Trinity College

Consolidated Financial Statements
June 30, 2009

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PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
185 Asylum Street, Suite 2400
Hartford, CT 06103-3404
Telephone (860) 241 7000
Facsimile (860) 241 7590

Report of Independent Auditors

The Trustees of Trinity College
Hartford, Connecticut

In our opinion, the accompanying consolidated statement 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, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1 to the consolidated financial statements, as of July 1, 2008, the College adopted Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements.* Also, as described in Note 3 to the consolidated financial statements, in 2009, the College changed the manner in which it accounts for endowments.

PricewaterhouseCoopers LLP

October 14, 2009

Trinity College
Consolidated Balance Sheet
June 30, 2009

Assets	
Cash and cash equivalents	$ 29,955,483
Receivables, net of allowance for doubtful accounts of $270,000	1,323,066
Government grants receivable	359,545
Contributions receivable, net of allowance for doubtful accounts of $1,127,678	38,236,634
Student loans receivable, net of allowance for doubtful accounts of $330,000	4,894,042
Investments	307,545,520
Funds held by bond trustee	6,284,773
Beneficial interest in funds held in trust by others	24,107,608
Other assets	4,486,467
Fixed assets, net of depreciation	258,607,160
Total assets	$ 675,800,298
Liabilities	
Accounts payable and other liabilities	15,195,720
Federal student loan funds	3,200,505
Contributions due to others	106,765
Accrued postretirement benefit	5,038,282
Split interest obligations	3,976,795
Bonds and notes payable	154,139,895
Asset retirement obligation	22,662,082
Total liabilities	$ 204,320,044
Net assets	
Unrestricted	65,279,089
Temporarily restricted	168,336,558
Permanently restricted	237,864,607
Total net assets	471,480,254
Total liabilities and net assets	$ 675,800,298

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

Trinity College
Consolidated Statements of Activities
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating and other net assets				
Tuition and fees	$ 92,556,460	$ -	$ -	$ 92,556,460
Financial aid	(28,814,905)	-	-	(28,814,905)
Net tuition and fees	63,741,555	-	-	63,741,555
Federal and state grants	2,045,074	-	-	2,045,074
Contributions	7,612,880	3,626,686	-	11,239,566
Endowment income	671,819	18,747,903	983,286	20,403,008
Net losses on investments	(213,677)	(45,745)	-	(259,422)
Other investment income	624,507	1,771	33,326	659,604
Other operating income	4,383,299	455,511	3,265	4,842,075
Revenues of auxiliary enterprises	18,498,907	-	-	18,498,907
Total revenue	97,364,364	22,786,126	1,019,877	121,170,367
Net assets released from restrictions	26,455,073	(25,702,907)	(752,166)	-
Total revenue and reclassifications	$ 123,819,437	(2,916,781)	267,711	121,170,367
Expenses				
Instruction, research and related programs	64,125,173	-	-	64,125,173
General institutional services	43,766,099	-	-	43,766,099
Auxiliary expenses	15,610,307	-	-	15,610,307
Total expenses	123,501,579	-	-	123,501,579
Other changes				
Costs related to defeasance of CHEFA Series I	(646,347)	-	-	(646,347)
Postretirement related changes other than net periodic cost	(470,456)	-	-	(470,456)
Operating and other fund transfers	(239,914)	239,914	-	-
Transfers from (to) endowment	10,014	(89,948)	-	(79,934)
Total other changes	(1,346,703)	149,966	-	(1,196,737)
Increase (decrease) in operating and other net assets	(1,028,845)	(2,766,815)	267,711	(3,527,949)
Endowment and similar net assets				
Endowment income	118,577	1,671,239	506,284	2,296,100
Net losses on investments	(2,252,959)	(75,159,048)	(3,518,144)	(80,930,151)
Amount distributed for spending	(671,819)	(18,747,903)	(983,286)	(20,403,008)
Other changes	(492,243)	75,742	797	(415,704)
Investment management fees	(82,460)	(3,473,201)	(85,534)	(3,641,195)
Net investment loss and amount distributed for spending	(3,380,904)	(95,633,171)	(4,079,883)	(103,093,958)
Contributions	307,877	13,915,734	9,477,014	23,700,625
Change in value of split-interest agreements	(232,462)	(3,824,653)	(3,370,075)	(7,427,190)
Other endowment changes and transfers	(25,971,718)	27,161,175	(1,189,457)	-
Transfers (to) from operating funds	(10,014)	89,948	-	79,934
Other endowment changes	(25,906,317)	37,342,204	4,917,482	16,353,369
Increase (decrease) in endowment and similar net assets	(29,287,221)	(58,290,967)	837,599	(86,740,589)
Net assets, beginning of year	260,028,963	64,741,761	236,978,068	561,748,792
Cumulative effect of a change in accounting principle (Note 3)	(164,433,808)	164,652,579	(218,771)	-
Net assets, beginning of year after cumulative effect of a change in accounting principle	95,595,155	229,394,340	236,759,297	561,748,792
Total increase (decrease) in net assets	(30,316,066)	(61,057,782)	1,105,310	(90,268,538)
Net assets, end of year	$ 65,279,089	$ 168,336,558	$ 237,864,607	$ 471,480,254

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

Trinity College
Consolidated Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities	
Change in net assets	$ (90,268,538)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation, amortization and accretion	13,265,978
Net realized and unrealized gains on investments	81,189,574
Provision for bad debt expense	(76,618)
Pledge allowance	248,347
Student loans written off	19,355
Loss on defeasance of CHEFA Series G	646,347
Contributions restricted for long-term investment	(9,688,250)
Receipt of contributed securities	(1,580,151)
Cumulative effect of a change in accounting principle	(470,456)
Change in balances	
Receivables and other assets	444,496
Contributions receivable	4,674,166
Accounts payable and other liabilities	(1,574,615)
Federal student loan funds	38,644
Contributions due to others	(2,280)
Postretirement benefits	449,342
Total adjustments	87,583,879
Net cash used in operating activities	(2,684,659)
Cash flows from investing activities	
Student loans granted	(809,139)
Student loans repaid	412,580
Purchases of fixed assets	(22,129,656)
Purchases of investments	(251,890,374)
Sales of investments	289,134,658
Proceeds from sales of contributed securities	1,580,151
Proceeds from bond issuance deposited with bond trustee	(10,972,111)
Use of bond issuance proceeds deposited with bond trustee	17,105,691
Net cash provided by investing activities	22,431,800
Cash flows from financing activities	
Contributions restricted for long-term investment	9,688,250
Change in value of split-interest obligations	463,568
Change in the value of funds held in trust by others	(6,667,199)
Proceeds from bond issuance	15,345,000
Repayment of bonds and notes	(17,550,404)
Payments of bond issuance costs	(369,650)
Net cash used in financing activities	909,565
Net increase in cash and cash equivalents	20,656,706
Cash and cash equivalents at beginning of year	9,298,777
Cash and cash equivalents at end of year	$ 29,955,483
Supplemental disclosure of cash flow information	
Interest paid during the year	$ 6,756,180
Noncash transactions	
Additions to fixed assets through accounts payable	$ 170,348
Contributed securities	$ 1,580,151

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

1. Summary of Significant Accounting Policies

a. Nature of Organization

Trinity College (the "College") is a private, not-for-profit institution of higher education located in Hartford, Connecticut. Additionally, the College also 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.

b. Basis of Presentation

The financial statements of Trinity College (the "College") include the accounts of Trinity College and its wholly owned subsidiary, the Barbieri Center, Inc., an Italian campus operation. The 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 financial statements have been prepared on the accrual basis of accounting.

The financial statements are 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 Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-For-Profit-Organizations." 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 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.

c. Operations

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

d. Financial Instruments

Effective July 1, 2008, the College adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 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 SFAS 157 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.

The provisions of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) were effective July 1, 2008. SFAS No. 159 gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The election may be applied to financial assets and liabilities on an instrument by instrument basis, is irrevocable, and may only be applied to entire instruments. Unrealized gains and losses on instruments for which the fair value option has been elected are reported in earnings at each subsequent reporting date. The College did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

SFAS 157 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 SFAS 157 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 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.

e. Cash and Short-Term Investments

Cash and short-term investments 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.

f. 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.

g. 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.

h. 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%. 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.

i. 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.

j. 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 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.

k. 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.

l. 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.

m. 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.

n. 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, collectibility of gifts, pledges receivable student loans receivable and accounts receivable, the assumptions used in calculating of the postretirement benefit plan and asset retirement obligations.

o. 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.

p. Subsequent Events

Management has evaluated subsequent events for the period after June 30, 2009 through October 14, 2009, the date the financial statements were issued.

2. Investments

Investments at June 30, 2009 consist of:

	Market Value
Endowment funds	
Short-term investments	$ 43,173,422
Fixed income	10,044,471
Domestic equity	8,776,644
Private equity	33,125,056
Real estate	11,899,065
Hedge funds (a)	200,068,306
	307,086,964
Other funds	
Fixed income	9,624
Domestic and global equities	292,488
Real estate	37,190
Other	119,254
	458,556
Total investments	$ 307,545,520

(a) Included in the hedge funds total are approximately $16.6 million of domestic equities, $9.1 million of private equities, and $29.1 million of global equities, which are held in pooled investment vehicles and have infrequent redemptions throughout the year.

At June 30, 2009, the College is obligated to fund $66,840,619 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:

Endowment and other long-term investments	
Endowment income	$ 2,296,100
Net realized and unrealized losses, net of investment management fees and other costs	(84,571,346)
Return on endowment investments	(82,275,246)
Operating investments	
Investment income	659,604
Net realized and unrealized losses	(259,422)
Return on operating investments	400,182
Total return on investments	$ (81,875,064)

The following table presents the financial instruments carried at fair value as of June 30, 2009, by caption on the statement of financial position by the SFAS 157 valuation hierarchy defined in Note 1b.

	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	$ 43,173,422	$ -	$ -	$ 43,173,422
Fixed income	10,044,471	9,624	-	10,054,095
Domestic and global equities	2,898,436	-	6,170,696	9,069,132
Private equity	-	-	33,125,056	33,125,056
Real estate	-	19,568	11,916,687	11,936,255
Hedge funds	-	-	200,068,306	200,068,306
Other	-	-	119,254	119,254
Total investments	56,116,329	29,192	251,399,999	307,545,520
Beneficial interests held by 3rd parties	-	-	13,052,138	13,052,138
Perpetual trusts held by 3rd parties	-	-	11,055,470	11,055,470
Total assets at fair value	$ 56,116,329	$ 29,192	$ 275,507,607	$ 331,653,128

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 upon quoted prices in active markets that the College has 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.

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 24% of investments held by the partnerships consists of marketable securities and approximately 76% 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 considerations, 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, 2009.

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 statement 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	International Equity	Real Estate	Hedge Funds	Other	Total Investments
Fair value, July 1, 2008	$ 26,620,152	$ 61,932,399	$ 55,169,031	$ 14,043,306	$ 101,183,128	$ 119,254	$ 259,067,270
Realized gains/(losses)	36,523	(1,719,560)	7,373,713	147,580	1,116,230	-	6,954,486
Unrealized gains/(losses)	(2,882,484)	(15,875,182)	(14,976,300)	(3,023,164)	(12,981,028)	-	(49,738,158)
Net purchases, sales, settlements	(17,556,380)	(11,212,601)	(47,566,444)	748,965	120,725,488	-	45,139,028
Transfers in/out	(47,115)	-	-	-	(9,975,512)	-	(10,022,627)
Fair value, June 30, 2009	$ 6,170,696	$ 33,125,056	$ -	$ 11,916,687	$ 200,068,306	$ 119,254	$ 251,399,999

	Beneficial Interests Held By 3rd Party	Perpetual Trusts Held By 3rd Party
Fair value, July 1, 2008	$ 3,970,565	$ 13,469,844
Realized gains/(losses)	-	-
Unrealized gains/(losses)	(5,087,039)	(1,891,893)
Net purchases, sales, settlements	-	-
Transfers in/out	14,168,611	(522,481)
Fair value, June 30, 2009	$ 13,052,137	$ 11,055,470

All net realized and unrealized gains/(losses) in the table above are reflected in the accompanying statement of activities. Net unrealized gains/(losses) relate to those financial instruments held by the College at June 30, 2009.

3. Endowment Funds

Principal balances at June 30 were as follows:

	2009 Fair Value
Endowment funds held by Trinity	$ 308,334,085
Funds held in trust by others	11,055,470
Pledges outstanding	20,368,141
Total	$ 339,757,696

The College endowment consists of 955 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 adopted FASB Staff Position No. 117-1 ("FSP 117-1"), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, 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 (UPMIFA). Connecticut enacted an UPMIFA statute effective October 1, 2007. FSP 117-1 requires not-for-profit organizations 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. The College has adopted FSP 117-1, effective July 1, 2008, and required to reinstate income and appreciation related to donor-restricted endowment funds that were previously considered available to meet a time or purpose restriction under the provisions of paragraph 17 of FAS 116, but that have never been appropriated for expenditure. The College has reclassified its net assets to reflect the time restriction in accordance with FSP 117-1 as of June 30, 2008 as follows:

	Balance as of June 30, 2008	Reclassification of Funds per FSP 117	Adjusted Balance
Unrestricted endowment	$ 170,839,875	$ (164,433,808)	$ 6,406,067
Temporarily restricted endowment	32,144,973	164,652,579	196,797,552
Permanently restricted endowment	231,345,993	(218,771)	231,127,222
Total funds	$ 434,330,841	$ -	$ 434,330,841

Interpretation of Relevant Law

The trustees of the College interpret the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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:

(1) The duration and preservation of the fund
(2) The purpose of the College and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the College
(7) 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. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $26,765,112 as of June 30, 2009. These deficiencies resulted form 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 amounts are recorded to temporarily restricted net assets.

Endowment Net Asset Composition by Type of Fund as of June 30, 2009

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total
Donor-restricted endowment funds	$ (26,765,112)	$ 113,880,303	$ 233,387,679	$ 320,502,870
Funds functioning as endowment funds	4,663,679	14,591,147	-	19,254,826
Total funds	$ (22,101,433)	$ 128,471,450	$ 233,387,679	$ 339,757,696

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Year to Date as of June 30, 2009
Endowment net assets, beginning of year	$ 170,839,875	$ 32,144,973	$ 231,345,993	$ 434,330,841
Net assets reclassification per FSP 117-1	(164,433,808)	164,652,579	(218,771)	-
Endowment net assets beginning of year after FSP 117-1 reclass	6,406,067	196,797,552	231,127,222	434,330,841
Investment return				
Investment income (loss), net of fees	(19,439)	(1,733,256)	295,413	(1,457,282)
Net depreciation (realized and unrealized)	(1,830,168)	(75,110,422)	(4,814,303)	(81,754,893)
Total investment return	(1,849,607)	(76,843,678)	(4,518,890)	(83,212,175)
Contributions	-	-	8,885,774	8,885,774
Appropriation of endowment assets for expenditure	(671,819)	(18,747,903)	(983,286)	(20,403,008)
Other changes, transfers, and releases from restriction	(25,986,074)	27,265,479	(1,123,141)	156,264
Net assets as of June 30, 2009	$ (22,101,433)	$ 128,471,450	$ 233,387,679	$ 339,757,696

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. Annual spending rates are calculated as a percentage of the average market value of the endowment fund, excluding funds held in trust, for the calendar year trailing twelve quarters. The spending rate approved by the Board of Trustees was 5.4% for 2009. This resulted in approved spending of $21,217,872, which includes $20,403,008 appropriated for expenditure and $814,317 returned to principal. Accumulated gains of $9,333,320 were transferred from endowment net assets to operating and other net assets to meet endowment spending for 2009.

The College owns certain strategic neighborhood properties. Total return on these neighborhood properties, which are held as endowment assets, was (7.8%) for the year ended June 30, 2009.

Other endowment changes in the statement of activities include transfers due to changes in donor intent in the amount of $1,613,383.

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

Number of units for income allocation		12,091,225
Market value per unit	$	25.00
Income earned per unit	$	(6.47)
Income distributed per unit	$	1.68

4. Contributions Receivable

Contributions receivable at June 30 consisted of unconditional promises to give (net of discount of $10,490,452 and allowance of ($1,127,678), which are expected to be realized in the following periods:

In one year or less	$	15,038,056
Between one year and five years		14,671,598
In more than five years		8,526,980
	$	38,236,634

Discount rates used to calculate the present value of contributions receivable ranged from 2.46% to 7.03%.

5. Other Assets

Other assets at June 30 include:

Bond issuance costs, net of accumulated amortization	$	3,608,310
Prepaid expenses		694,732
Inventories		64,747
Other		118,678
	$	4,486,467

6. Fixed Assets

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

Land and land improvements	$ 26,566,207
Buildings	348,014,488
Equipment	52,295,179
Construction-in-progress	637,641
	427,513,515
Less accumulated depreciation	(168,906,355)
	$ 258,607,160

Depreciation expense included in operating expense amounted to $12,154,822 for the year ended June 30, 2009. 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 SFAS 136 "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contribution for Others." Amounts received and distributed under these relationships totaled $30,000 and $32,280 for the year ended June 30, 2009.

The amounts received on behalf of other not-for-profit organizations, but not yet distributed totaled $106,765 at June 30, 2009, 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 of approximately $1,009,390 in 2009. Accretion is reported as an operating expense in the statement of activities.

9. Bonds Payable

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

	2009
Connecticut Health and Educational Facilities Authority (CHEFA) Series F bonds, issued 1998, interest rates ranging from 3.75% to 5.50%; maturities to 2028; insured by Municipal Bond Insurance Authority (MBIA). The trustee held a sinking fund reserve of $1,889,571 at June 30, 2009	$ 34,040,000
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 $1,808,395 at June 30, 2009	29,685,000
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.	15,345,000
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 at June 30, 2009	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 $965,291 at June 30, 2009	24,580,000
Mortage Payable - Payable to seller with monthly payments based on 5 year term at 8% annual interest rate maturing on September 1, 2012	260,367
Mortage Payable - Payable to seller with monthly payments based on 20 year term at 8% annual interest rate with balloon payoff September 1, 2013	272,587
	153,987,954
Less unamortized net discount/premium	151,940
Total bonds and notes payable	$ 154,139,894

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

2009-2010	$ 3,061,548	2015-2019	$ 20,240,000
2010-2011	3,228,317	2020-2024	25,315,000
2011-2012	3,370,648	2025-2029	29,095,000
2012-2013	3,458,300	2030-2034	31,655,000
2013-2014	3,760,511	2035-2039	30,805,000

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, 2011.

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. Amounts borrowed under the Letter of Credit (LOC) 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, $3,836,000, $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, 2009. Interest is assessed at the higher of the banks 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 20 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 $149,668,468, 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. It is not practicable to estimate the fair value of internal borrowings.

10. Unrestricted Net Assets

Unrestricted net assets at June 30, 2009 consist of the following:

Capital campaign	$ (1,689,382)
Unrestricted endowment	(22,101,433)
Investment in plant assets	77,856,922
Life income funds	377,443
Operating funds	10,835,539
Total unrestricted net assets	$ 65,279,089

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 are available for the following purposes:

Plant additions/renovation	$ 7,395,440
Life income funds	11,838,502
Capital Campaign	628,800
Endowment funds	128,471,450
Operating and restricted funds	20,002,366
Total temporarily restricted net assets	$ 168,336,558

12. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2009 consist of the following:

Income restricted	
Instruction funds	$ 80,044,498
Scholarship funds	68,154,189
Library	6,395,156
Chapel funds	813,965
Prize funds	731,838
Other purposes	17,260,642
Unrestricted as to use of income	59,987,392
Total investments in perpetuity	233,387,680
Student loan funds	2,238,664
Life income funds	2,238,263
Total permanently restricted net assets	$ 237,864,607

13. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the period ended June 30, 2009 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:

Instruction and research	$ 12,073,824
Financial aid	3,632,594
Plant	2,451,092
General institutional	8,297,563
Total net assets released from restrictions	$ 26,455,073

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, 2009 is $3,891,722. 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 Statement of Financial Accounting Standards No. 132, "*Employers' Disclosures About Pensions and Other Postretirement Benefits: An Amendment of FASB Statements No. 87, 88 and 106,*" as amended by SFAS 158.

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

Change in benefit obligation	
Benefit obligation at beginning of year	$ 5,059,396
Service cost	13,774
Interest cost	310,378
Plan participants' contributions	50,958
Actuarial (gain) loss	42,777
Benefits paid	(439,001)
Benefit obligation at end of year	5,038,282
Change in plan assets	
Fair value of plan assets at beginning of year	-
Employer contributions	388,043
Plan participants' contributions	50,958
Benefits paid	(439,001)
Fair value of plan assets at end of year	-
Funded status	$ (5,038,282)
Amounts recognized in unrestricted net assets	
Prior service cost	$ (5,286,828)
Net actuarial loss	2,903,394
	$ (2,383,434)
Postretirement related changes other than net periodic benefit cost	
Actuarial gain	42,776
Amortization of unrecognized amounts	427,680
	$ 470,456
Components of net periodic benefit cost	
Service cost	13,774
Interest cost	310,378
Expected return on plan assets	-
Amortization of prior service benefit	(660,854)
Amortization of actuarial (gain)/loss	233,174
Net periodic benefit cost	$ (103,528)
Amortization amounts in following year (estimate)	
Prior service cost	$ (660,854)
Net actuarial loss	235,252
	$ (425,602)

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

Discount rate used to determine benefit obligations at June 30	6.00%
Discount rate used to determine net periodic benefit cost for years ended June 30	6.50%
Assumed health care cost trend rates at June 30	
Health care cost trend rate assumed for next year	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%
Year that the rate reaches the ultimate trend rate	2013

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	$ 19,375	$ (17,737)
Effect on postretirement benefit obligation	327,665	(277,244)

Contributions
Trinity College expects to contribute $479,513 to its postretirement health insurance benefit plan in fiscal year 2010.

Estimated Future Benefit Payments
Expected benefit payments for the fiscal year:

	Postretirement Benefits
2009	$ 479,513
2010	490,579
2011	495,200
2012	491,955
2013	481,564
Thereafter	2,226,983

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 flow.

16. Related Parties

The College invests a portion of their endowment investments into 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 $1,927,407 at June 30, 2009.