MORAVIAN
UNIVERSITY

FINANCIAL REPORT
2021-2022

MORAVIAN
UNIVERSITY

Management Discussion and Analysis

The fiscal year of 2022 began on July 1, 2021, which was also the first day of Moravian University. This transition from Moravian College to Moravian University inspired several changes, including new institutional branding, signage, and a revised academic structure that more closely aligns with the university model, including colleges and corresponding Deans to lead those colleges. Within this new structure, Moravian is positioned well to continue to develop new academic programs at both the undergraduate and graduate levels. This transition to Moravian University and the related changes were just part of the progress made within the Strategic Plan 2021-2024.

The incoming undergraduate class was also the first to enroll under the Elevate program, the student experience that immerses the student in career exploration, academic and career advising, leadership and teamwork development, and global experiences. Students use a badging system to track their progress as they complete these critical milestones and learning experiences designed to help them thrive in their first jobs or further graduate studies. This innovative academic experience will help to attract new students and improve the retention rate for students already enrolled.

Investments were made to expand undergraduate enrollment in the traditional undergraduate market and those students seeking degree completion. In addition to employing traditional enrollment strategies, Moravian created the Office of University Partnerships to develop and foster strong business and community partnerships through which we hope to become the preferred educational provider for our community partners.

This fiscal year also marked the beginning of a partnership between the University and Seminary with Lancaster Theological Seminary. Finance, Facilities, Human Resources, Information Technology, Advancement, and Academic staff began the tactical, regulatory, and accreditation work related to the consolidation process that will span three to four years. This year also represented the end of the silent phase of the “Lighting the Way” campaign. October 2022 marks the beginning of the public phase of the campaign, and it is expected to raise more than $75 million. To date, more than 70% of the campaign goal has been met.

A signature component of the campaign is the renovation and expansion of the Haupert Union Building (HUB), or student center. Planning and design are underway, with the groundbreaking expected sometime in 2024. The project will include 11,353 square feet of renovated space, 53,373 square feet of new space, and 5,396 square feet of exterior terraces by adding a second and third floor. The HUB is the heart of campus, and the overall theme of the new building is around student health and wellness. The building will be home to a multitude of functions, including dining, counseling, health and wellness, Student Life Offices, the Office of Career and Civic Engagement, the Office of Diversity, Equity, and Inclusion, a dedicated space for prayer, conference space, and a Board Room. It will also pave the way to expand other areas of our physical space as offices move into the HUB.

Financial Review

Investments

The financial markets created challenges in the non-operating section of the financials. The market value of the total endowment investment portfolio decreased $10 million and ended the 2021/22 fiscal year at $135 million. This includes an endowment of $133 million, funds held in trust of $1.5 million, and long-term campaign investments of $0.7 million. The total investment portfolio consisted of 45.9% domestic and international equity, 31.6% alternative assets, 18.7% fixed income, 1.8% real estate and natural resources, and 2% cash. Over the past five years, the fund has received gifts of $17.5 million and has provided $31.9 million in support for operations and capital projects. Investment returns for the one, three, and five-year periods were -5.0%, 7.5%, and 7.3%, respectively. The endowment spending rate for 2021/22 remained a conservative 4.5%, producing approximately $5.2 million, of which $2.2 million was used for University and Seminary financial aid.

Statement of Financial Position

Total assets decreased $19 million year over year, which was primarily driven by a decline in the investment market values, and cash. Decreases in cash, accounts receivable, and deposits with trustees under debt agreements contributed to the overall decline in current assets. Noncurrent assets decreased by $15 million from the prior year. This decrease was attributed to a reduction in investment values and a decrease in land, buildings, and equipment where depreciation outpaced capital additions. Total liabilities have decreased by $9 million since the last fiscal year. Liabilities decreased overall and long-term debt reduction accounted for $6 million of this decrease. No new debt was issued in 2021/22, and a refinance took place to take advantage of the favorable interest environments.

Statement of Activities

In consolidation, operating revenues increased by $4 million from the prior year. The final HEERF Federal Grant was received in 2021/22, representing $5.4 million. Increases in auxiliary revenues and private gifts and grants were also contributors.

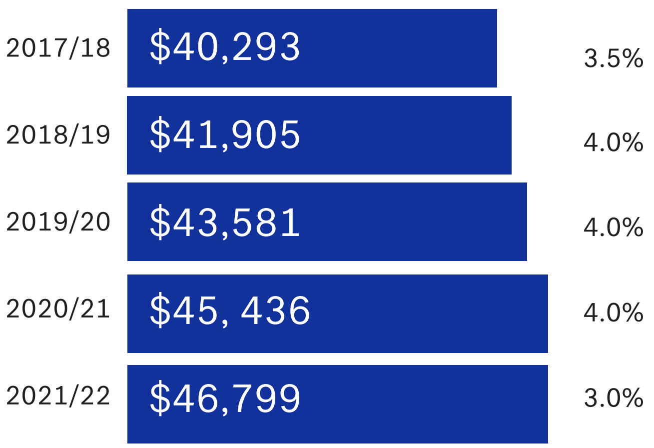
Operating expenses returned to pre-pandemic levels increasing $9 million from the prior year, of which $2.7 million was attributed to HEERF Emergency Student Grants reflected in Student Services. The balance of the increase was primarily driven by the return of athletic competitions, student and staff travel, reinstatement of employer retirement contributions, and continued enhanced safety protocols to mitigate COVID-19. The remaining increases in expenses were attributable to faculty and staff returning to work and the students returning to fully in-person experiences.

Net assets decreased by $10.6 million, of which $2 million was directly related to operating activity, and the remainder was attributable to unrealized losses on investments from nonoperating activities.

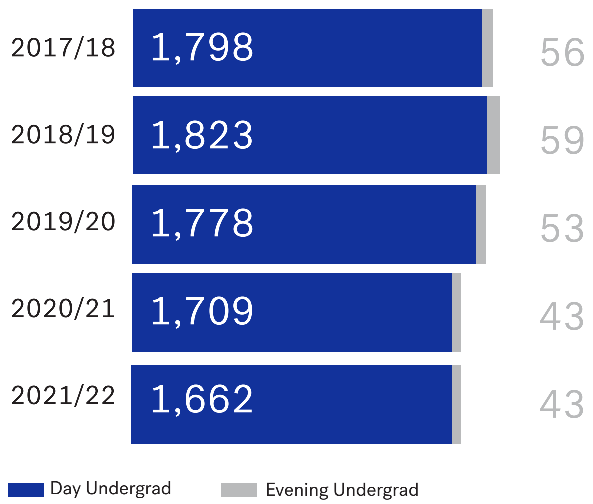
Statement of Cash Flows

During the 2021/22 fiscal year, overall cash and cash equivalents were reduced by $5.8 million. After normalizing for unrealized losses related to investment activities, the major contributor to the reduction in operating cash was the restoration of normal operating activities. Normal debt service payments, in addition to the use of a debt service reserve enabled by the refinancing, allowed the repayment of debt of $6 million. In addition, $4.8 million was used to invest in the purchases of fixed assets.

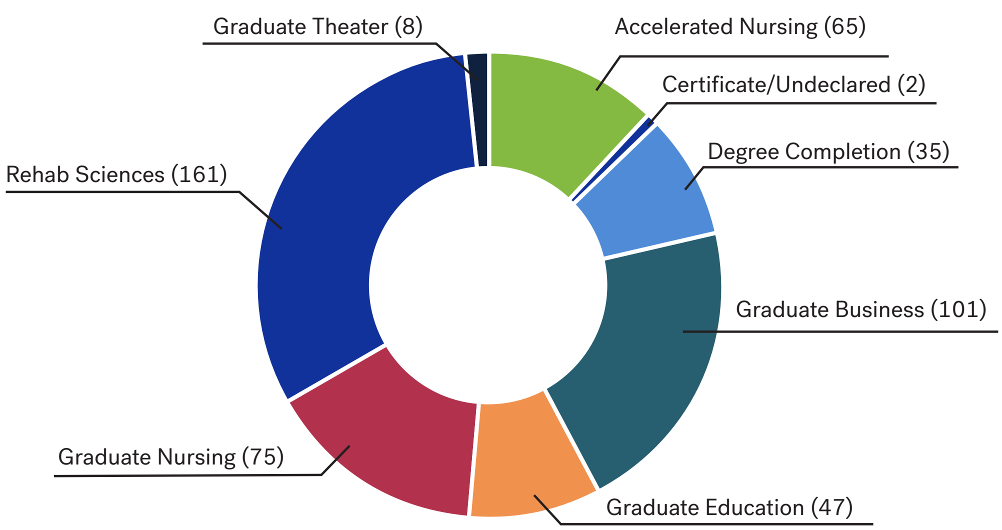
Full-Time Tuition Rate: University



FTE Students: Undergraduate

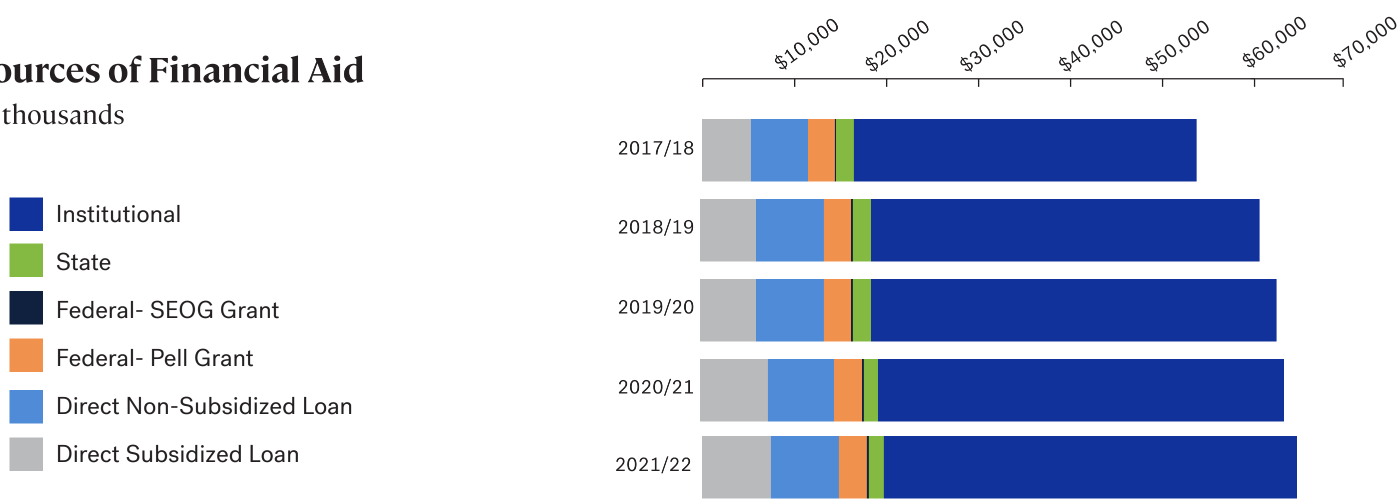


FTE Students: Graduate & Adult - 2021/22



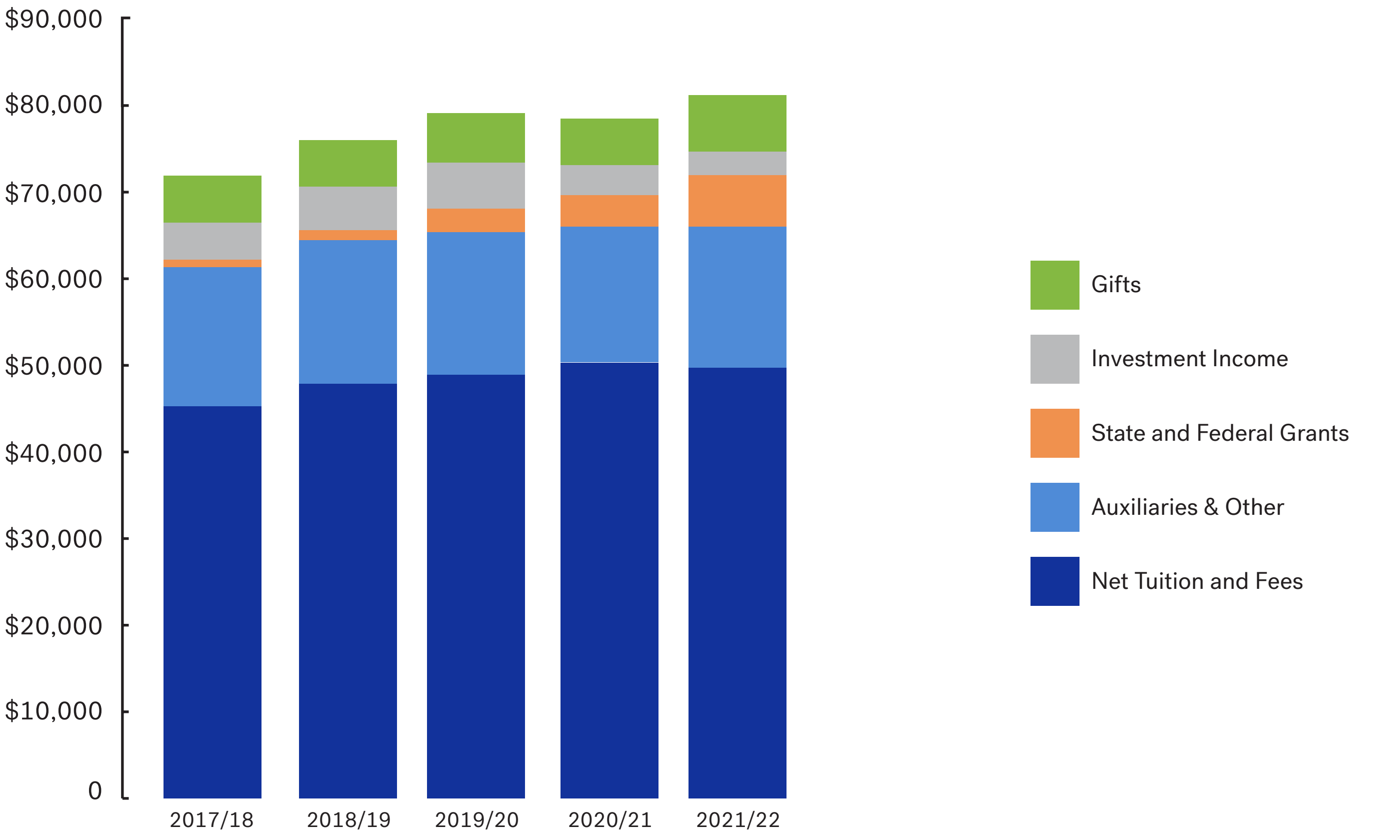
Sources of Financial Aid

In thousands



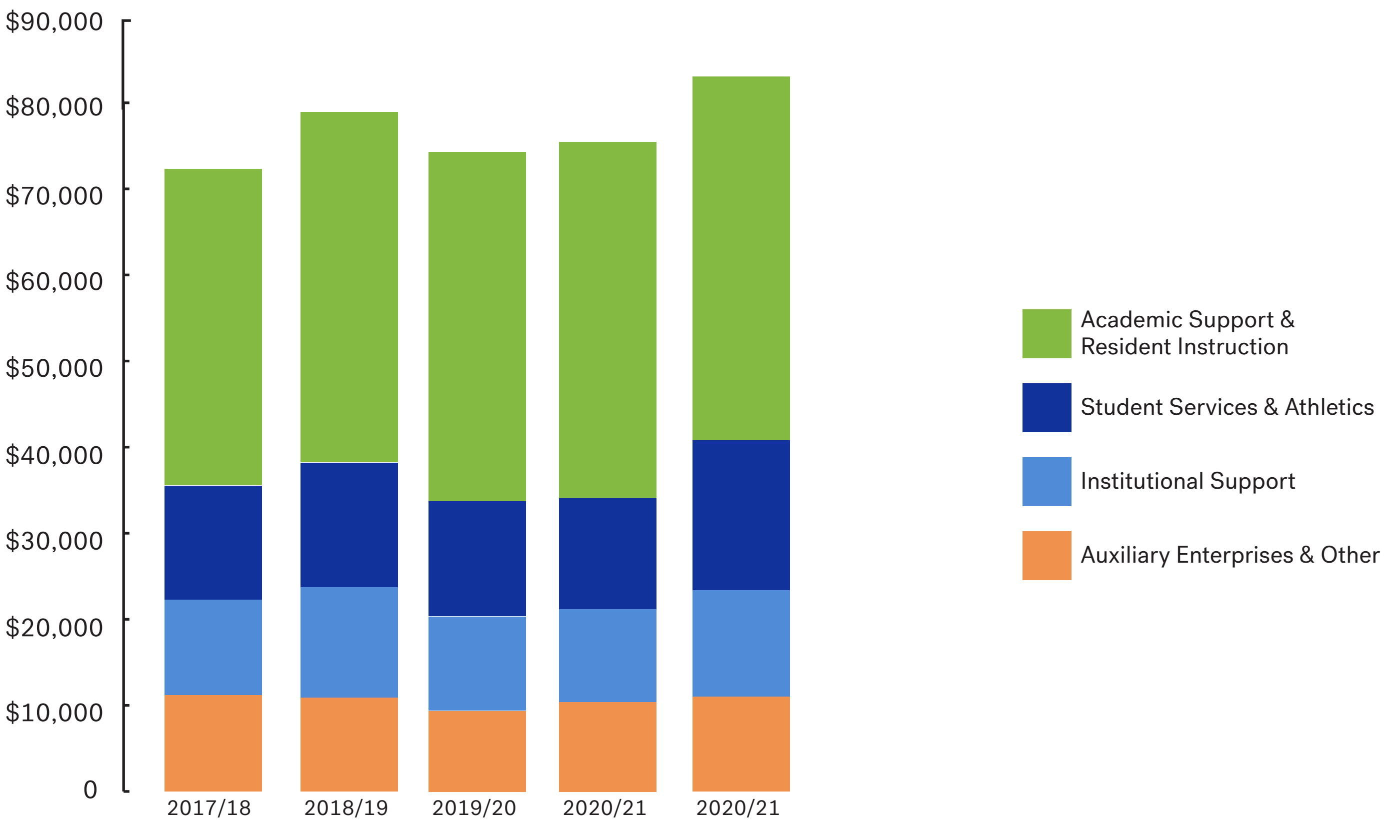
Sources of Revenue - (Consolidated)

In thousands



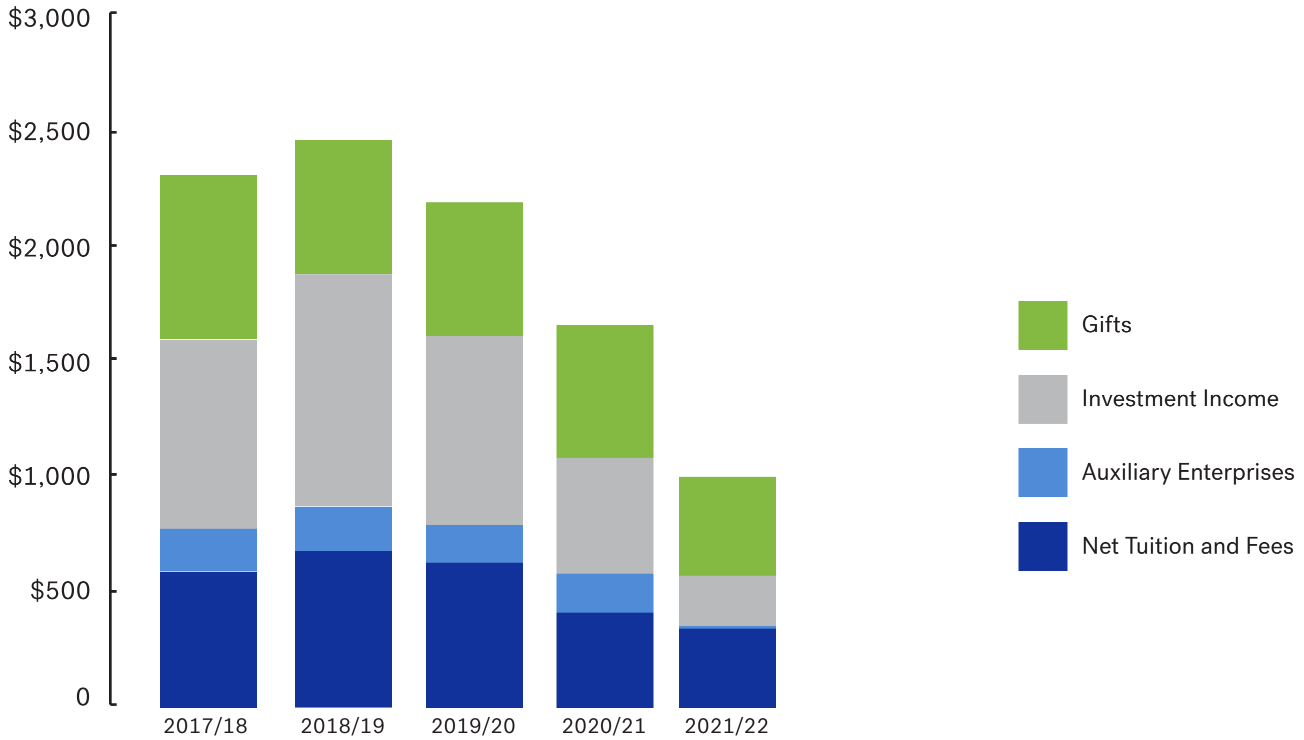
Operating Expenses - (Consolidated)

In thousands



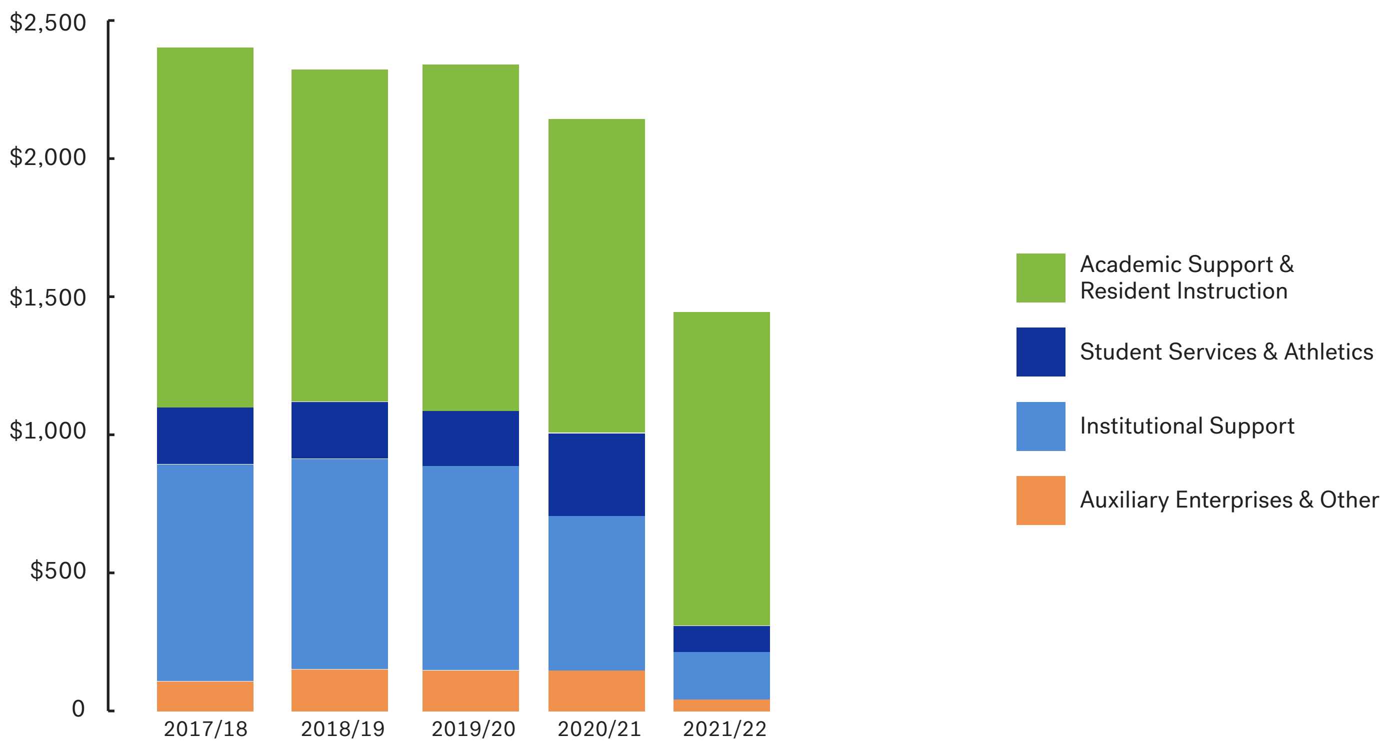
Sources of Revenue - Seminary

In thousands



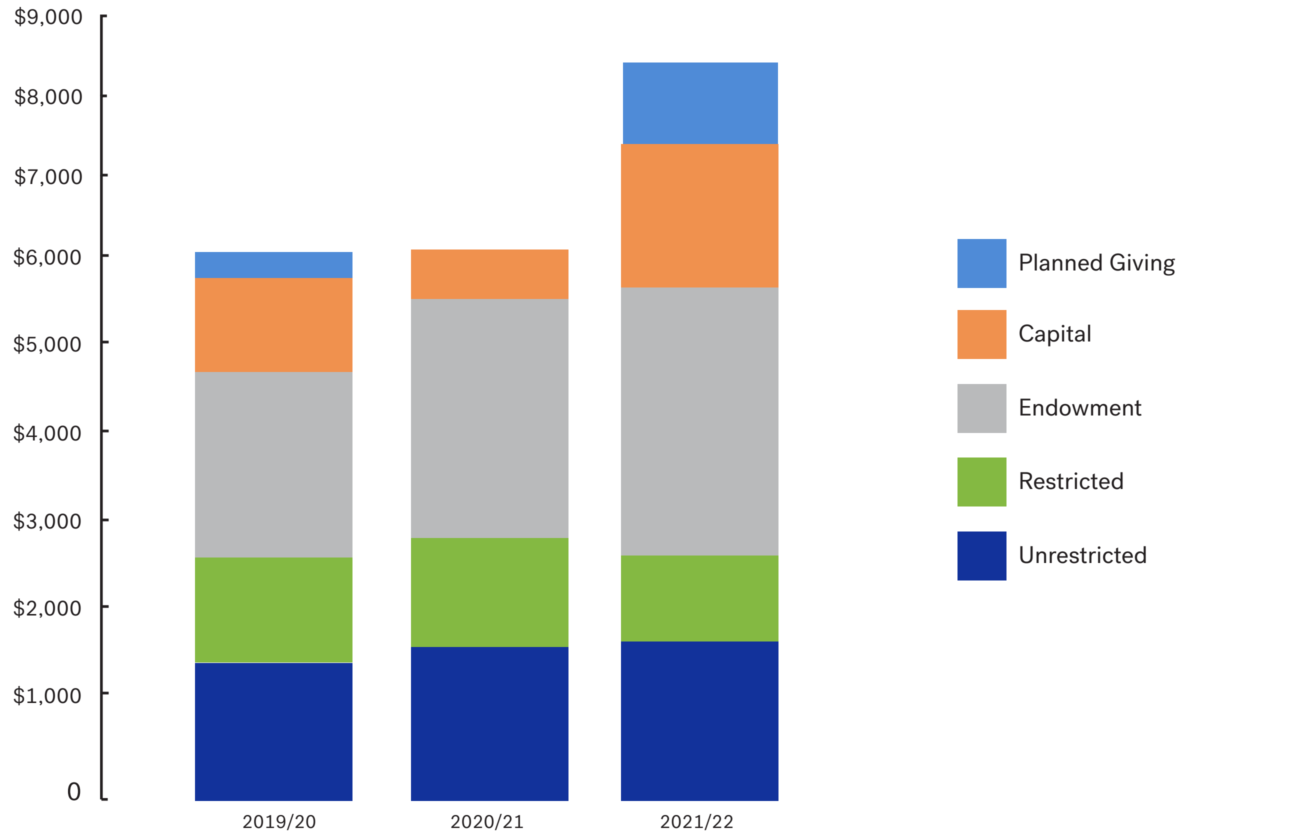
Operating Expenses - Seminary

In thousands



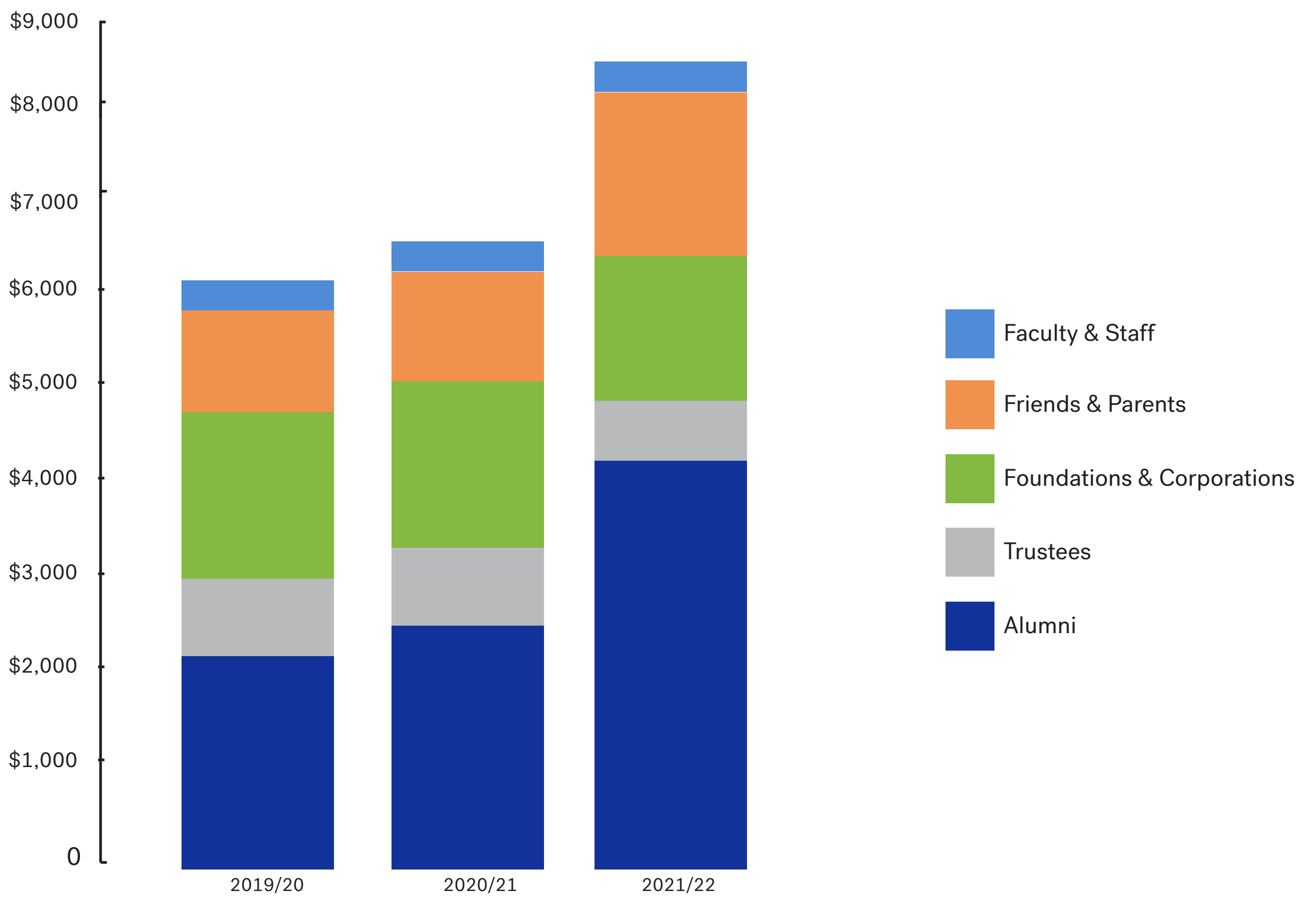
Giving History (University by Purpose)

In thousands



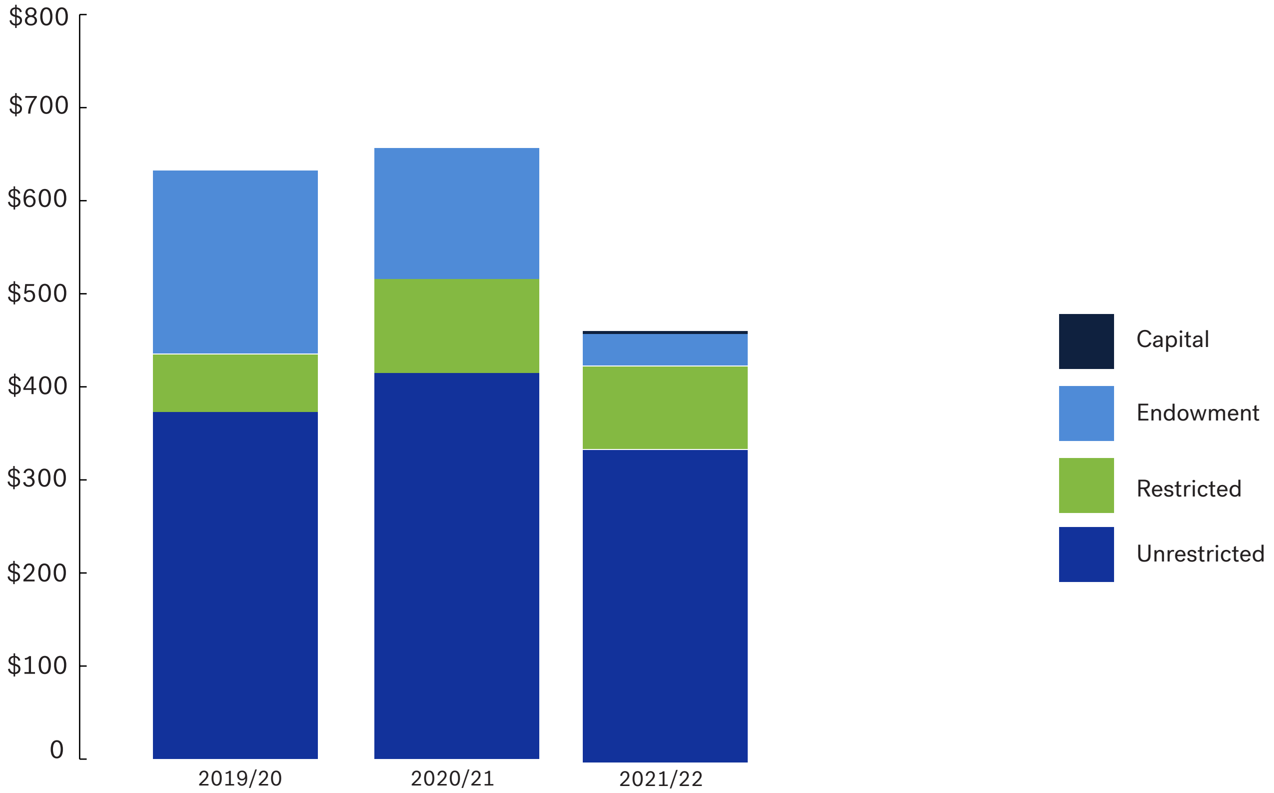
Giving History (University by Source)

In thousands



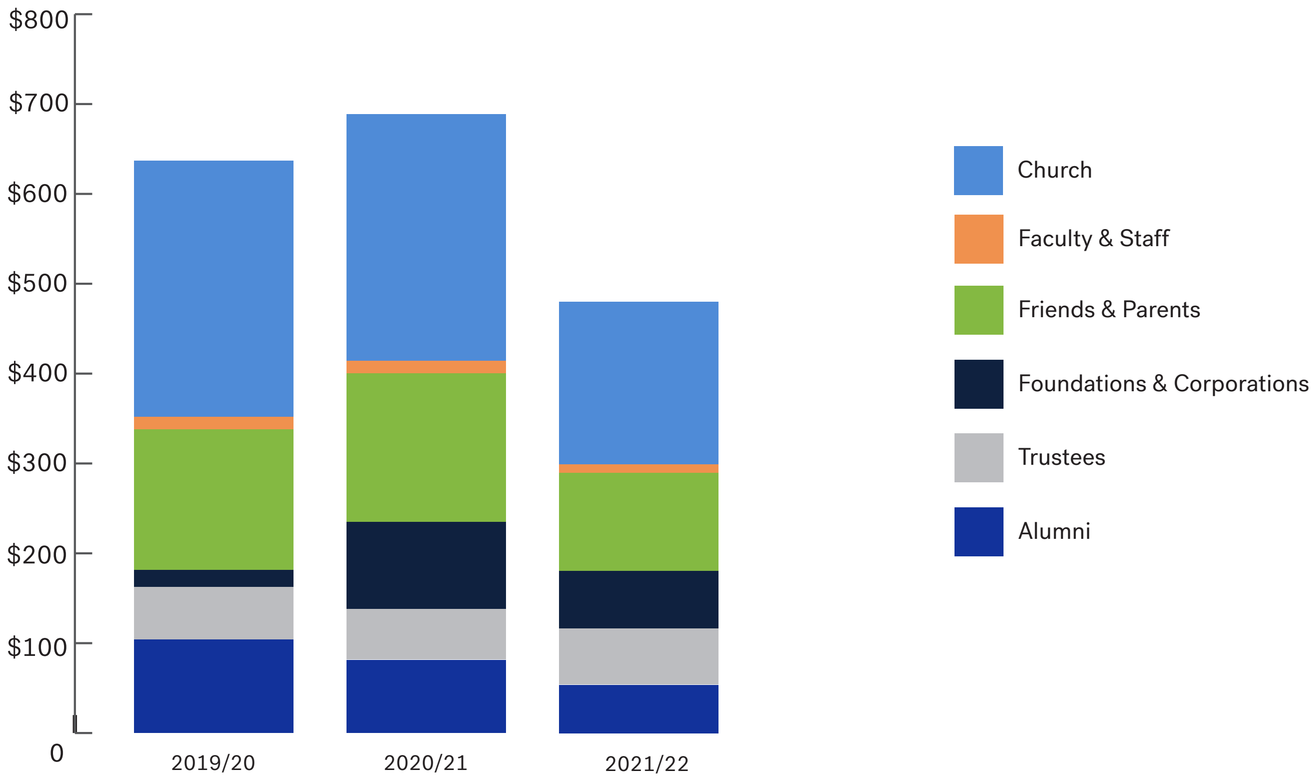
Giving History (Seminary by Purpose)

In thousands



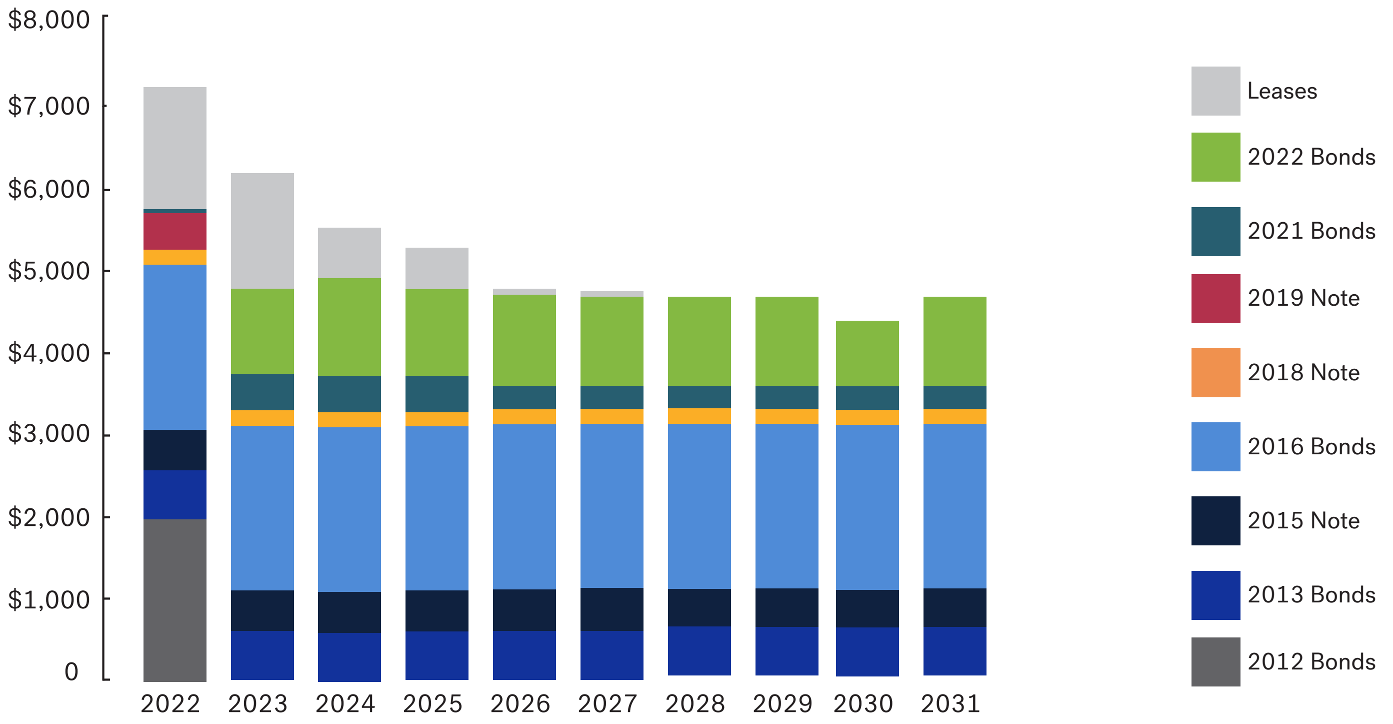
Giving History (Seminary by Source)

In thousands



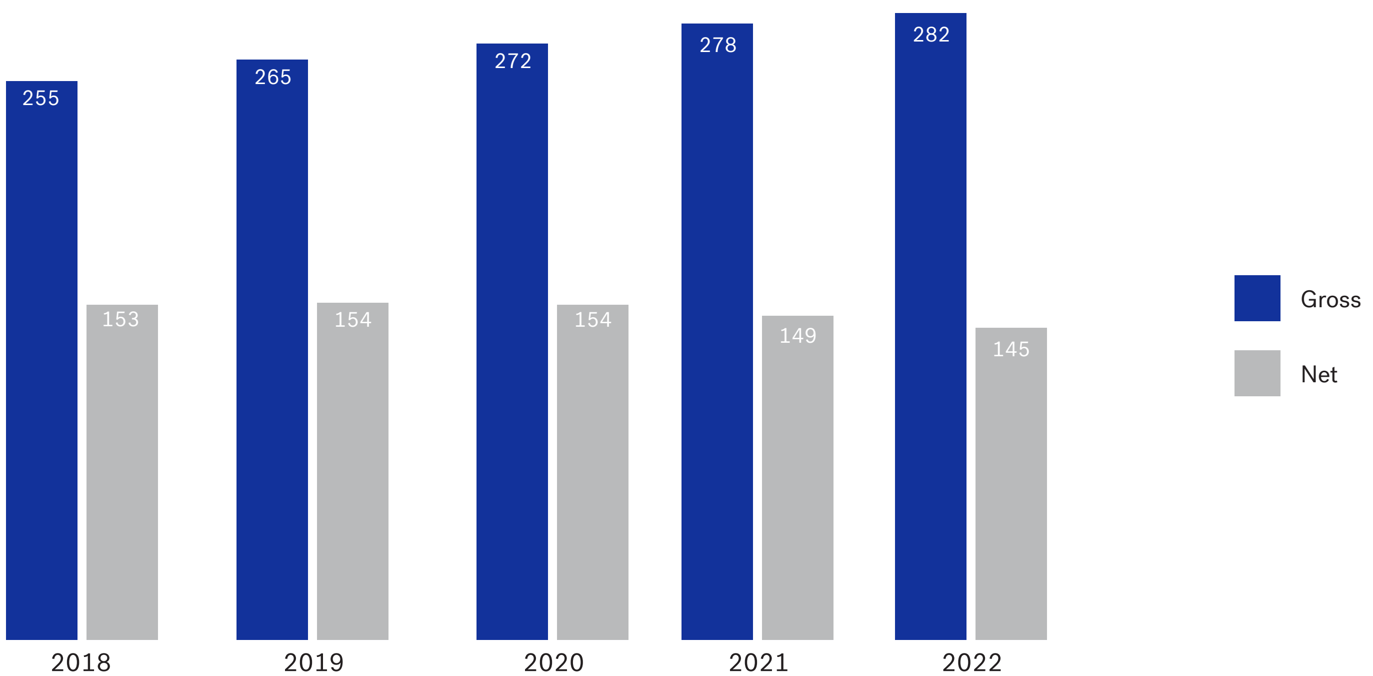
10 Year Debt Service Summary

In thousands



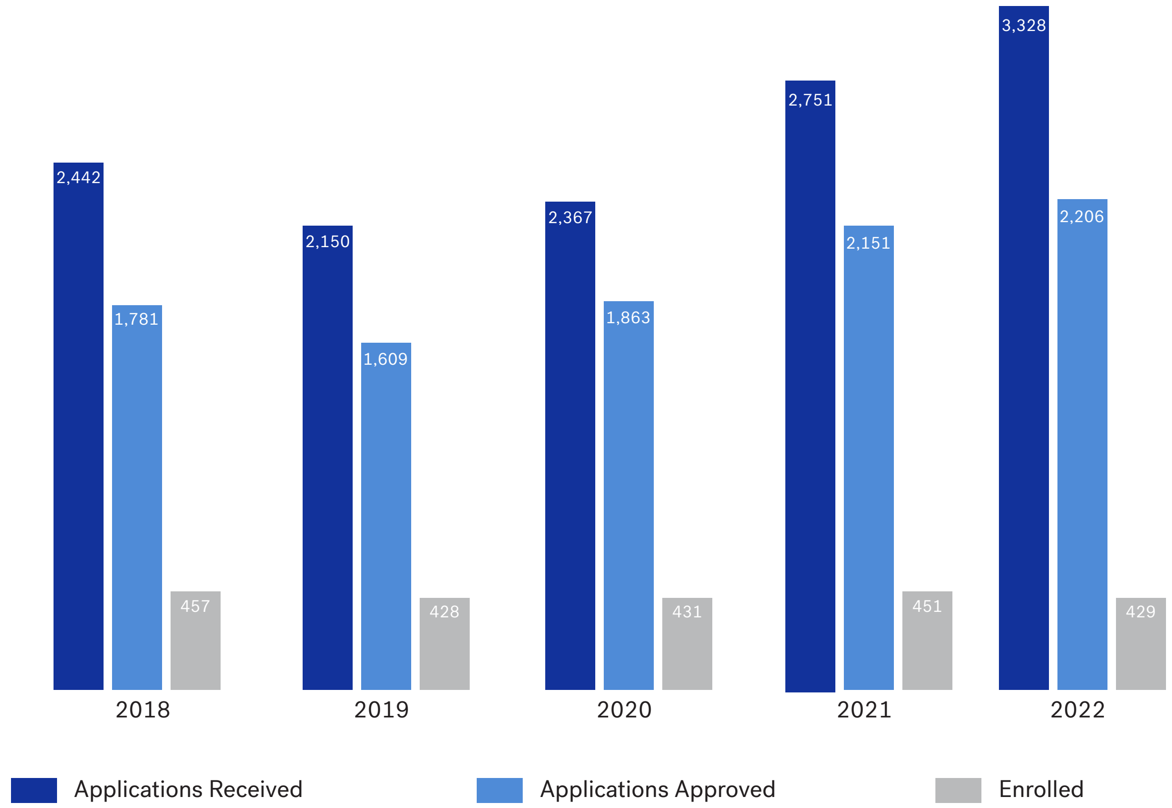
Investment in Property, Plant & Equiptment

Gross & Net of Depreciation | $ millions



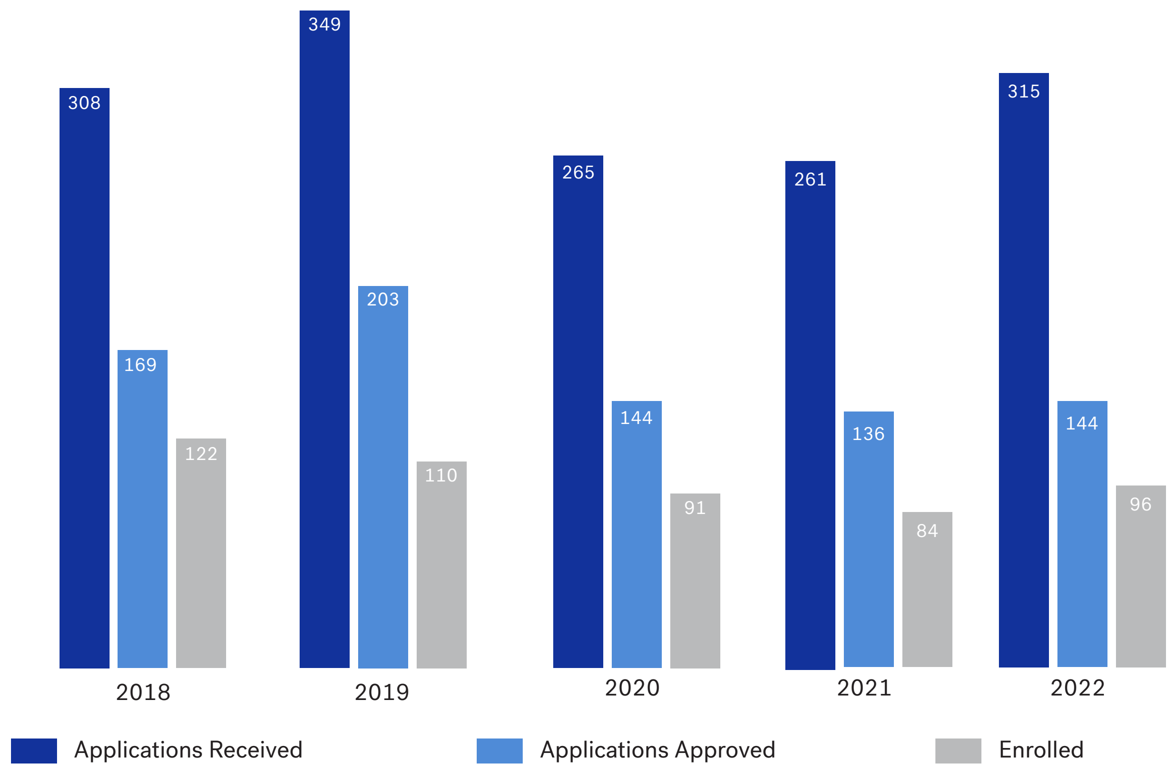
Freshman Applications

By entrance year, fall of:



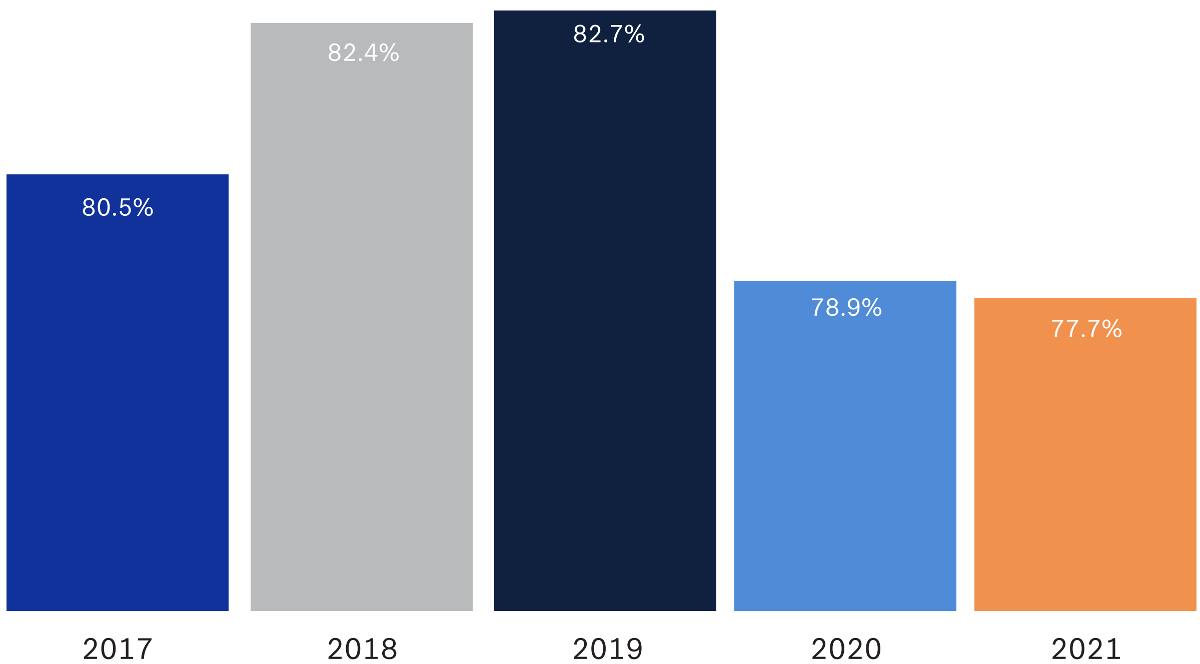
Transfer Applications

By entrance year, fall of:



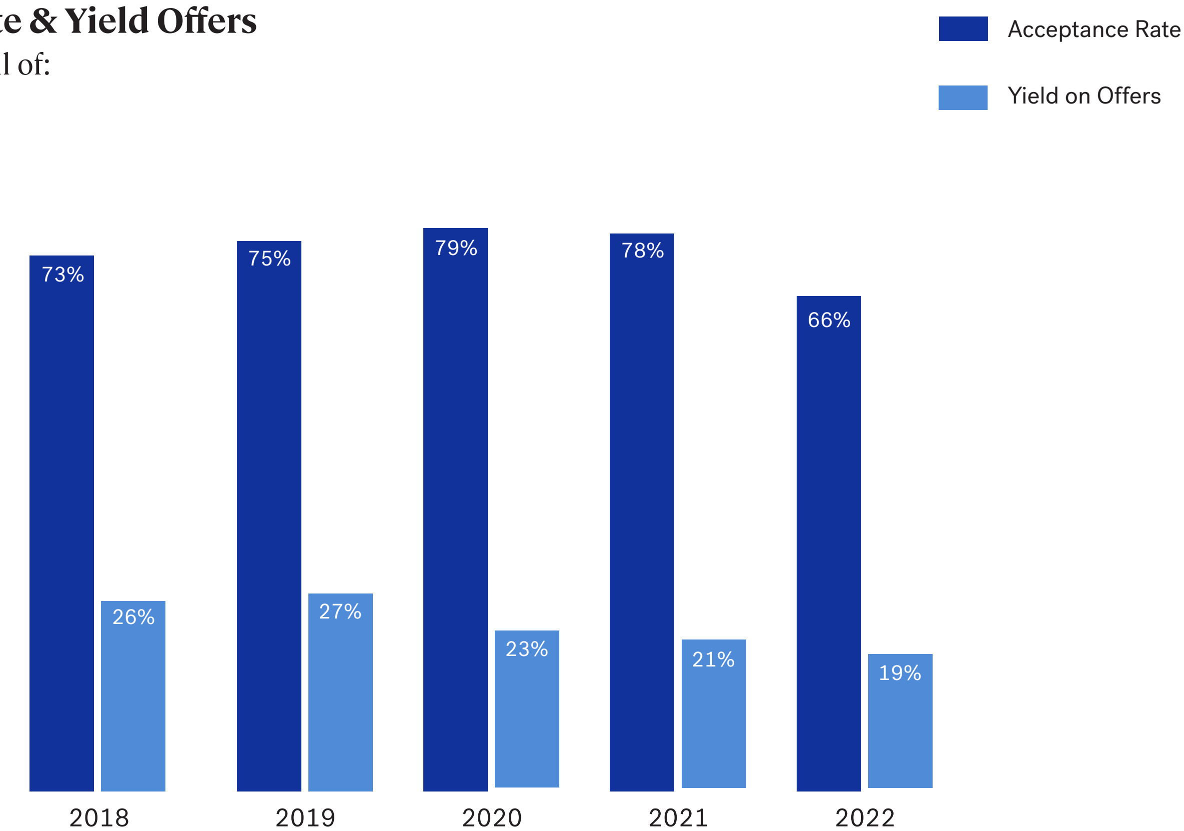
Freshman to Sophomore Retention Rates

By entrance year, fall of:



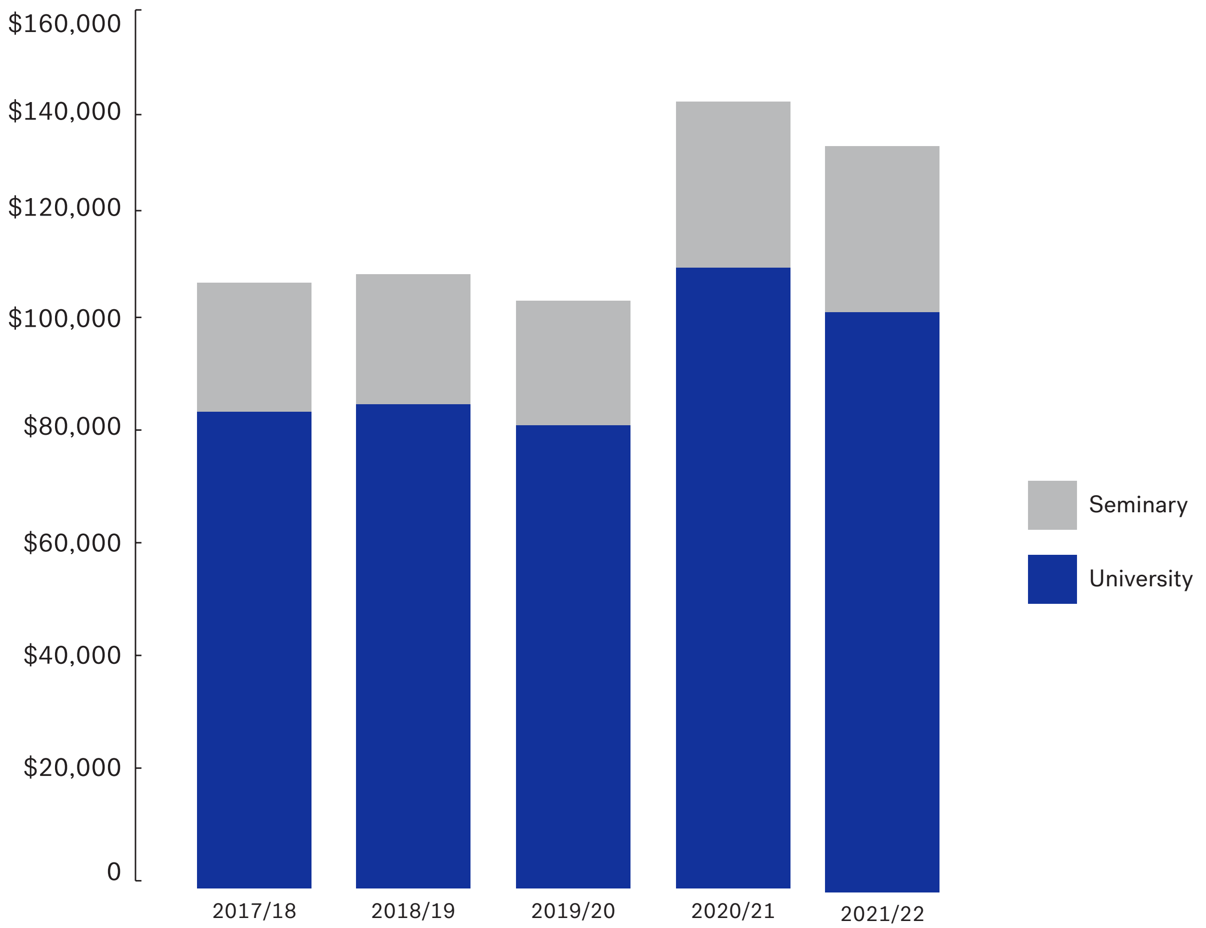
Acceptance Rate & Yield Offers

By entrance year, fall of:

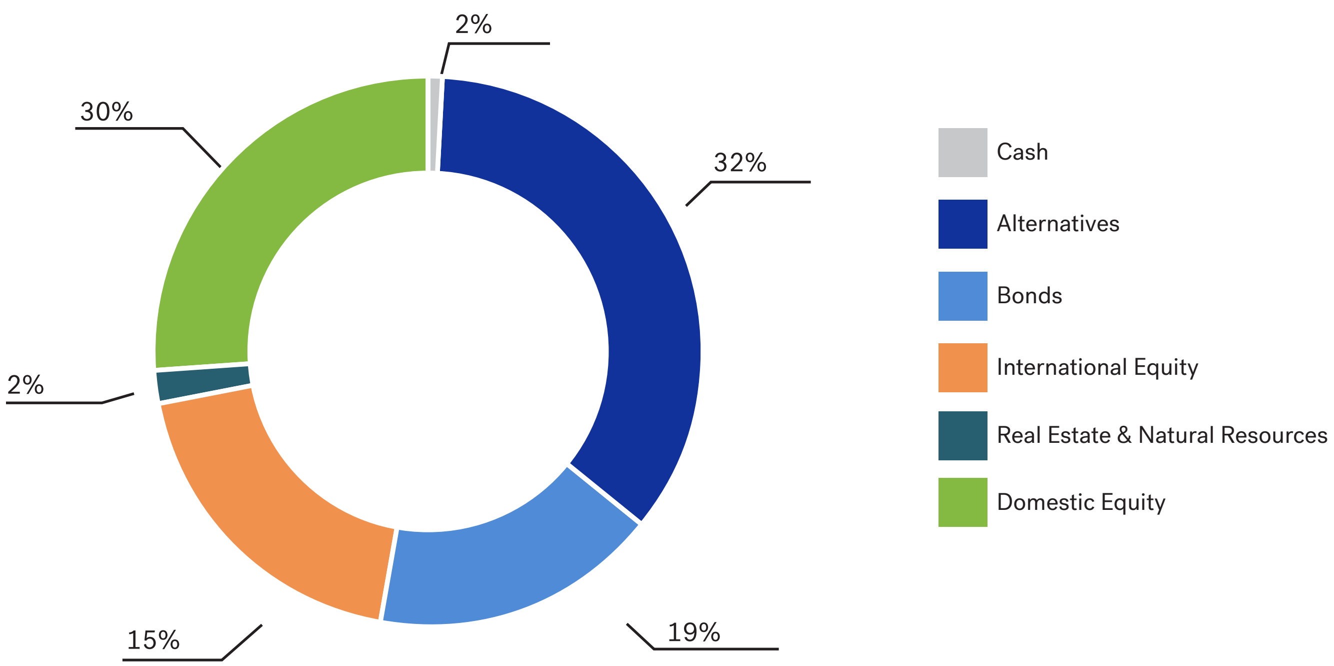


Endowment Market Values

In thousands

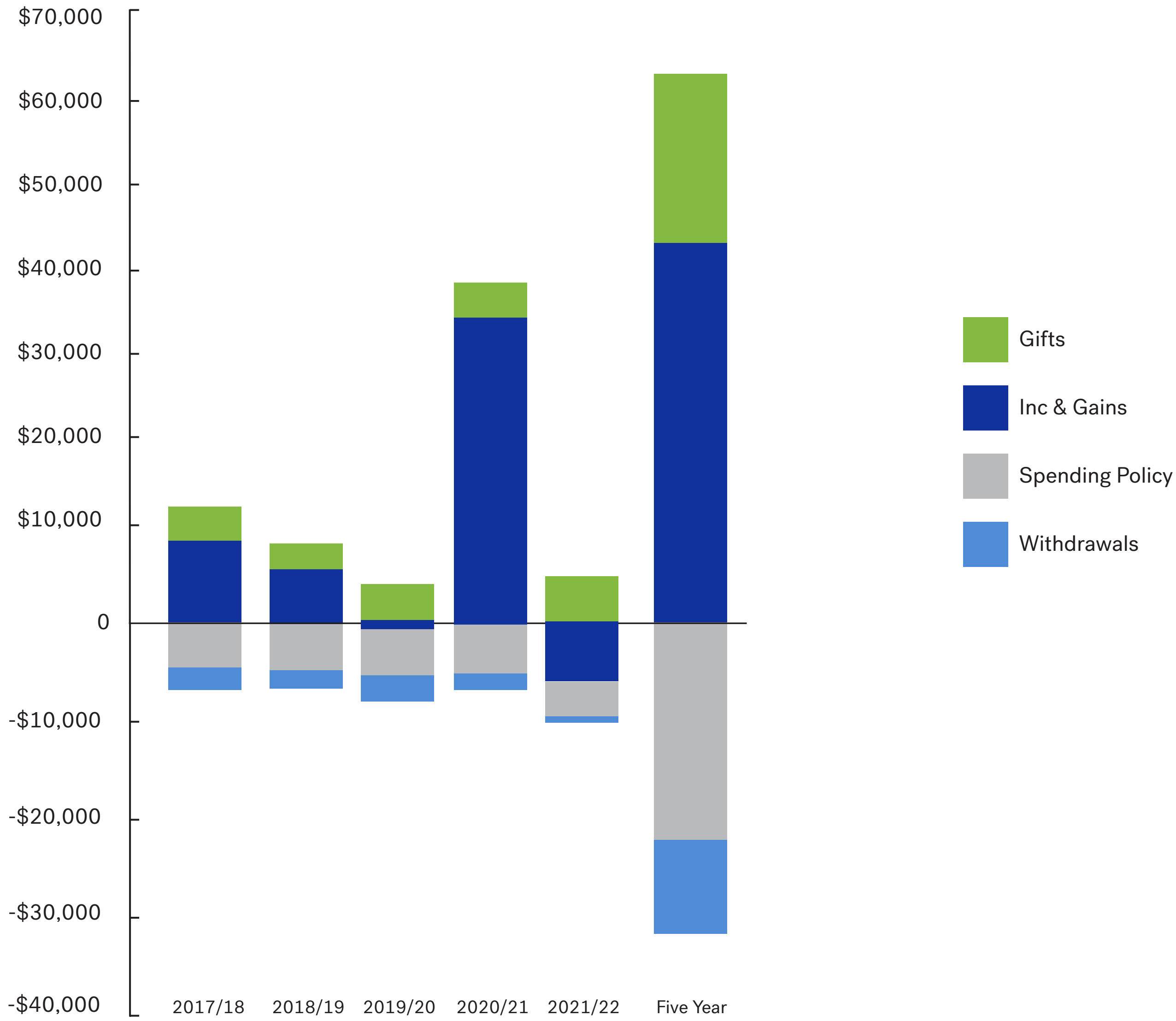


Investment Allocation for 2021/22



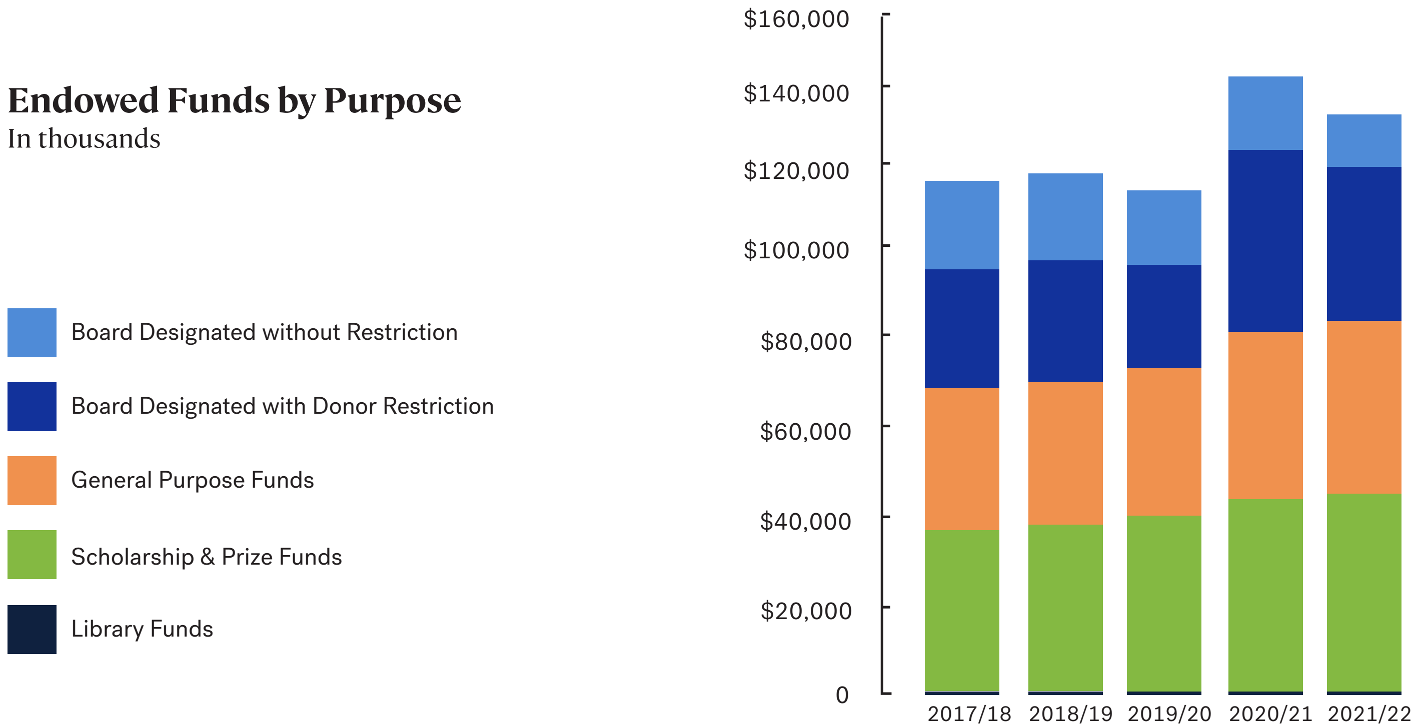
Components of Change in Endowment

In thousands



Endowed Funds by Purpose

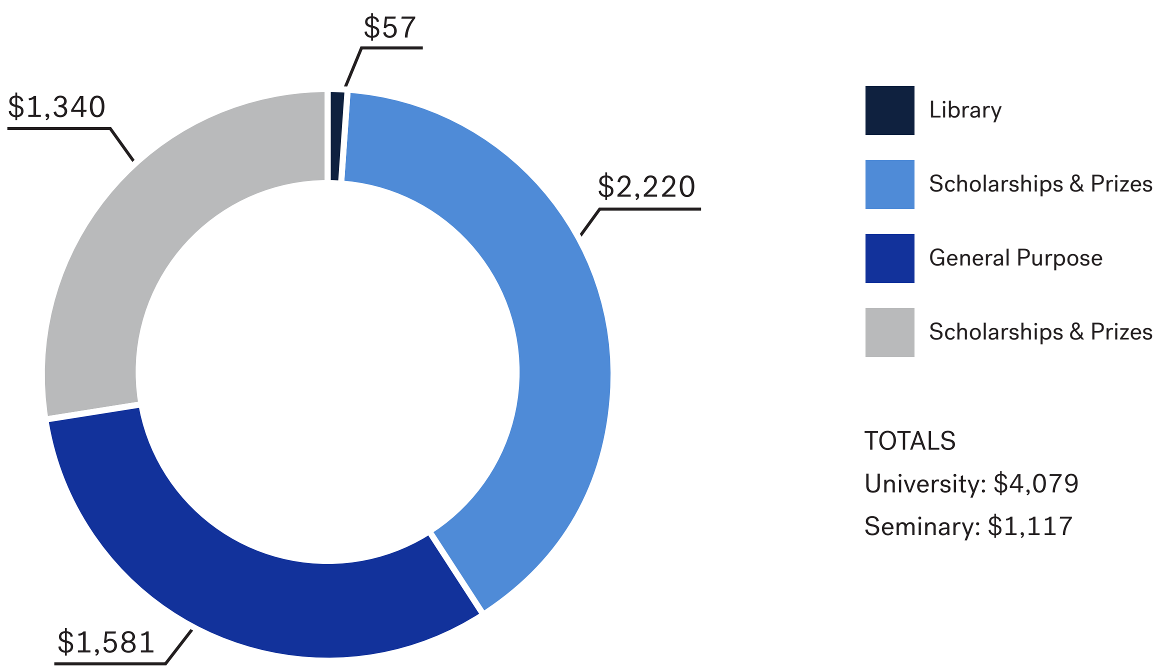
In thousands



Endowment Returns

Spending Policy Distribution by Purpose at 4.5%

In thousands



TOTALS
University: $4,079
Seminary: $1,117

Moravian University and Subsidiary

Consolidated Financial Statements
and Supplementary Information

June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Trustees of
Moravian University and Subsidiary

Opinion

We have audited the consolidated financial statements of Moravian University and subsidiary (the University), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Allentown, Pennsylvania
October 20, 2022

Moravian University and Subsidiary

Consolidated Statements of Financial Position
June 30, 2022 and 2021
(In Thousands)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 14,188	$ 16,897
Accounts receivable, net	3,132	3,338
Contributions receivable, net	3,297	3,245
Prepaids and other	1,637	1,383
Deposits with trustee under debt agreements	522	2,033
Total current assets	22,776	26,896
Noncurrent Assets		
Contributions receivable, net	7,753	7,588
Deposits with trustee under debt agreements	-	2,142
Investments	135,307	144,043
Split-interest agreements	2,531	3,181
Student loans receivable, net	479	628
Other noncurrent assets	1,730	1,000
Land, buildings and equipment, net	144,731	149,184
Total noncurrent assets	292,531	307,766
Total assets	$ 315,307	$ 334,662
Liabilities and Net Assets		
Current Liabilities		
Long-term debt	$ 3,182	$ 3,428
Accounts payable	969	1,055
Accrued interest	640	881
Accrued expenses and other liabilities	4,139	4,416
Deferred revenue	4,730	5,088
Finance lease obligations	1,457	1,498
Postretirement benefit obligation	56	41
Total current liabilities	15,173	16,407
Noncurrent Liabilities		
Annuities payable	1,544	765
Long-term debt, net	71,580	77,498
Finance lease obligations	1,332	1,561
Postretirement benefit obligation	164	230
Refundable federal grants and loan funds	312	604
Other liabilities	2,251	4,025
Total liabilities	92,356	101,090
Net Assets		
Without donor restrictions	88,127	91,275
With donor restrictions	134,824	142,297
Total net assets	222,951	233,572
Total liabilities and net assets	$ 315,307	$ 334,662

See notes to consolidated financial statements

Moravian University and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Operating Revenues and Other Additions				
Tuition and fees (net of student scholarships of $46,124 in 2022 and $44,280 in 2021)	$ 49,377	$ -	$ 49,377	$ 50,189
Private gifts and grants	2,540	5,298	7,838	6,335
Investment income, net	1,400	130	1,530	2,398
Federal grants and contracts	6,143	-	6,143	3,730
State grants	456	-	456	799
Contributions of nonfinancial assets	911	-	911	-
Auxiliary enterprises	13,565	-	13,565	12,944
Other sources	1,658	-	1,658	1,061
Net assets released from restrictions, satisfaction of program restrictions	4,067	(4,067)	-	-
Total operating revenues and other additions	80,117	1,361	81,478	77,456
Operating Expenses				
Instruction	36,900	-	36,900	35,877
Academics support	4,752	-	4,752	4,799
Student services	11,515	-	11,515	9,320
Athletics	6,632	-	6,632	3,561
Institutional support	10,746	-	10,746	9,225
Fundraising	2,043	-	2,043	1,693
Auxiliary enterprises	10,656	-	10,656	9,837
Other	262	-	262	130
Total operating expenses	83,506	-	83,506	74,442
Change in net assets from operating activities	(3,389)	1,361	(2,028)	3,014
Nonoperating				
Realized net gain on investments	1,872	9,500	11,372	2,112
Unrealized net (loss) gain on investments	(3,266)	(17,704)	(20,970)	29,546
Gain on sale of assets	218	-	218	12
Gain on interest rate swaps	1,417	-	1,417	906
Change in value of split-interest agreements	-	(630)	(630)	597
Change in net assets from nonoperating activities	241	(8,834)	(8,593)	33,173
Change in net assets	(3,148)	(7,473)	(10,621)	36,187
Net Assets, Beginning	91,275	142,297	233,572	197,385
Net Assets, Ending	$ 88,127	$ 134,824	$ 222,951	$ 233,572

See notes to consolidated financial statements

Moravian University and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2021
(In Thousands)

	Without Donor Restriction	With Donor Restriction	Total
Operating Revenues and Other Additions			
Tuition and fees (net of student scholarships of $44,280)	$ 50,189	$ -	$ 50,189
Private gifts and grants	2,647	3,688	6,335
Investment income, net	2,324	74	2,398
Federal grants and contracts	3,730	-	3,730
State grants	799	-	799
Auxiliary enterprises	12,944	-	12,944
Other sources	1,061	-	1,061
Net assets released from restrictions, satisfaction of program restrictions	4,113	(4,113)	-
Total operating revenues and other additions	77,807	(351)	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	9,837	-	9,837
Other	130	-	130
Total operating expenses	74,442	-	74,442
Change in net assets from operating activities	3,365	(351)	3,014
Nonoperating			
Realized net gain on investments	355	1,757	2,112
Unrealized net gain on investments	4,758	24,788	29,546
Gain on sale of assets	12	-	12
Gain on interest rate swaps	906	-	906
Change in value of split-interest agreements	-	597	597
Change in net assets from nonoperating activities	6,031	27,142	33,173
Change in net assets	9,396	26,791	36,187
Net Assets, Beginning	81,879	115,506	197,385
Net Assets, Ending	$ 91,275	$ 142,297	$ 233,572

See notes to consolidated financial statements

Moravian University and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (10,621)	$ 36,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	11,106	10,061
Change in value of split-interest agreements and annuities payable	1,429	(803)
Gifts and grants restricted for long-term investments	(2,586)	(3,639)
Gain on disposal of assets	(218)	(12)
Other restricted earnings for long-term investments	(130)	(74)
Net realized and unrealized loss (gain) on investments	9,598	(31,658)
Change in value of interest rate swaps	(1,417)	(906)
(Increase) decrease in assets:		
Accounts receivable, net	206	(463)
Contributions receivable, net	(217)	962
Prepaids and other	(254)	(29)
Other noncurrent assets	(730)	645
Increase (decrease) in liabilities:		
Accounts payable and accrued interest payable	(150)	169
Accrued expenses and other liabilities	(277)	739
Deferred revenue and deposits	(358)	1,127
Accumulated postretirement benefit obligation	(51)	(87)
Other liabilities	(357)	(286)
Net cash provided by operating activities	4,973	11,933
Cash Flows From Investing Activities		
Purchase of land, building and equipment	(4,830)	(4,643)
Proceeds from sale of land, building and equipment	407	45
Purchase of investments	(24,270)	(28,945)
Proceeds from sale of investments	23,408	29,360
Change in deposits with trustees under debt agreements	498	236
Disbursement of student loans	(78)	(36)
Repayments of student loans	227	332
Net cash used in investing activities	(4,638)	(3,651)
Cash Flows From Financing Activities		
Gifts and grants restricted for long-term investments	2,586	3,639
Other restricted earnings for long-term investments	130	74
Repayment of debt	(21,883)	(3,329)
Proceeds from issuance of debt	15,400	-
Repayment of finance lease, obligations	(1,892)	(1,780)
Payment of debt issuance costs	(248)	-
Repayment of refundable federal grants and loan funds	(292)	(617)
Net cash used in financing activities	(6,199)	(2,013)
Net (decrease) increase in cash and cash equivalents and restricted cash	(5,864)	6,269
Cash and Cash Equivalents and Restricted Cash, Beginning	20,574	14,305
Cash and Cash Equivalents and Restricted Cash, Ending	$ 14,710	$ 20,574
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ 3,375	$ 3,297
Supplementary Disclosure of Noncash Activities		
Land, building and equipment purchases in accounts payable	$ 20	$ 196
Land, building and equipment purchases in equipment financing	$ 1,622	$ 1,492
Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 14,188	$ 16,897
Deposits with trustee under debt agreements	522	3,677
Total cash and cash equivalents and restricted cash	$ 14,710	$ 20,574

See notes to consolidated financial statements

1. Nature of Operations

Founded in 1742, Moravian University offers a private education including undergraduate, graduate and research offerings. In fiscal year 2021, Moravian applied to the Commonwealth of Pennsylvania to obtain University recognition, furthering its 280-year evolvement.

Founded by the Moravian Church, Moravian University educates a socially and religiously diverse group of students from a variety of ethnic backgrounds. Moravian University has an enrollment of 1,655 full-time undergraduate students. The Moravian University Graduate program has an enrollment of 270 full-time students and 499 part-time students. The Doctoral program has an enrollment of 36 full-time students.

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 University effective December 10, 2015.

Agreement to Consolidate With Lancaster Theological Seminary

On June 21, 2021, the Boards of Moravian University, 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.

As of June 30, 2022, Moravian University does not exhibit a controlling or economic interest in Lancaster Theological Seminary and therefore the results of LTS operations are not presented in the consolidated financial statements. The future 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), and the Commonwealth of Pennsylvania, which may take several years to complete.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Moravian University have been prepared on the accrual basis of accounting and include the accounts of Moravian University and MCHI (collectively, the University). 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 University. For financial reporting purposes, the University follows the accounting principles generally accepted in the United States (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 University is subject to donor-imposed stipulations that can be fulfilled by actions of the University 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 University are reflected as a reduction of tuition and fee revenue. The University awards grants-in-aid and scholarships to individuals who meet the University'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 $46,124,000 and $44,280,000 in 2022 and 2021, respectively.

Amounts are due for tuition, fees, room and board prior to the beginning of each semester. In accordance with the University'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 University is unconditionally entitled. The University considers such amounts as unconditional based on the payment due date.

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

	2022	2021
Undergraduate tuition	$ 77,654	$ 78,233
Graduate tuition	13,390	11,667
Undergraduate and graduate fees	4,457	4,569
Undergraduate and graduate student aid	(46,124)	(44,280)
Total student tuition and fees, net	$ 49,377	$ 50,189

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 University'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 University to incur eligible expenses prior to the release of funds. The University 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.

Higher Education Emergency Relief Funding

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 CRRSA, the University 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 University 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-19 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, the University received one grant comprised of two parts. Under the legislation, no less than 50% 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 University was awarded $5,407,348 of funding under ARP and recognized $2,704,890 of the student emergency aid as federal grants and contract revenue and student services expense as of June 30, 2022.

The institutional portion of the grant totaling $2,702,458 was recognized as federal grants and contract revenue. The institutional portion 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.

(In Thousands)

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, 2021	Refunds Issued	Revenue Recognized Included in June 30, 2021 Balance	Cash Received in Advance of Performance	Balance at June 30, 2022
Tuition and fees, net	$ 4,692	$ -	$ 4,692	$ 4,334	$ 4,334
Room and board, net	396	66	330	396	396
Total	$ 5,088	$ 66	$ 5,022	$ 4,730	$ 4,730

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 University considers all highly liquid investments, with an initial maturity 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 University maintains its cash accounts in commercial banks located in Pennsylvania. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The University regularly maintains amounts on deposit in excess of the insured amount. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

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 University'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 University 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 University no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds was approximately $312,000 and $604,000 at June 30, 2022 and 2021, respectively, and is recorded as a liability in the consolidated statements of financial position. As of June 30, 2022, the University 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 University'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 University 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 University 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 University 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.

Land, Buildings and Equipment and Depreciation

Land, buildings and equipment are stated at 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 University 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 University 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 University 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 University 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 University 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, 2022 and 2021, 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 University 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, 2022 and 2021.

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 $171,000 in 2022 and 2021. 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 University acts only as custodian and disbursing agent for these funds. Had these amounts been included, revenues and expenditures would have increased by approximately $4,894,000 and $4,833,000 in 2022 and 2021, respectively.

Advertising

The University expensed advertising costs of approximately $1,187,000 and $567,000 during the fiscal years ended June 30, 2022 and 2021, respectively.

Title IV Requirements

The University participates in Government Student Financial Assistance Programs (Title IV) administered by the ED for the payment of student tuitions. A substantial number of University students are dependent upon the University'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, 2022 and 2021 and for the years then ended, the University's composite score exceeded 1.5.

The DOE revised the regulations for financial responsibility effective July 1, 2019. The regulations required the University 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 $125,520 and $132,212 at June 30, 2022 and 2021, respectively. Post-implementation property, plant and equipment with outstanding debt for original purchase totaled $2,334 and $2,268 at June 30, 2022 and 2021, respectively.

Post-implementation property, plant and equipment without outstanding debt for original purchase totaled $15,681 and $13,676 at June 30, 2022 and 2021, respectively.

Pre-implementation long-term debt for long term purposes totaled $74,210 and $81,620 at June 30, 2022 and 2021, respectively. Post-implementation long-term debt for long term purposes totaled $3,341 and $2,365 at June 30, 2022 and 2021, respectively.

Contributions made by non-compensated members of the Board of Trustees totaled approximately $653,000 and 593,000 for the years ended June 30, 2022 and 2021, respectively. Outstanding contribution receivables from members of the Board of Trustees total $342,000 and $156,000 at June 30, 2022 and 2021, respectively. There are no other unsecured or secured related-party receivables at June 30, 2022 and 2021.

Income Taxes

Moravian University 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 University 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, 2022 and 2021.

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 20, 2022, the date the consolidated financial statements were issued.

Accounting Standard Adopted in the Current Year

During 2022, the University adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) 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. The University has adjusted the presentation of these financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented and had no impact to the statement of activities for the University for the year ended June 30, 2021.

New Accounting Standard Not Yet Adopted

During March 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The University is currently assessing the effect that ASU No. 2020-04 will have on its consolidated financial statements.

(In Thousands)

3. Accounts Receivable

Accounts receivable represents amounts due for tuition, fees, room and board and other charges from students and other entities. The University 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:

	2022	2021
Accounts receivable	$ 3,633	$ 3,936
Allowance for doubtful accounts	(501)	(598)
	$ 3,132	$ 3,338

4. Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2022	2021
Due in one year or less	$ 3,297	$ 3,245
Due between one year and five years	8,222	8,050
Contributions receivable, gross	11,519	11,295
Unamortized present value discount (rates ranging from 0.4 to 3.6%)	(469)	(462)
Contributions receivable, net	$ 11,050	$ 10,833

Management has not established an allowance for doubtful collections at June 30, 2022 and 2021 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 University 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 University for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

(In Thousands)

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.

The following tables present the financial instruments measured at fair value as of June 30, 2022 and 2021 by caption on the consolidated statements of financial position by the valuation hierarchy defined above:

	2022			
	Level 1	Level 2	Level 3	Total Fair Value
Assets Reported at Fair Value				
Investments:				
Cash and money market accounts	$ 2,912	$ -	$ -	$ 2,912
Domestic equity:				
Common stock	3,411	-	-	3,411
Large cap mutual funds	36,777	-	-	36,777
International equity mutual funds	21,368	-	-	21,368
Domestic fixed income:				
Taxable fixed income mutual funds	25,301	-	-	25,301
Total investments by valuation hierarchy	89,769	-	-	89,769
Alternative investments (measured at net asset value)				45,538
Total investments				$ 135,307
Deposits with trustee under debt agreements:				
Cash and cash equivalents	522	-	-	$ 522
Beneficial interest in perpetual trusts	-	-	2,204	2,204
Split-interest agreements	-	-	327	327
Interest rate swaps	-	19	-	19
Total assets	$ 90,291	$ 19	$ 2,531	$ 92,841

(In Thousands)

	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

The following methods and assumptions were used to estimate fair values of the University's financial instruments as of June 30, 2022 and 2021:

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 University'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 University 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 University'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 University 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 University 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.

(In Thousands)

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.

Fair value measurements of investments in certain entities that calculate NAV per share (or its equivalent) as of June 30, 2022 and 2021 are as follows:

	Fair Value at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 21,933	$ -	Various	35 - 65 days
Private equity funds	22,701	9,480	Illiquid	
Real asset funds	904	174	Illiquid	
Balance at June 30, 2022	$ 45,538	$ 9,654		
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		

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:

	2022	2021
Endowment funds	$ 133,087	$ 143,053
Annuity funds	1,511	844
Capital campaign funds	706	139
Other funds	3	7
	$ 135,307	$ 144,043

The University 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 University's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the University'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:

	2022	2021
Land and land improvements	$ 26,092	$ 25,222
Buildings	186,435	184,996
Equipment	52,598	52,157
Library books	9,936	9,862
Collection items	4,866	4,825
Construction in progress	1,196	1,028
	281,123	278,090
Accumulated depreciation	(136,392)	(128,906)
	$ 144,731	$ 149,184

Depreciation expense was approximately $10,538,000 and $10,261,000 in 2022 and 2021, in which MCHI depreciation expense accounted for approximately $564,000 and $555,000 of the total, respectively.

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

	2022	2021
Equipment	$ 11,814	$ 10,230
Accumulated amortization	(8,514)	(6,997)
Total	$ 3,300	$ 3,233

Amortization expense related to the equipment under finance leases is included in depreciation expense and was approximately $1,555,000 in 2022 and $1,529,000 in 2021.

7. Note Payable, Demand

The University has a $3,000,000 secured line of credit, which is renewable June 28 of each year. Borrowings bear interest, payable monthly, at the Bloomberg Short-Term Yield Index (BSBY) plus 1.15%. There were no borrowings at June 30, 2022 and 2021. In August 2022, the University reduced the secured line of credit to $1,000,000.

(In Thousands)

8. Long-Term Debt

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

	2022	2021
University Revenue Bonds of 2012 (issued through Northampton County General Purpose Authority), refunded with the 2022 University Revenue Bonds.	$ -	$ 15,685
University 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% (2.75% at June 30, 2022).	7,955	8,205
University 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% (5.00% at June 30, 2022).	25,510	26,250
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.	4,653	4,950
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%.	2,212	2,290
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% (2.35% at June 30, 2022).	15,962	16,652
Revenue note, Series of 2019 (issued through the Redevelopment Authority of the City of Bethlehem), refunded with the 2021 University Revenue Bonds.	-	5,767
University Revenue Bonds of 2021 (issued through the Redevelopment Authority of the City of Bethlehem), with principal due annually in amounts through October 2038 plus interest payable semi-annually and rates ranging from 4.0% to 5.0%.	4,805	-
University Revenue Bonds of 2022 (issued through the Redevelopment Authority of the City of Bethlehem), with principal due annually in amounts through October 2031 plus interest payable semi-annually at 5.0%.	10,595	-
	71,692	79,799
Less deferred financing costs	(657)	(574)
Less current portion	(3,182)	(3,428)
Unamortized premium	3,727	1,701
	$ 71,580	$ 77,498

(In Thousands)

In December 2021 and April 2022, the Redevelopment Authority of the City of Bethlehem issued $4,850,000 and $10,595,000 of University Revenue Bonds Series 2021 and Series 2022. The proceeds of each bond issue were then loaned to the University by the Redevelopment Authority of the City of Bethlehem under the terms of a loan agreement for each Series, between the two parties. The University used the proceeds to advance refund the University Revenue Bonds Series of 2012 and the Revenue Note Series of 2019 which funded capital projects. The Series 2021 bonds bear interest at rates ranging from 4% to 5% and require varying principal payments beginning in 2022, ranging from $185,000 to $400,000 with final maturity in 2031. The Series 2022 bonds bear interest at 5% and require varying principal payments beginning in 2022, ranging from $865,000 to $1,260,000 with final maturity in 2038.

As a result of the refundings, the University reduced its total debt service requirements by approximately $6,969,000 which resulted in an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of approximately $2,249,000.

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

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 University 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:

2023	$ 3,181
2024	3,415
2025	3,516
2026	3,644
2027	3,803
Thereafter	54,133
	$ 71,692

All University debt was used to finance capital expenditures. Interest expense, net of amounts capitalized, related to long-term debt was approximately $2,744,000 and $3,049,000 in 2022 and 2021, respectively, and included in the consolidated statements of activities. Included in the total interest expense was approximately $531,000 and $552,000 related to MCHI, in 2022 and 2021, respectively.

9. Leases

The University has entered into the following lease arrangements:

Finance leases: the University leases computers, vehicles and other equipment under agreements classified as finance leases. The finance lease terms generally have initial lease terms of four to five years. Certain leases include an option to purchase the leased assets. The University 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.

(In Thousands)

Short-term leases: The University 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 University 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 University 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 University 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.

Minimum future lease payments for finance leases are as follows:

Years ending June 30:	
2023	$ 1,531
2024	787
2025	501
2026	32
2027	14
Total	2,865
Less amount representing interest	(76)
Present value of net minimum lease payments	$ 2,789

Total lease costs are comprised of the following in 2022 and 2021:

	2022	2021
Lease cost:		
Finance lease cost:		
Amortization of right-of-use assets	$ 1,555	$ 1,529
Interest on lease liabilities	97	103
Short-term lease cost	85	45
Total lease cost	$ 1,737	$ 1,677
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 97	$ 103
Financing cash flows from finance leases	1,892	1,780
Right-of-use assets obtained in exchange for new:		
Finance lease liabilities	1,230	1,492
Operating lease liabilities	-	-
Weighted-average remaining lease term:		
Finance leases	1.51 years	1.9 years
Weighted-average discount rate:		
Finance leases	2.6%	2.5%

(In Thousands)

10. Contributed Nonfinancial Assets

At June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Building	$	831
Artwork and collections		55
Other		25
	$	911

Moravian University recognized contributed nonfinancial assets within revenue, including a contributed building, clothing, food, household goods and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

It is the University's policy to evaluate contributed nonfinancial assets as they are received, in determining whether the University will utilize in operations or monetize.

The contributed building will be sold to support the operations of the University. In valuing the contributed building, which is located in Massachusetts, the estimated fair value was based on the selling price of the property net of estimated closing costs.

Other contributed nonfinancial assets include contributed food, clothing and services. Contributed services include videography services, printing services and donated gift cards. Contributed food, clothing and gift cards were utilized at fundraising events. The University estimated the fair value based on estimates of values that would be received for similar products. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

Contributed artwork and collections were used for academic programming and added to the University's collections of artwork and library books. Contributed artwork and collections are valued using independent appraisals.

11. Interest Rate Swap Agreements

MCHI executed two interest rate swap agreements on May 31, 2017. The swap agreements require MCHI to make 3.26% 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 $15,962,000 and $16,652,000 at June 30, 2022 and 2021, respectively. The variable rates were 68% of one-month LIBOR and the combined fair value of the swap instruments were approximately $18,595 and $(1,398,000) and included in other assets and other liabilities at June 30, 2022. The swap agreements terminate on April 1, 2032.

12. Employee Benefit Plan

The University participates in a defined contribution retirement plan covering substantially all regular full-time employees. Retirement expense was approximately $2,139,000 and $1,254,000 in 2022 and 2021, respectively.

(In Thousands)

13. Postretirement Benefits Other Than Pensions

The University 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 University at age 60 or older. The University 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 $38,000 in 2022 and $48,000 in 2021. The measurement date used to determine the postretirement benefit obligation was June 30.

14. Net Assets

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

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

	2022	2021
Plant facilities	$ 65,147	$ 66,616
Board-designated endowment	21,014	23,044
Other	1,966	1,615
Total net assets without donor restrictions	$ 88,127	$ 91,275

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

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

	2022	2021
Assets held in perpetuity	$ 76,561	$ 74,028
Accumulated endowment income	35,242	45,652
Time and purpose restrictions	20,544	19,510
Net assets held to split interest agreements	2,477	3,107
Total net assets with donor restrictions	$ 134,824	$ 142,297

(In Thousands)

15. Endowment

The University'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 University 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 University 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 University 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 University 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 University.

Net asset classification by type of endowment as of June 30, 2022:

	Board Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 23,044	$ 119,680	$ 142,724
Investment return:			
Investment income	220	1,113	1,333
Net depreciation (realized and unrealized losses)	(1,394)	(7,237)	(8,631)
Total investment return	(1,174)	(6,124)	(7,298)
Contributions	2	2,586	2,588
Appropriation of endowment assets for expenditure	(858)	(4,339)	(5,197)
Endowment net assets, end of year	$ 21,014	$ 111,803	$ 132,817

(In Thousands)

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

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 University to retain as a fund of perpetual duration. There were no such deficiencies reported at June 30, 2022 or 2021.

Return Objectives and Risk Parameters

The University 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 University 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 University expects its endowment fund, over time, to provide an average rate of return of approximately 7.0% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The University 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 University 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 University 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% for both 2022 and 2021. 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 University considered the long-term expected return on its endowment. Accordingly, over the long-term, the University expects to allow its endowment to return an average rate of 7.0% annually prior to any distributions (spending policy). This is consistent with the University'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.

16. Contingencies and Commitments

In connection with several ongoing projects on campus, the University has commitments to several vendors totaling approximately $2,232,000 and $1,134,000 as of June 30, 2022 and 2021, respectively. The University is using operating cash to fund these projects.

Amounts received and expended by the University 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 University.

The University 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 University 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.

17. Liquidity and Availability of Resources

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

	2022	2021
Cash and cash equivalents (net of cash restricted for capital improvements and balance requirements)	$ 13,313	$ 16,022
Accounts receivable, net	3,132	3,338
Planned appropriation of endowment	5,633	5,154
Contributions receivable due within one year	-	2
Financial assets available to meet cash needs for general expenditures within one year	$ 22,078	$ 24,516

(In Thousands)

As part of the University'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 University could draw upon $1,000,000 from an available line of credit. In addition, the University has a board-designated endowment of approximately $21,014,000. Although the University 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 University 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.

18. Functional Classification of Expenses

The costs of providing program services and supporting services of the University have been summarized on a functional basis in the following schedule. The University 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, 2022 and 2021:

	2022							
	Depreciation	Equipment and Maintenance	Interest	Other	Professional Fees	Salaries	Benefits	Total Expenses
Resident instruction	$ 5,072	$ 2,021	$ 1,600	$ 5,526	$ 41	$ 17,735	$ 4,905	$ 36,900
Academics support	408	723	-	1,226	-	1,858	537	4,752
Student services	260	401	81	5,441	275	3,955	1,102	11,515
Athletics	1,281	218	122	2,890	-	1,654	467	6,632
Institutional support	628	1,313	229	1,839	699	4,711	1,327	10,746
Fundraising	-	74	-	523	-	1,128	318	2,043
Auxiliary expenses	2,308	558	712	5,394	-	1,394	290	10,656
Other	-	-	-	262	-	-	-	262
Plant allocations	581	3,989	-	(7,458)	-	2,247	641	-
Total	$ 10,538	$ 9,297	$ 2,744	$ 15,643	$ 1,015	$ 34,682	$ 9,587	$ 83,506

	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
Institutional 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

Moravian University and Subsidiary

Consolidating Schedule of Financial Position
June 30, 2022
(In Thousands)

	Moravian University	MCHI Standalone	MCHI Purchase Accounting	MCHI Total	Eliminations	Consolidated Total
Assets						
Current Assets						
Cash and cash equivalents	$ 11,779	$ 2,409	$ -	$ 2,409	$ -	$ 14,188
Accounts receivable, net	3,264	37	-	37	(169)	3,132
Contributions receivable	3,297	-	-	-	-	3,297
Prepaids and other	3,072	-	-	-	(1,435)	1,637
Deposits with trustee under debt agreements	522	-	-	-	-	522
Total current assets	21,934	2,446	-	2,446	(1,604)	22,776
Noncurrent Assets						
Contributions receivables, net	7,753	-	-	-	-	7,753
Note receivable, related party	1,000	-	-	-	(1,000)	-
Investments	135,307	-	-	-	-	135,307
Investment in MCHI	5,073	-	-	-	(5,073)	-
Split-interest agreements	2,531	-	-	-	-	2,531
Student loans receivable, net	479	-	-	-	-	479
Other noncurrent assets	1,711	19	-	19	-	1,730
Land, buildings and equipment, net	122,538	14,661	7,532	22,193	-	144,731
Total noncurrent assets	276,392	14,680	7,532	22,212	(6,073)	292,531
Total assets	$ 298,326	$ 17,126	$ 7,532	$ 24,658	$ (7,677)	$ 315,307
Liabilities and Net Assets						
Current Liabilities						
Long-term debt	$ 2,459	$ 723	$ -	$ 723	$ -	$ 3,182
Accounts payable	1,006	132	-	132	(169)	969
Accrued interest	597	43	-	43	-	640
Accrued expenses and other liabilities	4,139	-	-	-	-	4,139
Deferred revenue	4,730	821	-	821	(821)	4,730
Finance lease obligations	1,457	-	-	-	-	1,457
Postretirement benefit obligation	56	-	-	-	-	56
Total current liabilities	14,444	1,719	-	1,719	(990)	15,173
Noncurrent Liabilities						
Annuities payable	1,544	-	-	-	-	1,544
Long-term debt	56,340	14,929	311	15,240	-	71,580
Finance lease obligations	1,332	-	-	-	-	1,332
Note payable, related party	-	1,614	-	1,614	(1,614)	-
Postretirement benefit obligation	164	-	-	-	-	164
Refundable federal grants and loan funds	312	-	-	-	-	312
Other liabilities	2,251	-	-	-	-	2,251
Total liabilities	76,387	18,262	311	18,573	(2,604)	92,356
Net Assets						
Without donor restriction	87,115	(1,136)	7,221	6,085	(5,073)	88,127
With donor restriction	134,824	-	-	-	-	134,824
Total net assets	221,939	(1,136)	7,221	6,085	(5,073)	222,951
Total liabilities and net assets	$ 298,326	$ 17,126	$ 7,532	$ 24,658	$ (7,677)	$ 315,307

Moravian University and Subsidiary

Consolidating Schedule of Activities
Year Ended June 30, 2022
(In Thousands)

	Moravian University	MCHI Standalone	MCHI Purchase Accounting	MCHI Total	Eliminations	Consolidated Total
Operating Revenues and Other Additions						
Tuition and fees (net of student scholarships of $46,124 in 2022)	$ 49,377	$ -	$ -	$ -	$ -	$ 49,377
Private gifts and grants	7,838	-	-	-	-	7,838
Investment income, net	1,570	-	-	-	(40)	1,530
Federal grants and contracts	6,143	-	-	-	-	6,143
State grants	456	-	-	-	-	456
Contributtions of nonfinancial assets	911	-	-	-	-	911
Auxiliary enterprises	11,781	1,859	-	1,859	(75)	13,565
Other sources	1,658	-	-	-	-	1,658
Total operating revenues and other additions	79,734	1,859	-	1,859	(115)	81,478
Operating Expenses						
Instruction	36,900	-	-	-	-	36,900
Academics support	4,752	-	-	-	-	4,752
Student services	11,515	-	-	-	-	11,515
Athletics	6,632	-	-	-	-	6,632
Institutional support	10,746	-	-	-	-	10,746
Fundraising	2,043	-	-	-	-	2,043
Auxiliary enterprises	8,901	1,729	141	1,870	(115)	10,656
Other	262	-	-	-	-	262
Total operating expenses	81,751	1,729	141	1,870	(115)	83,506
Change in net assets from operating activities	(2,017)	130	(141)	(11)	-	(2,028)
Nonoperating						
Realized net gain on investments	11,372	-	-	-	-	11,372
Unrealized net loss on investments	(20,970)	-	-	-	-	(20,970)
Gain on sale of assets	218	-	-	-	-	218
Gain on interest rate swaps	-	1,417	-	1,417	-	1,417
Change in value of split-interest agreements	(630)	-	-	-	-	(630)
Change in net assets from nonoperating activities	(10,010)	1,417	-	1,417	-	(8,593)
Change in net assets	(12,027)	1,547	(141)	1,406	-	(10,621)
Net Assets, Beginning	233,966	(2,683)	7,362	4,679	(5,073)	233,572
Net Assets, Ending	$ 221,939	$ (1,136)	$ 7,221	$ 6,085	$ (5,073)	$ 222,951