

CARLETON COLLEGE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

**CARLETON COLLEGE
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YEARS ENDED JUNE 30, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Carleton College
Northfield, Minnesota

We have audited the accompanying balance sheets of Carleton College (the College) as of June 30, 2009 and 2008, and the related statements of activities and change in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carleton College as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
October 9, 2009



**CARLETON COLLEGE
BALANCE SHEETS
JUNE 30, 2009 AND 2008**

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 22,045,473	\$ 5,668,953
Receivables, Net:		
Pledges	29,847,411	29,331,455
Government	531,086	877,319
Other	1,319,095	1,216,607
Inventories, Prepaid Expenses, and Deferred Charges	2,188,381	1,955,856
Loans to Students	8,114,877	7,271,011
Deposits with Bond Trustee	10,743,179	71,042
Trusts Held by Others	7,747,136	9,769,141
Investments	585,230,042	742,296,714
Property, Plant, and Equipment, Net of Depreciation	140,553,280	117,839,330
	<u>\$ 808,319,960</u>	<u>\$ 916,297,428</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 7,326,223	\$ 4,861,379
Accrued Expenses	7,347,982	5,894,073
Deferred Income and Deposits	9,006,318	8,304,233
Annuities Payable	21,506,745	25,578,738
Asset Retirement Obligation	2,335,788	2,240,797
Bonds Payable, Net	92,393,241	64,340,000
Refundable Government Grants for Student Loans	5,459,694	5,549,484
Total Liabilities	<u>145,375,991</u>	<u>116,768,704</u>
NET ASSETS		
Unrestricted:		
Operations	2,786,262	4,394,580
Student Loan Funds	3,467,207	3,427,460
Net Investment in Plant	58,631,854	57,238,088
Funds Functioning as Endowment	147,849,817	441,526,263
Total Unrestricted Net Assets	<u>212,735,140</u>	<u>506,586,391</u>
Temporarily Restricted:		
Operations	22,940,671	22,716,409
Plant Funds	9,864,074	8,087,903
Funds Functioning as Endowments	236,816,104	81,044,298
Split Interest Funds	14,772,597	21,143,052
Total Temporarily Restricted Net Assets	<u>284,393,446</u>	<u>132,991,662</u>
Permanently Restricted:		
True Endowments	156,056,379	147,940,862
Split Interest Funds	9,759,004	12,009,809
Total Permanently Restricted Net Assets	<u>165,815,383</u>	<u>159,950,671</u>
Total Net Assets	<u>662,943,969</u>	<u>799,528,724</u>
Total Liabilities and Net Assets	<u>\$ 808,319,960</u>	<u>\$ 916,297,428</u>

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND OTHER ADDITIONS								
Tuition and Fees	\$ 75,255,365	\$ -	\$ -	\$ 75,255,365	\$ 72,549,128	\$ -	\$ -	\$ 72,549,128
Room and Board	15,308,158	-	-	15,308,158	14,505,864	-	-	14,505,864
Scholarships	(26,314,046)	-	-	(26,314,046)	(24,335,148)	-	-	(24,335,148)
Net Student Fees	64,249,477	-	-	64,249,477	62,719,844	-	-	62,719,844
Private Gifts and Pledges	15,418,692	4,145,445	4,777,558	24,341,695	17,389,905	6,039,485	4,997,314	28,426,704
Loss on Long-Term Gifts and Pledges	-	(2,107,783)	(288,672)	(2,396,455)	-	-	-	-
Government Reimbursements	639,831	20,809	-	660,640	688,710	-	-	688,710
Interest and Dividends	2,107,687	2,796,375	-	4,904,062	2,824,316	5,848,760	-	8,673,076
Net Realized Gain (Loss)	(1,463,459)	1,721,927	-	258,468	67,525,139	13,992,136	-	81,517,275
Net Unrealized Loss	(49,401,015)	(77,031,632)	-	(126,432,647)	(76,428,911)	(22,395,662)	-	(98,824,573)
Net Change in Split Interest	(897,821)	4,847,916	(2,250,805)	1,699,290	-	4,412,353	(2,480,992)	1,931,361
Bookstore, Rents, and Other	3,894,869	-	-	3,894,869	4,516,419	-	-	4,516,419
Subtotal Revenue	34,548,261	(65,606,943)	2,238,081	(28,820,601)	79,235,422	7,897,072	2,516,322	89,648,816
Fund Transfers	(16,529,259)	12,902,628	3,626,631	-	(48,377,446)	46,935,516	1,441,930	-
Net Assets Released from Restrictions	37,009,025	(37,009,025)	-	-	32,573,640	(32,573,640)	-	-
Total Revenues and Other Additions	55,028,027	(89,713,340)	5,864,712	(28,820,601)	63,431,616	22,258,948	3,958,252	89,648,816
EXPENSES								
Instruction	46,213,823	-	-	46,213,823	43,501,642	-	-	43,501,642
Academic Support:								
Library	6,080,881	-	-	6,080,881	5,221,228	-	-	5,221,228
Other	7,375,121	-	-	7,375,121	7,003,850	-	-	7,003,850
Student Services	14,841,382	-	-	14,841,382	14,014,511	-	-	14,014,511
Institutional Support:								
Administration	5,289,289	-	-	5,289,289	4,855,002	-	-	4,855,002
External Relations	3,985,990	-	-	3,985,990	4,251,572	-	-	4,251,572
Fund Raising	4,728,859	-	-	4,728,859	4,953,416	-	-	4,953,416
General	5,256,080	-	-	5,256,080	5,236,104	-	-	5,236,104
Auxiliary Enterprises	13,992,729	-	-	13,992,729	13,820,008	-	-	13,820,008
Total Expenses	107,764,154	-	-	107,764,154	102,857,333	-	-	102,857,333
CHANGE IN NET ASSETS	(52,736,127)	(89,713,340)	5,864,712	(136,584,755)	(39,425,717)	22,258,948	3,958,252	(13,208,517)
Reclassification - Adoption of UPMIFA and FSP 117-1	(241,115,124)	241,115,124	-	-	-	-	-	-
Net Assets - Beginning of Year	506,586,391	132,991,662	159,950,671	799,528,724	546,012,108	110,732,714	155,992,419	812,737,241
NET ASSETS - END OF YEAR	<u>\$ 212,735,140</u>	<u>\$ 284,393,446</u>	<u>\$ 165,815,383</u>	<u>\$ 662,943,969</u>	<u>\$ 506,586,391</u>	<u>\$ 132,991,662</u>	<u>\$ 159,950,671</u>	<u>\$ 799,528,724</u>

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (136,584,755)	\$ (13,208,517)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	7,536,580	7,189,639
Net Realized and Unrealized Loss on Investments	126,174,179	17,307,298
Private Gifts for Long-Term Investments	(12,891,011)	(12,400,285)
Change in Value of Annuities	(631,003)	396,505
Change in Value of Trusts Held by Others	2,022,005	1,738,556
Change in Value of Interest Rate Swaps	1,122,758	1,293,995
Loss on Disposal of Property, Plant and Equipment	658,293	252,699
Noncash Donations of Property, Plant and Equipment	(89,900)	(75,000)
Change in Unamortized Bond Discount	(351,759)	272,848
Changes in Operating Assets and Liabilities:		
Receivable, Net - Pledges	(515,956)	(3,737,192)
Receivable, Net - Government	346,233	(182,384)
Receivable, Net - Other	(102,488)	(528,598)
Inventories, Prepaid Expenses, and Deferred Charges	(232,525)	(791,102)
Loans to Students	(843,866)	132,255
Accounts Payable	2,464,844	1,977,606
Accrued Expenses	1,453,909	(5,340)
Deferred Income and Deposits	(420,673)	(2,482,153)
Refundable Government Grants for Student Loans	(89,790)	(101,557)
Net Cash Used by Operating Activities	(10,974,925)	(2,950,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(170,308,568)	(160,684,705)
Proceeds from Sale of Investments	201,201,061	162,310,343
Proceeds from Sale of Property, Plant, and Equipment	112,818	-
Acquisition of Property, Plant, and Equipment	(30,836,750)	(10,621,003)
Net Cash Provided (Used) by Investing Activities	168,561	(8,995,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in Deposits with Bond Trustee	(10,672,137)	126,615
Proceeds from Private Gifts for Long-Term Investment	12,891,011	12,400,285
Payments to Annuitants	(3,440,990)	(3,416,392)
Proceeds from Issuance of Bonds Payable	29,665,000	-
Principal Payments	(1,260,000)	(1,190,000)
Net Cash Provided by Financing Activities	27,182,884	7,920,508
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,376,520	(4,025,584)
Cash and Cash Equivalent - Beginning of Year	5,668,953	9,694,537
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 22,045,473</u>	<u>\$ 5,668,953</u>
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	<u>\$ 1,570,516</u>	<u>\$ 2,568,799</u>
Fixed Assets in Accounts Payable	<u>\$ 4,994,136</u>	<u>\$ 2,294,454</u>

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1866, Carleton College is a co-educational, residential liberal arts college, located in Northfield, Minnesota. Carleton attracts a diverse student body and a distinguished faculty whose priority is teaching with a commitment to the liberal arts. Carleton is a national college enrolling approximately 1,948 students drawn from 49 states and 45 different countries. Carleton offers a four-year baccalaureate degree in 37 majors preparing its graduates for leadership positions in their communities, countries and the world.

Accrual Basis

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

Basis of Presentation

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

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees.

Temporarily Restricted – Net assets whose use by the College is subject to donor-imposed restrictions that can be fulfilled by actions of the College pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all of, or part of, the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Temporarily restricted net assets for which donor-imposed restrictions are met in the current period are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Periodically donor restrictions related to net assets may be clarified or changed, such changes are reflected as fund transfers at the time they are identified.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. In

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

March 2007, the College received a conditional promise to give \$1.5 million as permanent endowment if it is matched on a one-to-one basis within four years. As of June 30, 2009, \$612,507 of matching gifts have been designated for this match. In May 2009, the College received a conditional promise to give \$15 million if it is able to raise \$75 million in campaign commitments from Trustees of the College on or before June 30, 2010.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. For the years ended June 30, 2009 and 2008, the College had an allowance of \$610,000 and \$-0-, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with an original maturity of less than three months. The amounts on hand may at times exceed federally insured limits.

Receivables

Receivables are stated at net realizable value. The College has a long tradition of successful collection. Based on management's experience and analysis of individual accounts past due, an allowance for uncollectibility was established of \$190,000 and \$130,050 for the years ended June 30, 2009 and 2008, respectively. The need for an allowance is evaluated annually.

Investments

Investments in publicly traded securities are stated at quoted market value. Other investments, for which no such quoted market values or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. Changes in quoted market value are recorded as unrealized gains or losses in the period of change.

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (3 to 40 years). Expenditures for new construction, major renewals and replacements and equipment costing over \$10,000 are capitalized.

**CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist primarily of print center supplies, bookstore books and merchandise as well as steam plant fuel oil reserves. Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

Deposits with Bond Trustee

Deposits with bond trustee include amounts restricted for construction of various current and future plant projects.

Deferred Income and Deposits

The College records cash received for future services as deferred revenue. This revenue is recognized when services are provided. At June 30, 2009 and 2008, deferred revenue consists primarily of unearned tuition and student deposits.

Planned Gift Split-Interest Agreements

Annuities payable represent the College's liability under annuity contracts with donors and irrevocable charitable remainder trusts for which the College serves as trustee. Specific contract terms vary by donor. The liability is established at the time of the contribution using life expectancy actuarial tables and discount rates and is revalued annually. Actual gains and losses resulting from the annual revaluation of annuity obligations are reflected as temporarily or permanently restricted, consistent with the method used to initially record the contributions. The basis used to recognize the asset is fair value.

For those irrevocable charitable remainder trusts for which the College does not serve as trustee, the College records its beneficial interest in those assets as contribution revenue and funds held in trust by others at the present value of the expected future cash inflows. Such trusts are recorded at the date the College has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual. Changes in the value of these assets related to the amortization of the discount or revisions in the income beneficiary's life expectancy are recorded as gains or losses of either temporarily or permanently restricted net assets. The value of the College's interest in these trusts are included in trusts held by others on the balance sheet.

The College is also the beneficiary of certain perpetual trusts held and administered by others. The present value of the estimated future cash receipts from the trust are recognized as contribution revenue and funds held in trust by others at the date the College is notified of the establishment of the trust and sufficient information regarding the trust has been obtained by the College. Annual distributions from the trusts are recorded as investment income in the period they are received. Changes in fair value of the trusts are recorded as financial capital gains or losses of permanently restricted net assets. The value of the College's interest in the trusts are included in trusts held by others on the balance sheet.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expense

Advertising expense is expensed as incurred. Advertising expense for the years ended June 30, 2009 and 2008 was \$93,704 and \$118,890, respectively.

Asset Retirement Obligation

In Accordance with FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), the College has estimated the cost of potential obligations to remove asbestos. The College used a future value rate assumption of 3% and a present value risk-free rate of 5% to determine the potential liability. Conditional asset retirement obligations included within liabilities in the balance sheet of June 30, 2009 and 2008 were \$2,335,788 and \$2,240,797, respectively.

Income Taxes

The College qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Minnesota law. The College is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The College has no obligation for unrelated business income tax. Accordingly, no provisions for federal or state income taxes are required.

The College has adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, an interpretation of FAS No. 109, *Accounting for Income Taxes*. No adjustments to the financial statements were required as a result of the implementation of FIN 48. The College has no current obligation for unrelated business income tax. The College's federal and state tax returns are potentially open for examinations for the years 2005-2008.

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 assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Expenses are directly coded to programs or support services whenever possible. Expenses which are not directly identifiable by program or support service are allocated based on the best estimates of management.

**CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Government Grants for Student Loans

Funds provided by the United States Government under the Federal Perkins Loan program are loaned to qualified student and may be reloaned after collection. If the College were to terminate the Federal Perkins Loan Program, these funds would be refundable to the government and, therefore, are included in other long-term liabilities.

Reclassifications

Certain amounts for the year ended June 30, 2008 have been reclassified to conform with the presentation of the June 30, 2009 amounts. The reclassifications have no effect on net assets for the year ended June 30, 2008.

Fair Value Measurements

Effective July 1, 2008, the College adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS 157 defines the term fair value, establishes a framework for measuring it within generally accepted accounting principles and expands disclosures about its 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 date.

In accordance with SFAS No. 157, the College has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The three levels of inputs are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the College has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

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 the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or not 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.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The College accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The College accounts for certain assets and liabilities under various accounting literature, including SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The College also accounts for certain assets at fair value under applicable industry guidance.

Endowment

In August 2008, the Financial Accounting Standards Board (FASB) issued Staff Position 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*. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and required additional disclosures about an organization's endowment (both donor-restricted and board designated funds), whether or not the organization is subject to UPMIFA.

The Carleton Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gifts as of the 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 market value of endowment investments was \$517,309,619 as of June 30, 2009 and \$647,821,803 as of June 30, 2008.

The College has established an endowment spending policy used to determine an annual spending dividend. Total spending is equal to 90% of prior year spending increased by 4%; plus 10% of 5% of the 12 quarter average market value of the endowment as of the prior September 30; banded by not more than 5.75% or less than 3.75% of the market value of the endowment for the period ending September 30 prior to the start of the fiscal year.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 9, 2009, the date the financial statements were available to be issued.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents investments and financial instruments carried at fair value as of June 30, 2009, by the SFAS 157 valuation hierarchy defined in Note 1 with comparable totals as of June 30, 2008:

Assets Measured at Fair Value on a Recurring Basis

	Level 1	Level 2	Level 3	2009 Total	2008 Total
Investments:					
Cash and Cash Equivalents	\$ 37,814,489	\$ -	\$ -	\$ 37,814,489	\$ 34,982,722
Fixed Income	-	-	38,221,339	38,221,339	34,072,833
Equities	105,824,701	-	39,715,045	145,539,746	302,041,870
Private Equity	-	-	91,499,467	91,499,467	307,423,904
Hedge Funds	-	-	199,422,516	199,422,516	-
Real Estate and Other Real Assets	-	-	24,715,093	24,715,093	-
Planned Gift Agreements and Other	2,747,044	2,445,695	42,824,653	48,017,392	63,775,385
Total Investments	146,386,234	2,445,695	436,398,113	585,230,042	742,296,714
Trusts Held by Others	-	-	7,747,136	7,747,136	9,769,141
Total	<u>\$ 146,386,234</u>	<u>\$ 2,445,695</u>	<u>\$ 444,145,249</u>	<u>\$ 592,977,178</u>	<u>\$ 752,065,855</u>

Liabilities Measured at Fair Value on a Recurring Basis

	Level 1	Level 2	Level 3	2009 Total	2008 Total
Interest Rate Swap	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,136,585</u>	<u>\$ 2,136,585</u>	<u>\$ 1,013,827</u>

Fair value for Level 1 is based upon 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. In puts 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 consist of the College's ownership in alternative investments (principally limited partnership interest in hedge, private equity, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. As of June 30, 2009, 68% of the investments held by Level 3 partnerships consisted of marketable securities with readily determinable fair values. The fair values (NAV) of the securities held by limited partnership 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, process 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.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

**NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE
(CONTINUED)**

The majority of private capital investments are carried at the estimated fair value provided by the general partners of these investment partnerships or funds as of March 31, 2009 and 2008, adjusted for cash and securities distributions as well as capital calls. The College believes that the carrying amount of its private capital investments is a reasonable estimate of fair value as of June 30, 2009 and 2008. Because private capital investments are not publicly traded and are expected to be held for several years, the estimated value is subject to uncertainty.

Interest rate swap agreements are classified as Level 3 as the fair value is based on unobservable inputs to a valuation model which takes into account the present value of the estimated cash flows and other credit valuation adjustments.

Trusts held by others 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 tables are a roll forward of the balance sheet amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined above.

Level 3 Assets are as follows:

	Fixed Income	Equities	Private Equity	Hedge Funds	Real Estate and Other Real Assets	Planned Gift Agreements & Other	Total Investments	Trusts Held by Others	Total
Balances as of July 1, 2008	\$ 66,120,280	\$ 15,567,067	\$ 99,657,691	\$ 236,756,489	\$ 33,000,656	\$ 63,775,385	\$ 513,877,568	\$ 9,769,141	\$ 523,646,709
Realized Gain/(Losses)	(1,263,229)	(1,133,371)	3,290,229	10,092,489	603,538	(910,426)	10,679,230	(307,780)	10,371,450
Unrealized Gain/(Losses)	1,270,211	5,357,488	(19,985,193)	(39,797,797)	(13,948,519)	(11,957,135)	(79,060,945)	(154,152)	(79,215,097)
Investment Income	(153,124)	9,307	1,201,612	(301,935)	692,275	-	1,448,135	-	1,448,135
New Investments and Capital Calls	-	30,014,289	15,396,819	50,000,000	6,963,078	-	102,374,186	-	102,374,186
Redemptions	(27,752,799)	(10,099,735)	(8,061,691)	(56,326,730)	(2,595,935)	(8,083,171)	(112,920,061)	(1,560,073)	(114,480,134)
Balances as of June 30, 2009	<u>\$ 38,221,339</u>	<u>\$ 39,715,045</u>	<u>\$ 91,499,467</u>	<u>\$ 199,422,516</u>	<u>\$ 24,715,093</u>	<u>\$ 42,824,653</u>	<u>\$ 436,398,113</u>	<u>\$ 7,747,136</u>	<u>\$ 444,145,249</u>

Level 3 Liabilities are as follows:

	Interest Rate Swap
Balances as of July 1, 2008	\$ 1,013,827
Change in Value of Interest Rate Swap Liability	1,122,758
Balances as of June 30, 2009	<u>\$ 2,136,585</u>

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

**NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE
(CONTINUED)**

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

At June 30, 2009 and 2008, the College had outstanding commitments of \$102,248,634 and \$129,589,828, respectively, to private capital investments that have not yet been drawn down by the general partners of these funds. Typically, committed capital is drawn down and invested over a several year period. In the past, draw downs on outstanding commitments have been funded by distributions from the private capital portfolio.

At June 30, 2009 and 2008, the College had \$12,758,817 and \$11,939,657, respectively, invested with hedge fund investments which utilized side pockets within their portfolio of investments. Side pockets are segregated accounts used by hedge funds to hold illiquid investments.

The College holds mortgages on residences of eligible faculty and staff members that amounted to \$1,035,429 and \$1,146,250 as of June 30, 2009 and 2008, respectively. The average interest rate on the mortgages for the years ended June 30, 2009 and 2008 was 5.07% and 5.13%, respectively.

Investment expense totaled \$3,222,031 and \$3,509,148 for the years ended June 30, 2009 and 2008, respectively, and is netted with investment income.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30, 2009 and 2008 are as follows:

	2009	2008
Land and Real Estate Improvements	\$ 3,327,478	\$ 3,327,478
Buildings	145,887,280	146,920,164
Equipment and Books	75,484,354	73,441,053
Construction in Progress	35,104,059	7,076,687
	<u>259,803,171</u>	<u>230,765,382</u>
Less: Accumulated Depreciation	(119,249,891)	(112,926,052)
Total	<u>\$ 140,553,280</u>	<u>\$ 117,839,330</u>

The College has capitalized collections received of \$89,900 and \$75,000 for the years ended June 30, 2009 and 2008, respectively. These collection items are valued at fair market value at the date of donation and are not depreciated.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 4 BONDS PAYABLE

Bonds payable at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Minnesota Higher Education Facilities Authority (MHEFA):		
Variable and Fixed Rate Demand Revenue Bonds		
Series 3L1 and 3L2	\$ 10,300,000	\$ 10,300,000
Revenue Bonds Series 5G	23,000,000	23,000,000
Revenue Bonds Series 6D	29,780,000	31,040,000
Revenue Bonds Series 6T	19,665,000	-
Revenue Bonds Series 6Y	10,000,000	-
	<u>92,745,000</u>	<u>64,340,000</u>
Less: Unamortized Discount	(351,759)	-
Total	<u><u>\$ 92,393,241</u></u>	<u><u>\$ 64,340,000</u></u>

On October 1, 1992, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 3-L2 Variable Rate Demand Revenue Bonds (the "Bonds") in the amount of \$10,300,000 for the College. The Bonds mature November 1, 2012. The interest rate on the Bonds ranged from 0.27% to 1.37% during the fiscal year 2009 with an average rate of 1.26% for the year. Proceeds from the Bonds were used to finance academic building improvements.

On June 8, 2000, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 5-G Variable Rate Demand Revenue Bonds (the "Bonds") in the amount of \$23,000,000 for the College. The Bonds mature June 30, 2030. The interest rate on the Bonds ranged from 0.27% to 1.37% during the fiscal year 2009 with an average rate of 1.26% for the year. Proceeds from the Bonds were used to finance a new language and dining center; and for student resident housing improvements.

On April 1, 2005, Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-D Variable Rate Demand Revenue Bonds (the "Bonds") in the amount of \$31,460,000 for the College. The Bonds mature April 1, 2035. The interest rate on the Bonds ranged from 0.26% to 1.40% during the fiscal year 2009 with an average rate of 1.20% for the year. Annual principal payments gradually increase to \$1,060,000 annually. Proceeds of approximately \$28,000,000 were used to retire the Series 3-L1 and retire identified Series 4-N bonds upon maturity. The remaining proceeds were used to finance new student housing and real estate acquisitions near the College campus for purposes related to the educational mission of the College.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 4 BONDS PAYABLE (CONTINUED)

On December 1, 2008, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-T Fixed Rate Revenue Bonds (the "Bonds") in the amount of \$19,665,000 for the College. The bonds include serial maturities through 2018 and term bonds maturing in 2023 and 2028. Annual principal payments for the serial maturities gradually increase. The bonds are subject to optional redemption beginning on January 1, 2018. Interest rates range from 2.33% to 5.22% for a true interest cost of 5.11%. Proceeds from the Bonds were used to finance new student housing and utility infrastructure improvements.

On June 25, 2009, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-Y Fixed Rate Revenue Bonds (the "Bonds") in the amount of \$10,000,000 for the College. The Bonds are subject to an optional maturity term of 5 or 10 years, 2014 and 2019, respectively. The interest rate on the Bonds is 3.20%. Proceeds from the Bonds were used to finance the completion of new student housing and other existing building improvements.

The agreements contain various covenants regarding submission of financial statements and budgets, additional debt, maintaining a positive change in unrestricted net assets, adjusted for certain items, for at least two of the preceding three fiscal years, and meeting certain debt coverage financial ratios.

The maturities of debt in each of the five years subsequent to June 30, 2009 are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 1,605,000
2011	1,745,000
2012	1,820,000
2013	13,260,000
2014	3,035,000
Thereafter	71,280,000
Total	<u>\$ 92,745,000</u>

Interest Rate Swaps

The College uses interest rate swap agreements as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreements are not entered into for trading or speculative purposes. The interest rate swap agreements are recognized as either assets or liabilities on the balance sheets and are measured at fair value. The interest rate swap agreements are often held for the life of the strategy, but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the contract. All unrealized and realized gains and losses from the interest rate swap agreements are reflected in the statement of activities and change in net assets.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 4 BONDS PAYABLE (CONTINUED)

Interest Rate Swaps (Continued)

Two interest rate swap agreements with Wells Fargo Bank Minnesota (the "Bank") under which the College made payment to the Bank whenever the floating PSA Municipal Swap Index (the "Index") lay below the agreed-upon fixed interest rate and the Bank made payments to the College if the Index lay ahead the fixed rate, expired on July 1, 2008 and October 2, 2008, respectively. The notional amount of each agreement was \$5,150,000, corresponding, in total, to the \$10,300,000 outstanding MHEFA Series 3L-2 variable rate bonds. Fixed rates were 4.47% and 4.12%, respectively. At June 30, 2009 and 2008, the fair value of swap agreement liability was \$-0- and \$74,974, respectively.

On March 31, 2005, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services Inc. effective April 13, 2005, terminating April 1, 2022, under which the College makes payment to Morgan Stanley whenever the floating rate of 68% of USD-LIBOR-BBA lies below the agreed-upon fixed interest rate of 3.53% and Morgan Stanley pays the College if the floating lies above the fixed rate. The notional amount of the agreement, \$26,745,000, declines annually with each principal payment of MHEFA Series 6D variable rate bonds. At June 30, 2009 and 2008, the fair value of swap agreement liability was \$2,136,585 and \$964,545, respectively.

Line of Credit

On December 16, 2008, the College entered into an unsecured \$10,000,000 revolving line of credit agreement. To date, the College has not drawn on these funds.

NOTE 5 ENDOWMENTS

The College endowment consists of approximately 594 individual donor restricted endowment funds and 124 board-designated endowment funds. The College pools these investments in a unitized pool similar to an open-ended mutual fund. Funds added or withdrawn from the pool are recorded at their share of the market value per share at the beginning of the calendar quarter within which the transaction takes place.

Endowment net asset composition by type of fund as of June 30, 2009:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ (11,082,269)	\$ 218,012,759	\$ 156,056,379	\$ 362,986,869
Board Designated Endowment Funds	158,932,086	18,803,345	-	177,735,431
Total Endowment Funds	<u>\$ 147,849,817</u>	<u>\$ 236,816,104</u>	<u>\$ 156,056,379</u>	<u>\$ 540,722,300</u>

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 5 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2009:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2008	\$ 441,526,263	\$ 81,044,298	\$ 147,940,862	\$ 670,511,423
Contributions	5,514,586	242,030	4,296,782	10,053,398
Investment Return	(32,699,386)	(73,025,739)	-	(105,725,125)
Appropriations	(20,857,063)	(12,559,609)	-	(33,416,672)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	235,906	-	259,192	495,098
Donor Directed Gift Modifications	(4,341,131)	-	3,559,543	(781,588)
Campaign Spending	(414,234)	-	-	(414,234)
Transfers to Temporarily Restricted Due to Adoption of UPMIFA and FSP 117-1	(241,115,124)	241,115,124	-	-
Total Other Changes	(245,634,583)	241,115,124	3,818,735	(700,724)
Endowment Fund Balance, June 30, 2009	<u>\$ 147,849,817</u>	<u>\$ 236,816,104</u>	<u>\$ 156,056,379</u>	<u>\$ 540,722,300</u>

Endowment net asset composition by type of fund as of June 30, 2008:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ 238,234,123	\$ 65,363,985	\$ 147,940,862	\$ 451,538,970
Board Designated Endowment Funds	203,292,140	15,680,313	-	218,972,453
Total Endowment Funds	<u>\$ 441,526,263</u>	<u>\$ 81,044,298</u>	<u>\$ 147,940,862</u>	<u>\$ 670,511,423</u>

Changes in endowment net assets for the year ended June 30, 2008:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2007	\$ 487,810,942	\$ 58,271,883	\$ 141,501,618	\$ 687,584,443
Contributions	9,976,880	-	4,997,314	14,974,194
Investment Return	(5,520,743)	(2,949,067)	-	(8,469,810)
Appropriations	(27,888,155)	-	-	(27,888,155)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	1,958,941	909,880	1,441,930	4,310,751
Transfers to Temporarily Restricted Due to Change in Narrowly Restricted Funds	(24,811,602)	24,811,602	-	-
Endowment Fund Balance, June 30, 2008	<u>\$ 441,526,263</u>	<u>\$ 81,044,298</u>	<u>\$ 147,940,862</u>	<u>\$ 670,511,423</u>

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 5 ENDOWMENTS (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$11,082,269 and \$1,363,755 as of June 30, 2009 and 2008, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation was deemed prudent.

NOTE 6 RETIREMENT PLAN

Retirement benefits for substantially all full-time nonunion employees are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity College and the College Retirement Equities Fund (TIAA and CREF). Under this agreement, the College and plan participants contribute to individual employee TIAA-CREF retirement accounts which fund individual retirement benefits.

Expenses for the College's share of the contributions were \$5,137,344 and \$4,845,688 in 2009 and 2008, respectively.

In January 2007, two Voluntary Employee Benefit Account (VEBA) trusts were established. The Employer Contribution VEBA Trust (funded solely by employer pre-tax contributions) and Employee After-Tax-Contributions VEBA Trust (funded solely by employee after tax contributions) were established to provide eligible retired employees and their eligible spouses and dependents with access to certain insured and/or self-insured health benefits. The trusts are exempt from taxation to the extent permitted under section 501(c)(9) and 512 of the Internal Revenue Code of 1986.

The College contributed \$191,857 and \$190,508 to the Employer Contribution VEBA Trust during the fiscal years ended June 30, 2009 and 2008, respectively. There is no future payment liability associated with this plan.

NOTE 7 PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue in the appropriate net asset category.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 7 PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable are summarized as follows at June 30, 2009 and 2008:

	2009	2008
Unconditional Promises Expected to be Collected in:		
Less than One Year	\$ 16,382,145	\$ 17,533,501
One Year to Five Years	14,402,454	12,238,334
Over Five Years	1,615,543	1,120,503
Gross Pledges Receivable	32,400,142	30,892,338
Less: Present Value Discount	(1,942,631)	(1,560,883)
Less: Allowance for Uncollectible Pledges	(610,100)	-
Pledges Receivable, Net	<u>\$ 29,847,411</u>	<u>\$ 29,331,455</u>

Pledges receivable from Board members and employees totaled \$20,331,428 and \$19,966,365 at June 30, 2009 and 2008, respectively.

At June 30, 2009, approximately 49% of the pledges receivable balance was attributed to eight contributors. At June 30, 2008, approximately 38% of the pledges receivable balance was attributed to three contributors.

NOTE 8 FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents and pledges receivable approximate fair value because of the short maturity of these financial instruments.

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practicable to estimate the fair value of these receivables since they contain federally-mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

The carrying amount of bonds payable approximates fair value because these financial instruments bear interest at rates which approximate current market rates for bonds with similar maturities and credit quality.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The College is involved in various legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect on the College's financial statements.

CARLETON COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

During the year, the College entered into various contracts for construction of new residence hall buildings and other infrastructure improvements. As of June 30, 2009, the remaining commitment on these contracts totaled approximately \$10,067,760. The projects are being funded with contributions and debt financing.

NOTE 10 SELF-INSURED WORKERS' COMPENSATION

The College is self insured for workers' compensation. As of June 30, 2009 and 2008, the College has recorded a liability of \$312,000 and \$250,000, respectively, for claims incurred but not yet reported. Stop-loss insurance has been obtained for aggregate claims in excess of \$2,000,000 and \$390,000 per occurrence.

NOTE 11 EXPENSES BY OBJECT

The expenses reported by function on the statement of activities and changes in net assets are summarized by object as follows:

	2009	2008
Salaries and Wages	\$ 44,812,029	\$ 41,789,796
Employee Benefits	15,613,094	14,607,771
Student Employment	3,480,122	3,388,897
Professional Services	1,305,823	983,698
Supplies	5,315,764	4,265,455
Equipment	5,619,438	6,028,977
Utilities and Buildings	5,455,051	5,784,390
Debt Service	2,084,315	2,568,799
Depreciation	7,441,589	7,090,461
Food Service	5,432,813	5,417,009
Travel	4,738,677	4,045,171
Other	6,465,439	6,886,909
Total	<u>\$ 107,764,154</u>	<u>\$ 102,857,333</u>

Other expense is comprised primarily of services, honorariums, insurance, memberships, meetings and entertainment and other miscellaneous.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Carleton College
Northfield, Minnesota

Our report on our audit of the basic financial statements of Carleton College for the year ended June 30, 2009 appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
October 9, 2009



CARLETON COLLEGE
EXPANDED BALANCE SHEET
JUNE 30, 2009
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Operations	Physical Capital	Financial Capital	2009 Totals	2008 Totals
ASSETS					
Cash and Cash Equivalents	\$ 22,045,473	\$ -	\$ -	\$ 22,045,473	\$ 5,668,953
Receivables, Net:					
Pledges	4,493,854	1,926,900	23,426,657	29,847,411	29,331,455
Government	531,086	-	-	531,086	877,319
Other	1,319,095	-	-	1,319,095	1,216,607
Inventories, Prepaid Expenses and					
Deferred Charges	2,188,381	-	-	2,188,381	1,955,856
Loans to Students	8,114,877	-	-	8,114,877	7,271,011
Deposits with Bond Trustee	-	10,743,179	-	10,743,179	71,042
Trusts Held by Others	-	-	7,747,136	7,747,136	9,769,141
Investments	16,418,477	14,995,734	553,815,831	585,230,042	742,296,714
Property, Plant and Equipment, Net of Depreciation	-	140,553,280	-	140,553,280	117,839,330
Total Assets	\$ 55,111,243	\$ 168,219,093	\$ 584,989,624	\$ 808,319,960	\$ 916,297,428
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable	\$ 2,332,087	\$ 4,994,136	\$ -	\$ 7,326,223	\$ 4,861,379
Accrued Expenses	7,347,982	-	-	7,347,982	5,894,073
Deferred Income and Deposits	9,006,318	-	-	9,006,318	8,304,233
Annuities Payable	-	-	21,506,745	21,506,745	25,578,738
Asset Retirement Obligation	-	2,335,788	-	2,335,788	2,240,797
Bonds Payable, Net	-	92,393,241	-	92,393,241	64,340,000
Refundable Government Grants for Student Loans	5,459,694	-	-	5,459,694	5,549,484
Total Liabilities	24,146,081	99,723,165	21,506,745	145,375,991	116,768,704
Net Assets:					
Unrestricted:					
Operations	4,557,284	-	(1,771,022)	2,786,262	4,394,580
Student Loan Funds	3,467,207	-	-	3,467,207	3,427,460
Net Investment in Plant	-	58,631,854	-	58,631,854	57,238,088
Funds Functioning as Endowment	-	-	147,849,817	147,849,817	441,526,263
Total Unrestricted Net Assets	8,024,491	58,631,854	146,078,795	212,735,140	506,586,391
Temporarily Restricted:					
Operations	22,940,671	-	-	22,940,671	22,716,409
Plant Funds	-	9,864,074	-	9,864,074	8,087,903
Funds Functioning as Endowments	-	-	236,816,104	236,816,104	81,044,298
Split Interest Funds	-	-	14,772,597	14,772,597	21,143,052
Total Temporarily Restricted Net Assets	22,940,671	9,864,074	251,588,701	284,393,446	132,991,662
Permanently Restricted:					
True Endowments	-	-	156,056,379	156,056,379	147,940,862
Split Interest Funds	-	-	9,759,004	9,759,004	12,009,809
Total Permanently Restricted Net Assets	-	-	165,815,383	165,815,383	159,950,671
Total Net Assets	30,965,162	68,495,928	563,482,879	662,943,969	799,528,724
Total Liabilities and Net Assets	\$ 55,111,243	\$ 168,219,093	\$ 584,989,624	\$ 808,319,960	\$ 916,297,428

CARLETON COLLEGE
EXPANDED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Operations		Physical Capital		Financial Capital			2009	2008
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Totals
REVENUES AND OTHER ADDITIONS									
Tuition and Fees	\$ 75,255,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,255,365	\$ 72,549,128
Room and Board	15,308,158	-	-	-	-	-	-	15,308,158	14,505,864
Scholarships	(26,314,046)	-	-	-	-	-	-	(26,314,046)	(24,335,148)
Net Student Fees	64,249,477	-	-	-	-	-	-	64,249,477	62,719,844
Private Gifts and Pledges	7,240,047	3,067,330	89,900	1,068,410	8,088,745	9,705	4,777,558	24,341,695	28,426,704
Loss on Long-Term Gifts and Pledges	-	-	-	-	-	(2,107,783)	(288,672)	(2,396,455)	-
Government Reimbursements	639,831	20,809	-	-	-	-	-	660,640	688,710
Interest and Dividends	827,305	-	-	-	1,280,382	2,796,375	-	4,904,062	8,673,076
Net Realized Gain (Loss)	(999,047)	(1,189)	(763,640)	-	299,228	1,723,116	-	258,468	81,517,275
Net Unrealized Gain (Loss)	(1,415,131)	-	(1,144,845)	-	(46,841,039)	(77,031,632)	-	(126,432,647)	(98,824,573)
Net Change in Split Interest	-	-	-	-	(897,821)	4,847,916	(2,250,805)	1,699,290	1,931,361
Bookstore, Rents and Other	3,614,693	-	280,176	-	-	-	-	3,894,869	4,516,419
Subtotal Revenue	74,157,175	3,086,950	(1,538,409)	1,068,410	(38,070,505)	(69,762,303)	2,238,081	(28,820,601)	89,648,816
Fund Transfers	(11,176,259)	976,814	10,927,859	707,761	(6,069,728)	1,006,922	3,626,631	-	-
Investment Return Allocation	-	33,169,523	-	-	(10,211,131)	(22,958,392)	-	-	-
Net Assets Released from Restrictions	36,990,005	(37,009,025)	-	-	19,020	-	-	-	-
Total Revenues and Other Additions	99,970,921	224,262	9,389,450	1,776,171	(54,332,344)	(91,713,773)	5,864,712	(28,820,601)	89,648,816
EXPENSES									
Instruction	37,644,816	-	8,569,007	-	-	-	-	46,213,823	43,501,642
Academic Support:									
Library	4,656,656	-	1,424,225	-	-	-	-	6,080,881	5,221,228
Other	6,833,683	-	541,438	-	-	-	-	7,375,121	7,003,850
Student Services	11,249,732	-	3,591,650	-	-	-	-	14,841,382	14,014,511
Institutional Support:									
Administration	5,166,054	-	123,235	-	-	-	-	5,289,289	4,855,002
External Relations	3,968,426	-	17,564	-	-	-	-	3,985,990	4,251,572
Fund Raising	4,656,245	-	72,614	-	-	-	-	4,728,859	4,953,416
General	5,005,124	-	250,956	-	-	-	-	5,256,080	5,236,104
Plant Operations	12,502,402	-	(12,502,402)	-	-	-	-	-	-
Auxiliary Enterprises	8,085,332	-	5,907,397	-	-	-	-	13,992,729	13,820,008
Total Expenses	99,768,470	-	7,995,684	-	-	-	-	107,764,154	102,857,333
CHANGE IN NET ASSETS	202,451	224,262	1,393,766	1,776,171	(54,332,344)	(91,713,773)	5,864,712	(136,584,755)	(13,208,517)
Reclassification - Adoption of UPMIFA and FSP 117-1	-	-	-	-	(241,115,124)	241,115,124	-	-	-
Net Assets - Beginning of Year	7,822,040	22,716,409	57,238,088	8,087,903	441,526,263	102,187,350	159,950,671	799,528,724	812,737,241
NET ASSETS - END OF YEAR	<u>\$ 8,024,491</u>	<u>\$ 22,940,671</u>	<u>\$ 58,631,854</u>	<u>\$ 9,864,074</u>	<u>\$ 146,078,795</u>	<u>\$ 251,588,701</u>	<u>\$ 165,815,383</u>	<u>\$ 662,943,969</u>	<u>\$ 799,528,724</u>