Wellesley College

Report on Federal Awards in Accordance with OMB Circular A-133
June 30, 2011
EIN # 042103637

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PART I - FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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Report of Independent Auditors

To the Board of Trustees of
Wellesley College

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Wellesley College (the "College") at June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2011. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2011 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 28, 2011

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Wellesley College
Statements of Financial Position
June 30, 2011 and 2010
($000s)

	2011	2010
Assets		
Cash and cash equivalents	$ 38,663	$ 29,425
Cash and cash equivalents, restricted	4,231	19,811
Accounts receivable, net	774	1,512
Loans receivable, net	8,749	9,113
Contributions receivable, net	47,780	45,677
Grants receivable	1,220	1,338
Prepaid, inventory and other assets	4,368	2,708
Investments	1,523,683	1,330,244
Planned giving investments	72,850	64,671
Collateral received for securities lending	1,217	3,743
Land, buildings and equipment, net	307,560	302,449
Total assets	$2,011,095	$1,810,691
Liabilities		
Accounts payable and accrued expenses	$ 31,334	$ 37,482
Student deposits and deferred revenues	4,474	3,519
Advances under grants and contracts	3,666	1,792
Annuities and unitrusts payable	38,677	37,585
Asset retirement obligations	18,951	18,529
Accrued pension liability	11,610	19,368
Liability under securities lending transactions	1,217	3,743
Bonds and notes payable	147,721	149,533
Government loan advances	4,569	4,569
Total liabilities	262,219	276,120
Net Assets		
Unrestricted	604,702	517,193
Temporarily restricted	710,207	600,601
Permanently restricted	433,967	416,777
Total net assets	1,748,876	1,534,571
Total liabilities and net assets	$2,011,095	$1,810,691

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

Wellesley College
Statement of Activities
For the year ended June 30, 2011
($000s)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total
Operating Revenues				
Tuition and fees	$ 96,402	$ -	$ -	$ 96,402
Less financial aid				
Donor sponsored	(25,972)	-	-	(25,972)
Institutionally sponsored	(21,878)	-	-	(21,878)
Net tuition and fees	48,552	-	-	48,552
Auxiliary operations	32,998	-	-	32,998
Government grants	3,635	-	-	3,635
Private gifts and grants	15,667	3,071	-	18,738
Investment return designated for operations	38,312	40,795	-	79,107
Other	3,118	-	-	3,118
Net assets released from restrictions	44,677	(44,677)	-	-
Total operating revenues	186,959	(811)	-	186,148
Operating Expenses				
Instruction and departmental research	80,896	-	-	80,896
Sponsored research and other programs	9,570	-	-	9,570
Library	9,041	-	-	9,041
Student services	14,321	-	-	14,321
General administration	13,074	-	-	13,074
General institutional	26,649	-	-	26,649
Auxiliary operations	35,455	-	-	35,455
Total operating expenses	189,006	-	-	189,006
Nonoperating Activities				
Investment return, net of spending allocation	60,611	126,676	225	187,512
Matured planned giving agreements	1,758	(2,833)	1,075	-
Gifts and pledges	223	5,658	15,890	21,771
Pension related changes other than net periodic pension cost	7,758	-	-	7,758
Net realized/unrealized gain on interest swap	122	-	-	122
Net assets released from restrictions	19,084	(19,084)	-	-
Total nonoperating revenues	89,556	110,417	17,190	217,163
Net change in net assets	87,509	109,606	17,190	214,305
Net assets at beginning of year	517,193	600,601	416,777	1,534,571
Net assets at end of year	$ 604,702	$ 710,207	$ 433,967	$ 1,748,876

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

Wellesley College
Statement of Activities
For the year ended June 30, 2010
($000s)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
Operating Revenues				
Tuition and fees	$ 90,400	$ -	$ -	$ 90,400
Less financial aid				
Donor sponsored	(28,940)	-	-	(28,940)
Institutionally sponsored	(13,729)	-	-	(13,729)
Net tuition and fees	47,731	-	-	47,731
Auxiliary operations	31,282	-	-	31,282
Government grants	4,838	-	-	4,838
Private gifts and grants	17,182	3,623	-	20,805
Investment return designated for operations	41,855	44,757	-	86,612
Other	3,725	-	-	3,725
Net assets released from restrictions	45,460	(45,460)	-	-
Total operating revenues	192,073	2,920	-	194,993
Operating Expenses				
Instruction and departmental research	81,435	-	-	81,435
Sponsored research and other programs	10,353	-	-	10,353
Library	9,191	-	-	9,191
Student services	13,534	-	-	13,534
General administration	12,078	-	-	12,078
General institutional	24,009	-	-	24,009
Auxiliary operations	35,408	-	-	35,408
Total operating expenses	186,008	-	-	186,008
Nonoperating Activities				
Investment return, net of spending allocation	1,680	28,749	710	31,139
Matured planned giving agreements	1,401	(3,040)	1,639	-
Gifts and pledges	3,531	4,559	5,408	13,498
Pension related changes other than net periodic pension cost	(3,501)	-	-	(3,501)
Net realized/unrealized loss on interest swap	(4,398)	-	-	(4,398)
Net assets released from restrictions	5,963	(5,963)	-	-
Total nonoperating revenues	4,676	24,305	7,757	36,738
Net change in net assets	10,741	27,225	7,757	45,723
Net assets at beginning of year	506,452	573,376	409,020	1,488,848
Net assets at end of year	$ 517,193	$ 600,601	$ 416,777	$ 1,534,571

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

Wellesley College
Statements of Cash Flows
For the years ended June 30, 2011 and 2010
($000s)

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	$ 214,305	$ 45,723
Adjustment to reconcile change in net assets		
to net cash used by operating activities:		
Depreciation and amortization	15,395	14,304
Contributions restricted for investments	(14,368)	(9,716)
Receipt of contributed securities	(2,379)	(2,043)
Realized and unrealized (gains) losses on investments	(268,936)	(120,524)
Change in discount and allowance for doubtful accounts	(650)	(1,727)
Pension related changes other than net periodic pension cost	7,758	3,501
Unrealized (gain) loss on interest swap	(1,883)	2,640
Changes in operating assets and liabilities:		
Accounts receivable, net	861	(1,140)
Contributions receivable, net	(1,572)	3,807
Grants receivable	118	(112)
Prepaid, inventory and other assets	(1,660)	2,222
Accounts payable and accrued expenses	(18,201)	3,783
Student deposits and deferred revenue	955	841
Advances under grants and contracts	1,874	(598)
Annuities and unitrusts payable	1,092	29
Net cash used in operating activities	(67,291)	(59,010)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(21,932)	(27,579)
Proceeds from student loans collections	829	1,199
Student loans issued	(469)	(1,065)
Decrease in restricted cash for construction funds	11,200	7,014
(Increase)/decrease in restricted cash for plant and equipment	4,380	(8)
Purchases of investments	(547,812)	(278,426)
Proceeds from sales and maturities of investments	617,754	356,447
Net cash provided by investing activities	63,950	57,582
Cash Flows from Financing Activities		
Proceeds from contributions for:		
Investment in endowment	12,679	8,090
Investment in planned giving	450	891
Plant and equipment	1,239	735
Payments on bonds and notes payable	(1,789)	(2,792)
Net cash provided by financing activities	12,579	6,924
Net increase in cash and cash equivalents	9,238	5,496
Cash and cash equivalents, beginning of year	29,425	23,929
Cash and cash equivalents, end of year	$ 38,663	$ 29,425

Contributed securities	$ 2,379	$ 2,043
Cash paid for interest	$ 4,517	$ 4,541
Capital additions included in accounts payable and accrued expenses	$ 97	$ 1,145
Net change in securities lending	$ (2,526)	$ (50,490)

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

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of Wellesley College (the "College") have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Unrestricted -- Net assets that are not subject to donor-imposed stipulations. These include all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets. This category includes realized and unrealized gains and losses on unrestricted endowment. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets generally result from revenues derived from providing services, receiving unrestricted contributions, unrealized and realized gains and losses on unrestricted endowment, and receiving dividends and interest from investing in income producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions.

Temporarily restricted -- Net assets that are subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. This category includes realized and unrealized gains and losses on the permanent endowment. Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations or by law that either expire by passage of time or can be fulfilled and removed by actions of the College pursuant to those stipulations.

Permanently restricted -- Net assets that are 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 or part of the investment return on these assets. Such assets primarily include the College's permanent endowment funds. Permanently restricted net assets generally represent the historical cost (market value at date of gift) of contributions and other inflows of assets whose use by the College is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the College.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets or placed in service dates if the asset is constructed.

Nonoperating activities reflect transactions of a long-term investment or capital nature including contributions to be invested by the College to generate a return that will support future operations, contributions to be received in the future, contributions to be used for facilities and equipment, and investment return beyond what the College has appropriated for current operational support in accordance with the College's investment return spending guidelines. Nonoperating activities also include net realized and unrealized gains and losses on the interest rate swap and pension related changes other than net periodic pension cost.

(b) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a maturity of three months or less at the time of purchase. Cash and cash equivalents representing endowment assets and planned giving assets are included in investments and planned giving investments, respectively. Restricted cash represents amounts for construction held by trustees in association with the Massachusetts Health and Education Facilities Authority Series I bond issue and amounts restricted by a donor for the Science Center and Power Plant.

(c) Investments

Investments in marketable securities are carried at fair market value as established by the major securities markets. Purchases and sales of investments are recorded on the trade date of the transaction. Realized gains and losses arising from the sales of investments are recorded based upon the average cost of investments sold. Investment income is recorded on the accrual basis. The investment in faculty mortgages is stated at unpaid principal balances.

Venture capital and buyout limited partnerships include investments in both publicly and privately owned securities. The fair values of private investments are determined by the College and based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable public market values. These values are audited annually by other auditors, most typically based on calendar year end information. The limited partnership valuations consider variables such as the financial performance of the investments, recent sales prices of similar investments and other pertinent information. The estimated values as determined by the general partners and investment managers may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be materially higher or lower.

Derivative investments in the College's portfolio may include currency forward contracts, currency and interest rate swaps, call and put options, exchange-traded futures contracts, debt futures contracts and other vehicles that may be appropriate in certain circumstances as permitted within the managers' investment guidelines. The College's external investment managers use investments in derivative securities predominantly to reduce interest rate risk and risk in the foreign fixed income market.

The College's split-interest agreements with donors consist of irrevocable charitable gift annuities, pooled life income funds, charitable remainder unitrusts and annuities and perpetual trusts. Unitrusts, in which the College has a remainder interest, but that are held in trust and administered by outside agents, have been recorded as gifts that are temporarily restricted. Unitrusts, in which the College has a remainder interest, and which are managed by the College, periodically pay income earned on the assets to designated beneficiaries. The College adjusts unitrusts for both the estimated return on the invested assets and the contractual payment obligations during the expected term of the agreement. For planned giving contracts, the contributed assets are included at fair value within planned giving investments on the Statement of Financial Position. Contribution revenues are recognized as of the date the donated assets are transferred to the College and liabilities are recorded for the present value of the estimated future payments to the donors or other beneficiaries. The liabilities are adjusted during the term of the planned giving contracts consistent with changes in the value of the assets and actuarial assumptions.

Net gains on permanently restricted gifts are classified as temporarily restricted until appropriated for spending by the College in accordance with the Massachusetts Management of Institutional Funds Act, as updated in 2009. Future utilization of gains is dependent on market performance.

Deficiencies of $472,000 and $5,281,000 for donor-restricted endowment funds, resulting from declines in market value, have been offset by an allocation from unrestricted net assets to temporarily restricted net assets for the years ended June 30, 2011 and 2010, respectively. As the market value of the portfolio increases, the deficiency will decrease.

(d) Endowment Investment Return Spending Policy

The College has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The College's investment strategy is based on a long-term Policy Portfolio that serves as a guide for asset allocation. The Policy Portfolio was established with the goal of balancing long-term returns and risks by increasing portfolio diversification through the allocation of assets to less efficient asset classes. The return objective for the endowment assets, measured over a full market cycle, is to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The College uses a "total return" approach to managing endowment assets in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Funds are invested to maximize total return consistent with prudent risk without regard to the mix of current investment income and realized and unrealized gains or losses.

The College's endowment distribution policy determines a payout rate that is based on a methodology that uses a combination of prior year's spending and endowment value with a general rule that the total amount spent needs to be within a 4.5% to 6% range of the prior year market value of the endowment, based on a 3 year average. The sources of the payout are endowment earned income (interest and dividends), both current and previously reinvested income and a portion of realized gains. Any income earned in excess of the spending limit is reinvested. Funds may be withdrawn from investment return earned in prior years if income is less than the spending limit. The spending policy is designed to insulate investment policy from budgetary pressures, and to insulate program spending from fluctuations in capital markets.

(e) Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market and are included in prepaid, inventory and other assets on the Statement of Financial Position.

(f) Accounts Receivable and Student Loans Receivable

Accounts receivable include amounts due from students, student organizations and other miscellaneous receivables. Loans to students are carried at net realizable value. Accounts receivable for 2011 and 2010, are reported net of allowances for doubtful accounts of $311,000 and $434,000, respectively. Loans receivable for 2011 and 2010, are reported net of allowances for doubtful loans of $756,000 and $752,000, respectively. The provisions are intended to provide for student accounts and loans that may not be collected.

Determination of the fair value of student loan receivables is not practicable as such loans are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

(g) Grant Revenue

Government grants normally provide for the recovery of direct and indirect costs, subject to audit. The College recognizes revenue associated with the direct costs as the related costs are incurred or expended. Recovery of related indirect costs is generally recorded at predetermined fixed rates negotiated with the government or at other predetermined rates determined by the grant provider.

(h) Pledges

The College recognizes the present value of unconditional promises to give as revenues in the period in which the pledges are made by donors.

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, or if donated, at fair market value at the date of donation. Additions to plant assets are capitalized while scheduled maintenance and minor renovations are charged to operations. Library books are expensed when purchased. Museum collections are not capitalized. Plant assets are presented net of accumulated depreciation. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and gains and losses from disposal are included in the Statement of Activities. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

	Years
Land improvements	20-40
Buildings and building improvements	20-40
Equipment	4-12

(j) Financial Aid

The Statement of Activities reflects financial aid as an offset to tuition and fee revenues. The College's financial aid is primarily funded through private gifts, grants and endowment income with the remainder, if needed, representing unrestricted institutional resources for grants.

(k) Auxiliary Operations

Auxiliary operations include residence and dining halls, the Nehoiden Golf Club, the Wellesley College Club, which operates a private dining and conference center, and use of the campus during the summer by internal and external groups. Related expenses include direct expenses of running these operations as well as an allocation for depreciation, debt service and physical plant maintenance and operation.

(l) Internal Revenue Code Status

The College has been granted tax-exempt status as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code.

(m) Asset Retirement Obligations

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 conditional 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 Statement of Activities.

(n) Interest Rate Swap

The College has entered into an interest rate swap agreement on the Massachusetts Health and Education Facilities Authority, Variable Rate Revenue Bonds, Series I in order to convert the variable rate debt to fixed rate, thereby economically hedging against changes in the cash flow requirements of the College's variable rate debt obligations.

Net payments or receipts (difference between variable and fixed rate) under the swap agreement along with the change in fair value of the swap are recorded in nonoperating activities as net realized/unrealized gain or loss on interest swap.

(o) Use of Estimates

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

(p) New Accounting Pronouncements

The College adopted accounting guidance on subsequent events as of June 30, 2010. This establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued and requires disclosure of the date through which an entity has evaluated subsequent events. Subsequent events have been evaluated through October 28, 2011, which is the date financial statements were issued.

On July 1, 2010, the College adopted new guidance enhancing the *Fair Value Measurement* standard. This standard requires further disclosure of significant transfers in and out of Level 1 and Level 2 fair value measurements, including the reasons for the transfers, and requires discussions of their fair value measurement disclosures on a disaggregated basis.

On July 1, 2010, the College adopted the accounting standard, *Credit Quality*. This standard requires the disclosure about the credit quality of financing receivables and the related allowance for credit losses. See section (f) of this note for additional information.

The College adopted additional Financial Accounting Standards Board (FASB) guidance related to investments as of June 30, 2010. This establishes enhanced reporting and disclosure on the level of the assets included in investments. Further, the guidance requires disclosure by investment type related to investments. Such disclosure includes the nature of any restrictions on the investor's ability to redeem the investment at the valuation date as well as any unfunded commitments. The College adopted additional FASB guidance on enhanced disclosure on certain investments as of June 30, 2010. This provides enhanced disclosure on investments for which fair value is estimated through the use of net asset value, or its equivalent, as a practical expedient.

The College adopted FASB guidance on enhanced disclosure of pension assets as of June 30, 2010. The guidance calls for disclosure of how investment allocation decisions are made, the valuation techniques used to measure the fair value of the investments as well as any significant concentration of risk within the assets. This disclosure is required for each major category of plan asset.

The College adopted FASB guidance related to derivative instruments. The College has one such instrument. The guidance requires disclosure of the objective for using the instrument be disclosed including underlying risk and accounting designation. Further disclosure is required of the risk that the College is intending to manage as well as the fair value of the instrument.

2. Contributions Receivable

Contributions receivable, net, is summarized as follows at June 30 ($000s):

Unconditional promises expected to be collected in:	2011	2010
Less than one year	$ 3,086	$ 6,681
One year to five years	46,513	43,427
Over five years	3,458	1,377
Total	53,057	51,485
Less discounts and allowance for uncollectible accounts	5,277	5,808
Net contributions receivable	$ 47,780	$ 45,677

Contributions receivable expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the contribution. Discount rates used to calculate the present value of contributions receivable ranged from 2.0% to 5.10%, and 2.50% to 5.10% at June 30, 2011 and 2010, respectively.

3. Land, Buildings and Equipment

Investment in land, buildings and equipment consists of the following at June 30 ($000s):

	2011	2010
Land and land improvements	$ 50,226	$ 46,560
Buildings and building improvements	427,289	394,229
Equipment	8,641	12,440
Construction in progress	9,520	26,040
	495,676	479,269
Less: accumulated depreciation	188,116	176,820
	$ 307,560	$ 302,449

Depreciation expense was $15,644,000 and $14,319,000 for the years ended June 30, 2011 and 2010, respectively.

The College recognized $815,000 and $783,000 of operating expenses relating to the accretion of liabilities recorded for the years ended June 30, 2011 and 2010, respectively. Conditional asset retirement obligations of $18,951,000 and $18,529,000 at June 30, 2011 and 2010, respectively, are the College's asset retirement obligation presented in the Statement of Financial Position.

4. Investments

The book and market values of investments at June 30, 2011 and 2010 were as follows ($000s):

	2011 Book Value	2011 Market Value	2010 Book Value	2010 Market Value
Endowment Investments				
Investments pooled				
Cash and cash equivalents	$ 32,587	$ 32,587	$ 58,452	$ 58,452
Bonds	97,402	152,839	130,841	191,113
Equities	415,718	605,496	420,122	487,954
Other assets	640,176	708,950	573,303	569,277
Total pooled investments	1,185,883	1,499,872	1,182,718	1,306,796
Faculty mortgages	23,580	23,580	23,249	23,249
Total pooled investments and faculty mortgages	1,209,463	1,523,452	1,205,967	1,330,045
Investments not pooled				
Cash and cash equivalents	231	231	199	199
Total investments not pooled	231	231	199	199
Total endowment investments	$ 1,209,694	$ 1,523,683	$ 1,206,166	$ 1,330,244
Planned Giving Investments				
Separate pooled funds				
Cash and cash equivalents	$ 205	$ 205	$ 168	$ 168
Bonds	5,098	5,620	4,583	4,781
Equities	7,766	10,900	7,739	9,032
Total pooled funds	13,069	16,725	12,490	13,981
Unitrusts				
Cash and cash equivalents	992	992	848	848
Bonds	11,913	12,070	14,025	14,007
Equities	30,414	33,914	30,654	28,365
Other assets	887	887	887	887
Assets held by Trustees	8,262	8,262	6,583	6,583
Total funds not pooled	52,468	56,125	52,997	50,690
Total planned giving investments	$ 65,537	$ 72,850	$ 65,487	$ 64,671

"Other assets" include long-term and semi-marketable alternative investments. Long-term alternative assets include private equity funds such as venture capital and buyout funds, as well as more traditional investments in oil and gas and real estate properties.

The semi-marketable alternative asset investments include equity hedge funds, risk arbitrage, distressed securities and commodity hedge funds. The College's investments in these strategies use minimal, if any, leverage as part of their strategies.

Included in bonds and equities are alternative investment vehicles including hedge funds with a market value of $295,521,000 and $238,950,000 and commingled funds with a market value of $244,671,000 and $199,564,000 at June 30, 2011 and 2010, respectively, whose holdings are bonds and equities.

The College is currently invested in exchange-traded futures contracts. The College uses these instruments to maintain target exposures to certain equity markets. At June 30, 2011, the College had long futures exposures with a net ending fair value of $42,818,000. The net gain from these derivative instruments at June 30, 2011 was $6,826,000, and is included in the investment return on Statement of Activities.

The College's investment return from endowment and planned giving investments was as follows for the years ended June 30, 2011 and 2010 ($000s):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2011				
Dividends and interest (net of expenses of $9,728)	$ 3	$ (2,545)	$ 225	$ (2,317)
Net realized and unrealized gains/losses	98,920	170,016	-	268,936
Total return on endowment and planned giving investments	98,923	167,471	225	266,619
Investment return designated for current operations	(38,312)	(40,795)	-	(79,107)
	$ 60,611	$ 126,676	$ 225	$ 187,512
2010				
Dividends and interest (net of expenses of $9,930)	$ (180)	$ (3,303)	$ 710	$ (2,773)
Net realized and unrealized gains/losses	43,715	76,809	-	120,524
Total return on endowment and planned giving investments	43,535	73,506	710	117,751
Investment return designated for current operations	(41,855)	(44,757)	-	(86,612)
	$ 1,680	$ 28,749	$ 710	$ 31,139

The total return consisting of realized and unrealized gains and losses and dividends and interest net of investment management and custodial fees was 20.36% and 9.34% for the fiscal years ended June 30, 2011 and 2010, respectively.

At June 30, 2011 and 2010 investment securities having a fair value of $1,188,000 and $3,639,000 respectively, were loaned to various brokerage firms through a securities lending agent. The loaned securities are returnable on demand and are collateralized by cash deposits. The College has recorded the fair value of the collateral received of $1,217,000 and $3,743,000 and an offsetting liability for the return of the collateral on the Statement of Financial Position at June 30, 2011 and 2010, respectively.

5. Fair Value Disclosures

The College has established a framework for measuring fair value under generally accepted accounting principles (GAAP). Fair value is 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 should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, the College follows a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data.

The following fair value hierarchy tables present information about the College's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at June 30, 2011 and 2010.

2011 ($000s)	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 187,257	$ 395,253	$ 22,986	$ 605,496
Bonds	26,858	125,981	-	152,839
Private equity	-	-	302,276	302,276
Real assets	-	-	245,188	245,188
Absolute return	-	35,809	124,796	160,605
Cash and other assets	32,818	-	24,461	57,279
Planned giving investments	13,128	-	59,722	72,850
Total assets at fair value	$ 260,061	$ 557,043	$ 779,429	$ 1,596,533
Interest rate swap	$ -	$ -	$ 4,933	$ 4,933
Total liabilities at fair value	$ -	$ -	$ 4,933	$ 4,933

2010 ($000s)	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 153,409	$ 314,498	$ 20,047	$ 487,954
Bonds	64,389	126,724	-	191,113
Private equity	-	-	252,834	252,834
Real assets	-	-	201,847	201,847
Absolute return	-	31,318	82,390	113,708
Cash and other assets	58,651	-	24,137	82,788
Planned giving investments	-	-	64,671	64,671
Total assets at fair value	$ 276,449	$ 472,540	$ 645,926	$ 1,394,915
Interest rate swap	$ -	$ -	$ 6,816	$ 6,816
Total liabilities at fair value	$ -	$ -	$ 6,816	$ 6,816

Interest rate swaps are valued at the present value of the series of net cash flows resulting from the exchange of fixed-rate payments for floating rate payments over the remaining life of the contract from balance sheet date. Each floating rate payment is calculated based on forward market rates at valuation date for each respective payment date. Inputs to determine discount factors and forward rates include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Certain inputs are unobservable; therefore the fair value is categorized as level 3.

The following tables present the assets and liability carried at fair value as of June 30, 2011 and 2010 that are classified within level 3 of the fair value hierarchy. The table reflects gains and losses for the year, including gains and losses on assets and liabilities that were transferred to level 3 during the year, for all assets and liabilities categorized as level 3. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the College has classified within the level 3 category. As a result, the unrealized gains and losses for assets and liabilities within level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

As a result of the reissued FASB accounting standards related to estimating fair value of investments, per below, $8,814,000 and $40,135,000, has been reclassified from level 3 to level 2, for the years ended June 30, 2011 and June 30, 2010, respectively. The College also reclassified $13,128,000 from level 3 to level 1, for the year ended June 30, 2011. The College had no transfers from level 2 to level 1 in the current year.

2011 ($000s)	Balance July 1, 2010	Realized and Unrealized Gains/losses	Purchases	Sales	Transfer in/(out) of level 3	Balance, June 30, 2011
Equities	$ 20,047	$1,804	$ 12,229	$ (2,280)	$ (8,814)	$ 22,986
Private equity	252,834	65,367	166,335	(182,260)	-	302,276
Real assets	201,847	25,843	43,037	(25,539)	-	245,188
Absolute return	82,390	14,108	35,000	(6,702)	-	124,796
Cash and other assets	24,137	1,820	1,553	(3,049)	-	24,461
Planned giving investments	64,671	9,445	843	(2,109)	(13,128)	59,722
Interest rate swap - asset/liability	(6,816)	1,883	-	-	-	(4,933)
Balance, June 30, 2011	$ 639,110	$ 120,270	$ 258,997	$ (221,939)	$ (21,942)	$ 774,496

2010 ($000s)	Balance, July 1, 2009	Realized and Unrealized Gains/losses	Purchases	Sales	Transfer in/(out) of level 3	Balance, June 30, 2010
Equities	$ 24,145	$4,719	$ -	$ -	$ (8,817)	$ 20,047
Private equity	275,231	24,435	33,299	(80,131)	-	252,834
Real assets	197,478	(13,806)	29,478	(11,303)	-	201,847
Absolute return	128,058	13,969	5,000	(33,319)	(31,318)	82,390
Cash and other assets	21,533	1,023	10,725	(9,144)	-	24,137
Planned giving investments	63,085	(1,158)	2,744	-	-	64,671
Interest rate swap - asset/liability	(4,176)	(2,640)	-	-	-	(6,816)
Balance, June 30, 2010	$ 705,354	$ 26,542	$ 81,246	$ (133,897)	$ (40,135)	$ 639,110

The amount of total gains or losses for the year included in Investment Return in the Statement of Activities attributed to the change in unrealized gains or losses relating to assets still held at June 30, 2011 and 2010 are $199,897,000 and $91,865,000, respectively.

The College uses Net Asset Value (NAV) or its equivalent to determine the fair value of certain investments, which may not have a readily determined fair value. These investments also have various redemption restrictions and redemption terms. The following investments are measured at NAV as of June 30, 2011 and 2010.

2011 ($000s) Investment	NAV in funds	Unfunded Commitments	Timing to draw Commitments	Redemption terms/Restrictions
Private equity	$302,276	$101,699	1 to 10 years	Funds are private equity, no ability to redeem.
Real assets	245,188	70,792	1 to 10 years	Funds are private equity, no ability to redeem.
Equities	418,239	1,748	1 to 10 years	84% of NAV is redeemable within 90 days; 5% of NAV is redeemable within a year; remaining 11% has a multi-year redemption period.
Bonds	125,981	-		55% of NAV is redeemable within 90 days; the remaining 45% has a multi-year redemption period.
Absolute return	160,605	-		26% of NAV is redeemable within 90 days: 47% is redeemable within a year; 27% of NAV are redeemed investments.
Cash and other assets	24,261	-		No ability to redeem
Total	$1,276,550	$174,239		

2010 ($000s) Investment	NAV in funds	Unfunded Commitments	Timing to draw Commitments	Redemption terms/Restrictions
Private equity	$252,834	$95,895	1 to 10 years	Funds are private equity, no ability to redeem.
Real assets	201,847	86,724	1 to 10 years	Funds are private equity, no ability to redeem.
Equities	334,545	-	1 to 10 years	86% of NAV redeemable within 90 days. 4% of NAV redeemable within one year. Remaining 10% has multi year redemption.
Bonds	126,724	-		45% of NAV is redeemable within 90 days. Remaining 55% has a multi year redemption.
Absolute return	113,708	-		28% of NAV is redeemable within 90 days. 60% is redeemable within one year. 12% of NAV has been redeemed subsequent to year end and prior to October 31, 2010
Total	$1,029,658	$182,619		

Beneficial interests in outside trusts held by third parties are valued at the present value of distributions expected to be received over the term of the agreement. Inputs used to value the College’s interest in these trust are considered unobservable and are categorized as level 3.

6. Pooled Funds

Endowment and similar fund assets are pooled on a unit market value basis whenever possible. Funds are added to or withdrawn from the pool at the unit market value at the beginning of the fiscal quarter in which the transaction takes place.

Pooled funds were as follows as of June 30:

	2011	2010
Investments in pooled funds and faculty mortgages, market value ($000s)	$1,523,452	$1,330,045
Total number of units	2,505,295	2,482,647
Market value per unit	$608.09	$535.74
Distribution per unit	$31.68	$35.08

The following are the components of the pooled and nonpooled endowment funds at market value at June 30, 2011 and 2010 ($000s):

	Units	Pooled Endowment	Nonpooled Endowment	Total Endowment
2011 Funds:				
Endowment and similar funds:				
Endowment funds	1,591,507	$ 967,779	$ -	$ 967,779
Term funds	88,231	53,660	231	53,891
Quasi-endowment	825,557	502,013	-	502,013
Total	2,505,295	$ 1,523,452	$ 231	$ 1,523,683
2010 Funds:				
Endowment and similar funds:				
Endowment funds	1,568,080	$ 840,078	$ -	$ 840,078
Term funds	75,959	40,694	199	40,893
Quasi-endowment	838,608	449,273	-	449,273
Total	2,482,647	$ 1,330,045	$ 199	$ 1,330,244

7. Related Parties

The College acts as fiscal agent and investment advisor for the Wellesley College Alumnae Association and a retired president of the College. Endowment investments held on their behalf are included in the College's general pool of investments and are reflected either as part of the College's net assets or a pension liability. The market value of the assets totaled $14,139,000 and $12,615,000 at June 30, 2011 and 2010, respectively.

Mortgages due from faculty of $23,580,000 and $23,249,000 at June 30, 2011 and 2010, respectively, are included within investments on the Statement of Financial Position.

8. Notes and Bonds Payable

Indebtedness at June 30, 2011 and 2010 includes various bonds issued through the Massachusetts Health and Education Facilities Authority (MHEFA). Interest payments on debt totaled $2,748,000 and $2,787,000 during fiscal years 2011 and 2010, respectively.

During January 2008, the College issued $57,385,000 in Series I tax-exempt variable rate demand bonds. The proceeds will be used for major asset preservation and modernization projects and were used to retire the Series F bonds, with $30.0 million outstanding, on July 1, 2009, the earliest possible call date. The refunding allows the College to realize the present value savings through a restructuring of the College's debt. At June 30, 2011 and 2010, restricted cash includes $1,806,000 and $13,006,000, respectively of construction funds held by trustees that will be drawn down to fund various construction projects.

The Series I bonds, which mature in 2039, currently bear variable interest rates payable monthly. Interest on the bonds is calculated on the basis of twelve thirty-day months for a 360-day year. Pending the redemption of the Series F bonds, proceeds of the Series I bonds were deposited into a refunding account established under the indenture and held by the Trustee and were invested in authorized investments as directed by the College. At June 30, 2009, the trust fund of $31,069,000 was available to service principal and interest obligations, which was fully repaid on July 1, 2009. Since the refunded bonds are no longer deemed to be outstanding for financial reporting purposes, neither the debt nor the irrevocable trust assets are included in the Statement of Financial Position.

The College has a line of credit with a bank. The College may borrow up to $40 million with various terms and interest rates at LIBOR plus 1/5 of 1%. There is no amount outstanding on the line of credit as of June 30, 2011 and 2010.

Balances of outstanding bonds and notes payable at June 30 consisted of the following ($000s):	2011	2010
MHEFA, Series I, Variable Rate Demand Bonds, bearing interest at a daily rate, maturing July 2039. The rate at June 30, 2011 was 0.02%.	$ 57,385	$ 57,385
MHEFA, Series H, Revenue Bonds issued at an interest rate of 4.0% to 5.0% maturing July 2033.	51,870	52,650
MHEFA, Series G, Variable Rate Demand Bonds, bearing interest at a daily rate, maturing July 2039. The rate at June 30, 2011 was 0.02%.	20,000	20,000
MHEFA, Series E, Variable Rate Demand Bonds, bearing interest at a daily rate, maturing July 2022. The rate at June 30, 2011 was 0.04%.	11,200	11,900
Notes Payable Promissory Note, principal maturing November 2011. The rate at June 30, 2011 was 1.67%.	7,174	7,483
Total debt	147,629	149,418
Less unamortized bond issue costs	(797)	(838)
Add unamortized original issue premium	889	953
	$ 147,721	$ 149,533

The total of the College's bonds and notes payable described above matures as follows ($000s):

2012	$ 8,879
2013	1,725
2014	1,940
2015	2,260
2016	2,470
Thereafter	130,355
Total bonds and notes payable	$ 147,629

In order to reduce exposure to floating interest rates on variable rate debt, in January 2008, the College entered into an interest rate swap agreement, with a term through 2039. This swap effectively locks in a fixed rate of 3.239% per annum. The agreement has a notional amount of $57,385,000. At June 30, 2011 and 2010, the market value of the swap agreement amounted to a liability of $4,933,000 and $6,816,000, respectively. The fair value of the swaps is the estimated amount that the College would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties. The value of the interest rate swap is reflected within accounts payable and accrued expenses on the Statement of Financial Position. The change in fair value resulted in a gain of $1,883,000 in 2011 and a loss of $2,640,000 in 2010 reflected in nonoperating activities on the Statement of Activities. Additionally, the College paid net interest expense in association with the swap agreement of $1,761,000 and $1,758,000 which is reflected as part of the net realized/unrealized loss on interest swap for the years ended June 30, 2011 and 2010, respectively. This financial instrument necessarily involves counterparty credit exposure and the College's own nonperformance risk. The counterparty for this swap agreement is a major financial institution that meets the College's criteria for financial stability and credit-worthiness.

The College has outstanding at June 30, 2011 fixed rate debt of $51,870,000 and variable rate debt of $95,759,000. Included in variable rate debt is $57,385,000 of synthetic fixed debt which is debt that has an underlying variable rate but has an interest rate swap agreement that effectively locks in a fixed rate. The fair market value of the College's fixed rate debt at June 30, 2011 approximates $54,803,000. The College's variable rate debt approximates fair value. Fair value for fixed and variable rate debt is based on estimates using current interest rates available for debt with equivalent maturities.

In the event that the College receives notice of any optional tender on its variable-rate bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the College will be obligated to purchase the bonds tendered with internal liquidity.

9. Annuities and Unitrusts Payable `

The College has split-interest agreements consisting primarily of annuities, pooled life income funds, and charitable remainder unitrusts for which the College may or may not serve as trustee. All split-interest agreements are included in planned giving investments. Contributions are recognized at the date the trusts are established net of a liability for the present value of the estimated future cash outflows to beneficiaries. The present value of payments is discounted at a rate of return that ranges from 4% to 6%. The liability of $38,677,000 and $37,585,000 at June 30, 2011 and 2010, respectively, is adjusted during the term of the agreement for changes in actuarial assumptions. Payments of income to beneficiaries are principally funded by the investment income of the related gift annuity and unitrust investments.

10. Pension Plans

The College has a defined contribution, noncontributory annuity pension plan for faculty and administrative personnel administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF). Under this Plan, the College contributed $7,627,000 and $7,121,000 respectively, for the years ended June 30, 2011 and 2010.

The College also has a defined benefit pension plan for classified office and service employees. The Plan provides retirement and death benefits based on the highest thirty-six months of consecutive earnings. Contributions to the plan are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

The measurement date of determining the benefit obligations and net periodic benefit cost was June 30, 2011 and 2010.

The significant assumptions underlying the actuarial computations at June 30 were as follows:

	2011	2010
Assumptions used to determine benefit obligations:		
Discount rate	5.500%	5.375%
Rate of compensation increase	3.500%	4.000%
Assumptions used to determine net periodic benefit cost:		
Discount rate	5.375%	6.250%
Expected return on plan assets	7.800%	7.800%
Rate of compensation increase	4.000%	4.000%
Change in projected benefit obligation ($000s)		
Benefit obligation at end of prior year	$ 46,621	$ 39,107
Service cost (including expense load)	1,629	1,306
Interest cost	2,454	2,393
Actuarial (gain) loss, net of administrative expenses paid	(2,370)	5,642
Benefits paid	(1,426)	(1,827)
Benefit obligation at end of year	$ 46,908	$ 46,621
Accumulated benefit obligation	$ 39,332	$ 37,324
Change in plan assets ($000s)		
Fair value of plan assets at end of prior year	$ 27,253	$ 23,241
Actual return on plan assets, net of administrative expenses	6,471	2,666
Employer contributions	3,000	3,173
Benefits paid	(1,426)	(1,827)
Fair value of plan assets at end of year	$ 35,298	$ 27,253
Funded status ($000s)		
Funded status	$ (11,610)	$ (19,368)
Components of net periodic benefit cost ($000s)		
Service cost	$ 1,629	$ 1,306
Interest cost	2,454	2,393
Expected return on plan assets	(2,136)	(1,767)
Amortization of prior service cost	64	64
Cost of prior events/net loss on amortization	841	590
Net periodic benefit cost	$ 2,852	$ 2,586

	2011	2010
New net actuarial (gain)/ loss	$ (6,705)	$ 4,744
Net loss on benefit costs	(989)	(1,179)
Amortization of prior service cost	(64)	(64)
Total	$ (7,758)	$ 3,501
Amounts recognized in the Statement of Financial Position consist of a liability	$ (11,610)	$ (19,368)
Amounts recognized in unrestricted net assets		
Net prior service cost	$ 345	$ 410
Net actuarial (gain)/loss	(8,103)	3,091
Total unrestricted net asset	$ (7,758)	$ 3,501

The amount expected to be recognized as amortization of prior net service and the (gain)/loss to be recognized both as components of net periodic cost in the year are $64,500 and $319,900, respectively.

Expected benefit payments, net of participant contributions, are as follows ($000s):

2012	$ 1,582
2013	1,640
2014	1,758
2015	1,920
2016	2,137
2017 - 2021	14,315

The College expects to make employer contributions into the plan of $3,000,000 in the 2012 fiscal year.

In selecting the long-term rate of return on assets, the College considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefit of the Plan. This included considering asset allocation and the expected returns likely to be earned over the life of the Plan as well as assessing current valuation measures, income, economic growth and inflation forecasts, and historical risk premiums. This basis is consistent with prior years.

The investment objective and strategy of the Plan is to achieve returns above the balanced composite benchmark and maintain a level of volatility which approximates that of the composite benchmark using the following asset allocation:

Asset Category	Target Allcoation
Equity securities	60%
Real estate investment trust	5%
Commodities	5%
Fixed income	27%
Cash and cash equivalents	3%
Total	100%

The following lists the Plan's asset allocation at June 30, 2011 and 2010:

Asset Category	Value at June 30, 2011	2011	2010
Equity securities	$ 22,201	63%	63%
Real estate investment trust	1,049	3%	3%
Commodities	2,011	5%	5%
Fixed income	9,449	27%	27%
Cash and cash equivalents	588	2%	2%
Total	$ 35,298	100%	100%

All pension plan assets are level 2 assets, and all plan assets are in commingled funds.

The investment strategy for the pension assets is consistent with the approach to all other investment assets. The policies and strategies governing all investments for the College are designed to achieve targeted investment objectives while managing risk prudently. Risk management strategies include maintaining a diversified portfolio based on asset class, investment approach and security holdings. For the pension plan assets, an additional strategy is to maintain sufficient liquidity to meet benefit obligations as they become current.

11. Net Assets

Net assets consist of the following at June 30, 2011 and 2010:

($000s)	2011	2010
Unrestricted:		
Designated for specific purposes and plant	$ 142,746	$ 116,242
Quasi-endowment	462,428	406,232
Deficiencies in donor-restricted endowments	(472)	(5,281)
	604,702	517,193
Temporarily restricted:		
Endowment and similar funds including pledges	624,232	503,990
Annuity, life income and unitrusts including pledges	32,931	26,613
Deficiencies in donor-restricted endowments	472	5,281
Other restricted	52,572	64,717
	710,207	600,601
Permanently restricted:		
Endowment including pledges	433,967	416,777
	433,967	416,777
	$ 1,748,876	$ 1,534,571

12. Endowment

In August 2008, guidance was issued on endowments of not-for-profit organizations related to net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act, and additional guidance was issued on enhanced disclosures for all endowment funds, which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds.

The College’s endowment consists of approximately 3,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designed 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.

At June 30, 2011, the endowment net asset composition by type of fund consisted of the following:

($000s)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ -	$ 609,751	$ 411,919	$ 1,021,670
Board-designated and other unrestricted funds	502,013	-	-	502,013
	$ 502,013	$ 609,751	$ 411,919	$ 1,523,683

Changes in endowment net assets for the year ended June 30, 2011, consisted of the following:

($000s)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 449,273	$ 482,983	$ 397,988	$ 1,330,244
Investment income, net of expenses	3	4	-	7
Net appreciation (realized and unrealized)	81,111	178,054	-	259,165
Subtotal	530,387	661,041	397,988	1,589,416
Contributions and transfers to endowment	(2,269)	1,712	13,931	13,374
Appropriation of endowment assets for expenditure	(26,105)	(53,002)	-	(79,107)
Endowment net assets, end of year	$ 502,013	$ 609,751	$ 411,919	$ 1,523,683

At June 30, 2010, the endowment net asset composition by type of fund consisted of the following:

($000s)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ -	$ 482,983	$ 397,988	$ 880,971
Board-designated and other unrestricted funds	449,273	-	-	449,273
	$ 449,273	$ 482,983	$ 397,988	$ 1,330,244

Changes in endowment net assets for the year ended June 30, 2010, consisted of the following:

($000s)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 429,813	$ 467,002	$ 390,469	$ 1,287,284
Investment income, net of expenses	(180)	(268)	-	(448)
Net depreciation (realized and unrealized)	44,251	72,606	-	116,857
Subtotal	473,884	539,340	390,469	1,403,693
Contributions and transfers to endowment	4,645	999	7,519	13,163
Appropriation of endowment assets for expenditure	(29,256)	(57,356)	-	(86,612)
Endowment net assets, end of year	$ 449,273	$ 482,983	$ 397,988	$ 1,330,244

13. Commitments and Contingencies

In 1975 the College identified the presence of soil tainted with various hazardous materials on the site of an abandoned 19th century paint factory acquired by the College in 1932. For the purposes of investigation and potential cleanup, the site has been segmented into various sub-areas, as follows: (1) the “Upper/Wetland/Pond” portion consisting of the former upland site of the paint factory, Paint Shop Pond, adjacent wetlands and Upper Waban Brook; (2) Lake Waban; and (3) Lower Waban Brook.

In 1991, the College arranged for the excavation of contaminated soils from two waste piles and a wastewater settling basin formerly associated with the paint factory. After the contaminated material was removed, the area was capped and seeded. These actions were undertaken in accordance with plans approved by the Department of Environmental Protection (DEP) on July 5, 1991. The College has continued to work with the DEP and has completed the process of remediating and restoring approximately 30 acres of land referred to as the Upland site. The College began in April 2001 excavating and consolidating contaminated soils from the upland, wetland, and pond ("Upland/Wetland/Pond") portions of the site. The soils have been treated and consolidated on site under a permanent engineered barrier. The capped area has been developed into three playing fields, an eight lane all weather track, and a softball field and was completed in October 2002. The cost of this project was $32.8 million; $10 million has been funded from a HEFA bond issuance and the remainder from unrestricted endowment. Costs associated with the campus improvement project are capitalized as land improvements. Costs incurred to remediate this property are charged to expense when they can be estimated. Ongoing expenses associated with the monitoring and maintenance of the engineered barrier are charged to operations. Total expenses for this project were $75,000 and $112,000, respectively for the years ended June 30, 2011 and 2010. The College has purchased an insurance policy to cover cost overruns associated with the Upland/Wetland/Pond project as well as the assessment, monitoring, and, if necessary, remediation of contaminated groundwater located under the Uplands/Wetlands/Pond area. In September 2004, the College submitted a report to DEP recommending that no remedial action be taken in respect of the groundwater portion of the site beyond periodic monitoring of hexavalent chromium concentrations. DEP has not yet responded to this report.

In 2001, the Commonwealth of Massachusetts and the College entered an agreement pursuant to which the Commonwealth agreed to share in the cost of dredging the Northern Shoreline and Western Cove portion of Lake Waban, with the Commonwealth's share capped at $1.4 million. The dredging project was completed in 2002 at a total cost of approximately $1.2 million.

Additional reimbursable costs of approximately $100,000 were incurred after the completion of dredging. In three payments made in 2005 and 2006, the Commonwealth reimbursed the College a total of approximately $1.06 million, fully satisfying the Commonwealth's reimbursement obligations under the 2001 cost-sharing agreement. In a report filed with DEP in May 2005, the College recommended that no remedial action be taken in portions of Lake Waban beyond the Northern Shoreline and Western Cove, apart from periodic monitoring of water quality and fish-growth patterns. DEP responded favorably to this report in a letter dated October 2005. The periodic monitoring program was initiated in 2008. The cost of this program is insignificant.

The Lower Waban Brook remedial project was originally anticipated to be undertaken in 2009 and was estimated to cost $3,600,000. Early project designs based upon risk assessments and feasibility studies performed prior to 2000 were not embraced by all constituents as satisfactory. Additional hydrological data gathering has been undertaken in keeping with proposals still under review with DEP, with the intent to develop an updated feasibility study and remedy selection process. It is desirable but not yet clear whether a new process will result in material increases to previous project cost estimates. For the years ending June 30, 2011 and 2010, total expenses to the Lower Waban Brook remedial project were $26,000 and $100,000, respectively. A liability of $2,799,000 and $2,825,000 has been recorded as of June 30, 2011 and 2010, respectively and is included in the Statement of Financial Position within accounts payable and accrued expenses.

Outstanding commitments amounted to approximately $174,417,000 and $191,549,000 as of June 30, 2011 and 2010, respectively for the following:

	2011	2010
Alternative investments	$ 174,239,000	$ 182,619,000
Construction contracts	178,000	8,930,000
	$ 174,417,000	$ 191,549,000

Under the terms of certain limited partnership agreements, the College is obliged to periodically advance additional funding for private equity investments. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

The College built a gas-fired cogeneration plant capable of producing 7.5 megawatts of electricity. The plant supplies electricity for the entire campus. The College pays the Town of Wellesley $111,000 annually as a guarantee for back-up power, at cost, to the College. This contract is in force until May 2013.

The College has several legal cases pending that have arisen in the normal course of its operations. The College believes that the outcome of these cases will have no material adverse effect on the financial position of the College.

Wellesley College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal Catalog Number	Pass-Through Entity Identifying Number	2011 Expenditures
Research and Development Cluster			
Direct Awards			
Department of Agriculture			
Miscellaneous USDA	10.unknown		$ 962
Total U.S. Department of Agriculture			962
National Aeronautics and Space Administration			
NASA-Miscellaneous	43.999		200,878
Total NASA			200,878
National Endowment for the Humanities			
Promotion for the Humanities-Research	45.161		5,695
Total National Endowments for the Humanities			5,695
National Science Foundation			
Mathematical and Physical Sciences	47.049		284,440
Geosciences	47.050		24,830
Computer and Information Science and Engineering	47.070		84,117
Biological Sciences	47.074		610,447
Social Behaviour and Economic Sciences	47.075		90,591
Education and Human Resources	47.076		16,836
Trans-NSF Recovery Act Research Support	47.082		102,156
Total National Science Foundation			1,213,417
Department of Education			
International: Overseas Faculty Research Abroad	84.016		23,968
Total Department of Education			23,968
Department of Health and Human Services			
Cancer Biology Research	93.396		7,739
Child Care and Development Block Grant	93.575		140,035
Social Services Research and Demonstration	93.647		46,488
Allergy, Immunology and Transplantation Research	93.855		20,845
Research for Mothers and Children	93.865		916
Total Department of Health and Human Services			216,023
Research and Development Direct Awards Subtotal			1,660,943
Pass-Through Awards(R&D)			
National Institute of Justice			
Police Executive Research Forum	16.560	Letter dated 10/30/2008	45,619
University of Chicago	16.560	5788-Wellesley-01	25,704
Total National Institute of Justice			71,323
Department of State			
Babson College	19.500	Sub dtd 6/30/2009	4,800
Total Department of State			4,800
National Aeronautics and Space Administration (NASA)			
Jet Propulsion Laboratory	43.unknown	1352477	57,447
Jet Propulsion Laboratory	43.unknown	1337028	6,714
Jet Propulsion Laboratory	43.unknown	1415721	174,235
University of California Los Angeles	43.unknown	2090 G NA860	10,882
Total NASA Pass-Through			249,278
National Science Foundation			
Cornell University	47.074	46222-7764	14,888
Cornell University	47.074	61468-9523	22,256
Education Development Ctr., Inc.	47.076	11225	4,936
Northeastern University	47.076	533990P0901718	4,965
Total National Science Foundation Pass-Through			47,045
Department of Education			
University of Massachusetts - Boston	84.349	S0000604200000	12,117
The Providence Plan	84.359	Letter dated 12/15/2009	53,152
Synergy Enterprises, Inc.	84.unknown	1036	311
Total Department of Education Pass-Through			65,580

The accompanying notes are an integral part of the schedule.

Wellesley College
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2011

Federal Grantor, Pass-Through/Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	2011 Expenditures
Department of Health and Human Services			
Vida Health Communications	93.061	CDC#1 Wellesley	$ 119,185
Brandeis University	93.111	Sub dtd 1/3/2011	53,689
University of Illinois at Urbana-Champaign	93.136	2007-04267-01	17,750
Harvard University School of Public Health	93.142	23515. 1121	28,438
University of Illinois at Chicago	93.242	Prom Note dtd 6/24/2011	30,689
The McLean Hospital	93.242	No Sub #/2 R01 MH51290-09A2	15,980
Judge Baker Children's Center	93.242	Letter dated 5/4/2009	56,187
University of Chicago	93.242	45375	43,964
University of Massachusetts Medical School	93.279	Req #34302	12,640
University of Massachusetts Medical School	93.389	6129540	5,000
Salem State College	93.865	3119	3,470
Total Department of Health and Human Services			386,992
Total Research and Development Pass-Through Awards			825,018
Total Research and Development Cluster			$ 2,485,961
Student Financial Aid Cluster			
Department of Education			
Federal Supplemental Educational Opportunity Grants Program	84.007		330,020
Federal Work Study Program	84.033		321,945
Federal Pell Grant Program	84.063		2,126,511
Academic Competitiveness Grants	84.375		154,350
National Science and Mathematical Access to Retain Talent Grants	84.376		186,000
Total Student Financial Aid Cluster			$ 3,118,826
Other Programs			
Department of Commerce			
National Institute of Standards and Technology	11.609		500
Total Department of Commerce			500
Environmental Protection Agency			
P3 Award National Student Design Competition for Sustainability	66.516		4,047
Total Environmental Protection Agency			4,047
Total Other Programs			$ 4,547
National Science Foundation			
Wesleyan University	47.049	Memo dtd 5/20/2011	5,146
Total National Science Foundation Pass-Through			5,146
Total Other Pass-Through Programs			5,146
Total Expenditures of Federal Awards			$ 5,614,480

The accompanying notes are an integral part of the schedule.

Wellesley College
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Wellesley College (the "College") under programs of the federal government for the year ended June 30, 2011 recorded on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the College.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the College and agencies and departments of the federal government and all subawards to the College by nonfederal organizations pursuant to federal grants, contracts and similar agreements. CFDA numbers and pass through numbers are provided when available.

Expenditures consist of direct and facility and administrative costs which are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the OMB Circular A-21*, Cost Principles for Educational Institutions.* Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Facility and Administrative Costs

Facility and administrative costs allocated to certain awards for the year ended June 30, 2011 were based on predetermined rates negotiated with the College's federal oversight agency, the Department of Health and Human Services. The College negotiated three-year predetermined indirect cost rates of 79.0% for on-campus and 17.6% for off-campus activity based on salaries and wages. These rates are effective from July 1, 2010 through June 30, 2013.

3. Subrecipients

The College passed through federal awards to subgrantee organizations in the Research and Development cluster totaling $60,955.

4. Federal Student Loan Programs

Loans made by the College to eligible students under the Perkins loan program and federally guaranteed loans under the Federal Direct Loan ("FDL") issued to students of the College by financial institutions during the year ended June 30, 2011 are summarized as follows:

	CFDA Number	Amount
Perkins loans issued	84.038	$ 488,907
Total Perkins loans issued		488,907
FDL - guaranteed loan programs		
Stafford loans	84.268	2,249,032
Parent Loans for Undergraduate Students	84.268	1,823,962
Total FDL - guaranteed loans issued		4,072,994
Total federal loans issued		$ 4,561,901

The Perkins Loan Program is administered directly by the College, except for functions performed by University Accounting Services, Inc. Balances and transactions relating to this program are included in the College's financial statements. The total outstanding loan balance under the Perkins program was $4,952,098 at June 30, 2011, and the College recovered an administrative cost allowance from the Perkins program of $77,469 for the year ending June 30, 2011. Perkins loan cancellation (CFDA 84.037) amounted to $10,674 for the year ending June 30, 2011.

PART II - REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
Wellesley College

We have audited the financial statements of Wellesley College (the "College") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the College in a separate letter dated October 26, 2011.

This report is intended solely for the information and use of the College's Board of Trustees, Audit Committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

October 28, 2011

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees of
Wellesley College

Compliance

We have audited the compliance of Wellesley College (the "College") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2011, except as described in the second paragraph of this report. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We did not audit the College's compliance with the billing, collections and due diligence compliance requirements specified by the Federal Perkins Loan Program, and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the College's compliance with those requirements, is based solely on the report of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, based on our audit and the report of other auditors, the College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which require to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 11-1.

Internal Control over Compliance
Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except as noted in the following paragraph, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

We did not consider internal control over compliance with the billing, collections and due diligence compliance requirements specified by the Federal Perkins Loan Program and described in the OMB *Circular A-133 Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the College's internal control over those compliance requirements, is based solely upon the report of the other auditors.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material none compliance with a type of compliance requirement of a federal program will not be prevented or detected and correct on a timely basis.

Our consideration and the other auditors' consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Also, the report of the other auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses, as defined above.

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the College's Board of Trustees, Audit Committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

March 21, 2012

PART III – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of Auditor's Results

Financial statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting		
Material weakness (es) identified	___ Yes	✓ No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	___ Yes	✓ None Reported
Noncompliance material to financial statements noted?	___ Yes	✓ No

Federal awards

Internal control over major programs		
Material weakness (es) identified	___ Yes	✓ No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	___ Yes	✓ None Reported
Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	✓ Yes	_ No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs	$300,000
Auditee qualifies as a low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reported.

III. Federal Award Findings and Questioned Costs

11-1 Compliance Requirement: Student Status Changes

Grantor: Department of Education
Award Year: July 1, 2010 - June 30, 2011
CFDA Number: 84.268
CFDA Title: Federal Direct Loan

Criteria
The Code of Federal Regulations ("CFR") section 682.10 (c) states that "unless the College expects to complete its SSCR in 60 days, the College must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis."

Condition
In a sample of 25 students, out of a total population of greater than 250 students tested for compliance in fiscal year 2011, there was one student for which the College did not comply with the student status changes reporting requirement. For the one student, the change of status was submitted to the National Student Loan Data System ("NSLDS") 114 days after the deadline.

Cause
Due to turnover in the College's registrar office, the policy in place for manually reporting student status changes to NSLDS which occur after the last scheduled Spring submission to SSCR was not performed in a timely manner.

Effect
The federal agency is not made aware of changes in student eligibility in a timely manner.

Questioned Costs
None.

Recommendation
Management should implement procedures to ensure all incoming staff is made aware of policies and procedures in place to ensure all changes in student status are tracked and communicated on a timely basis including those student status changes that occur after the last scheduled student status confirmation report.

Management's Views and Corrective Action Plan
Following the finding is management's views and corrective action plan.

10-1 Compliance Requirement: Financial Reporting

Grantor: Department of Education
Award Year: July 1, 2009 - June 30, 2010
CFDA #: 84.033
CFDA Title: Federal Work Study Program

Condition
Federal Work Study for the College totaled $382,817, of which $66,856 is American Recovery and Reinvestment Act of 2009 (ARRA) funding. The College is required to submit Section 1512 quarterly reports based on Federal Work Study funds received under ARRA. These reports are to be submitted within 10 days of the calendar quarter end (June 30, September 30, December 31, and March 31). The College submitted the ARRA report for the period ending March 31, 2010 on April 16, 2010, six days after the deadline. The remaining quarterly reports (June 30, September 30, and December 31) were submitted timely.

Current Year Status
In fiscal year 2012, the College established a centralized calendar for federal reporting requirements that was distributed to all departments involved with administering Title IV aid. The College notes no ARRA funding was received in fiscal year 2011 related to Title IV funds, however the calendar is in place and is being utilized to track other required reports, such as the Fiscal Operations Report and Application to Participate.

10-2 Special Tests and Provisions - Return of Title IV Funds

Grantor: Department of Education
Award Year: July 1, 2009 - June 30, 2010
CFDA#: 84.032
CFDA Title: Federal Family Education Loans Stafford

Condition
In a sample of ten students, out of a total population of 49 students who withdrew or went on a leave of absence from the College in the 2009-2010 academic year, for one student the College did not comply with timely return of funds requirements and returned the Stafford Title IV funds to the lender 58 days after the student withdrew.

Current Year Status
The College is now utilizing the Department of Education’s web based R2T4 tool for 100% of all refund calculations performed, eliminating the possibility for miscalculation as a result of human error.

WELLESLEY COLLEGE

REGISTRAR'S OFFICE

Management's Views and Corrective Action Plan For the Fiscal Year ended 06/30/11

11-1 Financial Reporting

Management View

Management recognizes the importance of timely reporting under all federal regulations related to the student status changes reporting compliance requirements, and agrees that this reporting was not done within the required timeframe for one student in fiscal year 2011.

Corrective Action

The Registrar's office has hired an Associate Registrar, who is now responsible for overseeing the processing of student withdrawals. Additionally, the Registrar's office has implemented procedures for staff training to ensure that student status changes are processed timely.

Carol Shanmugaratnam 3/13/12

Carol Shanmugaratnam Date

Registrar and Associate Dean of the College

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