



**William Marsh Rice
University**
Consolidated Financial Statements
June 30, 2010 and 2009

William Marsh Rice University

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June 30, 2010 and 2009

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Report of Independent Auditors

To the Board of Trustees of
William Marsh Rice University

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of William Marsh Rice University at June 30, 2010, 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 University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2009 financial statements. In our report dated October 29, 2009, we expressed an unqualified opinion on those financial statements. 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.

PricewaterhouseCoopers LLP

October 28, 2010

William Marsh Rice University
Consolidated Statements of Financial Position
As of June 30, 2010 and 2009

(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 7,541	\$ 4,294
Accounts receivable and other assets, net	58,377	47,164
Pledges receivable, net	131,246	155,407
Investments	4,225,453	3,989,875
Property and equipment, net	<u>1,190,243</u>	<u>1,070,788</u>
Total assets	<u>\$ 5,612,860</u>	<u>\$ 5,267,528</u>
Liabilities		
Accounts payable and other liabilities	\$ 100,131	\$ 100,146
Notes and bonds payable	873,044	726,185
Actuarial liability for annuities payable	88,205	79,433
Government refundable advances	<u>7,061</u>	<u>6,974</u>
Total liabilities	<u>1,068,441</u>	<u>912,738</u>
Net assets		
Unrestricted net assets	2,217,991	2,157,487
Temporarily restricted net assets	1,372,717	1,268,152
Permanently restricted net assets	<u>953,711</u>	<u>929,151</u>
Total net assets	<u>4,544,419</u>	<u>4,354,790</u>
Total liabilities and net assets	<u>\$ 5,612,860</u>	<u>\$ 5,267,528</u>

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

William Marsh Rice University
Consolidated Statement of Activities
For the Year Ended June 30, 2010
With Summarized Financial Information for the Year Ended June 30, 2009

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<i>(in thousands of dollars)</i>					
Operating revenues					
Investment returns distributed for operations	\$ 103,648	\$ 117,199	\$ -	\$ 220,847	\$ 215,586
Student tuition and fees, net	98,107	-	-	98,107	91,193
Grants and contracts	102,235	-	-	102,235	87,385
Gifts and pledges	22,695	27,416	-	50,111	24,749
Gifts and trusts released from restrictions	123,951	(123,951)	-	-	-
Auxiliary enterprises	33,240	-	-	33,240	29,637
Other revenues	15,257	-	-	15,257	18,930
Total operating revenues	499,133	20,664	-	519,797	467,480
Operating expenses					
Educational and general activities	453,193	-	-	453,193	429,882
Auxiliary enterprise expenditures	45,200	-	-	45,200	37,397
Total operating expenses	498,393	-	-	498,393	467,279
Net operating income	740	20,664	-	21,404	201
Nonoperating changes					
Gifts and pledges for property and endowment	-	13,783	15,217	29,000	44,917
Investment returns, reduced by operating distribution above	47,216	88,841	14,240	150,297	(1,085,646)
Net assets released from restrictions	18,381	(18,416)	35	-	-
Change in liabilities due under life-income agreements	-	(307)	(4,955)	(5,262)	22,782
Other nonoperating changes	(5,833)	-	23	(5,810)	(9,232)
Net nonoperating changes	59,764	83,901	24,560	168,225	(1,027,179)
Net increase (decrease) in net assets	60,504	104,565	24,560	189,629	(1,026,978)
Net assets					
Beginning of year	2,157,487	1,268,152	929,151	4,354,790	5,381,768
End of year	\$ 2,217,991	\$ 1,372,717	\$ 953,711	\$ 4,544,419	\$ 4,354,790

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