KPMG

WOFFORD COLLEGE

Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 260
40 West Broad Street
Greenville, SC 29601-2610

Independent Auditors' Report

The Board of Trustees
Wofford College:

We have audited the accompanying statements of financial position of Wofford College (the College) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wofford College as of June 30, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Greenville, South Carolina
October 13, 2011

WOFFORD COLLEGE

Statements of Financial Position

June 30, 2011 and 2010

Assets		**2011**	**2010**
Cash and cash equivalents	$	632,886	904,750
Restricted cash (note 9)		19,790,059	—
Pledges receivable, net (notes 2 and 17)		7,303,624	8,787,880
Student loans (note 6)		881,083	984,255
Prepaid expenses and other assets (note 3)		4,525,532	4,323,697
Debt issuance costs		1,007,371	476,384
Investments (notes 3 and 4)		165,707,725	141,841,275
Institutional property and equipment, net (note 7)		108,749,437	95,527,082
Total assets	$	308,597,717	252,845,323

Liabilities and Net Assets			
Liabilities:			
Advances under lines of credit (note 10)	$	2,000,000	2,000,000
Accounts payable and accrued liabilities (note 9)		8,406,610	4,617,207
Prepaid tuition and fees, agency funds, and other liabilities (note 8)		4,018,673	4,154,395
Advances from federal government for student loans (note 6)		901,668	1,008,674
Bonds payable (note 9)		62,598,105	34,958,927
Postretirement benefits obligation (note 12)		8,197,178	8,043,744
Asset retirement obligations (note 18)		1,183,508	1,149,109
Total liabilities		87,305,742	55,932,056
Net assets:			
Unrestricted		44,916,130	40,482,445
Temporarily restricted (note 14)		63,853,737	47,108,005
Permanently restricted (note 14)		112,522,108	109,322,817
Total net assets		221,291,975	196,913,267
Total liabilities and net assets	$	308,597,717	252,845,323

See accompanying notes to financial statements.

WOFFORD COLLEGE

Statement of Activities

Year ended June 30, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating:				
Revenues and other support:				
Student tuition and fees	$ 46,799,797	—	—	46,799,797
Less student assistance	(22,906,615)	—	—	(22,906,615)
Net tuition and fees	23,893,182	—	—	23,893,182
Government grants	276,289	67,394	—	343,683
Private gifts and grants (note 17)	2,030,153	2,950,605	—	4,980,758
Investment income (note 4)	3,466	37,164	—	40,630
Auxiliary enterprises	12,628,909	—	—	12,628,909
Appropriation of endowment assets for expenditure (notes 4 and 5)	146,836	6,629,312	—	6,776,148
Athletic revenue	1,777,213	—	—	1,777,213
Other income	483,053	269,180	—	752,233
	41,239,101	9,953,655	—	51,192,756
Net assets released from restriction	9,819,663	(9,819,663)	—	—
Total revenue	51,058,764	133,992	—	51,192,756
Expenses:				
Instruction	16,022,000	—	—	16,022,000
Student services	12,929,672	—	—	12,929,672
Auxiliary enterprises	10,003,595	—	—	10,003,595
Public service	946,721	—	—	946,721
Academic support	5,401,170	—	—	5,401,170
General and administrative	8,362,873	—	—	8,362,873
Total expenses	53,666,031	—	—	53,666,031
Change in net assets from operating activities	(2,607,267)	133,992	—	(2,473,275)
Non-operating:				
Private gifts and grants (note 17)	—	2,194,191	2,454,376	4,648,567
Change in estimate of collectibility of pledges receivable	—	18,259	(824,122)	(805,863)
Change in value of split-interest agreements and investment income on charitable remainder trusts	—	336,921	56,093	393,014
Net income and gains on endowment investments, net of distributions and fees (notes 4 and 5)	3,946,967	17,963,807	693,593	22,604,367
Other sources	9,300	900	1,698	11,898
Net assets released from restrictions	3,084,685	(3,902,338)	817,653	—
Change in net assets from non-operating activities	7,040,952	16,611,740	3,199,291	26,851,983
Change in net assets	4,433,685	16,745,732	3,199,291	24,378,708
Net assets, beginning of year	40,482,445	47,108,005	109,322,817	196,913,267
Net assets, end of year	$ 44,916,130	63,853,737	112,522,108	221,291,975

See accompanying notes to financial statements.

WOFFORD COLLEGE

Statement of Activities

Year ended June 30, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating:				
Revenues and other support:				
Student tuition and fees	$ 43,232,952	—	—	43,232,952
Less student assistance	(20,614,748)	—	—	(20,614,748)
Net tuition and fees	22,618,204	—	—	22,618,204
Government grants	199,459	48,532	—	247,991
Private gifts and grants (note 17)	2,071,331	3,932,289	—	6,003,620
Investment income (note 4)	32,988	21,380	—	54,368
Auxiliary enterprises	11,569,759	—	—	11,569,759
Appropriation of endowment assets for expenditure (notes 4 and 5)	162,707	7,161,763	—	7,324,470
Athletic revenue	2,176,408	—	—	2,176,408
Other income	366,608	150,057	—	516,665
	39,197,464	11,314,021	—	50,511,485
Net assets released from restriction	10,462,361	(10,462,361)	—	—
Total revenue	49,659,825	851,660	—	50,511,485
Expenses:				
Instruction	15,207,528	—	—	15,207,528
Student services	12,120,499	—	—	12,120,499
Auxiliary enterprises	8,822,750	—	—	8,822,750
Public service	672,785	—	—	672,785
Academic support	4,836,406	—	—	4,836,406
General and administrative	9,793,532	—	—	9,793,532
Total expenses	51,453,500	—	—	51,453,500
Change in net assets from operating activities	(1,793,675)	851,660	—	(942,015)
Nonoperating:				
Private gifts and grants (note 17)	—	2,946,104	1,708,203	4,654,307
Change in estimate of collectibility of pledges receivable	—	(46,936)	(270,328)	(317,264)
Change in value of split-interest agreements and investment income on charitable remainder trusts	—	60,380	21,480	81,860
Net income and gains on endowment investments, net of distributions and fees (notes 4 and 5)	2,132,382	5,382,370	411,502	7,926,254
Other sources	101,489	1,750	1,622	104,861
Net assets released from restrictions	469,948	(1,315,567)	845,619	—
Change in net assets from nonoperating activities	2,703,819	7,028,101	2,718,098	12,450,018
Change in net assets	910,144	7,879,761	2,718,098	11,508,003
Net assets, beginning of year	39,572,301	39,228,244	106,604,719	185,405,264
Net assets, end of year	$ 40,482,445	47,108,005	109,322,817	196,913,267

See accompanying notes to financial statements.

WOFFORD COLLEGE

Statements of Cash Flows

Years ended June 30, 2011 and 2010

		2011	2010
Cash flows from operating activities:			
Change in net assets	$	24,378,708	11,508,003
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation		5,076,426	4,751,717
Amortization of debt issuance costs		18,640	9,912
Amortization of bond premium		(15,822)	(18,969)
Accretion of asset retirement obligation		34,399	54,627
Amortization of food service advances		(291,572)	(296,030)
Provision for losses on pledges receivable		805,863	317,264
Net realized and unrealized gains on investments		(27,705,916)	(13,685,113)
Private gifts and grants restricted for long-term investments		(2,168,759)	(2,009,485)
Private gifts and grants restricted for capital projects		(2,942,637)	(2,511,313)
Investment income restricted for long-term investments		(36,951)	(31,721)
Other income on permanently restricted net assets		(1,698)	(1,622)
Receipt of agency funds – Federal Pell Grants		1,385,022	1,027,270
Disbursement of agency funds – Federal Pell Grants		(1,357,242)	(1,027,270)
Private gifts of noncash real estate		—	(117,344)
Change in operating assets and liabilities:			
Pledges receivable		678,393	(760,888)
Student loans		103,172	17,062
Prepaid expenses and other assets		(229,615)	(242,965)
Accounts payable and accrued liabilities		3,808,579	79,994
Prepaid tuition and fees, agency funds, and other liabilities		75,850	464,506
Postretirement benefits obligations		153,434	1,688,526
Net cash provided by (used in) operating activities		1,768,274	(783,839)
Cash flows from investing activities:			
Purchases of investments		(77,998,883)	(11,841,681)
Proceeds from sales and maturities of investments		81,838,350	14,472,694
Purchases of land, buildings, and equipment		(18,204,458)	(5,800,968)
Net cash used in investing activities		(14,364,991)	(3,169,955)
Cash flows from financing activities:			
(Increase) decrease in restricted cash		(19,790,059)	1,624,812
Proceeds from issuance of bonds payable		28,450,000	—
Payment of debt issuance costs		(549,627)	—
Repayment of bonds payable		(795,000)	(946,717)
Advances under lines of credit		10,000,000	4,003,792
Repayments of lines of credit		(10,000,000)	(7,700,000)
Capital advance from contractor (note 8)		80,000	160,000
Private gifts and grants restricted for long-term investment		2,168,759	2,009,485
Private gifts and grants restricted for capital projects		2,942,637	2,511,313
Investment income restricted for long-term investments		36,951	31,721
Other income on permanently restricted net assets		1,698	1,622
Advances from (repayments to) federal government for student loans		(107,006)	10,530
Payments of capital leases		(113,500)	(91,799)
Net cash provided by financing activities		12,324,853	1,614,759
Net (decrease) in cash and cash equivalents		(271,864)	(2,339,035)
Cash and cash equivalents at beginning of year		904,750	3,243,785
Cash and cash equivalents at end of year	$	632,886	904,750
Noncash financing activities:			
Capital leases incurred to purchase equipment	$	94,323	279,295
Interest paid, net of capitalized interest of $122,221 and $18,922 in 2011 and 2010, respectively		2,059,409	1,669,529

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of the College

Wofford College (the College), a nonprofit South Carolina corporation based in Spartanburg, South Carolina, was founded by Trustees appointed by the Methodist Church Conference in 1854. It is a private, four-year coeducational college of the liberal arts with an enrollment of approximately 1,500 students.

(b) Basis of Presentation

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

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

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations restricting their use but that may be designated for specific purposes by the College.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the College and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all of, or part of, the income earned on related investments for general or specific purposes.

See notes 5 and 14 for further discussion of the classification of net assets in the College's financial statements.

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 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. Changes in donor intent are reflected in net assets released from restrictions in the period the change in donor intent is communicated to the College.

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 fair value. Gifts of land, buildings, and equipment are reported as unrestricted revenues unless explicit donor stipulations specify how the donated assets are to be used. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment

(Continued)

including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Investment income and realized and unrealized gains and losses from endowment-related investments are reported as follows:

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

The College has defined nonoperating activity to include contributions added to endowment, contributions supporting major capital purchases, contributions and other activity related to annuity and unitrust agreements, and endowment income and gains and losses, net of amounts distributed to support operations in accordance with the spending policy.

(c) Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing checking accounts and short-term investments with original maturities of three months or less. At various times throughout the year, the College may have cash balances in financial institutions that exceed the amounts that are federally insured.

(d) Investments

Investments are recorded in the financial statements at fair value.

The fair values of investments in mutual funds and publicly traded investments in fixed income and equity securities are determined based upon quoted market prices.

Investments in common trust or commingled funds do not have quoted market prices. The fair value of such investments is based upon the net asset value of the respective funds, which are based upon the estimated fair values of the underlying investments. The fair values of underlying investments are based upon quoted market prices, where applicable, or upon estimated fair values determined by the respective fund managers and are subject to review by the College and independent annual financial statement audits.

The financial statements include investments in absolute return, directional hedge and real estate funds valued at $51.8 million (23% of net assets) at June 30, 2011, whose fair values have been estimated by management at net asset value (or its equivalent) in the absence of readily determinable fair values. Absolute return and directional hedge funds include hedge funds and private equity funds managed by third parties. Investments in such funds are valued by the respective fund managers at the estimated value of the underlying investments and are subject to review by the College and independent annual financial statement audits. The fair value of investments in real estate through limited partnerships that are not publicly traded is estimated by the respective fund managers and is subject to review by the College and independent annual financial statement audits.

See note 3 for further discussion of the measurements and methodology used by the College to determine the fair value of investments.

Donated investments, including real estate, are recorded at estimated fair value on the date of receipt. Fair value determinations of donated investments are based upon quoted market prices, where applicable, or appraisals, property tax listings, and other available information.

Investments are maintained on the basis of a total return policy to provide income and to realize appreciation in investment values. Total return includes accumulated realized and unrealized gains, as well as accumulated investment earnings, a portion of which is allocated to the investment pool and utilized in accordance with the same restrictions, if any, imposed by donors on the use of income earned by the investments.

Investment securities are exposed to several risks, such as changes in interest rates, market fluctuations, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the College's financial statements.

(e) Institutional Property and Equipment

Land, buildings, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is calculated on the straight-line method over the estimated useful lives of each class of assets, as described in note 7. Improvements that significantly extend the useful lives of assets are capitalized. Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned through the temporary investment of project borrowings.

(f) Revenue Recognition

A substantial portion of the College's revenue is derived from student tuition and fees. Other sources of revenue include investment income, gains on investments, donations (including pledges) from individuals, businesses and foundations, federal grants, and auxiliary enterprises inherent to colleges and universities.

Tuition, fees, and auxiliary enterprise revenue are recognized as revenue over the period to which they relate. If the period extends beyond the financial statement date, tuition is recorded as deferred revenue and included in accounts payable and accrued liabilities. Recognition of donations, investment income, and gains on investments are described in note 1(b).

(g) Use of Estimates

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

The most significant estimates made by management in the preparation of the financial statements are the postretirement benefits obligation (note 12), the allowance for uncollectible pledges (note 2), valuation of investments (note 3), the selection of depreciable lives for institutional property and equipment (note 7), and liabilities for asset retirement obligations (note 18).

(h) Fair Value of Financial Instruments

The fair values of the financial instruments of the College are set forth below:

- Cash and cash equivalents; restricted cash; prepaid expenses and other assets (excluding beneficial interests in charitable remainder trusts – see below); accounts payable and accrued liabilities; advances under lines of credit; prepaid tuition and fees, agency funds, and other liabilities: the carrying amounts approximate fair value due to the immediate or short-term maturity of these instruments.
- Pledges receivable are carried at net present value, which approximates fair value.
- Student loans and advances from federal government for student loans: a reasonable estimate of the fair value of the amounts receivable from students under government loan programs and related advances from federal government could not be made because the loans receivable are not saleable and can only be assigned to the U.S. government or its designees.
- Beneficial interests in charitable remainder trusts are carried at fair value.
- Investments are carried at fair value as determined by quoted market prices or other available information. For a detail of fair value of investments see notes 3 and 4.
- The fair value of bonds payable is estimated based on repricing of the fixed-rate bonds by a third-party service routinely relied upon by securities professionals to provide an approximate fair market value of these types of securities. The carrying values of bonds payable exceeded the fair values by approximately $528,000 at June 30, 2011. The fair values of bonds payable exceeded the carrying values by approximately $400,000 at June 30, 2010. The carrying values of variable rate bonds approximate fair value.

See note 3 for additional disclosure and discussion of fair value measurements and methodology.

(i) Auxiliary Enterprises

Auxiliary enterprises include revenue earned and expenses incurred for food services, residence halls, and other student services.

(j) Split-Interest Agreements

The College's split-interest agreements with donors primarily include both irrevocable charitable remainder trusts and charitable gift annuities. Assets held in trust for which the College serves as trustee are included in investments at fair value. Contribution revenues are recognized net of the present value of estimated future payments to be made to donors or other beneficiaries. Liabilities for these future payments are included in accounts payable and accrued liabilities. For irrevocable charitable remainder trusts in which the College does not serve as trustee, the College recognizes its beneficial interests in those trusts at fair value. The College's beneficial interests are included in prepaid expenses and other assets.

(k) Recent Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12). This guidance amends FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures – Overall* (ASC Topic 820), and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances may not equal fair value that would be calculated pursuant to ASC Topic 820. The College elected to early adopt the measurement provisions of ASU 2009-12 in fiscal 2009 to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. The College adopted the disclosure requirements of ASU 2009-12 in fiscal 2010.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires separate disclosure for the amounts and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. ASU 2010-06 also requires entities to present separately information about purchases, sales, issuances, and settlements. ASU 2010-06 also clarifies existing disclosures for each class of assets and liabilities as well as about the valuation techniques and inputs used to measure fair value for recurring and nonrecurring Level 2 and Level 3 fair value measurements. The College adopted the provisions of ASU 2010-06 for the fiscal year beginning July 1, 2010.

(l) Subsequent Events

The College evaluated events subsequent to June 30, 2011 and through October 13, 2011 the date on which the financial statements were available for issuance. No events impacting the financial statements occurred which require disclosure.

(Continued)

(2) Pledges Receivable

Pledges receivable are summarized as follows, net of allowances for uncollectible pledges of $1,909,521 and $1,103,658 at June 30, 2011 and 2010, respectively:

		2011	2010
Unconditional promises, net, expected to be collected in:			
Less than one year	$	3,391,104	6,390,272
One year to five years		4,337,002	2,687,879
Over five years		3,025	25
		7,731,131	9,078,176
Less unamortized discount (discount rates ranging from 3% to 9%)		(427,507)	(290,296)
	$	7,303,624	8,787,880

(3) Fair Value Measurements

The College follows the fair value provisions as prescribed by accounting principles generally accepted in the United States. The College has determined fair value to be the price that the College would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The College uses a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable (based on independent, observable market sources) or unobservable (reflecting the College's own assumptions about assumptions that market participants would use in pricing the asset or liability, based upon the best information available in the circumstances). Each asset or liability is assigned a level based upon the observability of the significant inputs into its valuation, a summary of which follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the College has the ability to access at measurement date

Level 2 – Other significant observable inputs, including quoted prices for similar assets or liabilities

Level 3 – Significant unobservable inputs, including the College's own assumptions

The following table summarizes the financial assets of the College which are measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using		
	2011	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
Publicly traded mutual funds and other investments	$ 21,918,938	21,918,938	—	—
Publicly traded securities	8,608,711	8,608,711	—	—
Equity common and commingled trust funds	59,073,765	—	59,073,765	—
Debt common trust funds	7,671,148	—	7,671,148	—
Directional hedge funds	24,286,060	—	16,546,000	7,740,060
Absolute return funds	25,309,867	—	12,841,758	12,468,109
Inflation hedging common trust funds	13,866,406	—	13,866,406	—
Real estate funds	2,181,395	—	—	2,181,395
Prepaid expenses and other assets:				
Beneficial interest in charitable remainder trusts	1,872,156	—	—	1,872,156
	$ 164,788,446	30,527,649	109,999,077	24,261,720

		Fair Value Measurements at Reporting Date Using		
	2010	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
Publicly traded mutual funds and other investments	$ 25,204,221	25,204,221	—	—
Publicly traded securities	7,358,690	7,358,690	—	—
Equity common and commingled trust funds	47,278,798	—	47,278,798	—
Directional hedge funds	21,265,414	—	7,354,284	13,911,130
Absolute return funds	23,387,197	—	—	23,387,197
Inflation hedging common trust funds	10,351,348	—	10,351,348	—
Real estate funds	4,121,203	—	—	4,121,203
Prepaid expenses and other assets:				
Beneficial interest in charitable remainder trusts	1,477,575	—	—	1,477,575
	$ 140,444,446	32,562,911	64,984,430	42,897,105

A reconciliation of the financial assets of the College measured at fair value on a recurring basis using significant unobservable inputs is summarized as follows:

		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
		Beneficial Interest in Charitable Trusts	Alternative Investments	Total
Balance at July 1, 2010	$	1,477,575	42,897,105	44,374,680
Total unrealized gains included in changes in net assets		394,581	2,543,829	2,938,410
Sales		—	(2,668,921)	(2,668,921)
Transfers (to Level 2)		—	(20,382,449)	(20,382,449)
Balance at June 30, 2011	$	1,872,156	22,389,564	24,261,720
The amount of total gains for the year included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2011	$	394,581	2,543,829	2,938,410

		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
		Beneficial Interest in Charitable Trusts	Alternative Investments	Total
Balance at July 1, 2009	$	1,355,780	38,357,125	39,712,905
Total unrealized gains included in changes in net assets		121,795	4,539,980	4,661,775
Balance at June 30, 2010	$	1,477,575	42,897,105	44,374,680
The amount of total gains for the year included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2010	$	121,795	4,539,980	4,661,775

During fiscal 2011, transfers of $20,382,449 were made between Level 3 and Level 2 related to liquidity.

Total gains (losses) with respect to the beneficial interest in charitable trusts for the period above are included in the change in value of split-interest agreements and investment income on charitable remainder trusts in the statement of activities. Total gains (losses) for alternative investments for the period above are included in net gains (losses) on endowment investments, net of distributions and fees in the statement of activities.

The fair values of investments in publicly traded mutual funds and publicly traded securities are determined based upon quoted market closing prices, using a market approach.

Beneficial Interest in Charitable Trusts

In determining the fair value of the College's beneficial interest in charitable remainder trusts, the College performed a discounted cash flow analysis (income approach). Significant inputs into this analysis included market returns for assets similar to those included in the underlying trusts, as well as the risk from the composition of the underlying investment portfolios and the mortality risk inherent to the estimation of remaining lives of beneficiaries.

Alternative Investments

Alternative investments include all investments for which a readily determinable fair value does not exist. For the College, alternative investments include its investments in absolute return funds, directional hedge funds, common and commingled equity trust funds, and real estate and other real asset funds. In accordance with accounting principles generally accepted the United States, the College estimates the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Unless it is possible that all or a portion of the investments will be sold for an amount different from net asset value, the College applies a practical expedient and concludes that the net asset value reported by the underlying funds approximate the fair value of these investments. The College has estimated the fair value of its alternative investments at the net asset value per share or its equivalent, such as partners' capital per share, without adjustment. The total fair value of these investments is $132.4 million and $106.4 million at June 30, 2011 and 2010, respectively.

With respect to the College's investments in absolute return funds ($25.3 million and $23.4 million at June 30, 2011 and 2010, respectively), the College may redeem its interests in these funds on a semi-annual basis ($12.8 million at June 30, 2011) or on an annual basis ($12.5 million and $23.4 million at June 30, 2011 and 2010, respectively) with 60 to 90 days' notice. These fund of funds seek positive returns, which are not dependent upon the direction of the market, generally by seeking investments in low volatility multi strategy funds.

The College's investments in directional hedge funds ($24.3 million and $21.3 million at June 30, 2011 and 2010, respectively) may be redeemed quarterly ($16.6 million and $7.4 million at June 30, 2011 and 2010, respectively), or annually ($7.7 million and $13.9 million at June 30, 2011 and 2010, respectively) with 45 to 90 days' notice. These fund of funds generally seek equity-like returns with lower volatility than the general equity markets, through investment in long/short equity hedge funds.

(Continued)

The College's investment in real estate funds ($2.2 million and $4.1 million at June 30, 2011 and 2010, respectively) is redeemable on a quarterly basis with 90 days' notice; however, as of December 31, 2008, the fund manager postponed all redemption requests indefinitely as a result of current market conditions. The redemption restriction was lifted as of June 30, 2010 and the College began receiving redemption payments in July 2010. These payments are expected to continue through the remainder of fiscal 2012. The real estate funds generally invest in a variety of real estate assets, with exposure to both the public and private markets.

Investments in inflation hedging common trust funds ($13.9 million and $10.4 million at June 30, 2011 and 2010, respectively) are redeemable on a monthly basis. These funds generally invest in various liquid assets for purposes of acting as a hedge against rising inflation.

The College invests in equity common and commingled trust funds ($59.1 million and $47.3 million at June 30, 2011 and 2010, respectively). Interests in these funds are redeemable on a daily ($41.9 million and $33.1 million at June 30, 2011 and 2010, respectively) or monthly basis ($17.2 million and $14.2 million at June 30, 2011 and 2010, respectively) and include various mid cap, international, and equity index funds.

The College's investment in debt common trust funds ($7.7 million at June 30, 2011) is redeemable monthly. This investment consists of global debt and debt-like securities.

(4) Investments

At June 30, 2011 and 2010, investments are summarized as follows:

	2011	2010
Mutual funds and other investments	$ 21,215,168	24,163,793
Money market funds	577,171	862,333
U.S. government agency bonds	126,599	178,094
Common and preferred stocks	7,962,866	6,822,363
Corporate bonds and notes	645,845	536,327
Absolute return funds	25,309,867	23,387,198
Directional hedge funds	24,286,060	21,265,414
Equity common and commingled trust funds	59,073,765	47,278,798
Debt common trust funds	7,671,148	—
Real estate funds	2,181,395	4,121,203
Inflation hedging common trust fund	13,866,406	10,351,348
Real estate owned by the College	2,791,435	2,874,404
	$ 165,707,725	141,841,275

Assets held for others under revocable trust agreements totaled approximately $0.9 million and $0.7 million, as of June 30, 2011 and 2010, respectively, and are included in investments. Corresponding liabilities in the same amounts are included in prepaid tuition and fees, agency funds, and other liabilities.

For the fiscal years ended June 30, 2011 and 2010, the College paid approximately $1,138,000 and $1,318,000, respectively, in investment advisory and related fees, which are netted against investment return.

The net investment return on endowment-related investments was as follows for the fiscal years ended June 30, 2011 and 2010:

		2011	2010
Net investment return on endowment–related investments:			
Interest and dividends	$	1,674,599	1,565,611
Net realized gains/(losses)		(829,435)	115,008
Net unrealized gains		28,535,351	13,570,105
Total net investment return		29,380,515	15,250,724
Appropriation of endowment assets for expenditures		(6,776,148)	(7,324,470)
Net gains on endowment investments net of distribution and fees	$	22,604,367	7,926,254

The College also had other investment income on invested operating funds of $40,630 and $54,368 for the years ended June 30, 2011 and 2010, respectively.

(5) Endowment

The College's endowment consists of approximately 700 individual funds established for a variety of purposes. Its endowment includes permanent endowments, term endowments, and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of South Carolina effective July 1, 2008, as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with generally accepted accounting principles in the United States, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the College and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the College, and (7) the investment policies of the College.

Endowment net asset composition by type of fund as of June 30, 2011 is as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(764,441)	50,578,655	112,015,199	161,829,413
Board-designated funds		3,278,004	—	—	3,278,004
Total funds	$	2,513,563	50,578,655	112,015,199	165,107,417

Changes in endowment net assets for the fiscal year ended June 30, 2011 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	(1,433,403)	33,589,452	108,872,001	141,028,050
Investment return:					
Investment income		33,338	1,604,309	36,951	1,674,598
Net appreciation (realized and unrealized)		4,060,464	22,988,810	656,642	27,705,916
Total investment return		4,093,802	24,593,119	693,593	29,380,514
Contributions, net of uncollectible gifts		—	—	1,630,254	1,630,254
Investment return used for operations		(146,836)	(6,690,548)	—	(6,837,384)
Other transfers and reclassifications		—	(913,368)	819,351	(94,017)
Endowment net assets, end of year	$	2,513,563	50,578,655	112,015,199	165,107,417

Endowment net asset composition by type of fund as of June 30, 2010 is as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(4,258,326)	33,589,452	108,872,001	138,203,127
Board-designated funds		2,824,923	—	—	2,824,923
Total funds	$	(1,433,403)	33,589,452	108,872,001	141,028,050

Changes in endowment net assets for the fiscal year ended June 30, 2010 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	(3,565,785)	28,982,136	106,175,383	131,591,734
Investment return:					
Investment income		31,981	1,501,909	31,721	1,565,611
Net appreciation (realized and unrealized)		2,263,108	11,042,224	379,781	13,685,113
Total investment return		2,295,089	12,544,133	411,502	15,250,724
Contributions, net uncollectible gifts		—	—	1,437,875	1,437,875
Investment return used for operations		(162,707)	(7,076,254)	—	(7,238,961)
Other transfers and reclassifications		—	(860,563)	847,241	(13,322)
Endowment net assets, end of year	$	(1,433,403)	33,589,452	108,872,001	141,028,050

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA (as enacted by the State of South Carolina) requires the College to retain as a fund of perpetual duration. In accordance with generally accepted accounting policies, deficiencies of this nature that are reported in unrestricted net assets were $764,441 and $4,258,326 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to (1) preserve and maintain the purchasing power of principal and (2) promote stability and predictability of annual budgeting by providing a dependable source of income for funding programs supported by its endowment. Under the College's investment policy, the endowment assets are invested in a manner that is intended to produce results that exceed appropriate market indices, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

In order to satisfy its long-term investment objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation to achieve its long-term investment objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has adopted a spending rate policy whereby a predetermined amount of investment income is provided to fund current operations. The spendable income is calculated by taking a Board approved rate of the 12 quarter moving-average market value of the endowment pool with a valuation date of December 31. The Board approved a spending rate of 5.5% from which investment management fees must be paid for the fiscal years 2011 and 2010. The approval of the spending rate is intended to align with the College's investment objectives. In 2011 and 2010, the amount of endowment-related investment return net of estimated fees made available for use was $6,776,148 and $7,324,470, respectively.

(6) Student Loans

The student loan program is made possible by various outside loan programs such as the Federal Perkins Student Loan Program and programs administered by the South Carolina Student Loan Corporation. The Federal Perkins Loan Program requires the College to participate in an amount of at least 1/10 of the total loan amount. Default by the student on his or her loan will result in a minimum loss to the College in an amount equal to the College's portion of the advance and, under certain circumstances, up to a possible maximum of the total student loan.

The Federal Perkins Student Loan Program is largely self-sustaining in that collections on prior loans have been sufficient to cover cash requirements for making current student loans.

(7) Institutional Property and Equipment

A summary of cost and estimated useful lives of institutional property and equipment is as follows at June 30, 2011 and 2010:

		2011	2010	Estimated useful lives
Land and improvements	$	24,701,320	24,177,196	—
Buildings and improvements		111,509,249	108,472,718	20 – 40 years
Furniture and equipment		26,487,464	24,149,911	5 – 10 years
Construction-in-progress		17,308,637	4,940,064	—
		180,006,670	161,739,889	
Less accumulated depreciation		(71,257,233)	(66,212,807)	
	$	108,749,437	95,527,082	

Construction-in-progress at June 30, 2011 primarily consists of amounts expended for the construction of Phase V of a student residential village, and the renovation of two dormitories and additional buildings on campus. Construction-in-progress at June 30, 2010 primarily consists of amounts expended for the construction of Phase V of a student residential village, the new environmental studies center, and the renovation of additional buildings on campus.

At June 30, institutional property and equipment included the following amounts for assets recorded under capital leases:

		2011	2010
Equipment	$	786,338	732,015
Less accumulated depreciation		(402,734)	(332,914)
	$	383,604	399,101

(8) Other Liabilities

In July 2003, the College entered into a five-year agreement with ARAMARK covering the campus food service facilities. As part of the agreement, ARAMARK funded an upfront cash payment to the College of $850,000. In fiscal year 2005, the College and ARAMARK extended the existing food service facilities agreement an additional three years and added $600,000 in additional remuneration. In fiscal year 2008, the College and ARAMARK extended the existing food service facilities agreement through 2016 and added $780,000 in additional remuneration. The amount of cash payment refundable to ARAMARK is determined by the ratable amortization over the remaining term of the original agreement for payments received prior to fiscal 2008 and over the ten-year term of the revised agreement for the payments received in fiscal 2008. Aramark provided the College with $80,000 and $160,000 in fiscal 2011 and fiscal 2010, respectively, to fund additional improvements to the campus food service facilities. These amounts are being amortized over the remainder of the ten-year term of the revised agreement of 2008. In the event that either party terminates the agreement prior to the end of the term, the unamortized balance, plus accrued but unbilled interest, is immediately due and payable. Interest, at a rate of prime plus one percentage point per annum, accrues on the unamortized balance from the effective date of the agreement computed on the declining balance in the event the agreement is canceled. Annual amortization of the capital contribution for fiscal 2011 and fiscal 2010 was $291,572 and $296,030, respectively, and is recorded as a reduction of auxiliary enterprises expenses. The balance of the refundable portion of the cash payment for the years ended 2011 and 2010 was $687,244 and $898,816, respectively, and is included in prepaid tuition and fees, agency funds, and other liabilities in the accompanying financial statements.

Prepaid tuition and fees, agency funds, and other liabilities also include $1,389,500 and $1,307,971 in liabilities for payments to be made to donors or other beneficiaries under split-interest agreements at June 30, 2011 and 2010, respectively.

(9) Bonds Payable and Capital Leases

During 2010, the South Carolina Jobs-Economic Development Authority issued Series 2010 Economic Development Revenue Bonds. The bonds are being used to finance the construction of a mixed-use building containing classrooms, student residences, and food service venues. The bonds are also financing the renovations of four dormitories and other energy conservation measures on campus and will possibly fund the construction of an additional dormitory and parking. Remaining proceeds from the issuance of $19,790,059 as of June 30, 2011 were held in trust and are only available to fund expenditures for the project.

During 2008, the South Carolina Educational Facilities Authority for Private Nonprofit Institutions in Higher Learning issued Series 2008 South Carolina Educational Facilities Revenue Bonds. The bonds were used to repay a portion of a secured line of credit that was being used to finance the construction of Phase III and Phase IV of a student residential village and other student housing projects.

During 2007, the South Carolina Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning issued Series 2007A and Series 2007B South Carolina Educational Facilities Revenue Bonds. The bonds were used to repay two secured lines of credit that were being used to finance the renovation of the College's "Old Main" academic facility and the construction of Phase II of a student residential village.

During 1994, the South Carolina Educational Facilities Authority for Nonprofit Institutions of Higher Learning issued Series 1994A and 1994B Educational Revenue Bonds. The bonds were used by the College to finance construction of a wellness/physical activities facility.

Bonds payable at June 30, 2011 and 2010 consist of the following:

		2011	2010
Educational Facilities Revenue Bonds (Series 1994A), interest at 64% of bank's prime rate (2.1% at June 30, 2011 and 2010, respectively); principal payable in equal quarterly installments of $25,000 plus accrued interest through 2012	$	100,000	200,000
Educational Facilities Revenue Bonds (Series 2007A), serial and term bonds, with interest ranging from 4% to 5%; principal and interest payable semiannually on October 1 and April 1 through April 2037		12,090,000	12,340,000
Educational Facilities Revenue Bonds (Series 2007B) with interest rate of 3% through April 1, 2014. Rates thereafter determined by the remarketing agent pursuant to the Series 2007B indenture. Principal and interest payable semi-annually on October 1 and April 1 through April 2036		3,510,000	3,610,000
Educational Facilities Revenue Bonds (Series 2008), serial and term bonds, with interest ranging from 3.5% to 5.25%; principal and interest payable semiannually on October 1 and April 1 through April 2038		18,320,000	18,665,000
Economic Development Revenue Bonds (Series 2010-1, Loan A), interest at 3.39%; interest only payable semiannually on January 1 and July 1 through January 2018, followed by principal and interest payable semiannually through December 2035		11,550,000	—
Economic Development Revenue Bonds (Series 2010-1, Loan B), interest at 1.7%; interest only payable semiannually on January 1 and July 1 through January 2018, followed by principal and interest payable semiannually through December 2045		3,450,000	—
Economic Development Revenue Bonds (Series 2010-2), interest at 3.39%; interest only payable semiannually on January 1 and July 1 through July 2012, followed by principal and interest payable semiannually through December 2035		13,450,000	—
		62,470,000	34,815,000
Unamortized premium		128,105	143,927
	$	62,598,105	34,958,927

(Continued)

The College's obligations under the bonds payable are unsecured, unconditional obligations. The College's obligations under capital leases of $285,996 and $309,472 as of June 30, 2011 and 2010, respectively, are included in accounts payable and accrued liabilities in the accompanying statements of financial position. Interest incurred on the bonds and capital leases during the years ended June 30, 2011 and 2010 was $2,062,318 and $1,652,575, respectively.

A summary of repayments for the redemption of the bonds and capital leases payable and related interest follows:

		Principal	Interest	Total
2012	$	813,973	2,454,465	3,268,438
2013		1,019,967	2,992,703	4,012,670
2014		1,318,576	2,943,652	4,262,228
2015		1,288,351	2,893,456	4,181,807
2016		1,448,321	2,843,500	4,291,821
Subsequent years		56,866,808	48,578,011	105,444,819
	$	62,755,996	62,705,787	125,461,783

(10) Lines of Credit

In June 2009, the College secured a $6,000,000 line of credit for the continued funding of the renovation of the buildings funded by the 2007 line of credit. The line of credit bears an interest rate equal to the one-month LIBOR rate plus 1.5% with a 2.15% rate floor. The College had an outstanding balance in the line of credit of $2,000,000 as of June 30, 2011 and 2010. The interest rate was 2.15% as of June 30, 2011 and 2010. The line of credit matures June 24, 2012.

(11) Retirement Plan

The College has a vested defined contribution money purchase retirement plan whereby the employer contributes an amount equivalent to 10% of an employee's base wages after the employee has completed one year of service and attained the age of 26. Effective July 1, 2009, the employer contribution amount was reduced to 8% of an employee's base wages. The College contributed $1,453,905 and $1,484,293 for the years ended June 30, 2011 and 2010, respectively.

(12) Postretirement Benefits Other than Pensions

The College sponsors a postretirement benefit plan (the Plan) that provides medical and life insurance benefits to its retired employees with at least 10 years of service. The postretirement benefits are not contributory. Effective June 30, 2006, the College amended the Plan such that active participants who had at least ten years of service on that date and whose age plus service was at least 75 would continue to be provided postretirement medical coverage. All other active participants had their postretirement medical coverage discontinued. The amendment also resulted in reduced levels of benefits for those participants whose age plus service was at least 75, but less than 80. The reduction in active participants, as described above, resulted in a negative plan amendment.

The College recognizes the Plan's underfunded status (the excess of the accumulated postretirement benefit obligation over the fair value of plan assets) in the statement of financial position and recognizes changes in the funded status in unrestricted net assets during the year in which those changes occur. The measurement date of the College's postretirement benefits obligation has been and continues to be June 30.

The following table presents the funded status of the Plan as of June 30, 2011 and 2010:

		2011	2010
Accrued postretirement benefit obligation	$	(5,978,426)	(6,024,847)
Unrecognized net actuarial loss		(2,218,752)	(2,339,789)
Unrecognized prior service cost and effect of negative plan amendment		—	320,892
Accumulated postretirement benefit obligation		(8,197,178)	(8,043,744)
Fair value of plan assets		—	—
Funded status	$	(8,197,178)	(8,043,744)

Net periodic postretirement benefit cost for 2011 and 2010 includes the following components:

		2011	2010
Service cost	$	56,520	60,862
Interest cost		390,732	382,103
Recognized actuarial loss		146,369	16,066
Negative plan amendment		(320,892)	(468,085)
Net periodic postretirement benefit cost	$	272,729	(9,054)

The amounts expected to be recognized as components of net periodic postretirement benefit cost in fiscal 2012 are as follows:

Net loss	$	162,301
Unrecognized prior service cost and effect of negative plan amendment		—
	$	162,301

For measurement purposes, a 7.5% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2011, with rates reducing 0.5% per year to an ultimate rate of 5.0%. The health care cost trend rate assumption has a significant effect on the amounts reported. A one-percentage point increase in assumed healthcare trend rates would have the following effects:

		2011	2010
Effect on total of service and interest cost	$	43,788	52,734
Effect on postretirement benefit obligation		729,873	750,666

Total benefit payments made by the College for the years ended June 30, 2011 and 2010 were approximately $319,000 and $311,000, respectively. Benefit payments in each of the following five fiscal years are estimated to be $508,898 in fiscal 2012, $539,007 in fiscal 2013, $563,321 in fiscal 2014, $586,071 in fiscal 2015, $604,266 in fiscal 2016 and $3,120,593 in the aggregate for the following five fiscal year period from fiscal 2017 through fiscal 2021.

The discount rate used in determining the accumulated postretirement benefit obligation for fiscal 2011 and 2010 was 5.1% and 5.0%, respectively.

(13) Income Taxes

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made in the financial statements.

(14) Restrictions and Limitations on Net Asset Balances

At June 30, 2011 and 2010, temporarily restricted net assets consist of gifts and other unexpended revenues and gains available for the following:

		2011	2010
Plant and other capital-related gifts	$	4,193,550	3,925,065
Instruction and operational support		28,091,514	25,397,731
Wofford College Scholarship Fund		31,568,673	17,785,209
	$	63,853,737	47,108,005

At June 30, 2011 and 2010, the income from permanently restricted net assets is expendable for the following purposes:

		2011	2010
Instruction and scholarships	$	112,209,480	109,049,612
Student loan funds		312,628	273,205
	$	112,522,108	109,322,817

(15) Expense Classification

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program service is instruction. Expenses reported as student services, general and administrative, auxiliary enterprises, academic support, and public service are incurred in support of this primary program service. General and administrative includes fund-raising expenses of $1,885,139 and $1,981,920 in fiscal 2011 and 2010, respectively.

(16) Commitments and Contingencies

At June 30, 2011, open contracts for the construction of physical properties amounted to approximately $7.6 million.

Federally funded financial aid and other programs are routinely subject to audit. The reports on the examinations, which are conducted pursuant to specific regulatory requirements by the auditors for the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities as well as to limit, suspend, or terminate Federal aid programs. While the ultimate liabilities, if any, cannot be determined at this time, management is of the opinion that such amounts, if any, will not have a material effect on the College's financial position.

(17) Related-Party Transactions

During the years ended June 30, 2011 and 2010, the College received pledges and gifts from Board of Trustee members and trustee-affiliated organizations totaling $2,066,839 and $2,119,677, respectively. Total pledges receivable, net, at June 30, 2011 and 2010 from Board of Trustee members and trustee-affiliated organizations were $1,782,870 and $2,262,528, respectively.

(18) Asset Retirement Obligations

The College has conditional asset retirement obligations for the costs of asbestos removal and disposal. The following schedule summarizes the College's asset retirement obligation activity for the years ended June 30, 2011 and 2010:

		2011	2010
Retirement obligation, beginning of the year	$	1,149,109	1,094,482
Obligations incurred		—	—
Accretion expense		34,399	54,627
Retirement obligation, end of year	$	1,183,508	1,149,109

In addition, the College has certain other asset retirement obligations, the performance of which is contingent upon the closure and demolition of the related facilities. Presently, the College does not have specific plans to close these campus facilities, and the College does not have a legally required date by which to perform these asset-retirement activities. Consequently, no estimates for such obligations have been included in the accompanying financial statements.