Trinity College

Consolidated Financial Statements
June 30, 2011 and 2010

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Report of Independent Auditors

To the Board of Trustees of Trinity College

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Trinity College (the "College") at June 30, 2011 and 2010, and the changes in their net assets and their 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. 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.

PricewaterhouseCoopers LLP

October 21, 2011

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Trinity College
Consolidated Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 32,247,415	$ 31,955,912
Receivables, net of allowance for doubtful accounts of $511,000 and $320,000	1,718,437	2,085,837
Government grants receivable	719,385	755,584
Contributions receivable, net of allowance for doubtful accounts of $1,228,543 and $828,006	38,254,250	31,589,089
Student loans receivable, net of allowance for doubtful accounts of $582,000 and $330,000	4,968,981	5,206,076
Investments	404,490,305	343,982,795
Funds held by bond trustee	5,945,543	6,627,223
Beneficial interest in funds held in trust by others	30,857,319	25,807,453
Other assets	4,178,267	3,819,561
Fixed assets, net of accumulated depreciation	251,343,282	254,352,178
Total assets	$ 774,723,184	$ 706,181,708
Liabilities		
Accounts payable and other liabilities	$ 17,507,571	$ 16,619,723
Federal student loan funds	3,205,015	3,205,015
Contributions due to others	102,140	105,483
Accrued postretirement benefits	5,125,636	5,405,707
Split interest obligations	5,319,284	4,167,472
Bonds and notes payable	148,150,931	151,403,992
Asset retirement obligation	24,510,728	23,745,505
Total liabilities	203,921,305	204,652,897
Net Assets		
Unrestricted	86,767,815	75,174,705
Temporarily restricted	227,132,431	184,107,227
Permanently restricted	256,901,633	242,246,879
Total net assets	570,801,879	501,528,811
Total liabilities and net assets	$ 774,723,184	$ 706,181,708

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

Trinity College
Consolidated Statement of Activities
Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

	2011				2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues and other net assets					
Tuition and fees	$ 96,671,431	$ -	$ -	$ 96,671,431	$ 93,438,792
Room and board	20,215,821	-	-	20,215,821	19,401,182
Less: financial aid	(33,640,095)	-	-	(33,640,095)	(31,257,567)
Net tuition and fees	83,247,157	-	-	83,247,157	81,582,407
Federal and state grants	3,422,468	-	-	3,422,468	2,052,734
Contributions	8,000,807	7,632,314	-	15,633,121	15,322,788
Endowment income distribution	286,861	14,941,399	-	15,228,260	19,969,770
Net gain (loss) on investments	(141,562)	65,469	-	(76,093)	(108,237)
Other investment income	363,305	57,243	78,195	498,743	391,913
Other operating income	2,847,282	192,894	50,537	3,090,713	2,872,911
Revenues of auxiliary enterprises	3,783,538	(1,120)	-	3,782,418	2,892,035
Net assets released from restrictions	21,410,213	(21,410,213)	-	-	-
Total operating revenues and other net assets	123,220,069	1,477,986	128,732	124,826,787	124,976,321
Expenses					
Instruction, research and related programs	69,642,906	-	-	69,642,906	70,685,181
General institutional services	33,370,073	-	-	33,370,073	33,692,476
Auxiliary expenses	22,251,007	-	-	22,251,007	21,309,626
Total expenses	125,263,986	-	-	125,263,986	125,687,283
Other changes in net assets					
Cost related to defeasance of CHEFA Series F	-	-	-	-	(323,635)
Postretirement related changes other than net periodic cost	(358,046)	-	-	(358,046)	(920,527)
Operating and other fund transfers	330,149	(330,149)	-	-	-
Transfers from (to) endowment	24,000	(76,135)	-	(52,135)	(10,889)
Total other changes	(3,897)	(406,284)	-	(410,181)	(1,255,051)
Increase (decrease) in operating and other net assets	(2,047,814)	1,071,702	128,732	(847,380)	(1,966,013)
Endowment and similar net assets					
Endowment income	75,481	784,069	129,194	988,744	425,649
Net gains on investments	1,721,980	66,190,484	481,575	68,394,039	46,206,529
Amount distributed for spending	(286,861)	(14,941,399)	-	(15,228,260)	(19,969,770)
Investment management fees	(77,078)	(3,522,951)	(67,139)	(3,667,168)	(3,039,450)
Other changes	(519,765)	(51,000)	(1,216)	(571,981)	(421,215)
Net investment gain and amounts distributed for spending	913,757	48,459,203	542,414	49,915,374	23,201,743
Contributions	415,226	600,000	14,669,636	15,684,862	6,774,420
Change in value of split-interest agreements	(154,911)	3,368,813	1,254,175	4,468,077	2,027,518
Other endowment changes and transfers	12,490,852	(10,550,649)	(1,940,203)	-	-
Transfers (to) from operating funds	(24,000)	76,135	-	52,135	10,889
Other endowment changes	12,727,167	(6,505,701)	13,983,608	20,205,074	8,812,827
Increase in endowment and similar net assets	13,640,924	41,953,502	14,526,022	70,120,448	32,014,570
Net assets, beginning of year	75,174,705	184,107,227	242,246,879	501,528,811	471,480,254
Total increase in net assets	11,593,110	43,025,204	14,654,754	69,273,068	30,048,557
Net assets, end of year	$ 86,767,815	$ 227,132,431	$ 256,901,633	$ 570,801,879	$ 501,528,811

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

Trinity College
Consolidated Statement of Activities
Year Ended June 30, 2010

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other net assets				
Tuition and fees	$ 93,438,792	$ -	$ -	$ 93,438,792
Room and board	19,401,182	-	-	19,401,182
Less: financial aid	(31,257,567)	-	-	(31,257,567)
Net tuition and fees	81,582,407	-	-	81,582,407
Federal and state grants	2,052,734	-	-	2,052,734
Contributions	8,038,873	7,283,915	-	15,322,788
Endowment income distribution	362,303	19,607,467	-	19,969,770
Net gain (loss) on investments	(122,547)	14,310	-	(108,237)
Other investment income	282,716	52,602	56,595	391,913
Other operating income	2,535,920	312,297	24,694	2,872,911
Revenues of auxiliary enterprises	2,892,035	-	-	2,892,035
Net assets released from restrictions	24,929,449	(24,929,449)	-	-
Total operating revenues and other net assets	122,553,890	2,341,142	81,289	124,976,321
Expenses				
Instruction, research and related programs	70,685,181	-	-	70,685,181
General institutional services	33,692,476	-	-	33,692,476
Auxiliary expenses	21,309,626	-	-	21,309,626
Total expenses	125,687,283	-	-	125,687,283
Other changes in net assets				
Cost related to defeasance of CHEFA Series F	(323,635)	-	-	(323,635)
Postretirement related changes other than net periodic cost	(920,527)	-	-	(920,527)
Operating and other fund transfers	566,653	1,672,011	(2,238,664)	-
Transfers from (to) endowment	170	(11,059)	-	(10,889)
Total other changes	(677,339)	1,660,952	(2,238,664)	(1,255,051)
Increase (decrease) in operating and other net assets	(3,810,732)	4,002,094	(2,157,375)	(1,966,013)
Endowment and similar net assets				
Endowment income	58,574	249,093	117,982	425,649
Net gains on investments	1,221,670	45,271,562	(286,703)	46,206,529
Amount distributed for spending	(362,303)	(19,607,467)	-	(19,969,770)
Investment management fees	(63,287)	(2,860,747)	(115,416)	(3,039,450)
Other changes	(467,581)	52,576	(6,210)	(421,215)
Net investment gain and amount distributed for spending	387,073	23,105,017	(290,347)	23,201,743
Contributions	-	-	6,774,420	6,774,420
Change in value of split-interest agreements	(86,323)	674,502	1,439,339	2,027,518
Other endowment changes and transfers	13,405,768	(12,022,003)	(1,383,765)	-
Transfers (to) from operating funds	(170)	11,059	-	10,889
Other endowment changes	13,319,275	(11,336,442)	6,829,994	8,812,827
Increase in endowment and similar net assets	13,706,348	11,768,575	6,539,647	32,014,570
Net assets, beginning of year	65,279,089	168,336,558	237,864,607	471,480,254
Total increase in net assets	9,895,616	15,770,669	4,382,272	30,048,557
Net assets, end of year	$ 75,174,705	$ 184,107,227	$ 242,246,879	$ 501,528,811

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

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

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 69,273,068	$ 30,048,557
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation, amortization and accretion	12,803,194	13,837,738
Net realized and unrealized gains on investments	(68,317,946)	(46,098,292)
Provision for student loans receivable	252,000	-
Provision for contributions receivable	400,537	(299,672)
Contributions receivable discount	975,522	(316,880)
Student loans written off	78,702	18,982
Loss on defeasance of CHEFA Series F (2011) and I (2010)	-	323,634
Contributions restricted for long-term investment	(7,482,277)	(12,103,906)
Receipt of contributed securities	(3,728,445)	(1,944,894)
Postretirement related changes other than net periodic cost	(358,046)	(920,527)
Change in balances		
Receivables and other assets	212,544	(866,632)
Contributions receivable	(8,041,220)	7,264,097
Accounts payable and accrued expenses	1,034,468	1,421,141
Federal student loan funds	-	4,510
Contributions due to others	(3,343)	(1,282)
Accrued postretirement benefits	77,975	1,287,952
Total adjustments	(72,096,335)	(38,394,031)
Net cash used in operating activities	(2,823,267)	(8,345,474)
Cash flows from investing activities		
Student loans granted	(780,008)	(861,988)
Student loans repaid	686,401	530,972
Purchases of fixed assets	(9,091,526)	(8,066,795)
Purchases of investments	(108,085,878)	(56,662,162)
Sales of investments	115,896,316	66,323,179
Proceeds from sales of contributed securities	3,728,445	1,944,894
Proceeds from bond issuance deposited with bond trustee	(10,140,860)	(9,723,432)
Use of bond issuance proceeds deposited with bond trustee	10,822,540	9,380,982
Net cash provided by investing activities	3,035,430	2,865,650
Cash flows from financing activities		
Contributions restricted for long-term investment	7,482,277	12,103,906
Change in value of split-interest obligations	1,151,812	190,677
Change in the value of funds held in trust by others	(5,049,866)	(1,699,845)
Proceeds from bond issuance	-	22,230,000
Repayment of bonds and notes	(3,228,441)	(25,211,662)
Payments of bond issuance costs	(276,442)	(132,823)
Net cash provided by financing activities	79,340	7,480,253
Net increase in cash and cash equivalents	291,503	2,000,429
Cash and cash equivalents		
Beginning of year	31,955,912	29,955,483
End of year	$ 32,247,415	$ 31,955,912
Supplemental disclosure of cash flow information		
Interest paid during the year	$ 6,185,481	$ 6,419,774
Noncash transactions		
Additions to fixed assets through accounts payable	26,586	173,209
Contributed securities	3,728,445	1,944,894

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

1. Summary of Significant Accounting Policies

Nature of Organization

Trinity College (the “College”) is a private, not-for-profit institution of higher education located in Hartford, Connecticut. Additionally, the College operates a campus in Rome, Italy. The College provides educational services primarily for students at the undergraduate and graduate levels and performs some research under grants with agencies of the federal government and other sponsoring organizations.

Basis of Presentation

The consolidated financial statements of Trinity College include the accounts of Trinity College and its wholly owned subsidiary, the Barbieri Center, Inc., an Italian campus operation. The consolidated financial statements of Trinity College also include the Watkinson Library Trust Funds, which are included in the College’s endowment funds for the exclusive support of the Watkinson Library.

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

The consolidated financial statements are also prepared following the provisions of the American Institute of Certified Public Accountants’ Audit and Accounting Guide “Not-for-Profit Organizations.” This guide requires the allocation of depreciation, operation and maintenance of plant and interest expense to functional categories. It also requires tuition to be presented net of financial aid discount.

The College follows the provisions of accounting guidance for revenue recognition for not-for-profit entities for contributions received and contributions made and presentation of financial statements of not-for-profit entities. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Brief definitions of the three classes of net assets are presented below.

Unrestricted Net Assets

Net assets derived from tuition and other institutional resources that are not subject to donor-imposed restrictions. 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 include investment in plant and the appreciation on funds functioning as endowment.

Temporarily Restricted Net Assets

Net assets whose use is restricted by state law or subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets. Temporary restrictions may expire due to the passage of time or the incurrence of expenditures that fulfill the restrictions. Temporarily restricted net assets include the appreciation on donor-restricted endowment funds.

Permanently Restricted Net Assets

Net assets that are subject to explicit donor-imposed restrictions 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.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or by law. 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 stipulations or by law. Expirations of temporary restrictions on net assets either because the donor-imposed purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Temporarily restricted revenues for which the restriction is met in the current period are reported as unrestricted revenues.

Operations
The consolidated financial statements reflect all activities of the College, except those specifically related to the endowment funds, as operations.

Fair Value Measurements
The College follows the accounting guidance for fair value measurements and disclosures that defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under this guidance as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement data.

This guidance also gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The College did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

Accounting guidance for fair value measurements and disclosures establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under this guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

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

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

The College follows guidance related to the fair value measurements and disclosures standard for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with generally accepted accounting principles (GAAP). As a practical expedient, the College is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The College's investments in private equity, real estate and hedge funds are fair valued based on the most current NAV received.

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The College has assessed factors including, but not limited to, managers' compliance with fair value measurements and disclosure standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the College's investments in investment companies. Furthermore, investments which can be redeemed at NAV by the College on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

Cash and Cash Equivalents
Cash and cash equivalents include U.S. Treasury notes, money market funds and similar temporary investments with maturities of three months or less when purchased. Included in these amounts are cash received for capital campaign and endowment contributions awaiting further disposition.

The College maintains checking accounts which principally consist of cash and at times are in excess of the financial institution's insurance limits. The College invests available cash with high credit quality institutions. It is the College's policy to monitor the financial strength of these institutions on an ongoing basis.

Contributions
Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made. Donor restricted contributions whose restrictions are not satisfied in the year received are reflected in temporarily restricted net assets when received and released from restriction when the related expense is incurred. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted. Contributions received that are awaiting designation by the donor are reported as temporarily restricted net assets.

Credit Losses

The College records an allowance for doubtful accounts (credit losses) for long term receivables including perkins loans and other student loans. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment, the level of delinquent loans, review of the default rate by category in comparison to prior years, the value of any collateral and, where, applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on actual results. The College’s Perkins receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan program are able to be assigned to the Federal Government in certain non-repayment situations. In these situations the Federal portion of the loan balance is guaranteed. Management believes that the allowance for credit losses at June 30, 2011 and 2010 is adequate to absorb credit losses inherent in the portfolio as of that date.

Investments

Investments are recorded at fair value. The value of publicly-traded fixed income and equity securities is based upon quoted market prices. Private equities and certain other non-marketable securities are valued using current information obtained from the general partner or investment manager for the respective funds. Fair values for investments held through certain limited partnerships are estimated by the respective external investment managers if market values are not readily ascertainable. Purchased investments are initially recorded at cost as of the trade date and donated investments at fair market value at the date of receipt. Gains or losses that result from market fluctuations are recognized in the period in which the fluctuations occur.

The College holds interests in certain limited partnerships which invest in securities at the sole discretion of the general partners. The partnerships hold, among other investments, debt and/or equity securities of troubled or restructured companies. These partnerships may also enter into transactions in financial futures, foreign exchange options, forward currency contracts (which are used for hedging and non-hedging purposes), securities purchased under agreements to resell, and securities sold under agreements to repurchase.

The College owns certain pieces of real estate which are recorded at fair value. Fair values of these properties are evaluated annually by the College by obtaining property appraisals from local independent appraisers.

Split-interest Agreements and Beneficial Interest in Funds Held in Trust by Others

The College’s split-interest agreements with donors consist primarily of charitable gift annuities, pooled life income funds and irrevocable charitable remainder trusts. Those for which the College serves as trustee are recorded in the investments of the College. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

The College also is the beneficiary of a number of charitable remainder trusts and perpetual trusts for which unrelated third parties serve as trustees, which are recorded as beneficial interest in funds held in trust by others.

Contribution revenues for irrevocable charitable gift annuities and charitable remainder trusts are recognized at fair value at the dates the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. For pooled income funds, contribution revenue is recognized upon establishment of the agreement at the fair value of the estimated future receipts, discounted for the estimated time period to complete the agreement. Discount rates used to calculate the present value of split interest agreements range from approximately 3.3% to 6.0%. Contribution revenue for perpetual trusts is recognized at the time the College is informed of the trust.

The College is aware of certain split interest arrangements in which it has been named as beneficiary. The College has adopted a policy that until such amounts are estimable and under its control, these amounts are not recognized in the financial statements.

Other Assets
Bond issuance costs, prepaid expenses and inventories are categorized within other assets in the financial statements. Bond issuance costs are amortized over the term of the related debt.

Fixed Assets
Fixed assets are comprised primarily of land, buildings, equipment and capitalized software costs, which are recorded at cost or fair market value for gifts, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (20-40 years), land improvements (30 years), equipment (5-10 years), and capitalized software costs (5 years). The College capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to land improvements and building accounts and amortized over the lives of the related assets. The cost and related accumulated depreciation of fixed assets are removed from the records at the time of disposal.

Collections
Library and art collections are not included in assets. Purchases of such collections are recorded as decreases in unrestricted net assets in the period in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from the sale of collection items or insurance recoveries are reflected as increases in the appropriate net asset class.

Asset Retirement Obligations
An asset retirement obligation (“ARO”) is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

Tax Status
The College has a letter of exemption from federal income tax from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and therefore has incurred no income tax expense related to the activities of the College.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of certain investments, collectability of gifts, contributions receivable, student loans receivable and accounts receivable, the assumptions used in calculating of the postretirement benefit plan and asset retirement obligations.

Risks and Uncertainties
Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in values of such investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Reclassifications
Certain 2010 amounts have been reclassified to conform with 2011 presentation.

2. Investments

Investments at June 30, 2011 and 2010 consist of:

	Market Value	
	2011	**2010**
Endowment funds		
Short-term investments	$ 24,769,541	$ 24,940,665
Fixed income	11,143,043	11,153,192
Domestic equity	8,472,660	7,708,538
Private equity	98,686,170	77,567,709
Real estate	15,223,076	15,198,739
Hedge funds		
Domestic equities	111,412,380	93,058,101
Private equities	1,680,927	8,621,830
Global equities	71,218,796	62,523,830
Other	61,384,809	42,737,486
	403,991,402	343,510,090
Other funds		
Fixed income	8,346	8,218
Domestic and global equities	334,970	300,383
International equity	10,709	9,027
Real estate	25,622	35,823
Other	119,256	119,254
	498,903	472,705
Total investments	$ 404,490,305	$ 343,982,795

At June 30, 2011 and 2010, the College is obligated to fund $61,424,600 and $48,752,514 for future additional purchases of certain limited partnerships. This obligation will be funded by the reallocation of investments.

A summary of the College's investment return is presented below:

	2011	2010
Endowment and other long-term investments		
Endowment income	$ 988,744	$ 425,649
Net realized and unrealized gains, net of investment management fees and other costs	64,726,871	43,167,079
Return on endowment investments	65,715,615	43,592,728
Operating investments		
Investment income	498,743	391,913
Net realized and unrealized losses	(76,093)	(108,237)
Return on operating investments	422,650	283,676
Total return on investments	$ 66,138,265	$ 43,876,404

The following table presents the financial instruments carried at fair value as of June 30, 2011 and 2010, by caption on the statements of financial position by the fair value measurements and disclosures valuation hierarchy defined in Note 1.

	2011			
	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Short term investments	$ 24,769,541	$ -	$ -	$ 24,769,541
Fixed income	11,143,043	8,346	-	11,151,389
Domestic and global equities	4,379,153	-	4,428,477	8,807,630
Private equity	-	-	98,686,170	98,686,170
International equity	10,709	-	-	10,709
Real estate	17,001	-	15,231,697	15,248,698
Hedge funds	-	231,007,234	14,689,678	245,696,912
Other	-	-	119,256	119,256
Total investments	40,319,447	231,015,580	133,155,278	404,490,305
Beneficial interests held by 3rd parties	-	-	17,108,389	17,108,389
Perpetual trusts held by 3rd parties	-	-	13,748,930	13,748,930
Total assets at fair value	$ 40,319,447	$ 231,015,580	$ 164,012,597	$ 435,347,624

	2010			
	Quoted Prices In Active Markets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Assets				
Short term investments	$ 24,940,665	$ -	$ -	$ 24,940,665
Fixed income	11,153,192	8,218	-	11,161,410
Domestic and global equities	3,059,946	-	4,948,975	8,008,921
Private equity	-	-	77,567,709	77,567,709
International equity	9,027	-	-	9,027
Real estate	19,201	-	15,215,361	15,234,562
Hedge funds	-	192,829,785	14,111,462	206,941,247
Other	-	-	119,254	119,254
Total investments	39,182,031	192,838,003	111,962,761	343,982,795
Beneficial interests held by 3rd parties	-	-	13,733,945	13,733,945
Perpetual trusts held by 3rd parties	-	-	12,073,508	12,073,508
Total assets at fair value	$ 39,182,031	$ 192,838,003	$ 137,770,214	$ 369,790,248

Following is a description of the College’s valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based on quoted prices in active markets that the College has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The College does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3, is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

There were no transfers between any levels during the year ended June 30, 2011.

Investments included in Level 3 primarily consists of the College's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the net assets of the respective partnership. Approximately 8.81% of investments held by the partnerships consists of marketable securities and approximately 91.19% are securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The College has performed significant due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30, 2011 and 2010. Fund investments that have observable inputs (published NAVs) and from which the College has the ability to redeem within 90 days of June 30 are classified as Level 2.

Beneficial and perpetual trusts held by 3rd parties are valued at the present value of the future distributions expected to be received over the term of the agreement.

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

The following table is a rollforward of the statements of financial position amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined above:

	Domestic Equity	Private Equity	Real Estate	Hedge Funds	Other	Total Investments
Fair value at July 1, 2010	$ 4,948,975	$ 77,567,709	$ 15,215,361	$ 14,111,462	$ 119,254	$ 111,962,761
Realized gains/(losses)	308,354	8,385,580	3,999	213,975	-	8,911,908
Unrealized gains/(losses)	(477,144)	15,350,451	(734,291)	693,046	2	14,832,064
Net purchases, sales, settlements	(61,693)	(2,617,570)	746,628	(328,805)	-	(2,261,440)
Transfers in/out	(290,015)	-	-	-	-	(290,015)
Fair value at June 30, 2011	$ 4,428,477	$ 98,686,170	$ 15,231,697	$ 14,689,678	$ 119,256	$ 133,155,278

	Beneficial Interests Held By 3rd Party	Perpetual Trusts Held By 3rd Party
Fair value at July 1, 2010	$ 13,733,945	$ 12,073,508
Realized gains/(losses)	-	-
Unrealized gains/(losses)	-	-
Net purchases, sales, settlements	3,374,444	2,245,445
Transfers in/out	-	(570,023)
Fair value at June 30, 2011	$ 17,108,389	$ 13,748,930

All net realized and unrealized gains/(losses) in the table above are reflected in the accompanying statements of activities. Net unrealized gains/(losses) relate to those financial instruments held by the College at June 30, 2011 and 2010.

The information provided in the table below has been disaggregated based upon sub-strategy of the investments available redemption data and uncalled commitments are listed as follows:

Category	Fair Value	Unfunded Commitments	Lockup	Inside/Outside of Lockup	Redemption Frequency (if Eligible)	Redemption Notice
Hedge funds/absolute return						
Long/short	$ 140,962,105	$ -	None	N/A	Daily - Monthly	none
Fixed income strategies	13,008,751	-	36 months rolling	Inside	Every 2 years	90 days
Multi strategy	91,726,056	-	None	N/A	Monthly	none
Total hedge funds	245,696,912	-				
Private equity						
Fund of funds	80,338,164	47,384,822				
Buyout	12,078,613	11,109,484				
Venture capital	1,024,000	-				
Fixed income	5,245,393	1,692,934				
Total private equity	98,686,170	60,187,240				
Real assets						
Real estate	15,223,076	1,237,360				
Total real estate	15,223,076	1,237,360				
	$ 359,606,158	$ 61,424,600				

3. Endowment Funds

Principal balances at June 30 were as follows:

	Fair Value 2011	Fair Value 2010
Endowment funds held by Trinity	$ 402,779,510	$ 344,682,147
Funds held in trust by others	13,748,929	12,073,508
Pledges outstanding	20,124,361	14,051,572
	$ 436,652,800	$ 370,807,227

The College's endowment consists of over 1,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees or management to function as endowment. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Temporarily restricted endowment net assets include accumulated appreciation on donor-restricted endowment funds, as well as donor-restricted, spendable gifts designated by the Board or management for long-term support of the College. Permanently restricted endowment net assets include those funds designated by donors to be invested in perpetuity to provide a permanent source of income.

The College follows the accounting guidance for Presentation of Financial statements of Not-For-Profit-Entities, which requires net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds, which establishes guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted Uniform Prudent Management of Institutional Funds Act. The accounting guidance requires not-for-profit entities subject to an enacted version of UPMIFA to classify the portion of the endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization.

Interpretation of Relevant Law

The trustees of the College interpret the Uniform Prudent Management of Institutional Funds Act of the State of Connecticut, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of 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. 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 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:

- The duration and preservation of the fund
- The purpose of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

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 requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $1,825,948 and $13,497,952 as of June 30, 2011 and 2010. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

In accordance with the terms of donor gift instruments, the College is permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair market value of the original amount of the gift. Subsequent gains above that amount are recorded to temporarily restricted net assets.

Endowment Net Asset Composition by Type of Fund as of June 30, 2011

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total
Donor-restricted endowment funds	$ (1,825,948)	$ 160,779,588	$ 250,662,324	$ 409,615,964
Funds functioning as endowment funds	6,805,308	15,995,237	4,236,291	27,036,836
Total funds	$ 4,979,360	$ 176,774,825	$ 254,898,615	$ 436,652,800

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Year to Date as of June 30, 2011
Endowment net assets, beginning of year	$ (8,101,305)	$ 139,538,210	$ 239,370,322	$ 370,807,227
Investment return				
Investment income (loss), net of fees	(61,239)	(2,795,516)	(67,139)	$ (2,923,894)
Net appreciation (realized and unrealized)	1,427,556	66,148,639	2,143,793	69,719,988
Total investment return	1,366,317	63,353,123	2,076,654	66,796,094
Contributions	365,226	600,000	13,198,638	14,163,864
Appropriation of endowment assets for expenditure	(286,861)	(14,941,399)	-	(15,228,260)
Other changes, transfers, and releases from restriction	11,635,983	(11,775,109)	253,001	113,875
Net assets as of June 30, 2011	$ 4,979,360	$ 176,774,825	$ 254,898,615	$ 436,652,800

Endowment Net Asset Composition by Type of Fund as of June 30, 2010

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total
Donor-restricted endowment funds	$ (13,497,952)	$ 126,722,732	$ 235,419,177	$ 348,643,957
Funds functioning as endowment funds	5,396,647	12,815,478	3,951,145	22,163,270
Total funds	$ (8,101,305)	$ 139,538,210	$ 239,370,322	$ 370,807,227

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Year to Date as of June 30, 2010
Endowment net assets, beginning of year	$ (22,101,433)	$ 128,471,450	$ 233,387,679	$ 339,757,696
Investment return				
Investment income (loss), net of fees	(45,605)	(2,065,630)	(115,416)	(2,226,651)
Net appreciation (realized and unrealized)	1,008,864	45,245,798	819,110	47,073,772
Total investment return	963,259	43,180,168	703,694	44,847,121
Contributions	-	-	6,478,224	6,478,224
Appropriation of endowment assets for expenditure	(362,303)	(19,607,467)	-	(19,969,770)
Other changes, transfers, and releases from restriction	13,399,172	(12,505,941)	(1,199,275)	(306,044)
Net assets as of June 30, 2010	$ (8,101,305)	$ 139,538,210	$ 239,370,322	$ 370,807,227

Assets of endowment funds are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the monthly period within which the transactions take place. In addition, the College maintains separately invested funds as stipulated by donors. Endowment income is distributed based on the number of units subscribed to at the end of each month.

The College has a total return (income plus change in fair value) spending policy. The endowment spending policy was designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The annual spend rate for 2011 was calculated as a percentage of the June 30, 2010 endowment market value. The spending rate approved by the Board of Trustees was 5% for 2011. This resulted in approved spending of $16,036,876 and $21,089,926, which includes $15,228,260 and $19,969,769 appropriated for expenditure and $808,616 and $1,120,157 returned to principal 2011 and 2010, respectively. Accumulated gains of $14,433,449 and $1,120,156 were transferred from endowment net assets to operating and other net assets to meet endowment spending for 2011 and 2010, respectively.

The College owns certain strategic neighborhood properties. Total return on these neighborhood properties, which are held as endowment assets, was (21.0%) and (9.1%) for the year ended June 30, 2011 and 2010, respectively.

Other endowment changes in the statement of activities include transfers due to changes in donor intent in the amount of $12,095 and $2,212,252 for the year ended June 30, 2011 and 2010, respectively.

The following table sets forth activity in the pool at June 30:

	2011	2010
Number of units for income allocation	15,938,010	13,594,011
Market value per unit	$ 25.00	$ 25.00
Income earned per unit	4.12	3.25
Income distributed per unit	0.95	1.48

4. Contributions Receivable

Contributions receivable at June 30 consisted of unconditional promises to give (net of discount of $11,149,094 and $10,173,572 and allowance of $1,228,543 and $828,006 for 2011 and 2010, respectively), which are expected to be realized in the following periods:

	2011	2010
In one year or less	$ 14,786,498	$ 12,324,624
Between one year and five years	16,983,143	11,773,996
In more than five years	6,484,609	7,490,469
	$ 38,254,250	$ 31,589,089

Discount rates used to calculate the present value of contributions receivable ranged from 2.46% to 6.18%.

5. Other Assets

Other assets at June 30 include:

	2011	2010
Bond issuance costs, net of accumulated amortization	$ 3,376,610	$ 3,233,581
Prepaid expenses	566,726	387,382
Inventories	100,242	72,593
Other	134,689	126,005
	$ 4,178,267	$ 3,819,561

6. Fixed Assets

Land and land improvements, buildings and equipment, less accumulated depreciation at June 30, are as follows:

	2011	2010
Land and land improvements	$ 27,546,747	$ 26,679,007
Buildings	357,595,192	352,353,278
Equipment	52,609,107	54,121,777
Construction-in-progress	3,557,216	2,429,089
	441,308,262	435,583,151
Less: Accumulated depreciation	(189,964,980)	(181,230,973)
	$ 251,343,282	$ 254,352,178

Depreciation expense included in operating expense amounted to $11,953,803 and $12,324,618 for the year ended June 30, 2011 and 2010. The cost of the Trinity College main campus purchased in 1873 consisting of 78 acres and smaller parcels purchased in subsequent years is not included in the land total above. The historical cost of this land is not practical to estimate.

7. Contributions Due to Others

The College receives and distributes assets, on behalf of other not-for-profit organizations, under certain agreements in accordance with the provisions of certain accounting guidance. Amounts received and distributed under these relationships totaled $20,000 and $23,343 for the year ended June 30, 2011.

The amounts received on behalf of other not-for-profit organizations, but not yet distributed totaled $102,140 and $105,483 at June 30, 2011 and 2010, and are included on the statement of financial position as contributions due to others.

8. Asset Retirement Obligations

The College recalculates its asset retirement obligation annually, adjusting the liability to reflect obligations incurred or settled in the current period, accretion expense, and revisions to estimated cash flows.

The College recognized accretion on the asset retirement obligations net of abatement and other changes of approximately $765,223 and $1,083,423 in 2011 and 2010. Accretion is reported as an operating expense in the statements of activities.

9. Bonds and Notes Payable

The following is a summary of bonds and notes payable at June 30:

	2011	2010
Connecticut Health and Educational Facilities Authority (CHEFA) Series F bonds, issued 1998, interest rates ranging from 5.0% to 5.50%; maturities to 2028; insured by Municipal Bond Insurance Authority (MBIA). The trustee held a sinking fund reserve of $269,822 and $1,911,039 at June 30, 2011 and 2010	$ 9,805,000	$ 10,870,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series H bonds, issued 2005, interest rates ranging from 2.0% to 5.0%; maturities to 2026; insured by MBIA. The trustee held a sinking fund reserve of $1,860,488 and $1,833,614 at June 30, 2011 and 2010	27,420,000	28,575,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series L bonds, issued 2008, variable interest with an initial rate of 1.65%; and a maximum rate of 12%; maturities to 2034. The trustee held a sinking fund reserve of $510,458 and $535,941 at June 30, 2011 and 2010	14,465,000	14,930,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series J bonds, issued 2007, interest rates ranging from 4.5% to 5.5%; maturities to 2037; insured by MBIA. The trustee held a sinking fund reserve of $1,101,200 and $1,101,200 at June 30, 2011 and 2010	49,805,000	49,805,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series K bonds, issued 2007, interest rates ranging from 4.5% to 5.5%; maturities to 2037; insured by MBIA. The trustee held a sinking fund reserve of $987,341 and $976,451 at June 30, 2011 and 2010	23,690,000	24,145,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series M bonds, issued 2010, interest rates ranging from 2.0% to 5.0%; maturities to 2028; not insured. These bonds were used to refinance the callable portion of the Series F bonds. The trustee held a sinking fund reserve of $1,217,696 at June 30, 2011	22,230,000	22,230,000
Mortgage Payable - Payable to seller with monthly payments based on 5 year term at 8% annual interest rate maturing on September 1, 2012	108,195	187,312
Mortgage Payable - Payable to seller with monthly payments based on 20 year term at 8% annual interest rate with balloon payoff September 1, 2013	254,657	263,981
	147,777,852	151,006,293
Less: Unamortized net discount/premium	373,079	397,699
Total bonds and notes payable	$ 148,150,931	$ 151,403,992

Maturities of the above bonds and notes payable are as follows:

2011-2012	$ 3,008,942
2012-2013	3,068,300
2013-2014	3,345,610
2014-2015	3,795,000
2015-2016	3,945,000
Thereafter	130,615,000

In July 2008, the College decreased its Series I CHEFA bonds and issued Series L variable-rate demand bonds totaling $15,345,000. Bond issuance costs of $394,480 will be amortized over the life of the bonds. In connection with these bonds, the College entered into an irrevocable Letter of Credit and Reimbursement Agreement (the “Letter of Credit”) with JPMorgan Chase Bank, N.A., which expires August 5, 2014.

In the event that the College receives notice of any optional tender on its Series L variable-rate demand bonds, or if these 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 by drawing on the Letter of Credit (LOC). Amounts borrowed under the Letter of Credit must be repaid in full on the expiration date or, at the option of the College, may be converted to a three year term loan with quarterly payments commencing in the third month following the conversion. The term loan bears interest at the higher of the Federal Funds Effective Rate plus 3.5% or Prime Rate plus 3.0%. If the full amount of the bonds are put and the LOC is utilized, principal amounts on the Series L bonds due over the next five years and thereafter would be $0, $0, $3,836,250, $5,115,000, $5,115,000, and $1,278,750.

The College has a line of credit agreement with a national financial institution, which provides up to $15 million. There was no balance outstanding at June 30, 2011 or 2010. Interest is assessed at the higher of the bank's prime rate or the one month LIBOR plus 250 basis points for borrowings less than $500,000, and LIBOR plus 75 basis points for borrowings in excess of $500,000. There is also a 10 basis point charge for the unused portion of the credit line, payable quarterly in arrears.

The fair value of the College's long-term debt is estimated at approximately $142,736,346 based on the quoted market prices for the same or similar issues or on the current rates offered to the College for debt of the same remaining maturities.

10. Unrestricted Net Assets

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

	2011	2010
Capital campaign	$ (8,233,909)	$ (4,987,101)
Unrestricted endowment	4,979,361	(8,101,305)
Investment in plant assets	74,772,796	74,584,970
Life income funds	643,920	83,662
Operating funds	14,605,647	13,594,479
Total unrestricted net assets	$ 86,767,815	$ 75,174,705

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010 are available for the following purposes:

	2011	2010
Plant additions/renovation	$ 10,232,584	$ 8,109,047
Life income funds	17,257,204	12,540,317
Capital campaign	506,887	786,172
Endowment funds	176,774,825	139,538,210
Operating and restricted funds	19,685,366	20,661,385
Loan funds	2,675,565	2,472,096
Total temporarily restricted net assets	$ 227,132,431	$ 184,107,227

12. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2011 and 2010 consist of the following:

	2011	2010
Income restricted		
Instruction funds	$ 90,771,460	$ 86,599,046
Scholarship funds	75,310,705	68,280,991
Library	6,684,141	6,522,439
Chapel funds	839,215	838,965
Athletics	5,959,444	6,435,386
Prize funds	778,571	781,738
Other purposes	11,115,006	9,021,854
Unrestricted as to use of income	63,440,073	60,889,903
Total investments in perpetuity	254,898,615	239,370,322
Student loan funds	210,020	81,288
Life income funds	1,792,998	2,795,269
Total permanently restricted net assets	$ 256,901,633	$ 242,246,879

13. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the periods ended June 30, 2011 and 2010 as a result of incurred expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Such assets were utilized to fund expenditures in the following categories:

	2011	2010
Instruction and research	$ 8,936,776	$ 12,473,796
Financial aid	4,055,035	5,556,757
Plant	2,585,066	1,317,163
General institutional	5,833,336	5,581,733
Total net assets released from restrictions	$ 21,410,213	$ 24,929,449

14. Employee Benefit Plans

The College participates in the Teacher's Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) as a defined contribution retirement plan for most of its employees. Total pension expense for the year ended June 30, 2011 and 2010 is $3,491,029 and $3,859,050. The College has no liability for any unfunded pension costs under this plan.

The College provides health insurance benefits for employees who were full-time employees with at least ten years of service, were 60 or older, and who retired by June 30, 2007. Retirees after June 30, 2007 may participate in the plan, however they must pay the full costs. The College also provides life insurance benefits for retired employees who were full-time employees as of December 1, 1977.

The following represents the applicable disclosures as required by accounting guidance for defined benefit pension and other postretirement plans.

Pertinent information relating to this plan is as follows, based on a June 30 measurement date:

	2011	2010
Change in benefit obligation		
Benefit obligation at beginning of year	$ 5,405,707	$ 5,038,282
Service cost	10,523	14,654
Interest cost	236,321	288,791
Plan participants' contributions	66,009	29,898
Actuarial (gain) loss	(97,708)	502,053
Benefits paid	(495,216)	(467,971)
Benefit obligation at end of year	5,125,636	5,405,707
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	429,207	438,073
Plan participants' contributions	66,009	29,898
Benefits paid	(495,216)	(467,971)
Fair value of plan assets at end of year	-	-
Funded status	$ (5,125,636)	$ (5,405,707)
Amounts recognized in unrestricted net assets		
Prior service cost	$ (3,965,120)	$ (4,625,974)
Net actuarial loss	2,860,259	3,163,067
	$ (1,104,861)	$ (1,462,907)
Postretirement related changes other than net periodic benefit cost		
Actuarial (gain) loss	$ (97,708)	$ 502,053
Amortization of unrecognized amounts	455,754	418,474
	$ 358,046	$ 920,527
Components of net periodic benefit cost		
Service cost	$ 10,523	$ 14,654
Interest cost	236,321	288,791
Expected return on plan assets	-	-
Amortization of prior service benefit	(660,854)	(660,854)
Amortization of actuarial loss	205,100	242,380
Net periodic benefit cost	$ (208,910)	$ (115,029)
Amortization amounts in following year		
Prior service cost	$ (660,854)	$ (660,854)
Net actuarial loss	201,865	257,107
	$ (458,989)	$ (403,747)

Medicare Prescription Drug Act

On December 7, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 was signed into law. Among other things, the Act provides for a direct government subsidy for employers who offer a retiree drug program that is deemed to be actuarially equivalent to the government plan. In 2006, the College amended its postretirement health insurance benefit plan and therefore does not qualify for the subsidy.

Assumptions

	2011	2010
Discount rate used to determine benefit obligations at June 30	4.61 %	4.75 %
Discount rate used to determine net periodic benefit cost for years ended June 30	4.75 %	6.00 %
Assumed health care cost trend rates at June 30		
Health care cost trend rate assumed for next year	8.00 %	9.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2014	2014

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost	$ 17,904	$ (15,954)
Effect on postretirement benefit obligation	386,173	(344,192)

Contributions

Trinity College expects to contribute $476,423 to its postretirement health insurance benefit plan in fiscal year 2012.

Estimated Future Benefit Payments

Expected benefit payments for the calendar year:

	Postretirement Benefits
2011	$ 476,423
2012	480,300
2013	472,193
2014	462,606
2015	451,703
Thereafter	2,022,734

15. Commitments and Contingencies

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the College's financial position, changes in net assets or cash flows.

16. Related Parties

The College invests a portion of their endowment investments in limited liability partnerships and mutual funds where some members of the Board of Trustees have significant influence. The total fair value of related party investments was $9,259,467 and $4,749,228 at June 30, 2011 and 2010.