

(in thousands)	2011	2010
Accounts receivable - student and other	$ 5,654	$ 6,409
Accounts receivable for sponsored programs	469	289
Less: Allowance for doubtful accounts	(1,113)	(1,113)
Accounts receivable, net	$ 5,010	$ 5,585

3. Loans to Students

Loans to students are net of an allowance for uncollectible loans of $355,000 and $284,000 at June 30, 2011 and June 30, 2010, respectively.

The College regularly assesses the adequacy of the allowance for doubtful accounts related to Loans to Students by performing ongoing evaluations of the student loan portfolio, including such factors as the economic environment in which the borrowers operate and the level of delinquent loans. The College also performs a detailed review of the aging of the student loan receivable balances in comparison to prior years. The level of the allowance is adjusted based on the results of this analysis. The College considers the allowance recorded at June 30, 2011 to be reasonable and adequate to absorb the potential credit losses inherent in the student loan portfolio.

4. Investments

The fair value of investments by type, including investments under split interest agreements and charitable remainder trusts, as of June 30 were as follows:

(in thousands)	**2011**	**2010**
Cash and cash equivalents	$ 11,654	$ 15,940
Fixed income	18,733	10,359
Equities	76,492	75,759
Alternative investments	52,356	33,458
Other	38	201
Total investments	$ 159,273	$ 135,717

Alternative investments consist primarily of hedge fund and private equity holdings. The fair value of certain private equity, real estate, natural resource and other equity investments represents the College's ownership interest in the capital account of limited partnerships. The value of these investments is determined by the general partner and is based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the underlying investment, the fair value is determined by the general partner taking into consideration among other things, multiples of comparable companies in the public markets and/or discounted cash flow analyses. The College performs additional procedures with respect to valuation including due diligence reviews on its investments in limited partnerships and including, but not limited to, general partners' compliance with the Fair Value Measurements standard, price transparency and valuation procedures in place.

The College is obligated under certain alternative investment agreements to periodically advance additional funding up to their contractual levels.

The composition of investment gains (loss) for the years ended June 30 is as follows:

	2011			
(in thousands)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Interest and dividend income	$ 204	$ 493	$ 5	$ 702
Net realized gains	2,659	5,796	59	8,514
Net change in unrealized gains and losses on investments	4,627	10,777	1,087	16,491
Total investment return on long-term investments	$ 7,490	$ 17,066	$ 1,151	$ 25,707

	2010			
(in thousands)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Interest and dividend income	$ 104	$ 858	$ 49	$ 1,011
Net realized gains	658	1,317	249	2,224
Net change in unrealized gains and losses on investments	1,290	2,912	212	4,414
Total investment return on long-term investments	$ 2,052	$ 5,087	$ 510	$ 7,649

Under the College's spending policy, in fiscal years 2011 and 2010, the Trustees approved a 4.5% and 4% spending rate, respectively, which was based on a three-year moving average of the market value of the endowment as of December 31. In addition, in fiscal year 2010, the Trustees approved a special distribution from the endowment of $2,200,000, in support of the College's strategic plan, which included the School of Management's strategic initiative to obtain accreditation from the Association to Advance Collegiate Schools of Business (AACSB). Under the College spending policy, $6,576,000 and $7,964,000 was utilized in support of operations in fiscal years 2011 and 2010, respectively.

Internal Borrowing from Endowment
In September 2008, the Simmons College Board of Trustees approved an internal borrowing from the endowment to provide funding for the construction of the School of Management building and garage, and the expansion of the Fens Cafeteria. The loan carries an interest rate of 5% which was approved by the Board of Trustees based on its determination of rates for similar instruments at the time of authorization. The principal amount of the loan outstanding was $10,371,000 and $12,371,000 at June 30, 2011, and 2010, respectively. Annual principal payments began in fiscal year 2011 and continue through 2018 or until completely paid.

5. Fair Value Measurements

U.S. GAAP permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. U.S. GAAP requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee.

The College establishes the fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques.

As a basis for considering assumptions, the College uses a three-tier fair value hierarchy based upon whether the value of the asset or liability can be readily determined from publicly available data or not. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs mean that the market data is readily available from independent sources to help quantify the valuations, while unobservable inputs mean that the market data is not readily available, and therefore, the value of the asset or liability in the portfolio must be based on other information including the reporting entity's own assumptions about how market participants would value the asset or liability.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis. The three levels of inputs and a description of the College's valuation methodologies for assets measured at fair value are as follows:

Level 1 Inputs that are based on unadjusted quoted prices in active markets for identical assets that the College is able to access on the date of valuation. Instruments categorized in Level 1 would be common stocks, bonds held in custody in the College's name and mutual funds with daily NAV that are publicly listed on market exchanges and have daily process and trading activity.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets. Level 2 investments can include thinly traded securities and private investments in publicly traded companies. Commingled funds with documented transactions on the reporting date at an established NAV, and the ability to liquidate at NAV in the near-term (90 days or less) would also be classified as Level 2.

Level 3 Inputs that are typically unobservable, in illiquid markets and rely on assumptions and estimates about pricing derived available information. Typical Level 3 investments include private equity, private real estate partnerships and other illiquid securities with little or no regular market activity. Typically private equity partnerships can never be redeemed, but rather that the College receives distribution through the liquidation of the partnerships' underlying assets. Investments that are not redeemable at NAV in the near-term (greater than 90 days) are also classified as Level 3.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future values. In addition, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The College's assets measured at fair value are as follows:

	Assets at Fair Value at June 30, 2011			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Cash and cash equivalents	$ 11,421	$ -	$ -	$ 11,421
Fixed-income securities	15,513	-	-	15,513
Equity securities	30,557	38,737	-	69,294
Alternative investments - hedge funds	-	15,757	11,332	27,089
Alternative investments - private equity	-	-	25,158	25,158
	57,491	54,494	36,490	148,475
Charitable annuities and pooled income funds				
Cash and cash equivalents	45	-	-	45
Fixed-income securities	-	1,185	-	1,185
Equity securities	-	1,396	-	1,396
Perpetual trusts held by third parties	-	-	8,172	8,172
	45	2,581	8,172	10,798
	$ 57,536	$ 57,075	$ 44,662	$ 159,273

	Assets at Fair Value at June 30, 2010			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Cash and cash equivalents	$ 15,733	$ -	$ -	$ 15,733
Fixed-income securities	-	7,119	-	7,119
Equity securities	28,034	41,987	-	70,021
Alternative investments - hedge funds	-	-	7,370	7,370
Alternative investments - private equity	-	-	25,858	25,858
	43,767	49,106	33,228	126,101
Charitable annuities and pooled income funds				
Cash and cash equivalents	37	-	-	37
Fixed-income securities	-	1,211	-	1,211
Equity securities	-	1,267	-	1,267
Perpetual trusts held by third parties	-	-	7,101	7,101
	37	2,478	7,101	9,616
	$ 43,804	$ 51,584	$ 40,329	$ 135,717

A summary of changes in the fair value of the College's Level 3 assets for the year ended June 30, 2011 is as follows:

(in thousands)	Private Equity	Hedge Funds	Perpetual Trusts	Total
Balance at beginning of year	$ 25,858	$ 7,370	$ 7,101	$ 40,329
Reclassified to level 2	-	(3,203)	-	(3,203)
Total realized and unrealized gains (losses), net	2,609	612	1,071	4,292
Purchases	3,343	8,250	-	11,593
Sales	(6,652)	(1,697)	-	(8,349)
Balance at end of year	$ 25,158	$ 11,332	$ 8,172	$ 44,662

The College expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share as of June 30, 2011.

The following table for June 30, 2011, sets forth a summary of the College's investments with a reported NAV:

	Fair Value Estimated Using Net Asset Value June 30, 2011		
(in thousands)	Fair Value *	Unfunded Commitments	Redemption Frequency
Investment			
Fixed Income type investments [a]	$ 1,185	$ -	Daily
Equity type Investments [b]	40,133	-	Varies from 100% daily, less than 30 days, to 30-60 days
Limited partnerships - NAV [c]			
Hedge funds	27,089	-	Varies from quarterly with 30 days notice, semi-annually with 30-180 days notice, to none.
Private equity	25,158	18,926	N/A
	$ 93,565	$ 18,926	

[a] This category includes investments in funds with the objective to achieve an inflation protected return.

[b] This category includes investments with the objective to achieve long-term growth from a diversified portfolio of equity securities. To achieve this objective the College has selected investment managers that focus on both U.S. and international markets in various business sectors including commodities, industrial material, healthcare, information technology, utilities and others.

[c] This category includes investments with the objective to achieve long-term growth from a diversified portfolio of limited partnerships. The objective is to generate long term returns significantly higher than public equity markets.

6. Donor-Restricted and Board-Designated Funds

Donor-restricted and board-designated net assets by type of fund as of June 30, 2011 are as follows:

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Donor restricted	$ -	$ 61,082	$ 52,235	$ 113,317
Board designated	48,806	-	-	48,806
Total endowment net assets	48,806	61,082	52,235	162,123
Designated for specific purposes				
Perpetual trusts held by third parties	-	-	6,888	6,888
Annuity and life income funds	-	2,005	(95)	1,910
Donor-restricted funds	-	4,807	1,740	6,547
	$ 48,806	$ 67,894	$ 60,768	$ 177,468

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2011 are as follows:

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted and board-designated funds, beginning of year	$ 43,201	$ 55,733	$ 56,715	$ 155,649
Contributions	-	1,740	2,824	4,564
Investment income	204	493	5	702
Net appreciation	7,286	16,573	1,146	25,005
Amounts appropriated for expenditure	(1,885)	(6,645)	78	(8,452)
Donor-restricted and board-designated funds, end of year	$ 48,806	$ 67,894	$ 60,768	$ 177,468

Donor-restricted and board-designated net assets by type of fund as of June 30, 2010 are as follows:

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Donor-restricted funds	$ -	$ 49,002	$ 49,213	$ 98,215
Board-designated funds	43,201	-	-	43,201
Total endowment net assets	43,201	49,002	49,213	141,416
Designated for specific purposes				
Perpetual trusts held by third parties	-	-	5,947	5,947
Annuity and life income funds	-	1,684	(134)	1,550
Donor-restricted funds	-	5,047	1,689	6,736
	$ 43,201	$ 55,733	$ 56,715	$ 155,649

Total endowment net assets include the balance of the internal loan which was $10,371,000 and $12,371,000 at June 30, 2011 and 2010, respectively.

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2010 are as follows:

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted and board-designated funds, beginning of year	$ 42,961	$ 57,352	$ 53,155	$ 153,468
Contributions	-	1,569	3,008	4,577
Investment income	104	858	49	1,011
Net appreciation	1,948	4,229	462	6,639
Amounts appropriated for expenditure	(1,812)	(8,275)	41	(10,046)
Donor-restricted and board-designated funds, end of year	$ 43,201	$ 55,733	$ 56,715	$ 155,649

7. Contributions Receivable

Contributions receivable as of June 30 consist of the following:

(in thousands)		2011		2010
Due in one year or less	$	1,120	$	1,051
Due between one year and five years		1,527		1,596
Beyond five years		1,075		500
		3,722		3,147
Less: Allowance for uncollectible contributions		(279)		(238)
Less: Discount to present value (discount rates range from 1.76%–3.4%)		(289)		(241)
Contributions receivable, net	$	3,154	$	2,668

The change in contributions receivable, net during the year ended June 30, 2010, is summarized as follows:

(in thousands)		
Balance at July 1, 2010	$	2,668
New pledges		2,054
Collections on pledges		(1,479)
Increase in allowance for uncollectible contributions		(41)
Increase in unamortized discounts		(48)
Balance at June 30, 2011	$	3,154

8. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or fair value at date of gift, less accumulated depreciation, and as of June 30 are summarized as follows:

(in thousands)		2011		2010
Land and improvements	$	815	$	815
Buildings and improvements		239,679		237,543
Furniture, fixtures, and equipment		35,874		33,758
Library books		8,482		8,944
		284,850		281,060
Less: Accumulated depreciation		(87,687)		(75,490)
Property, plant, and equipment, net	$	197,163	$	205,570

As of June 30, 2011, the College has contractual obligations outstanding of $1,757,000 for the various renovations including a new steamline on the residence campus. As of June 30, 2010, the College had contractual obligations outstanding of $1,694,000 mainly for renovations in the residence halls.

9. Bonds Payable

Bonds payable as of June 30 consisted of the following:

(in thousands)		2011		2010
Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds				
Simmons College Series C, 4%–5.125%, payable through 2028	$	9,460	$	9,775
Simmons College Series D, 4.6%–6.15%, payable through 2029		825		1,560
Simmons College Series F, 4%–5%, payable through 2033		3,590		4,385
Simmons College Series I, 6%–8%, payable through 2039		61,055		61,055
Massachusetts Development Finance Agency (MDFA) Revenue Bonds				
Simmons College Series G Variable Rate Demand Variable Mode Revenue Bonds, payable through 2036		49,610		49,610
Simmons College Series H, 4%–5.25%, payable through 2033		39,280		39,525
Simmons College Bonds Series 2008 Taxable, payable through 2022		16,555		17,260
		180,375		183,170
Unamortized bond premium/discount, net		3,159		3,876
Total MHEFA and MDFA Revenue Bonds	$	183,534	$	187,046

On January 4, 2007, the College issued MDFA Revenue Bonds, Simmons College Series H (the "Series H Bonds") in the amount of $45,344,000. The primary purpose of this issue was to refinance portions of the Simmons College Series C Bonds, Series D Bonds, and Series F Bonds.

The defeasance was achieved through the deposit of $44,283,000 of the proceeds of the Series H Bonds in a refunding trust and has been accounted for as legal defeasance. Accordingly, the defeased bonds and the assets in the defeasance trust were removed from the statements of financial position in 2007. At June 30, 2011, the outstanding principal amount of the defeased bonds was $31,065,000.

Monies in the defeasance trust have been applied to the purchase of noncancelable direct obligations of the U.S. government. The government obligations, together with the interest thereon, will be sufficient in amount and available when necessary to pay the principal and interest on the defeased Series C, D, and F Bonds when due or called.

On April 1, 2008, the College remarketed its Series G Bonds. The purpose of the remarketing was to provide for the cancellation of the bond insurance policy that previously secured the Series G Bonds, due to a downgrade of the bond insurer's credit rating, and to replace the bond insurance with a letter of credit. The interest rate on these bonds is determined weekly based upon the Securities Industry and Financial Market Association Municipal Swap Index (SIFMA). The average interest rate in fiscal year 2011 on these bonds was .26%.

On February 21, 2008, the College issued the Simmons College Series 2008 (Taxable) Bonds in the amount of $18,730,000. The primary purpose of this issue was to finance the construction of a portion of an approximately 715-car garage located behind the College's Main Academic Building. The interest rate on these bonds is determined weekly based upon the SIFMA. The average interest rate on these bonds in fiscal year 2011 was .25%.

On January 22, 2009, the College issued MHEFA Revenue Bonds, Simmons College Issue, Series I (the “Series I Bonds”) in the face amount of $61,055,000. The primary purpose of this issue was to retire the Series E Bonds at the par value of $31,140,000, including the payment due in connection with the termination of the interest rate hedge contract related to the Series E Bonds, and to finance the completion of the School of Management Building and expansion of the Fens Cafeteria.

Collateral

The College has pledged its tuition receipts as collateral for the bonds detailed above. In addition, the College has granted a mortgage on its residence campus in connection with the issuance of the Series I Bonds. The net book value of the property comprising the residence campus is $23,031,000.

Loan Payable

In July 2008, the College acquired a nine-year $2,000,000 loan from its cafeteria management vendor to assist with the expansion of the Fens Cafeteria. Principal payments of $222,000 are due each year. The note carries no stated interest.

Aggregate principal payments related to bonds payable and the notes payable are as follows:

(in thousands)

Years Ending June 30		
2012	$	3,247
2013		3,497
2014		4,702
2015		4,977
2016		5,517
Thereafter		159,841
	$	181,781

Included in the College’s debt is $66,165,000 of variable rate demand bonds (“VRDBs”). In order to secure bond repayment and interest obligations associated with these VRDBs, the College has entered into irrevocable letters of credit (“LOC”) with two financial institutions that meet the College’s criteria for financial stability and risk diversification.

Subsequent to the fiscal year closing, the College chose to terminate its existing two letters of credit and substitute them with two new agreements with the same providers that extend the maturity dates while materially reducing the covenants. The new agreements were executed on September 1, 2011. The providers, balances of the new letters of credit as of September 1, 2011 and the respective expiration dates are as follows:

(in thousands)

Issue	**Provider**		**Balance**	**Maturity Date**
Series G Bonds	JPMorgan Chase	$	50,344	September 1, 2016
2008 Taxable	TD Bank		16,800	September 1, 2016

To date, the College has never had an instance where its VRDBs failed to be remarketed. However, in the unlikely event that the VRDBs cannot be remarketed successfully, they may be "put" in part or in full to the above LOC provider. Based on the repayment and maturity terms under the LOC, if they failed to remarket in their entirety the aggregate schedule payments would be as follows: $2,800,000, $20,141,000, $20,141,000, $20,141,000, $3,360,000 and $560,000 in 2012, 2013, 2014, 2015, 2016 and 2017, respectively.

Bank Lines

The College maintained a line of credit with a bank in the amount of $7,500,000. There were no amounts outstanding on the line at June 30, 2011 and 2010.

Loan Covenants

Several of the loan agreements contain covenants and financial ratios which require compliance by the College. Certain of the agreements also provide for restrictions on additional indebtedness.

10. Other Liabilities

Other liabilities as of June 30 consist of the following:

(in thousands)	2011	2010
Present value of charitable annuities payable	$ 2,001	$ 2,117
Asset retirement obligation liability	1,482	1,428
Total other liabilities	$ 3,483	$ 3,545

11. Temporarily Restricted Net Assets

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

(in thousands)	2011	2010
Educational and general purposes	$ 3,368	$ 3,398
Capital needs	2,144	1,839
Annuity and life income agreements	2,005	1,685
Net appreciation of permanently restricted net assets available for board appropriation	60,377	48,811
Total temporarily restricted net assets	$ 67,894	$ 55,733

12. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to the following at June 30:

(in thousands)		**2011**		**2010**
True Endowment - general	$	52,235	$	49,213
True Endowment - student loans		1,740		1,689
Annuity and life income agreements		(95)		(134)
Perpetual trusts held by third parties		6,888		5,947
Total permanently restricted net assets	$	60,768	$	56,715

13. Functional Classifications of Expenditures

The statements of activities present operating expenditures by natural classification. The operating expenditures on a functional basis as of June 30 are as follows:

(in thousands)		**2011**		**2010**
Instruction and academic support	$	68,474	$	68,243
Student services		6,812		6,656
Institutional support and advancement		32,277		30,530
Sponsored activities		1,301		1,168
Auxiliary operations and other		10,111		10,478
Total expenses	$	118,975	$	117,075

14. Retirement Plans

Substantially all employees of the College have individual annuity accounts with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Total retirement expense charged to operations was $3,188,000 and $4,226,000 for 2011 and 2010, respectively.

In fiscal year 2010, the College offered an early retirement program to full-time tenured faculty who met a certain age criteria. Several faculty members accepted the program and as such the College recorded an expense of approximately $2,780,000 which has been reflected in the accompanying statements. At June 30, 2011, $1,391,000 remains outstanding on these obligations and is reported as a component of accrued liabilities in the statement of financial position.

15. Commitments and Contingencies

In conducting its activities, the College, from time to time, is the subject of various claims and also has claims against others. In management's opinion, the ultimate resolution of such claims at June 30, 2011, would not have a material effect on the financial position of the College.

On January 9, 2009, the College terminated three interest rate swaps it had previously entered into with Lehman Brothers Special Financing, Inc. (LBSF), in connection with three variable debt issues: Series E Bonds, Series G Bonds, and the 2008 Taxable Issue. Pursuant to the swap agreements, the College had the right to terminate the swaps due to LBSF's filing for bankruptcy in October 2008.

Using the methodology permitted under the agreement, the College computed a settlement amount of $6,300,000, of which $5,500,000 was remitted to LBSF on January 22, 2009. As permitted in the agreement, the College, as the nondefaulting party, held back from the settlement amount a reserve of $300,000 to cover its out-of-pocket expenses in terminating the swap. The College also held back a reserve of a further $500,000 to cover subsequent out-of-pocket expenses. These reserves are included in accrued liabilities as of June 30, 2011 and 2010.

As of June 30, 2011, LBSF was still under bankruptcy court proceedings. LBSF has made inquiries and has not yet agreed with the settlement amount paid by the College. The College believes it has fully performed all of its obligations under the swap agreements.

The College receives funds from the federal government. Entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially, all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the College.