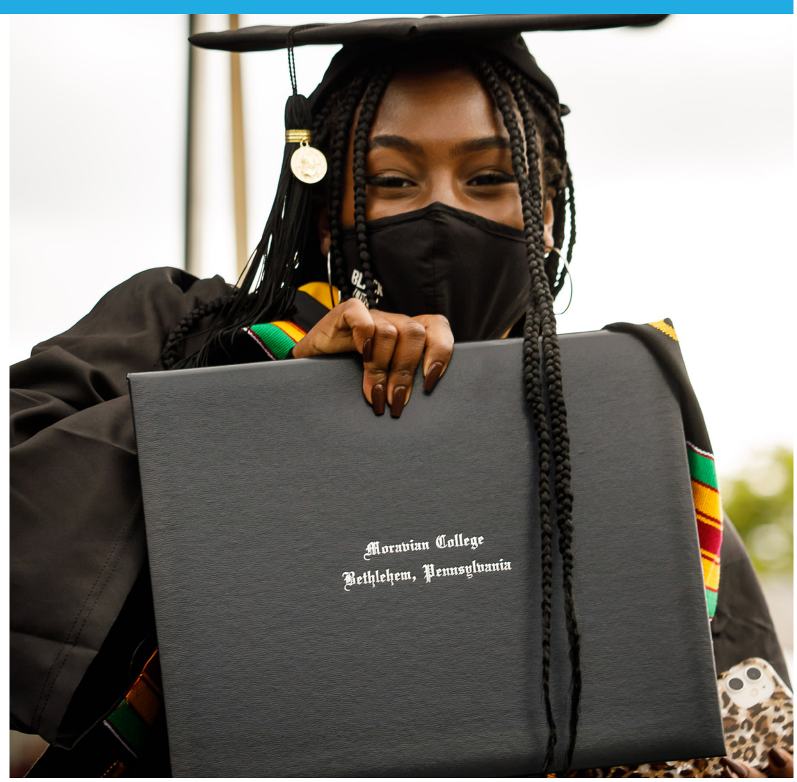
MORAVIAN COLLEGE

FINANCIAL REPORT

2020-2021



MORAVIAN COLLEGE

Management Discussion

In August of 2020, Moravian College welcomed a freshman class hailing from over two hundred different high schools. The class of 2024 was comprised of one hundred and fifty-four student athletes, twenty musicians, five members of the Reserve Officers' Training Corps and three Veterans.

Consistent with the strategy to diversify revenue streams, the College continued to expand graduate and online programs, introducing a fully remote Masters of Science in Business Administration program. The inaugural class of the online Masters of Science in Data Analytics program graduated in 2021. The Doctorate of Physical Therapy program welcomed the first cohort in June 2021. The program received official Candidacy Accreditation status by the Commission on Accreditation in Physical Therapy Education (CAPTE). In addition, The Masters of Occupational Therapy Program also received full accreditation this academic year. The Speech-Language Pathology program posted a 100% Praxis Pass rate for all twenty-three students that took the exam in 2020/21. Rounding out the progress in the Rehabilitation Science departments, the Masters of Science in Athletic Training program demonstrated a 100% job placement within six months of graduation for the fourth year in a row.

The COVID-19 pandemic continued to alter the traditional campus experiences inside and outside of the classroom. Fall athletic competitions were cancelled, faculty-led travel was postponed, and recruiting for new students was conducted remotely. As a result of the pandemic, Moravian transitioned to diversified course offerings, including in-person, hybrid and online. The federal HEERF funding allowed the College to enhance the online and hybrid course modality by engaging qualified online instructional designers to prepare the faculty members to be able to make a successful transition to distance learning platforms. In addition, many of the co-curricular activities were modified in ways to continue to engage our students outside of the classroom in a safe manner. Nevertheless, campus life did resume with residence halls, dining services, and other institutional facilities open for operations. Outdoor heated tents were placed across campus to allow for alternative classroom, meeting and dining spaces. These untraditional gathering spaces became very popular with the entire community and were often used by students, faculty, and staff.

In August of 2020, a handful of capital projects were completed around campus. To support Athletics, the bleachers in Johnston Hall were updated to individual seat-style bleachers. Windows, flooring, and lighting were updated throughout residence halls, as well as repainting corridors. On South Campus, the Brethren's House received an upgraded roof, replacing cedar shingles, and part of the building's substructure was repaired as well. In downtown Bethlehem, Moravian welcomed a new vendor to operate next to our historic Book Shop. The popular Lehigh Valley food truck, Randevoo, specializing in Asian influenced cuisine, opened its first brick-and-mortar location.

The College and Seminary total endowment investment portfolio, ended the 2020/21 fiscal year with a market value of $146 million. This includes an endowment of $142 million, funds held in trust of $3.5 million, and long-term campaign investments of $0.5 million. The total investment portfolio consisted of 51.7% domestic and international equity, 26.4% alternative assets, 19.2% fixed income, 1.6% real estate and natural resources, and 1% cash. Over the past 5 years the fund has received gifts of $17.8 million and has provided $32.5 million in support for operations and capital projects. Investment returns for the one, three, and five-year periods were 30.3%, 11.2%, and 10.9%, respectively. The endowment spending rate for 2020/21 remained a conservative 4.5% producing approximately $5.0 million, of which $2.1 million was used for College and Seminary financial aid.

Financial Review

Statement of Financial Position

Total assets increased $32 million year over year, which was primarily driven by an increase in investment market values, and cash. The noticeable increase in cash was largely due to the HEERF funding and the deferral of payroll taxes, both provided through the CARES Act. Increases in current liabilities were a result of deferred revenues associated with the summer starts of additional cohorts in the Rehabilitation Science programs. However, this change was more than offset by the decrease in long term debt of $3.6 million.

Statement of Activities

In consolidation, operating revenues decreased by $2.4 million from the prior year. Decreases in restricted private gifts, auxiliary revenue and undergraduate tuition revenue were the largest contributors.

Operating expenses remained flat in comparison to the prior fiscal year. Increased expenses were incurred due to recommended public health and safety guidelines. These efforts included installation of plexiglass dividers, sanitization stations, and student surveillance testing to monitor general campus safety related to pandemic efforts. The additional expenditures were offset by cost saving measures implemented by the College.

Net assets increased by $36 million, mostly attributable to unrealized gains on investments. Global economic activity continued to ramp up as vaccination rates climbed and economies re-opened. This combined with fiscal measures and suppressed interest rates, have led to favorable market conditions.

Statement of Cash Flows

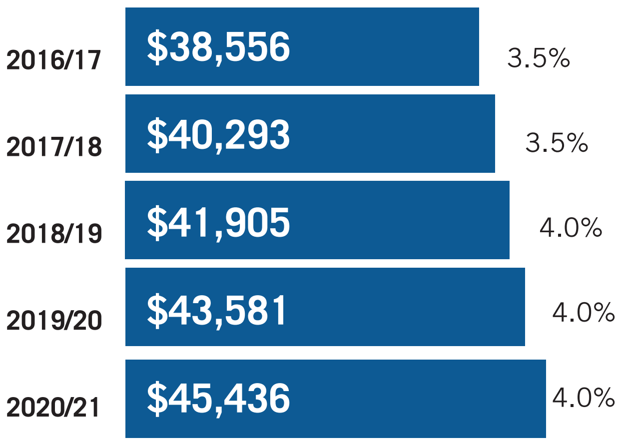
The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of the consolidated enterprise. The information provided in the statement of cash flows, used with the related disclosures and information in the other financial statements, should aid investors, creditors and others to (1) assess the College's ability to generate positive future net cash flows; (2) assess the ability to meet current obligations and needs for external financing; (3) assess the reason for differences between the change in net assets and associate cash receipts and payments; and, finally, (4) assess the effects on the College's financial position of both its cash and non-cash investing and financing transactions during the year.

Operating activities: During the 2020/21 fiscal year, the consolidated operating activities of the College provided $12 million in cash. Standard adjustments to account for depreciation as well as net realized and unrealized investment gains, normalized cash provided by operating activities.

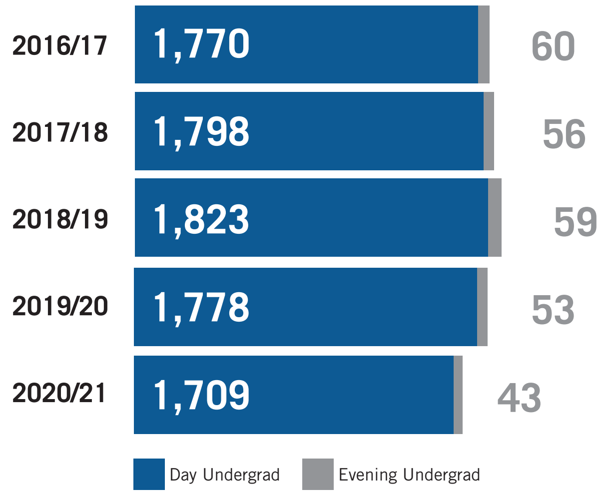
Investing activities: Net cash used by investing activities was largely attributed to $4.6 million related to purchases of fixed assets.

Financing activities: Financing activities used $2 million, which was the net of $3.6 million in gifts and grants restricted for long-term investments, and a total of $5.7 million in repayment of debt, finance lease obligations, and refundable federal grants and loan funds.

FULL-TIME TUITION RATE: UNDERGRADUATE

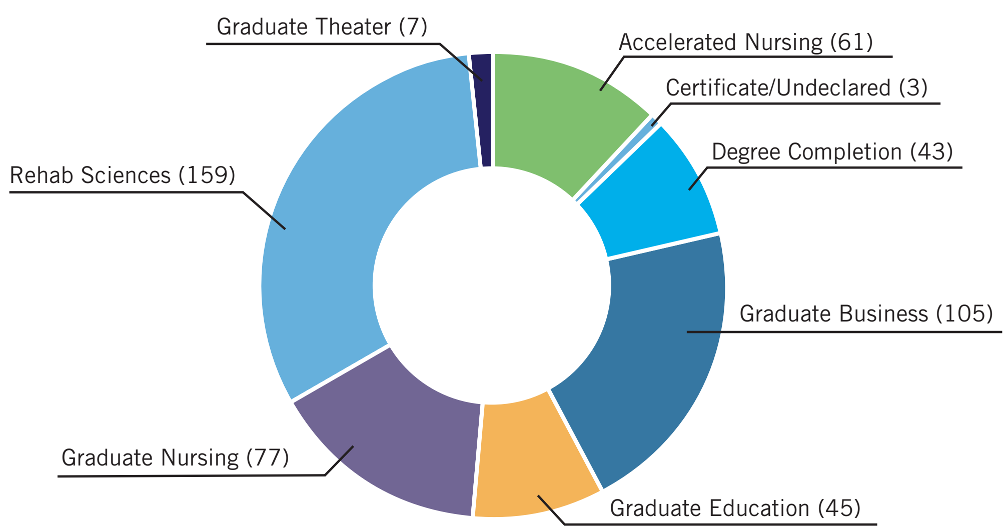


FTE STUDENTS: UNDERGRADUATE



Numbers are annual averages

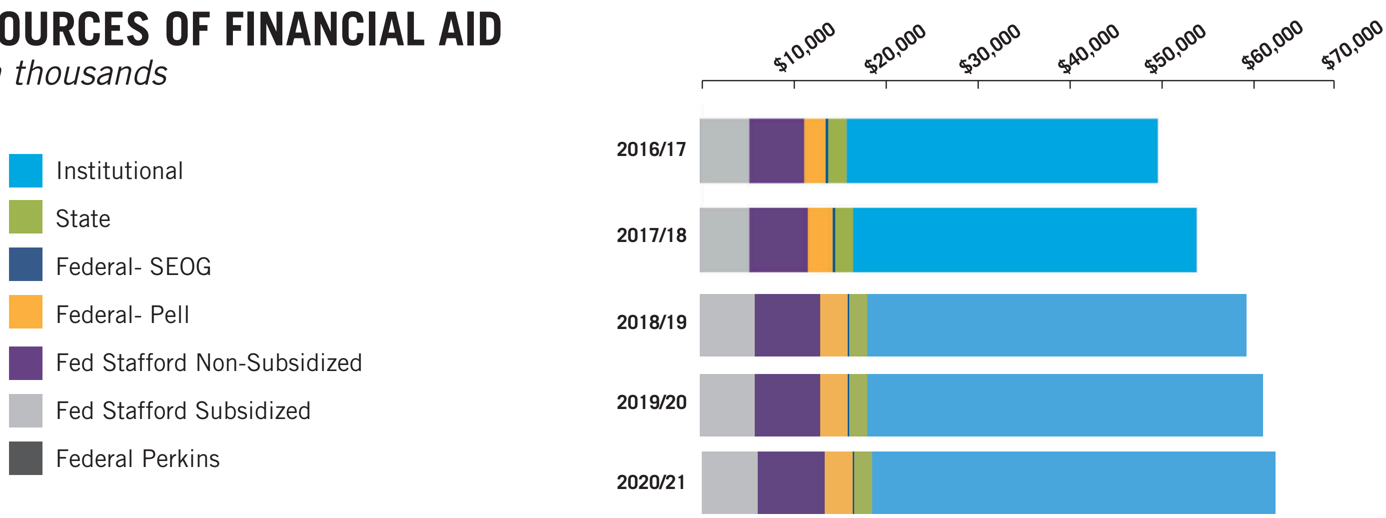
FTE STUDENTS: GRADUATE & ADULT 2020/21



Numbers are annual averages

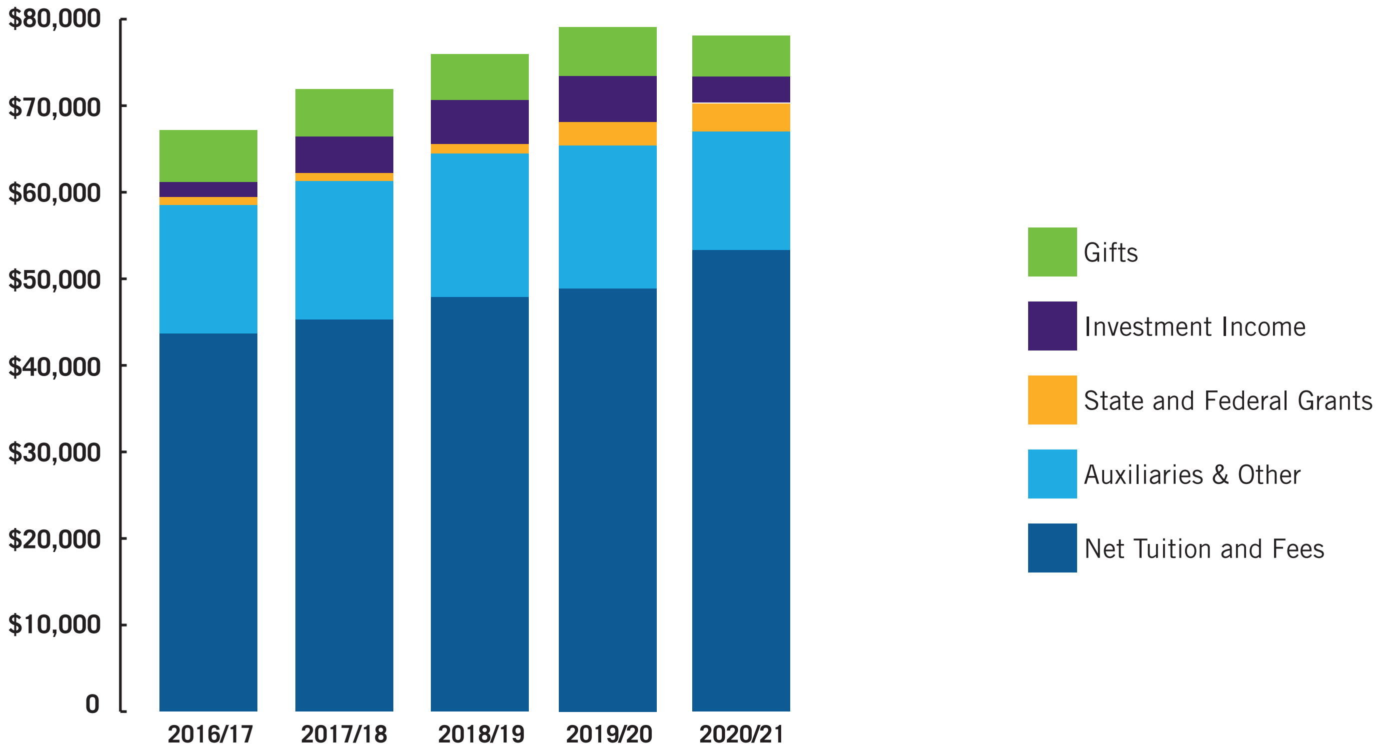
SOURCES OF FINANCIAL AID

In thousands



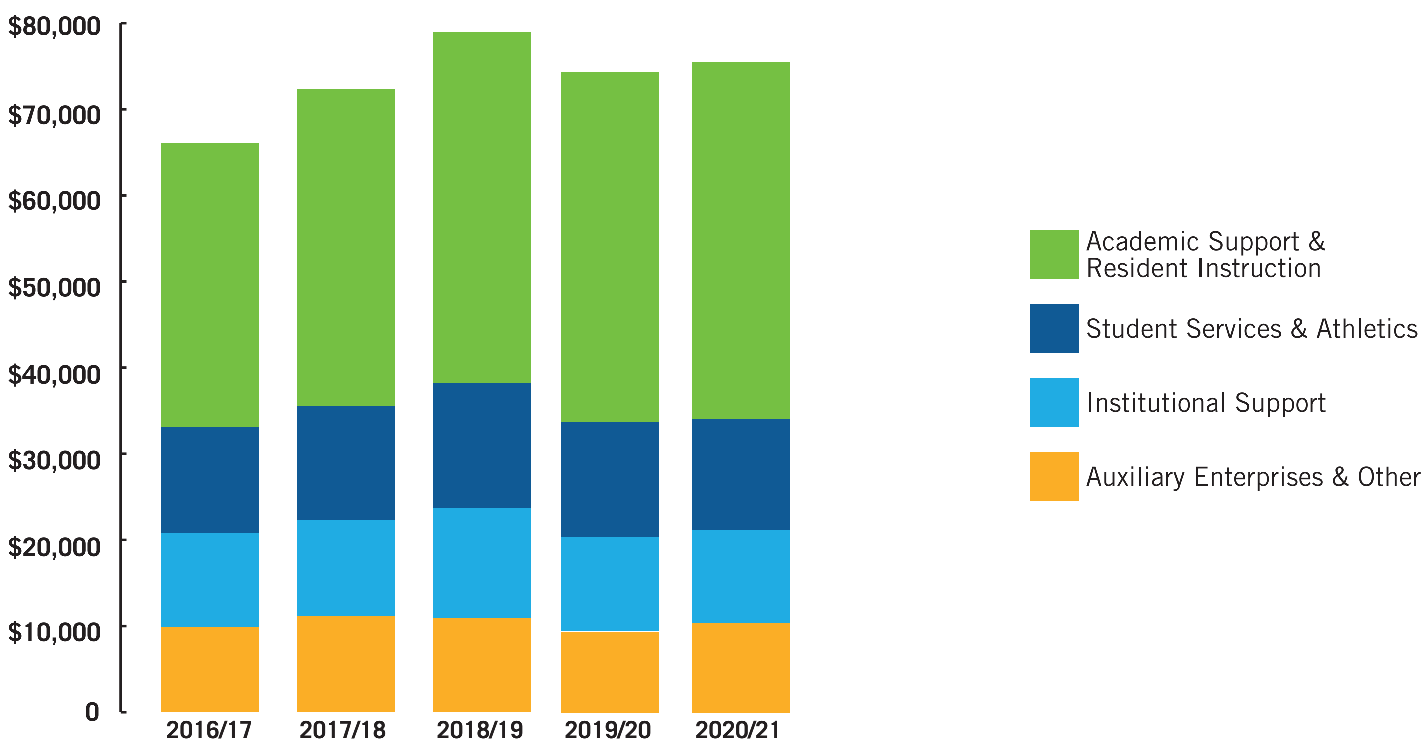
SOURCES OF REVENUE (CONSOLIDATED)

In thousands



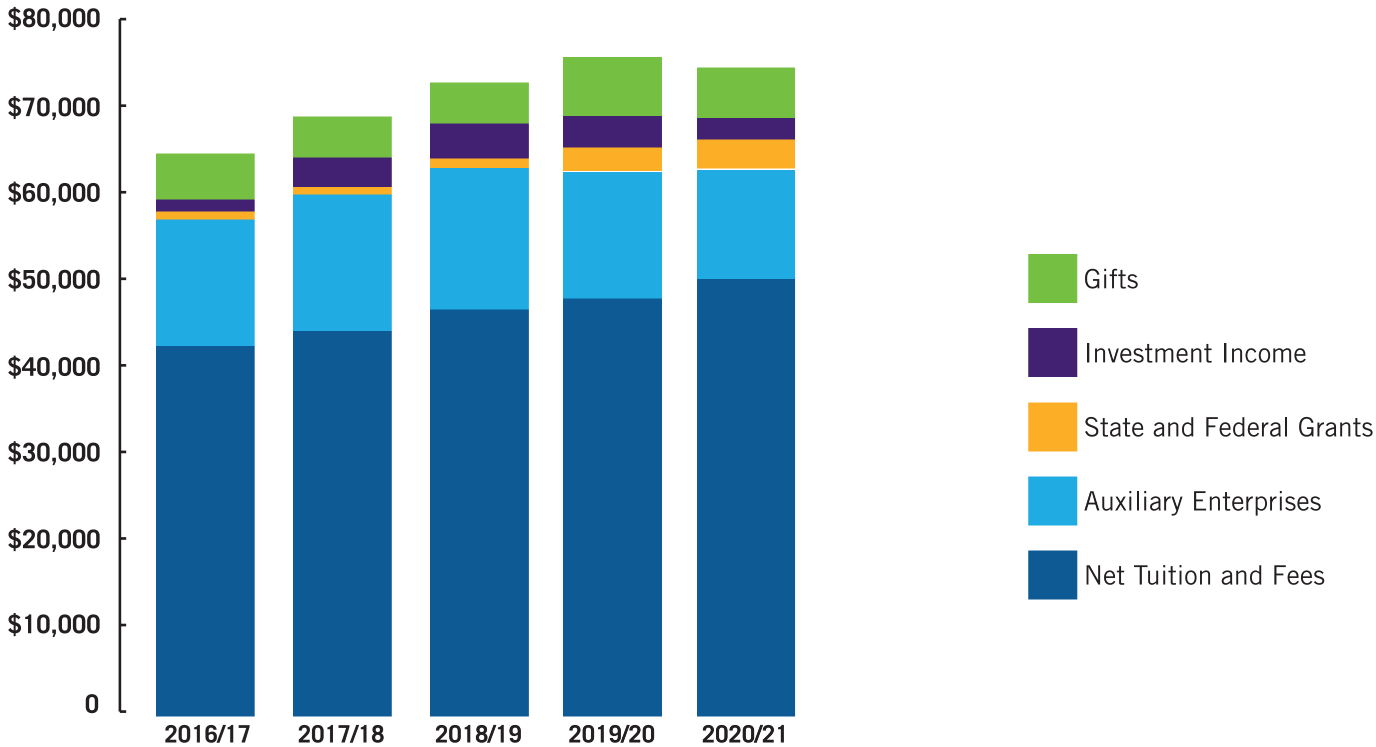
OPERATING EXPENSES (CONSOLIDATED)

In thousands



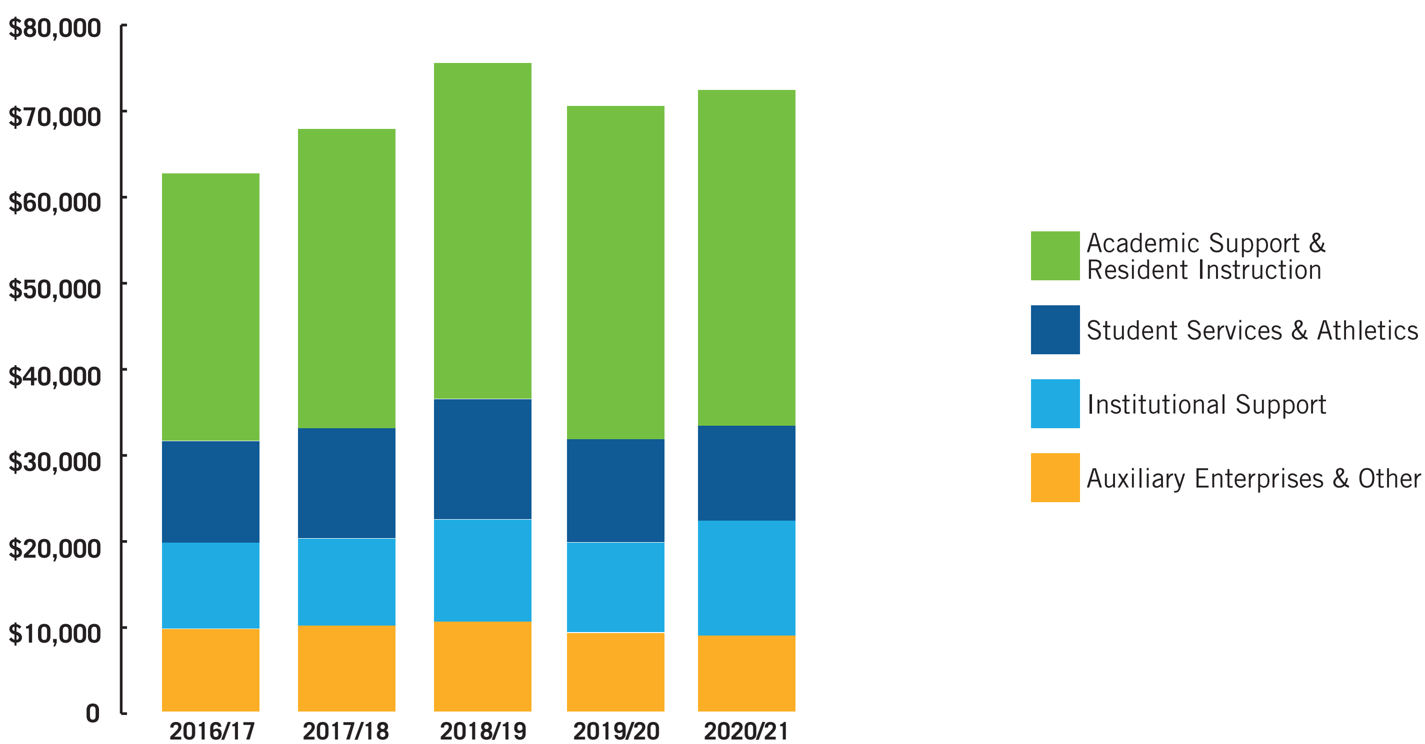
SOURCES OF REVENUE (COLLEGE)

In thousands



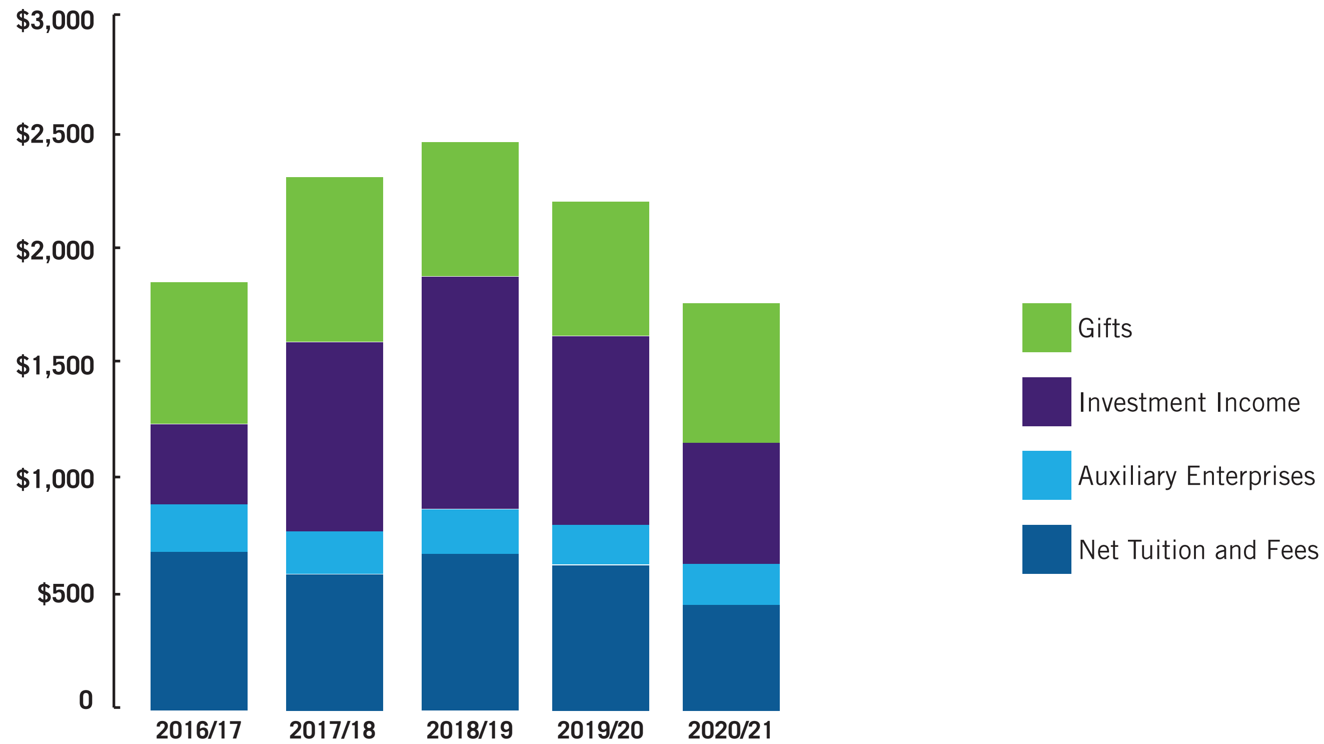
OPERATING EXPENSES (COLLEGE)

In thousands



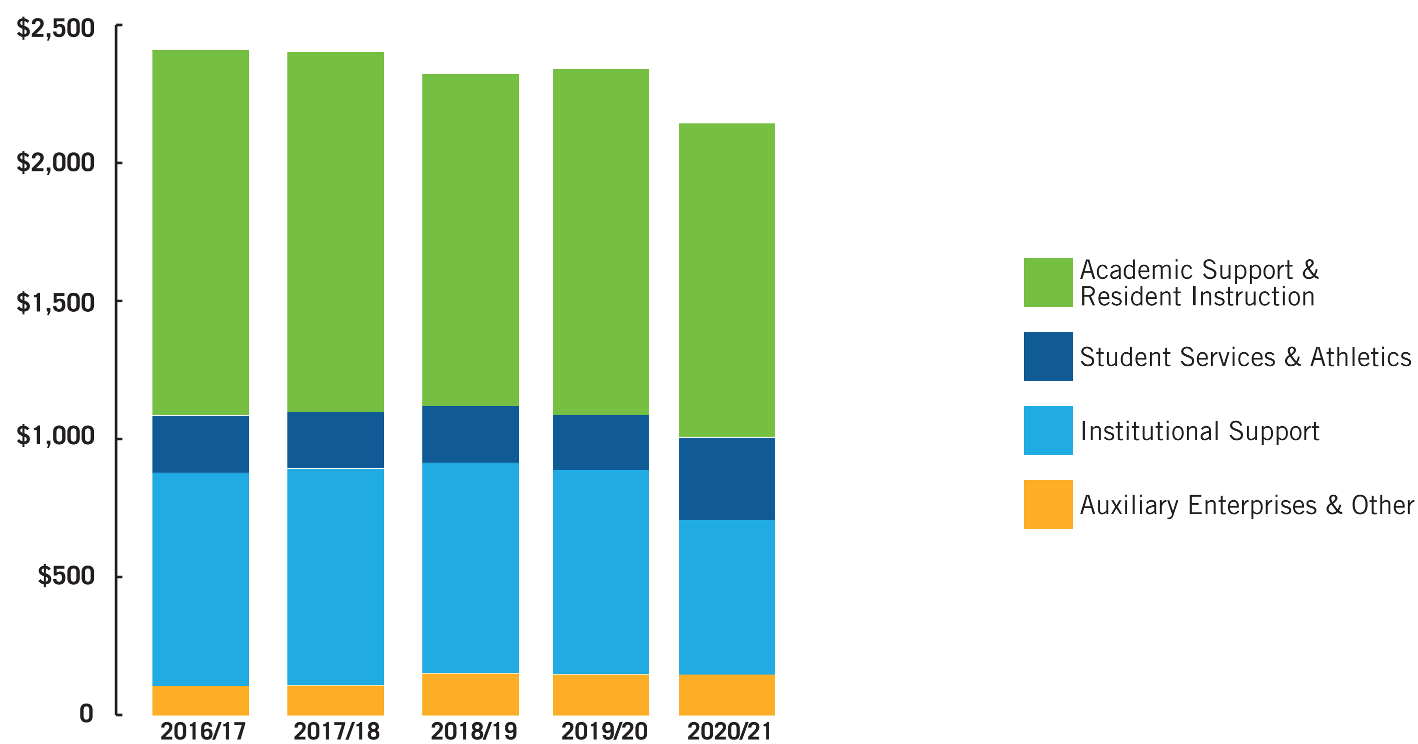
SOURCES OF REVENUE (SEMINARY)

In thousands

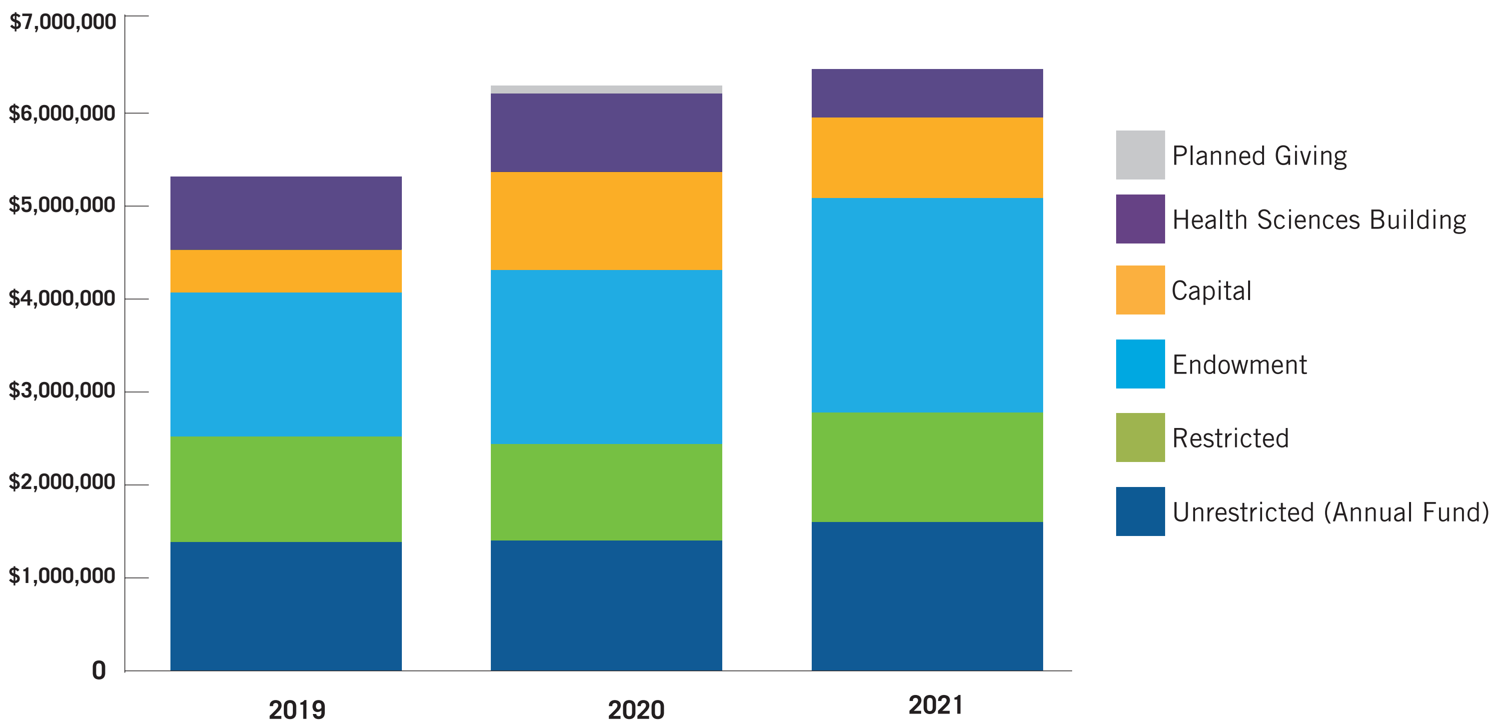


OPERATING EXPENSES (SEMINARY)

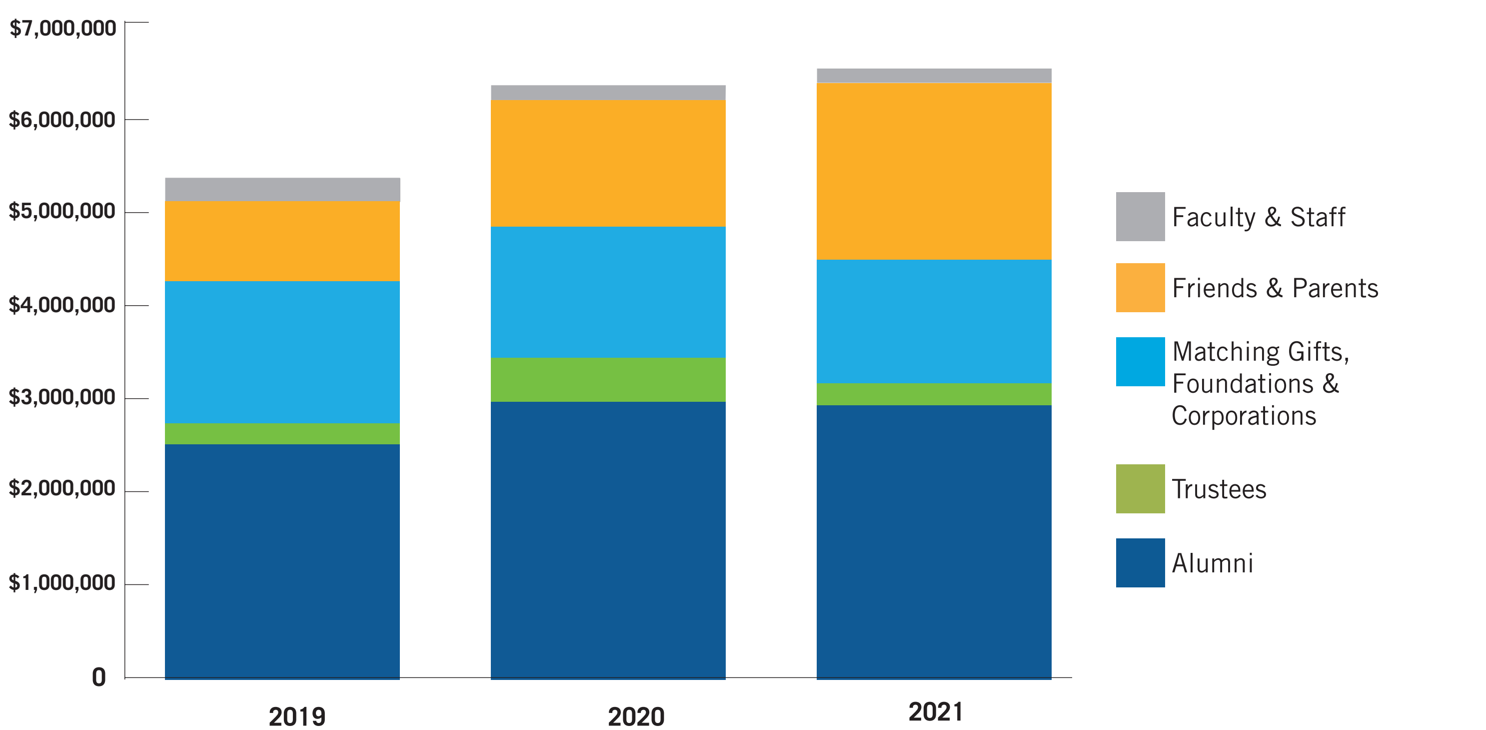
In thousands



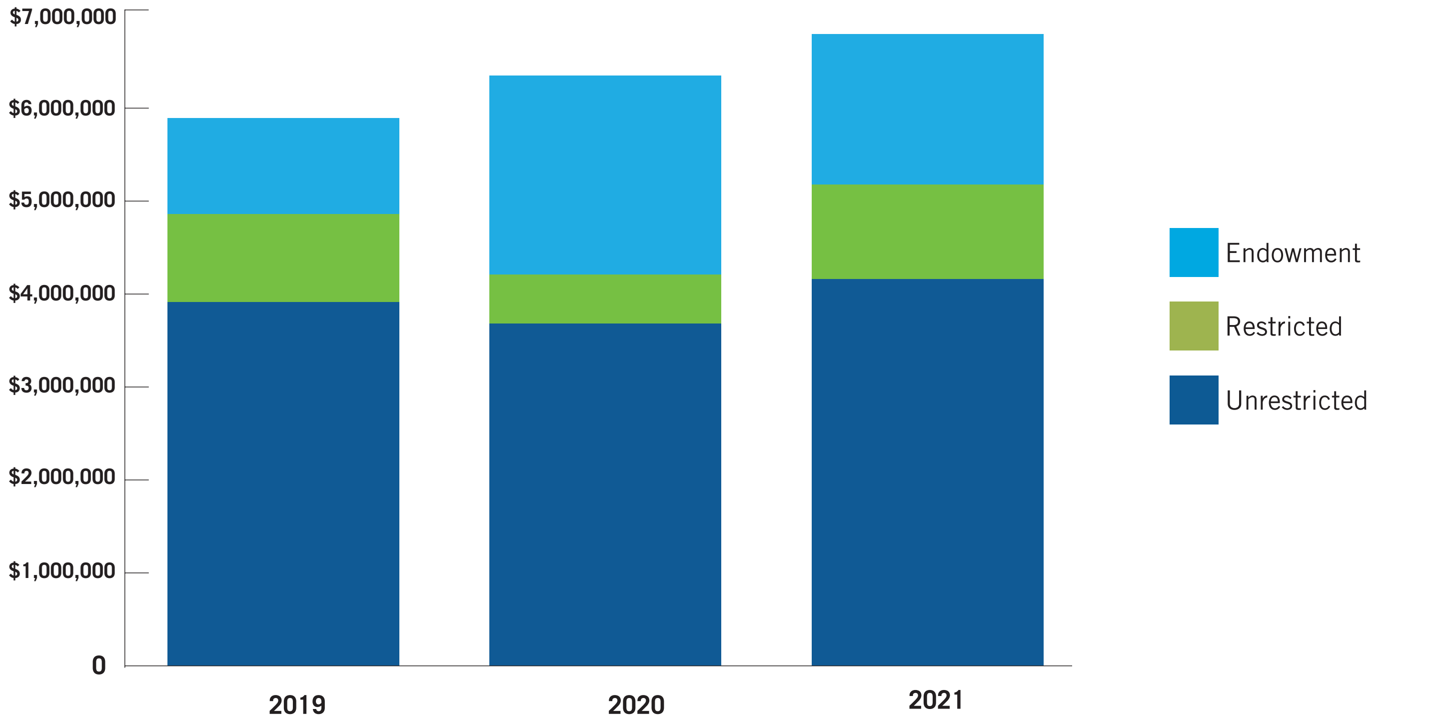
GIVING HISTORY (COLLEGE BY PURPOSE)



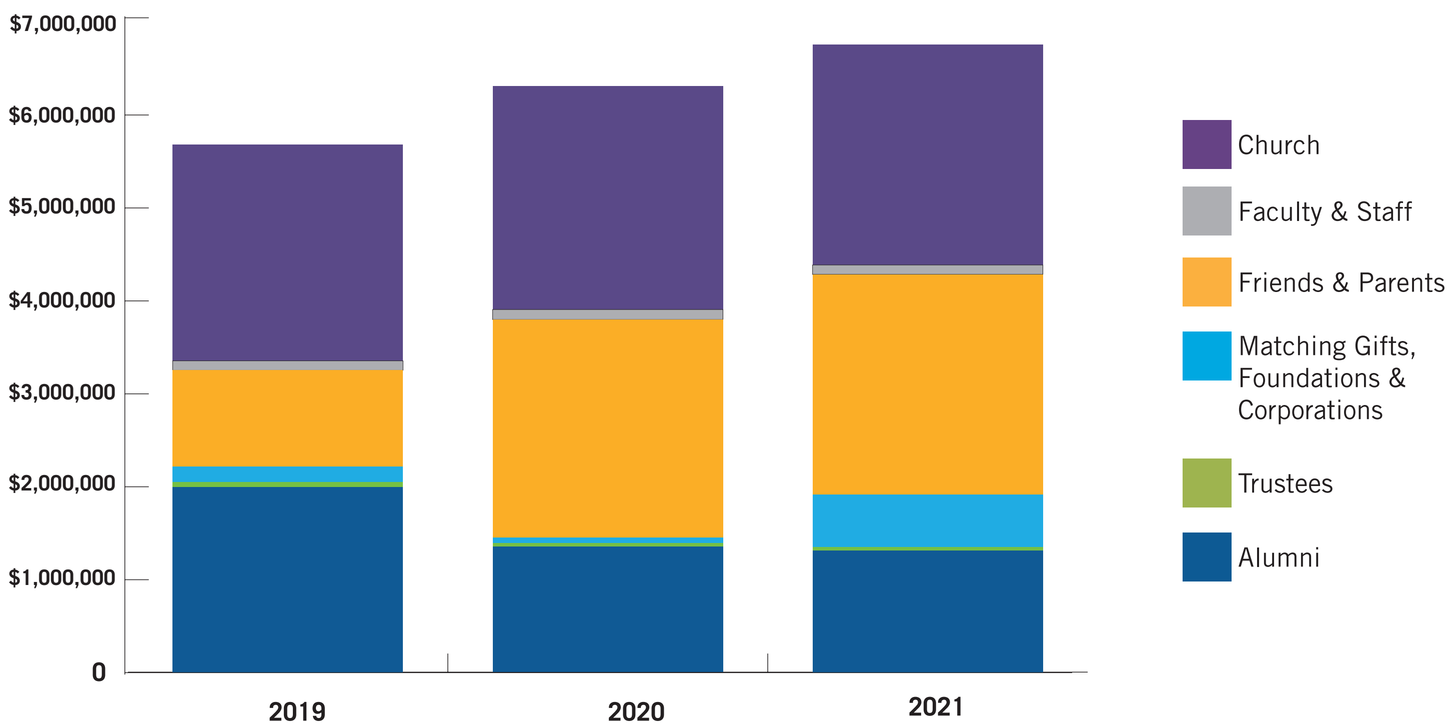
GIVING HISTORY (COLLEGE BY SOURCE)



GIVING HISTORY (SEMINARY BY PURPOSE)

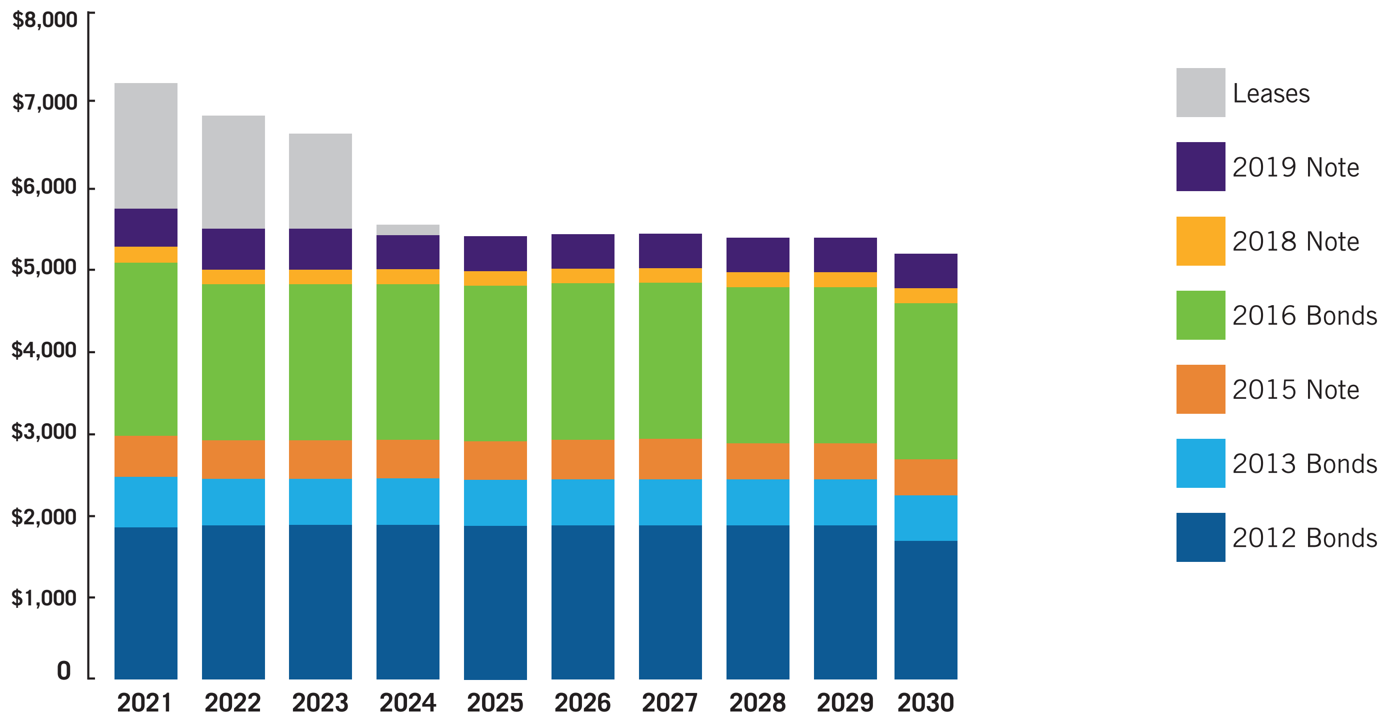


GIVING HISTORY (SEMINARY BY SOURCE)



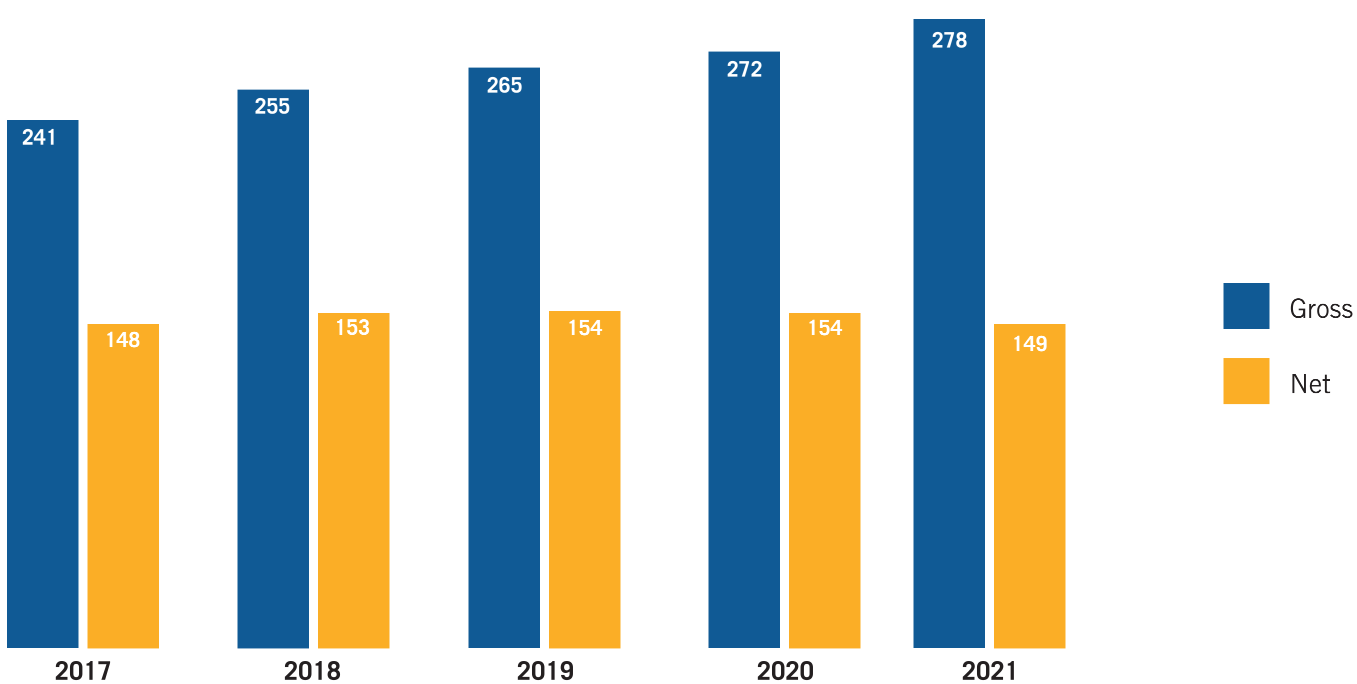
10 YEAR DEBT SERVICE SUMMARY

In thousands



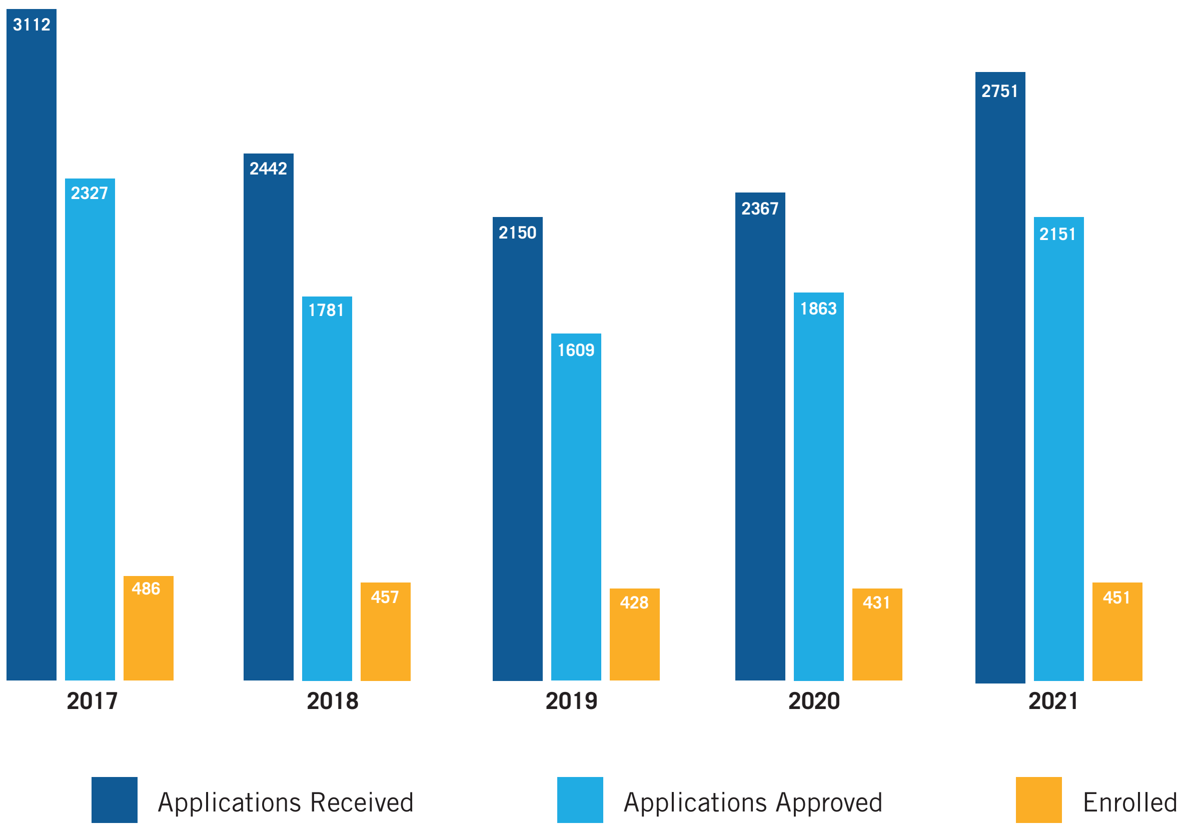
INVESTMENT IN PROPERTY, PLANT & EQUIPMENT

Gross & Net of Depreciation | $ millions



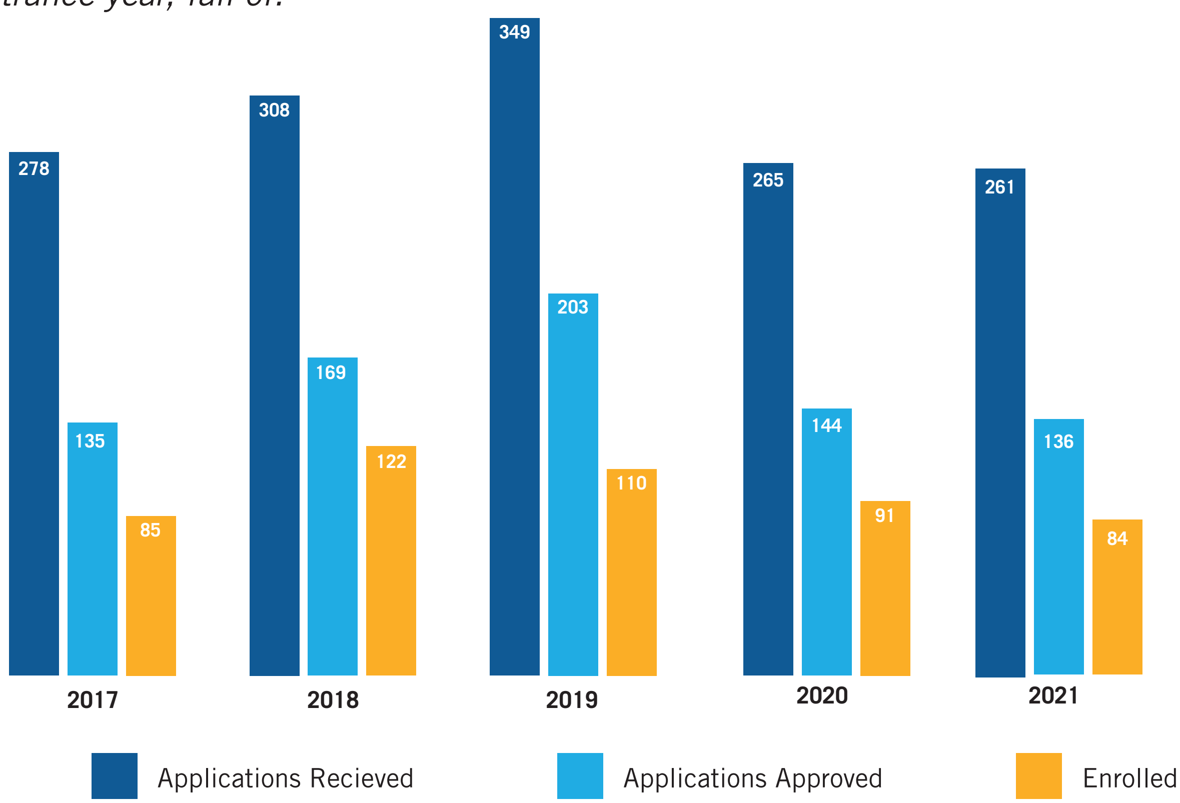
FRESHMAN APPLICATIONS

By entrance year, fall of:



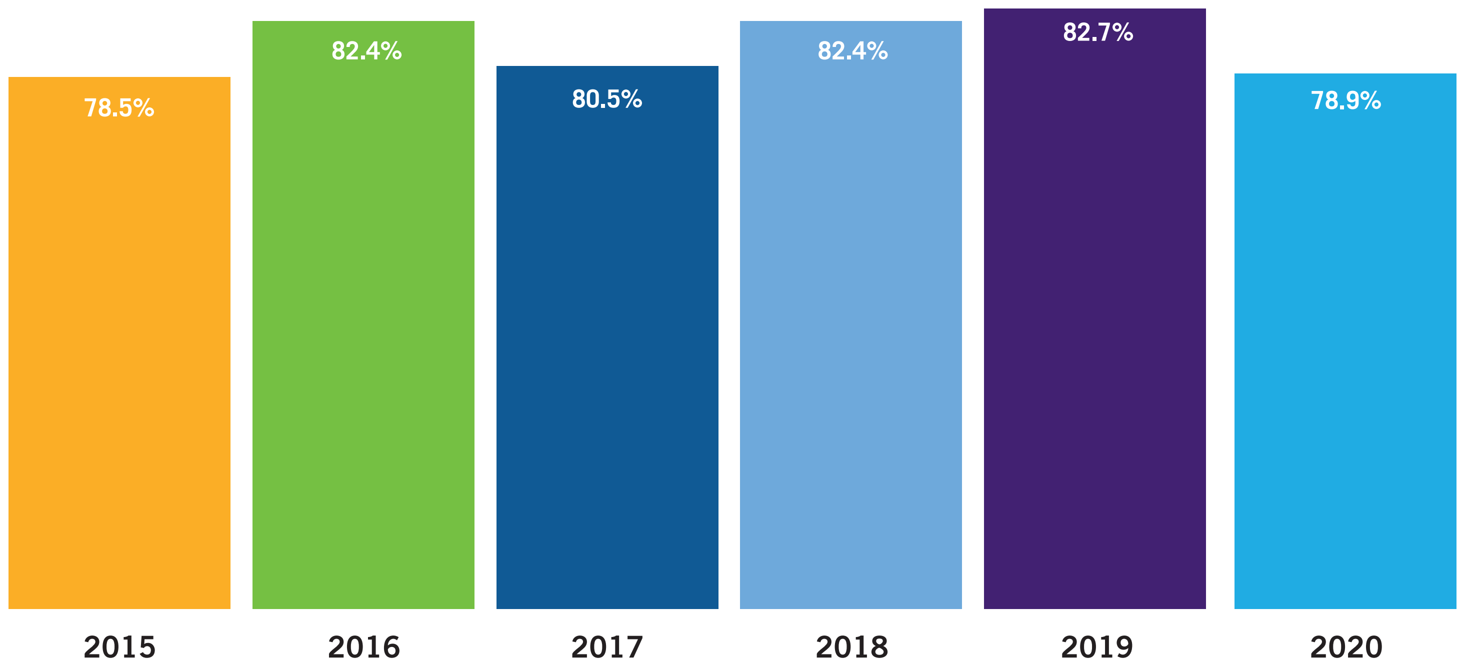
TRANSFER APPLICATIONS

By entrance year, fall of:



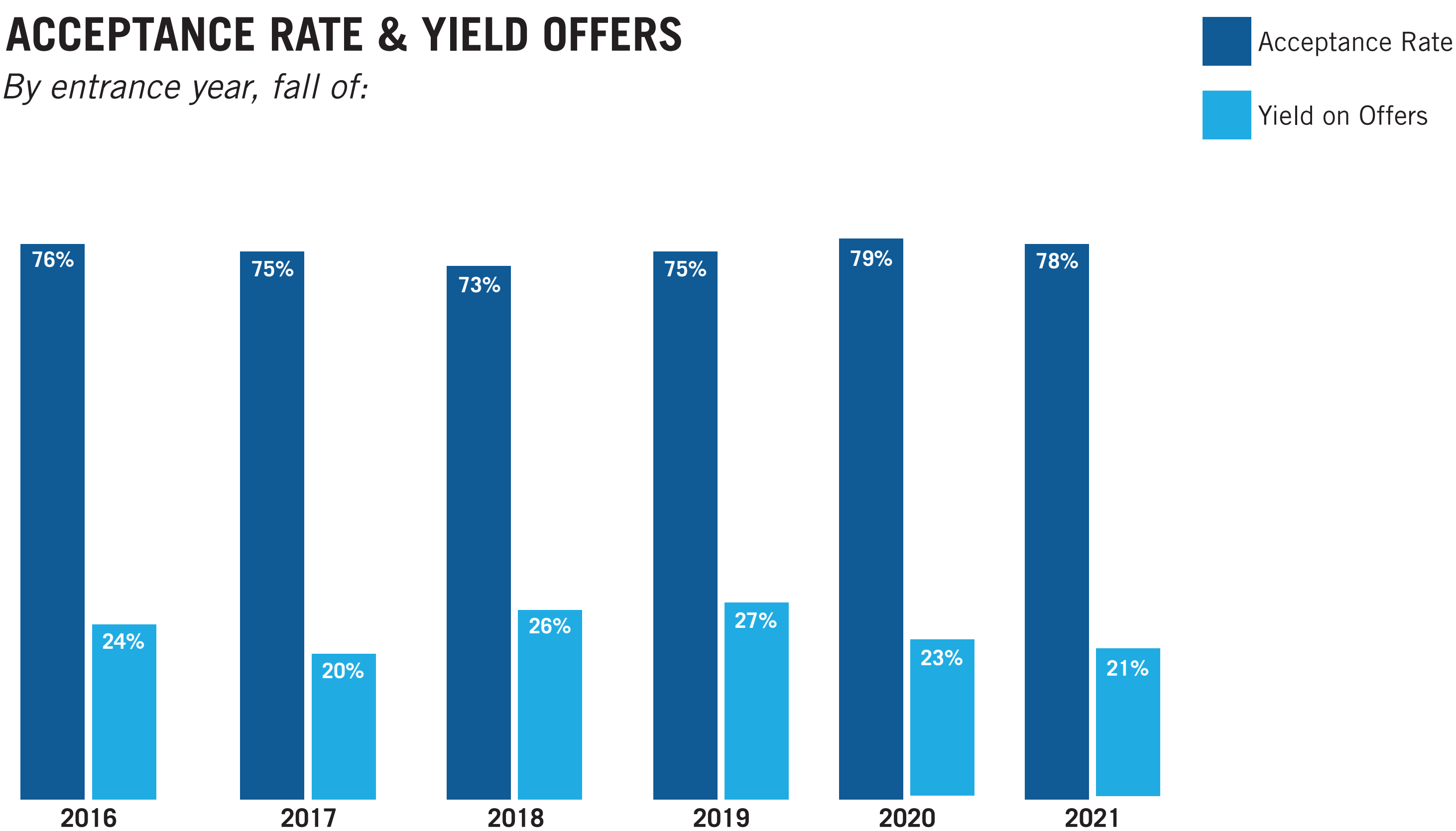
FRESHMAN TO SOPHOMORE RETENTION RATES

By entrance year, fall of:



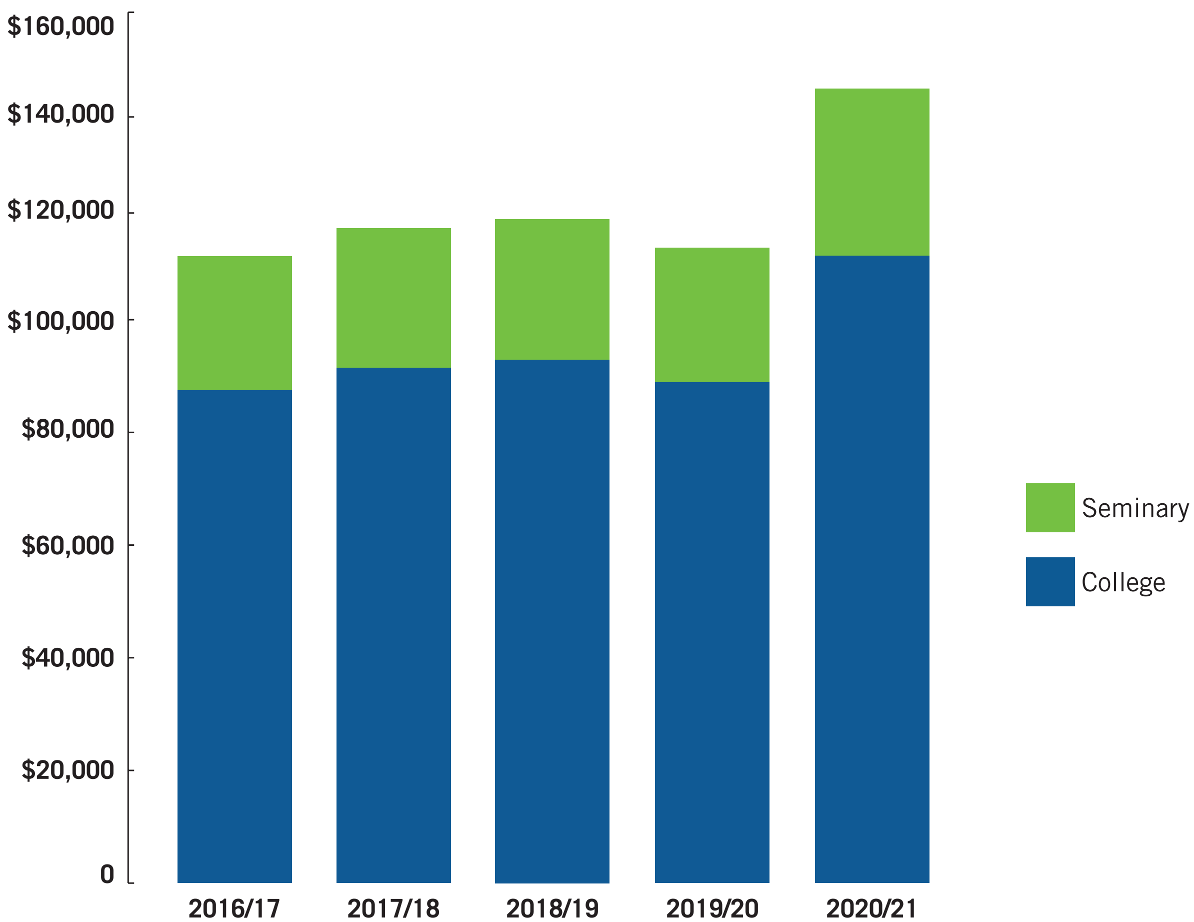
ACCEPTANCE RATE & YIELD OFFERS

By entrance year, fall of:

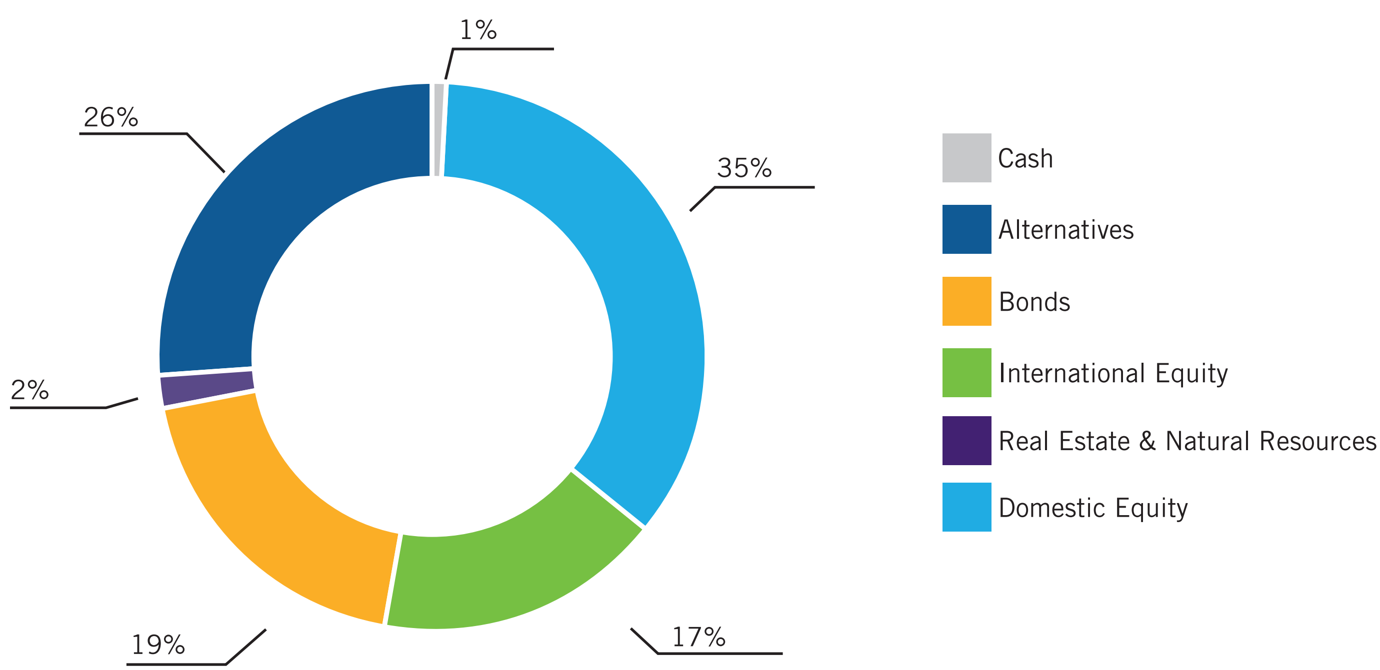


ENDOWMENT MARKET VALUES

In thousands

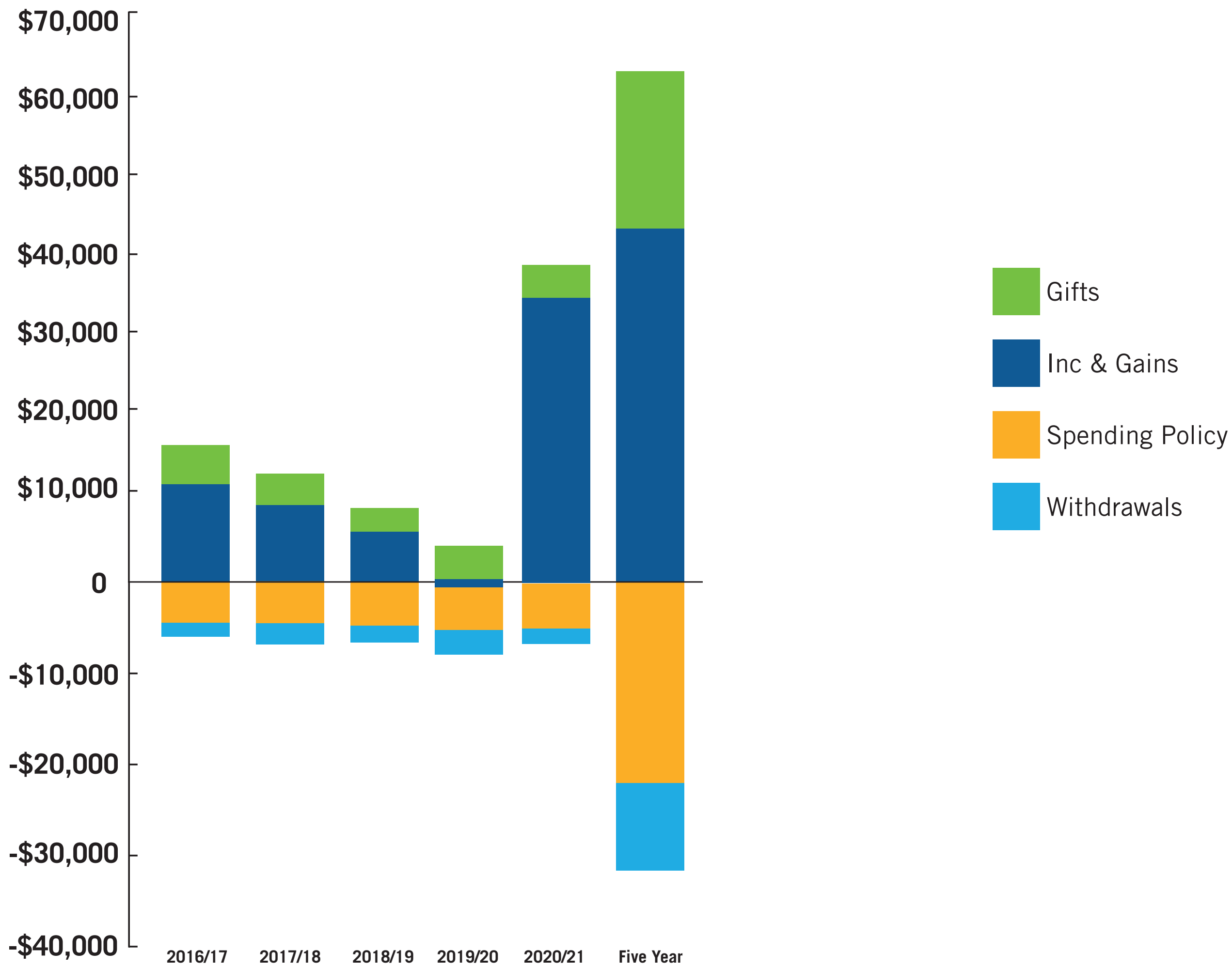


Investment Allocation at June 30, 2021



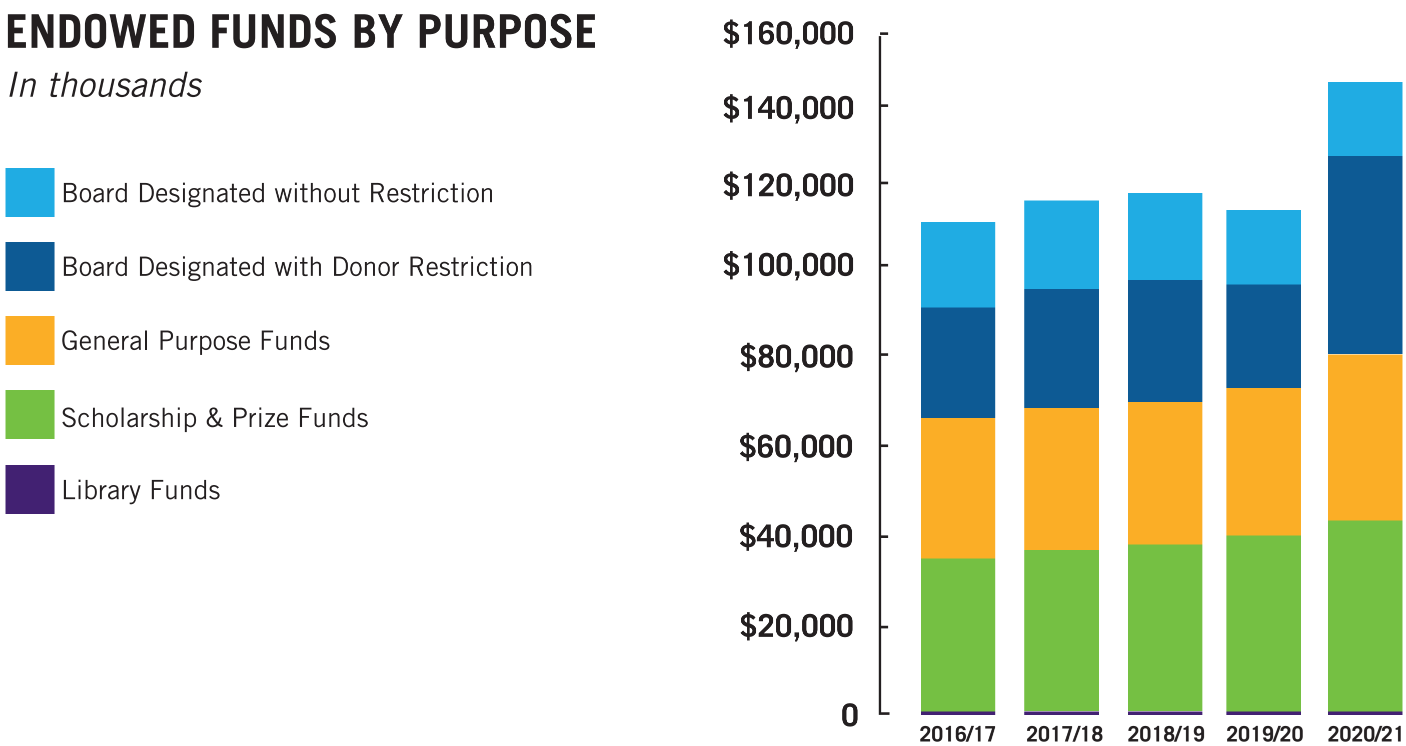
COMPONENTS OF CHANGE IN ENDOWMENT

In thousands

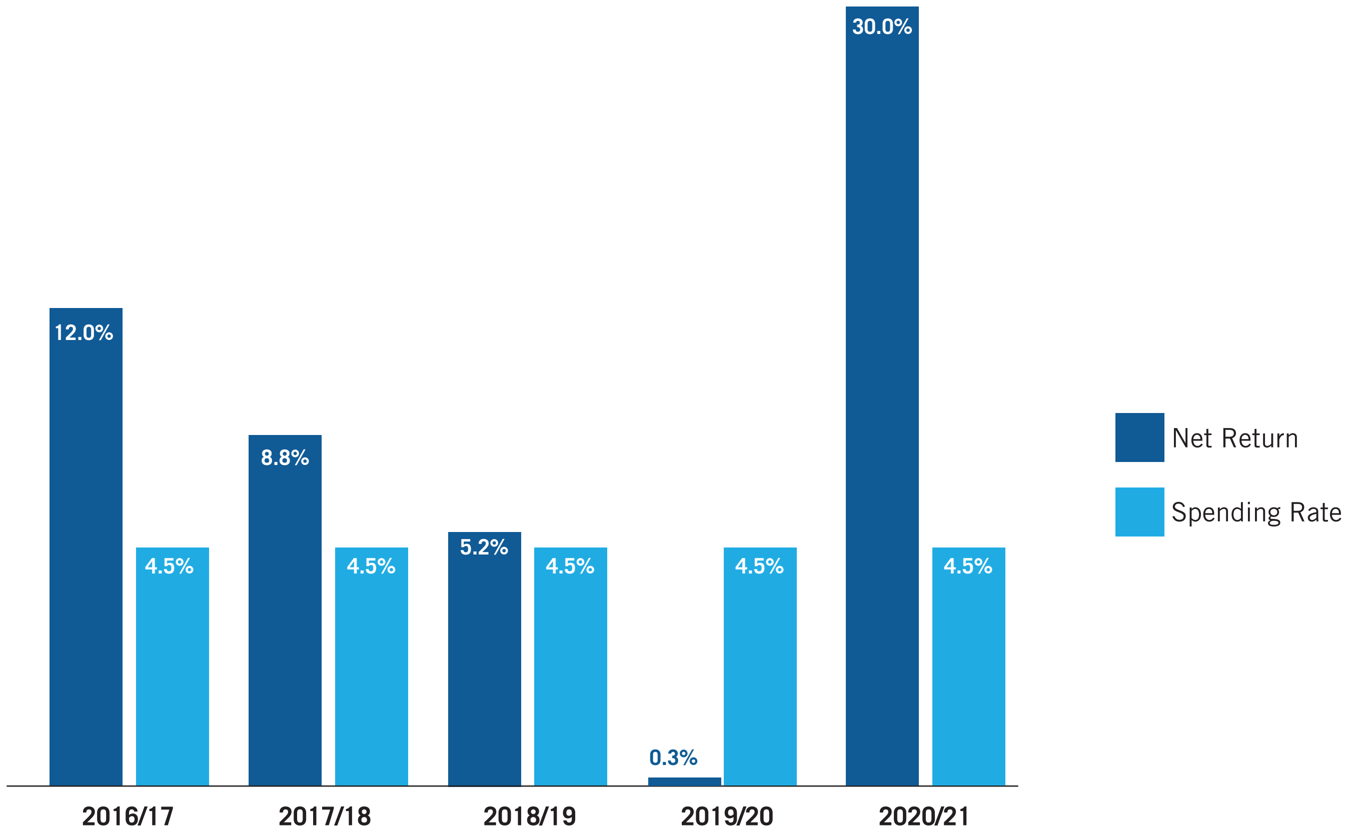


ENDOWED FUNDS BY PURPOSE

In thousands

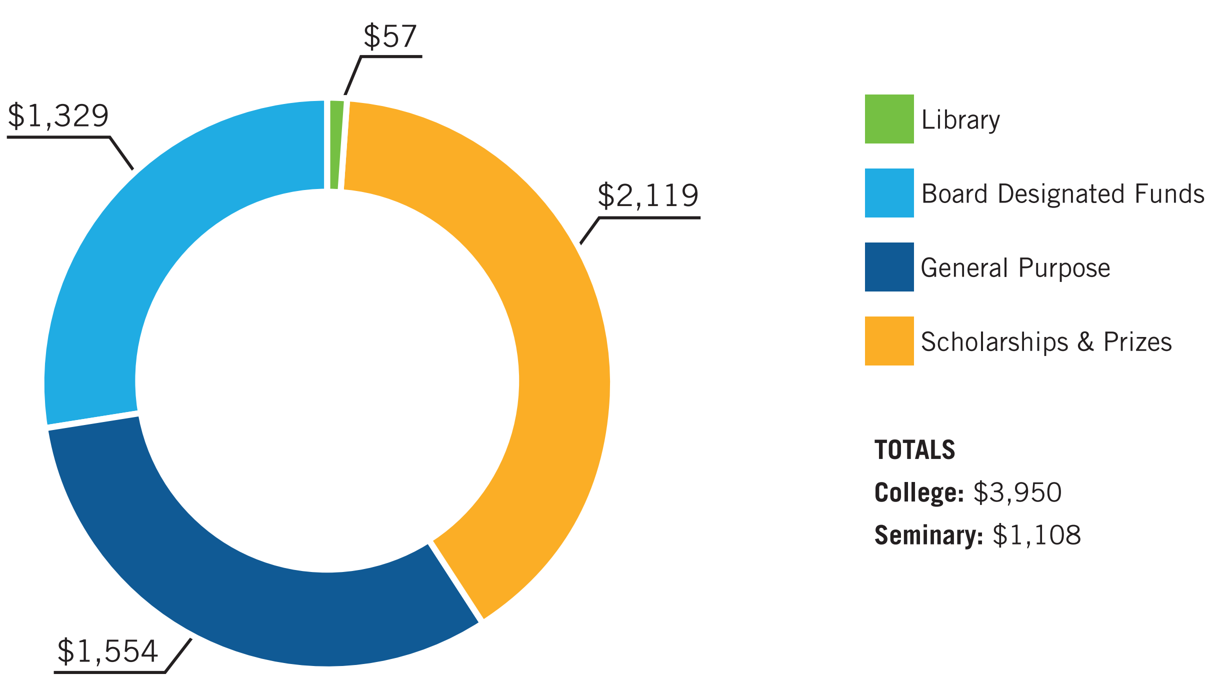


ENDOWMENT RETURNS



SPENDING POLICY DISTRIBUTION BY PURPOSE AT 4.5%

In thousands



TOTALS

College: $3,950

Seminary: $1,108

Moravian College and Subsidiary

Consolidated Financial Statements
and Supplementary Information

June 30, 2021 and 2020

Independent Auditors' Report

To the Board of Trustees of
Moravian College and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Moravian College and Subsidiary (the College), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Moravian College and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Baker Tilly US, LLP

Allentown, Pennsylvania
October 19, 2021

Moravian College and Subsidiary

Consolidated Statements of Financial Position
June 30, 2021 and 2020
(In Thousands)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 16,897	$ 10,755
Accounts receivable, net	3,338	2,875
Contributions receivable, net	3,245	3,472
Prepaids and other	1,383	1,354
Deposits with trustee under debt agreements	2,033	1,996
Total current assets	26,896	20,452
Noncurrent Assets		
Contributions receivable, net	7,588	8,323
Deposits with trustee under debt agreements	2,142	2,288
Investments	144,043	112,800
Split-interest agreements	3,181	2,608
Student loans receivable, net	628	924
Other noncurrent assets	1,000	1,645
Land, buildings and equipment, net	149,184	153,551
Total noncurrent assets	307,766	282,139
Total assets	$ 334,662	$ 302,591
Liabilities and Net Assets		
Current Liabilities		
Long-term debt	$ 3,428	$ 3,326
Accounts payable	1,055	1,048
Accrued interest	881	925
Accrued expenses and other liabilities	4,416	3,677
Deferred revenue	5,088	3,961
Finance lease obligations	1,498	1,416
Postretirement benefit obligation	41	63
Total current liabilities	16,407	14,416
Noncurrent Liabilities		
Annuities payable	765	995
Long-term debt	77,498	81,131
Finance lease obligations	1,561	1,931
Postretirement benefit obligation	230	295
Refundable federal grants and loan funds	604	1,221
Other liabilities	4,025	5,217
Total liabilities	101,090	105,206
Net Assets		
Without donor restrictions	91,275	81,879
With donor restrictions	142,297	115,506
Total net assets	233,572	197,385
Total liabilities and net assets	$ 334,662	$ 302,591

See notes to consolidated financial statements

Moravian College and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating Revenues and Other Additions				
Tuition and fees (net of student scholarships of $44,280 in 2021 and $43,017 in 2020)	$ 50,189	$ -	$ 50,189	$ 49,166
Private gifts and grants	2,647	3,688	6,335	8,598
Investment income, net	2,324	74	2,398	4,247
Federal grants and contracts	3,730	-	3,730	2,549
State grants	799	-	799	468
Auxiliary enterprises	12,944	-	12,944	13,937
Other sources	1,061	-	1,061	931
Net assets released from restrictions, satisfaction of program restrictions	4,113	(4,113)	-	-
Total operating revenues and other additions	77,807	(351)	77,456	79,896
Operating Expenses				
Instruction	35,877	-	35,877	35,724
Academics support	4,799	-	4,799	4,352
Student services	9,320	-	9,320	9,008
Athletics	3,561	-	3,561	5,060
Institutional support	9,225	-	9,225	9,328
Fundraising	1,693	-	1,693	1,448
Auxiliary enterprises	9,837	-	9,837	9,352
Other	130	-	130	308
Total operating expenses	74,442	-	74,442	74,580
Change in net assets from operating activities	3,365	(351)	3,014	5,316
Nonoperating				
Realized net gain on investments	355	1,757	2,112	1,122
Unrealized net gain (loss) on investments	4,758	24,788	29,546	(5,646)
Gain on sale of assets	12	-	12	8
Gain (loss) on interest rate swaps	906	-	906	(1,326)
Change in value of split-interest agreements	-	597	597	(4)
Change in net assets from nonoperating activities	6,031	27,142	33,173	(5,846)
Change in net assets	9,396	26,791	36,187	(530)
Net Assets, Beginning	81,879	115,506	197,385	197,915
Net Assets, Ending	$ 91,275	$ 142,297	$ 233,572	$ 197,385

See notes to consolidated financial statements

Moravian College and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2020
(In Thousands)

	Without Donor Restriction	With Donor Restriction	2020 Total
Operating Revenues and Other Additions			
Tuition and fees (net of student scholarships of $43,017)	$ 49,166	$ -	$ 49,166
Private gifts and grants	2,845	5,753	8,598
Investment income, net	4,167	80	4,247
Federal grants and contracts	2,549	-	2,549
State grants	468	-	468
Auxiliary enterprises	13,937	-	13,937
Other sources	931	-	931
Net assets released from restrictions, satisfaction of program restrictions	2,420	(2,420)	-
Total operating revenues and other additions	76,483	3,413	79,896
Operating Expenses			
Instruction	35,724	-	35,724
Academics support	4,352	-	4,352
Student services	9,008	-	9,008
Athletics	5,060	-	5,060
Institutional support	9,328	-	9,328
Fundraising	1,448	-	1,448
Auxiliary enterprises	9,352	-	9,352
Other	308	-	308
Total operating expenses	74,580	-	74,580
Change in net assets from operating activities	1,903	3,413	5,316
Nonoperating			
Realized net gain on investments	192	930	1,122
Unrealized net loss on investments	(965)	(4,681)	(5,646)
Gain on sale of assets	8	-	8
Loss on interest rate swaps	(1,326)	-	(1,326)
Change in value of split-interest agreements	-	(4)	(4)
Change in net assets from nonoperating activities	(2,091)	(3,755)	(5,846)
Change in net assets	(188)	(342)	(530)
Net Assets, Beginning	82,067	115,848	197,915
Net Assets, Ending	$ 81,879	$ 115,506	$ 197,385

See notes to consolidated financial statements

Moravian College and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 36,187	$ (530)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	10,061	9,969
Change in value of split-interest agreements and annuities payable	(803)	12
Gifts and grants restricted for long-term investments	(3,639)	(2,998)
Gain on disposal of assets	(12)	(8)
Other restricted earnings for long-term investments	(74)	(80)
Net realized and unrealized (gain) loss on investments	(31,658)	4,524
Change in value of interest rate swaps	(906)	1,326
(Increase) decrease in assets:		
Accounts receivable, net	(463)	(797)
Contributions receivable, net	962	(474)
Prepaids and other	(29)	235
Other noncurrent assets	645	(533)
Increase (decrease) in liabilities:		
Accounts payable and accrued interest payable	169	(27)
Accrued expenses and other liabilities	739	702
Deferred revenue and deposits	1,127	439
Accumulated postretirement benefit obligation	(87)	(53)
Other liabilities	(286)	(308)
Net cash provided by operating activities	11,933	11,399
Cash Flows From Investing Activities		
Purchase of land, building and equipment	(4,643)	(8,381)
Proceeds from sale of land, building and equipment	45	3
Purchase of investments	(28,945)	(37,722)
Proceeds from sale of investments	29,360	37,450
Change in deposits with trustees under debt agreements	236	924
Disbursement of student loans	(36)	(25)
Repayments of student loans	332	330
Net cash used in investing activities	(3,651)	(7,421)
Cash Flows From Financing Activities		
Gifts and grants restricted for long-term investments	3,639	2,397
Other restricted earnings for long-term investments	74	80
Repayment of debt	(3,329)	(2,534)
Repayment of finance lease, obligations	(1,780)	(1,918)
Repayment of refundable federal grants and loan funds	(617)	(4)
Net cash used in financing activities	(2,013)	(1,979)
Net increase in cash and cash equivalents and restricted cash	6,269	1,999
Cash and Cash Equivalents and Restricted Cash, Beginning	14,305	12,306
Cash and Cash Equivalents and Restricted Cash, Ending	$ 20,574	$ 14,305
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ 3,297	$ 3,285
Supplementary Disclosure of Noncash Activities		
Land, building and equipment purchases in accounts payable	$ 196	$ 402
Land, building and equipment purchases in equipment financing	$ 1,492	$ 1,237
Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 16,897	$ 10,755
Deposits with trustee under debt agreements	3,677	3,550
Total cash and cash equivalents and restricted cash	$ 20,574	$ 14,305

See notes to consolidated financial statements

1. Nature of Operations

Moravian College is a private, coeducational liberal arts college and theological seminary located in Bethlehem, Pennsylvania. Tracing its founding to 1742, it is recognized as America's sixth-oldest college.

Founded by the Moravian Church, Moravian College today educates a socially and religiously diverse group of students. Moravian College has an enrollment of 1,702 full-time day undergraduate students. The Moravian Graduate program has an enrollment of 254 full-time students and 533 part-time students. Moravian College enrolls students that come from a variety of socioeconomic, religious, racial and ethnic backgrounds.

Moravian College Housing, Inc. (MCHI) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. The purpose of the organization is to develop and operate college student housing. MCHI is a wholly owned subsidiary of Moravian College effective December 10, 2015.

Moravian University

In fiscal year 2021, with the support of the Board of Trustees, Moravian College applied to the Commonwealth of Pennsylvania to change its name from Moravian College to Moravian University. The application was approved on June 23, 2021, and the name change became effective on July 1, 2021. The change to University status reflects the comprehensive mix of academic programs currently being offered, including doctoral, graduate, and undergraduate level programs.

Consolidation With Lancaster Theological Seminary

On June 21, 2021, the Boards of Moravian College, Moravian Theological Seminary and Lancaster Theological Seminary approved a formal Agreement to Consolidate between the two institutions. On July 10, 2021, the Synod of the Northern Province of the Moravian Church convened and voted to support the Agreement to Consolidate. Moravian Theological Seminary and Lancaster Theological Seminary have compatible missions and long histories of providing educational and formational opportunities for students from diverse backgrounds. Both institutions have prepared generations of students to serve the church and the world. The final consolidation is contingent upon regulatory approvals of the Association of Theological Schools, the Middle States Commission on Higher Education, the U.S. Department of Education (ED) of the Commonwealth of Pennsylvania, among others, and may take several years to complete.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Moravian College have been prepared on the accrual basis of accounting and include the accounts of Moravian College and MCHI (collectively, the College). All significant intercompany transactions and balances have been eliminated in consolidation. These consolidated financial statements present consolidated financial information showing the financial position, the activities and the cash flows of the College. For financial reporting purposes, the College follows the reporting requirements of GAAP, which require that resources are classified based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. These may be designated for specific purposes by action of the Board of Trustees.

(In Thousands)

With Donor Restrictions - Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as net assets released from restriction. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

Nonoperating Activities

Nonoperating activities reflect realized and unrealized gains and losses on investments, gains associated with the sale of assets, changes in value of split interest agreements (primarily annuity and trust agreements) and change in value of interest rate swaps.

Revenue Recognition

Tuition and fee revenue is recognized in the fiscal year in which the academic services are delivered. Sales and services of auxiliary enterprises revenue, which consists of room and board and related services, is recognized when the related service is provided. Tuition and fee and auxiliary enterprise contracts are considered to have a duration of less than one year. Spring and Summer I tuition and fees are recognized and rendered within the same fiscal year. Tuition and fees for Summer II are recorded in deferred revenue and recognized as revenue in the following year. A portion of Fall tuition and fees are recorded in deferred revenue and recognized in revenue in the following year. Various rehabilitation science and nursing programs are outside of the traditional semester model. Each of these programs is divided into current year and future year revenue based on the number of weeks in which the course takes place.

Tuition, fees, room and board rates are approved by the Board of Trustees, the transaction price which is determined based on these established and approved rates net of financial aid are recorded as student tuition and fees. Institutional financial aid and discounts provided by the College are reflected as a reduction of tuition and fee revenue. The College awards grants-in-aid and scholarships to individuals who meet the College's academic standards. The amounts of such awards are based upon the financial needs and/or merit of each applicant. Institutional financial aid and discounts provided to students were approximately $44,280,000 and $43,017,000 in 2021 and 2020, respectively.

Amounts are due for tuition, fees, room and board prior to the beginning of each semester. In accordance with the College's refund policies, undergraduate students may receive a full or partial refund up to four weeks after the start of the semester; graduate students may receive a full or partial refund until the close of the first week of classes (drop/add period). Student accounts receivable includes amounts to which the College is unconditionally entitled. The College considers such amounts as unconditional based on the payment due date.

The College's tuition and fee revenues are disaggregated as follows:

	2021	2020
Undergraduate tuition	$ 78,233	$ 78,692
Graduate tuition	11,667	9,709
Undergraduate and graduate fees	4,569	3,782
Undergraduate and graduate student aid	(44,280)	(43,017)
Total student tuition and fees, net	$ 50,189	$ 49,166

Gifts and pledges are recognized as revenue when received. Gifts specified for the acquisition or construction of long-lived assets are released to net assets without donor restrictions from net assets with donor restrictions when the assets are placed in service.

Contributions received, including unconditional promises are recognized as revenue when the donor's commitment is received. Unconditional promises to give are recognized at their estimated present value of future cash flows, which approximates fair value. The related revenue is assigned to net assets with donor restrictions until collected and any other restrictions are met, if so restricted by the donor.

Private grants and contracts are generally deemed to be exchange (reciprocal) transactions. The performance obligation for each grant or contract is deemed to be the research itself and revenue is recognized as the eligible grant activities are conducted. Transaction prices are based on budgets in the award agreement. Private grants and contracts are generally one year or less in duration. Exchange contracts are not significant to the College's consolidated financial statements.

Federal grants and contracts are deemed to be nonexchange (nonreciprocal) transactions. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants and contracts are on a cost reimbursement basis and require the College to incur eligible expenses prior to the release of funds. The College reports these grants and contracts as changes in net assets without donor restrictions when restrictions are met in the same period. Restricted private gifts are recorded as changes in net assets with donor restrictions. When a donor restriction expires, net assets are reclassified as net assets without donor restrictions.

Coronavirus Disease (COVID-19) and Emergency Relief Funding

In December 2019, a novel (new) coronavirus was first detected. The virus began causing outbreaks of the coronavirus disease COVID-19 that spread globally. The World Health Organization declared a public health emergency in early 2020. In response, various governmental agencies mandated stricter procedures to address the health and safety of both employees and patrons including, in certain cases, requiring the closures of operations. On March 20, 2020, following guidance from the Pennsylvania governor, students, staff and faculty were transitioned to remote operations.
The COVID-19 pandemic has affected operations and the financial circumstances of colleges and universities across the country, including Moravian College. The College launched a task force and developed a plan to transition back to on-campus operations and monitor the potential spread of the virus on campus. The task force, along with College leadership, monitored, and continues to monitor, the outbreak and potential financial impact, which are currently uncertain.

As a response to COVID-19, the government approved three relief packages between April 2020 and March 2021. Congress set aside approximately $76.6 billion between the Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) to be allotted to the Educational Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF).

Under CARES, the College received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given 1 calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student emergency aid. The College received $2,025,896 of funding under CARES and recognized $1,012,948 of the student emergency aid as federal grants and contracts revenue and student services expense. The institutional portion of the grant totaling $1,012,948 was expended and recognized as federal grants and contracts revenue. The institutional portion of the grant was used to offset auxiliary refunds the College issued to students as a result of the campus closure beginning in March 2020. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions.

(In Thousands)

Under CRRSA, institutions received one grant comprised of two parts. Institutions were required to spend an equal amount on student emergency aid as they spent under CARES. The remaining portion was to be used to defray expenses associated with coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. Institutions may recognize the institutional portion of the grant proportionate to the amount expended on student emergency aid. The College received $3,071,936 of funding under CRRSAA and recognized $1,012,948 of the student emergency aid as federal grants and contract revenue and student services expense. The institutional portion of the grant totaling $2,058,988 was recognized as federal grants and contract revenue. The institutional portion of the grant was used to offset COVID related expenses and lost revenue. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions.

Under ARP, institution received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant is to be used for direct emergency aid to students. The remaining portion of the full grant is to be used to defray expenses associated with coronavirus, implement evidence-based practices to monitor and suppress coronavirus, and conduct direct outreach to financial aid applications about the opportunity to receive a financial aid adjustment due to a change in circumstance. The College was awarded $5,407,348. At June 30, 2021, the College has not spent any ARP funding, therefore no revenue was recorded.

Deferred Revenue and Deposits

Deferred revenue and deposits include payments received prior to the start of the academic term.

The following table depicts activities for deferred revenue related to tuition and fees and room and board.

	Balance at June 30, 2020	Refunds Issued	Revenue Recognized Included in June 30, 2020 Balance	Cash Received in Advance of Performance	Balance at June 30, 2021
Tuition and fees, net	$ 3,577	$ -	$ 3,577	$ 4,692	$ 4,692
Room and board, net	384	68	316	396	396
Total	$ 3,961	$ 68	$ 3,893	$ 5,088	$ 5,088

Other Liabilities

Other liabilities include financial commitments by a third-party vendor that is being recognized as revenue over the life of the contract.

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the College considers all highly liquid investments, with a life of three months or less, to be cash equivalents. Additionally, cash and cash equivalents consist of deposits with trustee under debt agreement and the overfunded portion of the self-insurance reserve, which is recorded within other noncurrent assets.

The College maintains its cash accounts in commercial banks located in Pennsylvania. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Accounts Receivable

Accounts receivables are not collateralized. Student accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts.

Student Loans Receivable and Refundable Federal Loan Funds

These loans are made with funds advanced to the College by the federal government under the Perkins Student Loan Program (the Program). The Program expired on September 30, 2017 and after June 30, 2018 no new loans were permitted. In the event that the College no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds was approximately $604,000 and $1,221,000 at June 30, 2021 and 2020, respectively, and is recorded as a liability in the consolidated statements of financial position. As of June 30, 2021, the College continues to service the Perkins Loan Program.

The prescribed practices for the Program do not provide for accrual of interest on student loans receivable. Accordingly, interest on loans is recorded as received and is reinvested to support additional loans; uncollectible loans are not recognized until the loans are canceled or written-off in conformity with the Programs requirements. The impact of recording interest income on a cash basis is not considered significant. In addition, the credit quality of the student is not evaluated until after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management but are not material to the overall consolidated financial statements.

Contributions Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows as contributions receivable. The discounts on those amounts are computed using the expected rate of return of a market participant applicable to the year in which the promise is 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.

Investments

The College's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated statements of financial position are exposed to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations.

Split-Interest Agreements

Assets received under split-interest agreements, arrangements in which the College has a beneficial interest but is not the sole beneficiary, are recorded at fair value. Under the terms of certain of these agreements (charitable remainder trusts), the assets are held in trust for the lives of the other income beneficiaries, and upon death, the trusts are terminated, and the remaining assets transferred to the College in accordance with the donor's stated restrictions, if any. Liabilities under split-interest agreements represent the present value of estimated contractual payments calculated on an actuarial basis. These calculations require assumptions to be made as to discount rates as of the date of each gift, consideration of the life expectancies of the other beneficiaries, estimated rate of return on invested assets and other factors. The difference between the fair value of assets received, and liabilities assumed, is recognized as gift revenue. During the term of these agreements, adjustments are made to recognize changes in the value of split-interest agreements resulting from changes in actuarial assumptions.

Gift revenues recognized under split-interest agreements are recorded as increases in net assets with donor restrictions unless the donor has given the College the right to use the assets without restriction. If assets become available for use without donor restrictions upon termination of the agreements, appropriate amounts are reclassified from with donor restrictions to without donor restrictions.

Fixed Assets and Depreciation

Land, buildings and equipment are stated at an estimate of original cost, based on independent appraisals, or at cost, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (40-50 years), land improvements (20 years), equipment and library books (3-10 years), automotive equipment (5 years) and certain computer equipment (3-5 years). Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized. All assets with a purchased cost, or fair value if acquired by gift, in excess of $2,000 are capitalized.

Contributed property and equipment is recorded at fair value at the date of donation. The College reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Collection items, such as works of art, are capitalized at cost, if purchased, or at their appraised or fair value, if contributed. Gains or losses from deaccessions of these items are reflected on the consolidated statements of activities as a change in the appropriate net asset class, depending on the existence and type of donor-imposed restriction.

Leases

The College has entered into a variety of operating and finance leases for vehicles, copiers and other equipment. The obligations associated with these leases have been recognized as a liability in the consolidated statements of financial position based on future lease payments, discounted by the implicit borrowing rate.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain an option to extend or terminate will be exercised.

The College has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position since the College has elected the practical expedient to exclude these leases from operating right of use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense

Self-Insurance

The College participates in a health insurance consortium cooperation agreement (Consortium Agreement) and a health plan trust agreement (Trust Agreement). The Consortium Agreement is a self-funded insurance plan to cover medical claims for the employees of the participants in the consortium. Under the terms of the Trust Agreement, a trust account was established to administer the cash receipts, stop/loss premium and medical claim payments. At each year end, the estimated self-insurance liability, which includes an estimate of incurred but not reported claims, based on data compiled from historical experience is calculated. At June 30, 2021 and 2020, payments made to the trust throughout the year, net of all claims paid from the trust exceed the amount of this estimated liability. This overfunding to be used for future payment of premiums is recorded in other noncurrent assets in the consolidated statements of financial position.

Impairment of Long-Lived Assets

Management of the College reviews long-lived assets (including property and equipment and other assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, an impairment has occurred. An impairment loss is recognized to the extent that the carrying value of assets exceeds their fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required during the years ended June 30, 2021 and 2020.

Deferred Financing Costs

Costs incurred in connection with debt financing are deferred and amortized over the term of the related debt using the straight-line method, which approximates the interest method. Amortization expense was approximately $36,000 in 2021 and 2020. Deferred financing costs are presented as a reduction in the carrying amount of the debt liability on the consolidated statements of financial position. See Note 8.

Derivative Financial Instrument

In managing its interest rate exposure, MCHI utilizes interest rate swap arrangements. An interest rate swap is a contractual exchange of interest payments between two parties. A typical interest rate swap involves the payment of a fixed rate times a notional amount by one party in exchange for a floating rate times the same notional amount from another party. To the extent a swap agreement has a positive fair value, indicating that the counterparty to the agreement owes MCHI money, MCHI is exposed to credit risk. The counter party to the MCHI's interest swap agreement is a major financial institution. MCHI recognizes the interest rate swap agreements at fair value and records changes in fair value in nonoperating activities in the consolidated statements of activities.

Government Grants and Student Aid

The amounts under these captions do not include amounts remitted to students under the Pennsylvania Higher Education Assistance Agency (PHEAA), the PELL Grants Program and other federal and state programs. The grants are similar to agency funds since the College acts only as custodian and disbursing agent for these funds. Had these amounts been included, revenues and expenditures would have increased by approximately $4,833,000 and $4,996,000 in 2021 and 2020, respectively.

Advertising

The College expensed advertising costs of approximately $567,000 and $601,000 during the fiscal years ended June 30, 2021 and 2020, respectively.

Title IV Requirements

The College participates in Government Student Financial Assistance Programs (Title IV) administered by the ED for the payment of student tuitions. A substantial number of College students are dependent upon the College's continued participation in the Title IV programs for assistance in tuition payment.

Institutions participating in Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.5 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of June 30, 2021 and 2020 and for the years then ended, the College's composite score exceeded 1.5.

The DOE revised the regulations for financial responsibility effective July 1, 2019. The regulations required the College to provide additional disclosures to assist the DOE in measuring financial responsibility through the composite score of financial ratios.

Pre-implementation property, plant and equipment totaled $132,212 and $141,194 at June 30, 2021 and 2020, respectively. Post-implementation property, plant and equipment with outstanding debt for original purchase totaled $2,268 and $1,235 at June 30, 2021 and 2020, respectively. Post-implementation property, plant and equipment without outstanding debt for original purchase totaled $13,676 and $4,656 at June 30, 2021 and 2020, respectively.

Pre-implementation long-term debt for long term purposes totaled $81,620 and $86,569 at June 30, 2021 and 2020, respectively. Post-implementation long-term debt for long term purposes totaled $2,365 and $1,235 at June 30, 2021 and 2020, respectively.

Included in the contributions receivable balance in the consolidated statements of financial position is $21,500 and $55,473 of related party receivables at June 30, 2021 and 2020, respectively.

Income Taxes

Moravian College and MCHI qualify as tax-exempt, nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes.

The College accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold at June 30, 2021 and 2020.

Use of Estimates

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

Subsequent Events

Subsequent events were evaluated through October 19, 2021, the date the consolidated financial statements were issued.

Accounting Standards Adopted in the Current Year

Effective July 1, 2020, the College adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842) (as amended)*. Topic 842 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the consolidated statements of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

(In Thousands)

The College elected the option to apply the transition requirements at the effective date of July 1, 2020, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to net assets without donor restrictions in the period of adoption. Consequently, the financial statements and disclosures required under Topic 842 have not been updated as of and for year ending June 30, 2020. The College also elected the package of practical expedients, which permits the College to not reassess prior conclusions about lease identification, classification and initial direct costs. In addition, the College elected the short-term lease recognition exemption for all leases that qualify under Topic 842.

The adoption of Topic 842 did not have a significant impact on the College's consolidated financial statements and includes new disclosures about leasing activities. The accounting for existing capital leases, now referred to as finance leases, remains substantially unchanged.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, *Fair Value Measurement*. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 was adopted by the College in fiscal year 2021 and was applied retrospectively to all periods presented in Note 5 by updating the disclosures related to fair value measurements for Level 3 investments.

New Accounting Standard Not Yet Adopted

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU No. 2020-07 is effective for the College in fiscal 2022 and is to be applied on a retrospective basis. The College is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 reporting format.

3. Accounts Receivable

Accounts receivable represents amounts due for tuition, fees, room and board and other charges from students and other entities. The College extends unsecured credit to students and other entities in connection with studies and various activities. Some students are no longer enrolled or have completed their degrees. Accounts receivable consists of the following at June 30:

	2021	2020
Accounts receivable	$ 3,936	$ 3,538
Allowance for doubtful accounts	(598)	(663)
	$ 3,338	$ 2,875

(In Thousands)

4. Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2021	2020
Due in one year or less	$ 3,245	$ 3,472
Due between one year and five years	8,050	8,835
Greater than five years	-	3
Contributions receivable, gross	11,295	12,310
Unamortized present value discount (rates ranging from 0.4 to 3.6%)	(462)	(515)
Contributions receivable, net	$ 10,833	$ 11,795

Management has not established an allowance for doubtful collections at June 30, 2021 and 2020 based upon information currently known. However, events impacting donors can occur in subsequent years that may cause a material change in the allowance for doubtful collections.

5. Fair Value Measurements, Investments and Other Financial Instruments

The College measures its deposits with trustees, investments, beneficial interest in perpetual trusts and split interest agreements at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the College for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

(In Thousands)

The following tables present the financial instruments measured at fair value as of June 30, 2021 and 2020 by caption on the consolidated statements of financial position by the valuation hierarchy defined above:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Assets reported at fair value:				
Investments:				
Cash and money market accounts	$ 1,475	$ -	$ -	$ 1,475
Domestic equity:				
Common stock	4,035	-	-	4,035
Large cap mutual funds	44,646	-	-	44,646
International equity mutual funds	25,107	-	-	25,107
Domestic fixed income:				
Taxable fixed income mutual funds	27,709	-	-	27,709
Total investments by valuation hierarchy	102,972	-	-	102,972
Alternative investments (measured at net asset value)				41,071
Total investments				$ 144,043
Deposits with trustee under debt agreements:				
Cash and cash equivalents	3,677	-	-	$ 3,677
U.S. government securities	498	-	-	498
Total deposits with trustee under debt agreements	4,175	-	-	4,175
Beneficial interest in perpetual trusts	-	-	2,764	2,764
Split-interest agreements	-	-	417	417
Total assets	$ 107,147	$ -	$ 3,181	$ 110,328
Liabilities reported at fair value:				
Interest rate swaps	$ -	$ 1,398	$ -	$ 1,398

(In Thousands)

	2020			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Assets reported at fair value:				
Investments:				
Cash and money market accounts	$ 1,194	$ -	$ -	$ 1,194
Domestic equity:				
Common stock	2,838	-	-	2,838
Large cap mutual funds	32,851	-	-	32,851
International equity mutual funds	23,150	-	-	23,150
Domestic fixed income:				
Taxable fixed income mutual funds	21,888	-	-	21,888
Total investments by valuation hierarchy	81,921	-	-	81,921
Alternative investments (measured at net asset value)				30,879
Total investments				$ 112,800
Deposits with trustee under debt agreements:				
Cash and cash equivalents	3,550	-	-	$ 3,550
U.S. government securities	734	-	-	734
Total deposits with trustee under debt agreements	4,284	-	-	4,284
Beneficial interest in perpetual trusts	-	-	2,211	2,211
Split-interest agreements	-	-	397	397
Total assets	$ 86,205	$ -	$ 2,608	$ 88,813
Liabilities reported at fair value:				
Interest rate swaps	$ -	$ 2,304	$ -	$ 2,304

The following methods and assumptions were used to estimate fair values of the College's financial instruments as of June 30, 2021 and 2020:

Cash, Cash Equivalents and Money Market Accounts

The carrying amounts are reasonable estimates for their fair values due to the short-term nature of these financial instruments. These are considered Level 1 measurements due to their liquidity.

Investments

The fair value of domestic and international equity funds, domestic fixed income securities and U.S. government securities was based on quoted market prices for the identical securities, which are considered Level 1 inputs.

The fair value of alternative investments was based on estimated fair values using net asset value (NAV) per share of the investment as provided by investment managers, as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the College's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. In accordance with Subtopic 820-10, investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Beneficial Interest in Perpetual Trusts and Split-Interest Agreements

Beneficial interest in perpetual trusts and split-interest agreements are measured at fair value using the College's percentage of the earnings of the underlying trust assets applied to the fair value of the underlying assets. This is considered a Level 3 measurement because even though the measurement is based on the underlying fair value of the trust assets as reported by the trustee, the College will never receive those assets or have the ability to direct the trustee to redeem them. There were no transfers or purchases during the year.

Interest Rate Swap

Interest rate swaps are classified as Level 2 as the fair value is based on observable inputs to a valuation model (interest rates, credit spreads, etc.) which take into account the present value of the estimated future cash flows and credit valuation adjustments.

Alternative Investments

Alternative investments are funds and partnerships that invest in a variety of strategies including hedge funds, private equity, real estate and multi-strategy equities. These are generally illiquid investments, pooled and professionally managed with the goal of generating high returns.

The Hedge Funds category includes investments in several funds. These funds allocate their assets to hedge fund managers that specialize in a wide range of alternative investment strategies. The funds offer the College exposure to a broad range of hedge fund strategies including long/short, global macro, emerging markets, event-driven, distressed credit, multi-strategy and emerging markets. The hedge funds in this category have redemption frequencies that include monthly, quarterly or semi-annual redemption requirements

The Private Equity Funds category includes investments in several funds. These funds invest in a variety of private equity partnerships and other private equity investments. Investments include leveraged buyouts, growth equity, venture capital, mezzanine debt, real estate, distressed debt and funds of funds as well as portfolios of direct and co-investments.

The Real Asset Funds category includes investments in several funds. Two of the funds in this category invest in various types of real estate, including retail, hotel, office, apartment, industrial and storage property throughout the United States, Mexico and Canada. A few other funds in this category invest in a select group of investment funds in the natural resource sector with an emphasis on crude oil and natural gas production and timberland, but with exposure to funds investing in farmland and metals and minerals as well.

(In Thousands)

Fair value measurements of investments in certain entities that calculate NAV per share (or its equivalent) as of June 30, 2021 and 2020 are as follows:

	Fair Value at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 21,182	$ -	Various	35 - 65 days
Private equity funds	19,068	11,484	Illiquid	
Real asset funds	821	174	Illiquid	
Balance at June 30, 2021	$ 41,071	$ 11,658		
Hedge funds	$ 15,371	$ -	Various	35 - 65 days
Private equity funds	14,610	12,940	Illiquid	
Real asset funds	898	184	Illiquid	
Balance at June 30, 2020	$ 30,879	$ 13,124		

Investments

The majority of endowment and annuity funds are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the market value per share. The investment objective is to maximize long-term total return through a combination of income and capital appreciation in a manner consistent with sound investment practices. Total investments at June 30 were as follows:

	2021	2020
Endowment funds	$ 143,053	$ 111,672
Annuity funds	844	888
Capital campaign funds	139	234
Other funds	7	6
	$ 144,043	$ 112,800

The College has a formal investment policy that provides a portion of investment return for operating purposes. The Board of Trustees sets the level of distribution within the limitation imposed by Pennsylvania statute.

The College's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the College's investment policy. The degree and concentration of credit risk varies by type of investment.

(In Thousands)

6. Land, Buildings and Equipment, Net

Land, buildings and equipment, net consist of the following at June 30:

	2021	2020
Land and land improvements	$ 25,222	$ 24,467
Buildings	184,996	177,920
Equipment	52,157	48,970
Library books	9,862	9,819
Collection items	4,825	4,655
Construction in progress	1,028	6,466
	278,090	272,297
Accumulated depreciation	(128,906)	(118,746)
	$ 149,184	$ 153,551

Depreciation expense was approximately $10,261,000 and $10,188,000 in 2021 and 2020, in which MCHI depreciation expense accounted for approximately $555,000 and $578,000 of the total, respectively.

The following amounts are included in land, buildings and equipment related to finance lease obligations at June 30:

	2021	2020
Equipment	$ 10,230	$ 8,775
Accumulated amortization	(6,997)	(5,514)
Total	$ 3,233	$ 3,261

Amortization expense related to the equipment under finance leases is included in depreciation expense and was approximately $1,529,000 in 2021 and $$1,653,000 in 2020.

7. Note Payable, Demand

The College has a $3,000,000 secured line of credit, which is renewable March 31 of each year. Borrowings bear interest, payable monthly, at the London Interbank Offered Rates (LIBOR) plus 2.00 percent. On June 29, 2021, the College was granted an extension to the secured line of credit through June 28, 2022. There were no borrowings at June 30, 2021 and 2020.

(In Thousands)

8. Long-Term Debt

Long-term debt of the College consisted of the following at June 30:

	2021	2020
College Revenue Bonds of 2012 (issued through Northampton County General Purpose Authority), with principal due annually in amounts through July 2031 plus interest payable semi-annually and rates ranging from 0.50% to 5.00% (3.0% at June 30, 2021).	$ 15,685	$ 16,825
College Revenue Bonds of 2013 (issued through Northampton County General Purpose Authority), with principal due annually in amounts through October 2042 plus interest payable semi-annually and rates ranging from 1.60% to 4.125% (2.50% at June 30, 2021).	8,205	8,445
College Revenue Bonds of 2016 (issued through Northampton County General Purpose Authority), with principal due annually in amounts through October 2045 plus interest payable semi-annually and rates ranging from 2.125% to 5.00% (2.93% at June 30, 2021).	26,250	26,960
Note payable, due in annual principal repayments through July 2034 and interest payable semi-annually at 3.65% through July 2025, then at LIBOR plus 2.00% thereafter.	4,950	5,221
Note payable, due in monthly principal repayments through July 2040, with interest payable monthly at 4.43% through May 2028, then at LIBOR plus 1.5% thereafter and subject to a maximum rate of 8.0%.	2,290	2,364
MCHI Revenue Note of 2017 (issued through Northampton County Industrial Development Authority), with principal payments due monthly through January 2038 plus interest payable monthly at 68% of LIBOR plus 1.36% (1.42% at June 30, 2021).	16,652	17,313
Note payable (issued through the Redevelopment Authority of the City of Bethlehem) with principal due monthly starting in July 2020 through June 2039 plus interest payable monthly at 3.25% through June 2034, then variable at 79% of the sum of LIBOR plus 2.00% thereafter.	5,767	6,000
	79,799	83,128
Less deferred financing costs	(574)	(610)
Less current portion	(3,428)	(3,326)
Unamortized premium	1,701	1,939
	$ 77,498	$ 81,131

The indentures of the College Revenue Bonds of 2012, 2013, 2016, and all notes payable, except for the MCHI Revenue note, require the College to pledge as collateral its unrestricted gross revenues not previously pledged.

The College Revenue Bonds of 2012 require that the College maintain a debt service reserve fund in accordance with the revenue bond document.

(In Thousands)

The MCHI Revenue Note of 2017 requires that MCHI maintain a capital replacement reserve account in accordance with the revenue bond document.

The HILL dormitory is the only pledged asset of the MCHI Revenue Note of 2017, thus the debt is separate from the obligated group of the College and neither entity may claim more than their respective revenues.

Principal repayments of long-term debt for the years ending June 30 are as follows:

2022	$ 3,463
2023	3,591
2024	3,729
2025	3,874
2026	4,068
Thereafter	61,074
	$ 79,799

All College debt was used to finance capital expenditures. Interest expense, net of amounts capitalized, related to long-term debt was approximately $3,049,000 and $2,999,000 in 2021 and 2020, respectively, and included in the consolidated statements of activities. Included in the total interest expense was approximately $552,000 and $574,000 related to MCHI, in 2021 and 2020, respectively.

9. Leases

The College has entered into the following lease arrangements:

Finance leases: the College leases computers, vehicles and other equipment under agreements classified as finance leases. The finance lease terms generally have initial lease terms of 4 to 5 years. Certain leases include an option to purchase the leased assets. The College assesses the likelihood of exercising the purchase option using a "reasonably certain" threshold, which is understood to be a high threshold and, therefore, purchase options are generally accounted for when a compelling economic reason to exercise the option exists.

Short-term leases: The College has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position since the College has elected the practical expedient to exclude these leases from operating right of use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

The College uses the implicit interest rate, for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments.

Subsequent to the lease commencement date, the College reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term, or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

(In Thousands)

Minimum future lease payments for finance leases are as follows:

Years ending June 30:		
2022	$	1,589
2023		1,123
2024		376
2025		90
2026		17
Total		3,195
Less amount representing interest		136
Present value of net minimum lease payments	$	3,059

Total lease costs are comprised of the following in 2021:

Lease cost:		
Finance lease cost:		
Amortization of right-of-use assets	$	1,529
Interest on lease liabilities		103
Short-term lease cost		45
Total lease cost	$	1,677
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	103
Financing cash flows form finance leases		1,780
Right-of-use assets obtained in exchange for new:		
Finance lease liabilities		1,492
Operating lease liabilities		-
Weighted-average remaining lease term:		
Finance leases		1.9 years
Weighted-average discount rate:		
Finance leases		2.5%

10. Interest Rate Swap Agreements

MCHI executed two interest rate swap agreements on May 31, 2017. The swap agreements require MCHI to make 3.26 percent fixed interest payments and receive variable interest rate payments from its counter party based on one month LIBOR plus a spread of 136 basis points. The notional amount outstanding on the combined total was $16,652,000 and $17,313,000 at June 30, 2021 and 2020, respectively. The variable rates were 68 percent of one-month LIBOR and the combined fair value of the swap instruments were approximately $(1,398,000) and $(2,304,000) and included in other liabilities at June 30, 2021 and 2020, respectively. The swap agreements terminate on April 1, 2032.

11. Employee Benefit Plan

The College participates in a defined contribution retirement plan covering substantially all regular full-time employees. Retirement expense was approximately $1,254,000 and $1,849,000 in 2021 and 2020, respectively.

(In Thousands)

12. Postretirement Benefits Other Than Pensions

The College provides postretirement medical benefits to eligible employees. The benefits are limited to retirees between ages 60 and 65. These benefits include partial reimbursements of premiums on medical insurance policies for employees and certain spouses and are available to all employees hired prior to January 1, 2004 who retire after 15 years of service to the College at age 60 or older. The College does not prefund these postretirement benefit obligations. Payments made to or on behalf of beneficiaries under these obligations, representing both employer contributions and benefits paid were approximately $48,000 in 2021 and $67,000 in 2020. The measurement date used to determine the postretirement benefit obligation was June 30.

13. Net Assets

Net assets without donor restrictions result from contributions and other inflows of assets whose use by the College is not limited by donor-imposed stipulations.

Net assets without donor restrictions are available for the following purposes as of June 30:

	2021	2020
Plant facilities	$ 66,616	$ 66,951
Board-designated endowment	23,044	18,330
Other	1,615	(3,402)
Total net assets without donor restrictions	$ 91,275	$ 81,879

Net assets with donor restrictions result from contributions and other inflows of assets whose use by the College is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the College pursuant to those stipulations. Donor-imposed stipulations may also require that assets be maintained permanently by the College.

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Assets held in perpetuity	$ 74,028	$ 70,528
Accumulated endowment income	45,652	22,526
Time and purpose restrictions	19,510	19,943
Net assets held to split interest agreements	3,107	2,509
Total net assets with donor restrictions	$ 142,297	$ 115,506

(In Thousands)

14. Endowment

The College's endowment consists of individual funds established for a variety of purposes. It includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the College has developed a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as donor 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, including income and gains, 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. Board designated investment funds are balances functioning as an endowment that are established by the institution from either donor or institutional monies and are usually to be retained and invested rather than expended. Since board designated investment funds are established by the institution rather than an external source, the principal may be expended, as directed by the Board of Trustees.

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 purposes 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 appreciation of investments.
6. The investment policies of the College.

Net asset classification by type of endowment as of June 30, 2021:

	Board Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 18,330	$ 93,054	$ 111,384
Investment return:			
Investment income	384	1,896	2,280
Net appreciation (realized and unrealized gains)	5,115	25,298	30,413
Total investment return	5,499	27,194	32,693
Contributions	67	3,639	3,706
Appropriation of endowment assets for expenditure	(852)	(4,207)	(5,059)
Endowment net assets, end of year	$ 23,044	$ 119,680	$ 142,724

(In Thousands)

Net asset classification by type of endowment as of June 30, 2020:

	Board Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 19,652	$ 95,359	$ 115,011
Investment return:			
Investment income	667	3,227	3,894
Net appreciation (realized and unrealized losses)	(804)	(3,936)	(4,740)
Total investment return	(137)	(709)	(846)
Contributions	143	2,397	2,540
Board approved appropriations	(500)	-	(500)
Appropriation of endowment assets for expenditure	(828)	(3,993)	(4,821)
Endowment net assets, end of year	$ 18,330	$ 93,054	$ 111,384

Funds With Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the College to retain as a fund of perpetual duration. There were no such deficiencies reported at June 30, 2021 or 2020.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the spending policy rate plus the expected inflation rate. The College expects its endowment fund, over time, to provide an average rate of return of approximately 7.0 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(In Thousands)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The College has a total return policy of appropriating for distribution each year a percent of its endowment fund's average fair value over the past twelve calendar quarters. This percentage was 4.5 percent for both 2021 and 2020. If the spending policy distribution amount exceeds the actual earnings of the endowment funds in any one year, then the amount needed to fund such excess will be taken from accumulated excess earnings and net capital gains from prior years. Conversely, any undistributed income after the allocation of the spending policy distribution is added back to net assets with donor restriction. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long-term, the College expects to allow its endowment to return an average rate of 7.0 percent annually prior to any distributions (spending policy). This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

15. Contingencies and Commitments

In connection with several ongoing projects on campus, the College has commitments to several vendors totaling approximately $1,134,000 and $949,000 as of June 30, 2021 and 2020, respectively. The College is using proceeds from the College Revenue Note of 2019 and operating cash to fund these projects.

Amounts received and expended by the College under various federal and state programs (principally related to student financial aid) are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the consolidated statements of financial position or results of activities of the College.

The College owns several buildings constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the buildings. The College has not recognized the asset retirement obligation for asbestos removal in its consolidated financial statements because it currently has no plans to demolish or renovate these buildings and, as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of the buildings and sufficient information becomes available to estimate the liability, it will be recognized at that time.

16. Liquidity and Availability of Resources

The College's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows at June 30:

	2021	2020
Cash and cash equivalents (net of cash restricted for capital improvements and balance requirements)	$ 16,022	$ 9,880
Accounts receivable, net	3,338	2,875
Planned appropriation of endowment	5,154	5,027
Contributions receivable due within one year	2	5
Financial assets available to meet cash needs for general expenditures within one year	$ 24,516	$ 17,787

(In Thousands)

As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity-need, the College could draw upon $3,000,000 from an available line of credit. In addition, the College has a board-designated endowment of $23,044,000. Although the College does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the College board-designated endowment could be made available, if necessary. However, both the board-designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available.

17. Functional Classification of Expenses

The costs of providing program services and supporting services of the College have been summarized on a functional basis in the following schedule. The College allocates expenses for benefits, interest and the physical plant based on salaries, the use of debt proceeds and square footage.

Functional expenses by natural classification consist of the following as of June 30, 2021 and 2020:

	2021							
	Depreciation	Equipment and Maintenance	Interest	Other	Professional Fees	Salaries	Benefits	Total Expenses
Resident instruction	$ 4,999	$ 1,077	$ 1,791	$ 6,678	$ 92	$ 17,106	$ 4,134	$ 35,877
Academics support	412	685	5	1,488	42	1,753	414	4,799
Student services	271	269	83	4,060	369	3,462	806	9,320
Athletics	1,201	188	101	176	-	1,531	364	3,561
Instructional support	626	425	280	2,366	598	3,970	960	9,225
Fundraising	-	38	-	471	-	954	230	1,693
Auxiliary expenses	2,229	823	789	4,952	-	922	122	9,837
Other	-	-	-	130	-	-	-	130
Plant allocations	523	3,661	-	(7,407)	-	2,581	642	-
Total	$ 10,261	$ 7,166	$ 3,049	$ 12,914	$ 1,101	$ 32,279	$ 7,672	$ 74,442

	2020							
	Depreciation	Equipment and Maintenance	Interest	Other	Professional Fees	Salaries	Benefits	Total Expenses
Resident instruction	$ 5,069	$ 808	$ 1,814	$ 5,583	$ 546	$ 17,019	$ 4,885	$ 35,724
Academics support	441	762	6	1,092	-	1,607	444	4,352
Student services	264	243	88	3,432	594	3,430	957	9,008
Athletics	1,087	140	63	1,803	-	1,535	432	5,060
Instructional support	666	1,198	248	1,779	321	3,982	1,134	9,328
Fundraising	-	40	-	175	29	937	267	1,448
Auxiliary expenses	2,189	714	780	4,478	-	1,017	174	9,352
Other	-	6	-	302	-	-	-	308
Plant allocations	472	3,013	-	(6,743)	-	2,517	741	-
Total	$ 10,188	$ 6,924	$ 2,999	$ 11,901	$ 1,490	$ 32,044	$ 9,034	$ 74,580

Moravian College and Subsidiary

Consolidating Schedule of Financial Position
June 30, 2021
(In Thousands)

	Moravian College	MCHI Standalone	MCHI Purchase Accounting	MCHI Total	Eliminations	Consolidated Total
Assets						
Current Assets						
Cash and cash equivalents	$ 14,674	$ 2,223	$ -	$ 2,223	$ -	$ 16,897
Accounts receivable, net	3,376	62	-	62	(100)	3,338
Contributions receivable	3,245	-	-	-	-	3,245
Prepaids and other	2,869	-	-	-	(1,486)	1,383
Deposits with trustee under debt agreements	2,033	-	-	-	-	2,033
Total current assets	26,197	2,285	-	2,285	(1,586)	26,896
Noncurrent Assets						
Contributions receivables, net	7,588	-	-	-	-	7,588
Deposits with trustee under debt agreements	2,142	-	-	-	-	2,142
Note receivable, related party	1,000	-	-	-	(1,000)	-
Investments	144,043	-	-	-	-	144,043
Investment in MCHI	5,073	-	-	-	(5,073)	-
Split-interest agreements	3,181	-	-	-	-	3,181
Student loans receivable, net	628	-	-	-	-	628
Other noncurrent assets	1,000	-	-	-	-	1,000
Land, buildings and equipment, net	126,169	15,199	7,816	23,015	-	149,184
Total noncurrent assets	290,824	15,199	7,816	23,015	(6,073)	307,766
Total assets	$ 317,021	$ 17,484	$ 7,816	$ 25,300	$ (7,659)	$ 334,662
Liabilities and Net Assets						
Current Liabilities						
Long-term debt	$ 2,738	$ 690	$ -	$ 690	$ -	$ 3,428
Accounts payable	1,115	40	-	40	(100)	1,055
Accrued interest	836	45	-	45	-	881
Accrued expenses and other liabilities	4,416	-	-	-	-	4,416
Deferred revenue	5,088	872	-	872	(872)	5,088
Finance lease obligations	1,498	-	-	-	-	1,498
Postretirement benefit obligation	41	-	-	-	-	41
Total current liabilities	15,732	1,647	-	1,647	(972)	16,407
Noncurrent Liabilities						
Annuities payable	765	-	-	-	-	765
Long-term debt	61,536	15,508	454	15,962	-	77,498
Finance lease obligations	1,561	-	-	-	-	1,561
Note payable, related party	-	1,614	-	1,614	(1,614)	-
Postretirement benefit obligation	230	-	-	-	-	230
Refundable federal grants and loan funds	604	-	-	-	-	604
Other liabilities	2,627	1,398	-	1,398	-	4,025
Total liabilities	83,055	20,167	454	20,621	(2,586)	101,090
Net Assets						
Without donor restriction	91,669	(2,683)	7,362	4,679	(5,073)	91,275
With donor restriction	142,297	-	-	-	-	142,297
Total net assets	233,966	(2,683)	7,362	4,679	(5,073)	233,572
Total liabilities and net assets	$ 317,021	$ 17,484	$ 7,816	$ 25,300	$ (7,659)	$ 334,662

Moravian College and Subsidiary

Consolidating Schedule of Activities
Year Ended June 30, 2021
(In Thousands)

	Moravian College	MCHI Standalone	MCHI Purchase Accounting	MCHI Total	Eliminations	Consolidated Total
Operating Revenues and Other Additions						
Tuition and fees (net of student scholarships of $44,280 in 2021)	$ 50,189	$ -	$ -	$ -	$ -	$ 50,189
Private gifts and grants	6,305	30	-	30	-	6,335
Investment income, net	2,438		-	-	(40)	2,398
Federal grants and contracts	3,730	-	-	-	-	3,730
State grants	799	-	-	-	-	799
Auxiliary enterprises	11,217	1,802	-	1,802	(75)	12,944
Other sources	1,061	-	-	-	-	1,061
Total operating revenues and other additions	75,739	1,832	-	1,832	(115)	77,456
Operating Expenses						
Instruction	35,877	-	-	-	-	35,877
Academics support	4,799	-	-	-	-	4,799
Student services	9,320	-	-	-	-	9,320
Athletics	3,561	-	-	-	-	3,561
Institutional support	9,225	-	-	-	-	9,225
Fundraising	1,693	-	-	-	-	1,693
Auxiliary enterprises	8,182	1,629	141	1,770	(115)	9,837
Other	130	-	-	-	-	130
Total operating expenses	72,787	1,629	141	1,770	(115)	74,442
Change in net assets from operating activities	2,952	203	(141)	62	-	3,014
Nonoperating						
Realized net gain on investments	2,112	-	-	-	-	2,112
Unrealized net gain on investments	29,546	-	-	-	-	29,546
Gain on sale of assets	12	-	-	-	-	12
Gain on interest rate swaps	-	906	-	906	-	906
Change in value of split-interest agreements	597	-	-	-	-	597
Change in net assets from nonoperating activities	32,267	906	-	906	-	33,173
Change in net assets	35,219	1,109	(141)	968	-	36,187
Net Assets, Beginning	198,747	(3,792)	7,503	3,711	(5,073)	197,385
Net Assets, Ending	$ 233,966	$ (2,683)	$ 7,362	$ 4,679	$ (5,073)	$ 233,572