(Reeves Library Oil on canvas by Ed Bolcar, Jr. 2013)

Financial report 2012-13

About the Artist:

Ed Bolcar, Jr. has been employed by Moravian College as a carpenter in the facilities services department since 1984.

Ed began to realize that he would have to find another hobby, since health issues were preventing his involvement with woodworking and bowling. On December 29, 2010, he completed his first painting using his daughter's painting supplies.

He took his first painting class at Moravian in the summer of 2011. It was a six week course under the guidance of Aron Johnson. Ed says, "The six week course really improved the quality of my paintings." Ed makes custom, handcrafted diploma frames with personalized laser engravings and prints of his paintings of Moravian College buildings.

He completed 60 paintings and has framed, matted prints available for purchase.

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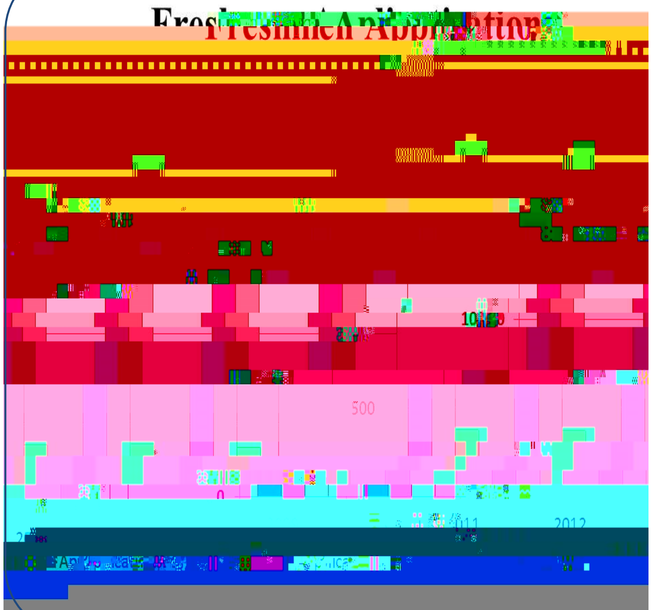
well as additional lab and access improvements. Fundraising is ongoing and additional improvements will be made as funds become available.

In order to fund the most recent phase of the Collier Hall of Science project, the College issued $10 million in debt, bringing the total outstanding debt to $33.9 å•Í®®#ìTÏè"Ž/ä Óû|µ0 operations

and capital projects. Investment returns for the one and three-year periods were 9.7% and 9.3% (annualized), respectively and the spending rate has been maintained at a conservative 4.5%. The portfolio allocation as of year-end was: 16.3% Domestic equity, 19.3% international equity, 16.3% bonds, 12.9% cash, 11.6% real estate and natural resources and 23.6% private equity and hedge funds.

Financial Review

Statement of Financial Position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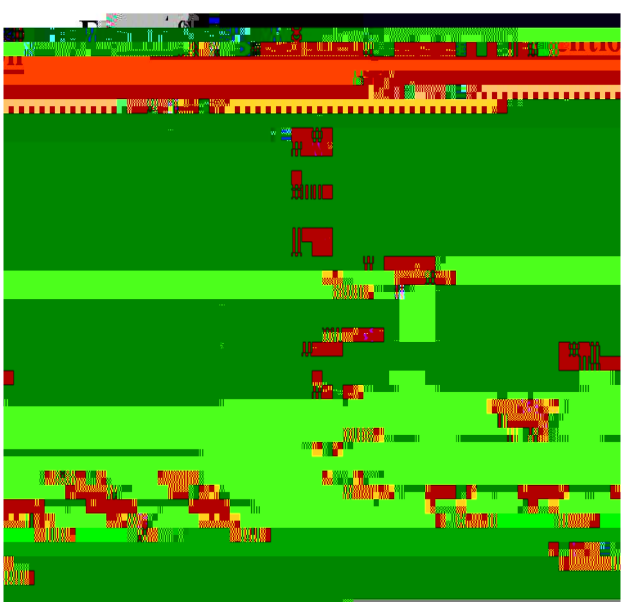


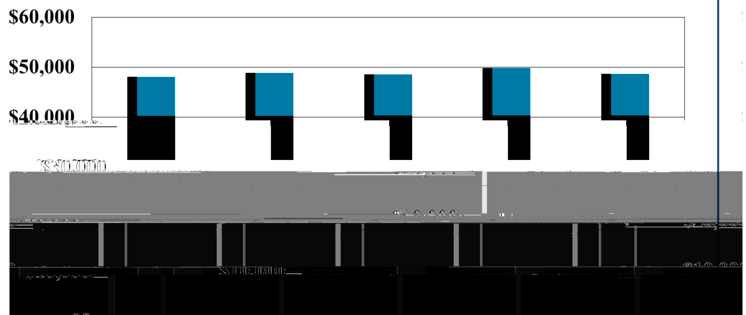

2011

Sources of Revenue (College)

$ Thousands

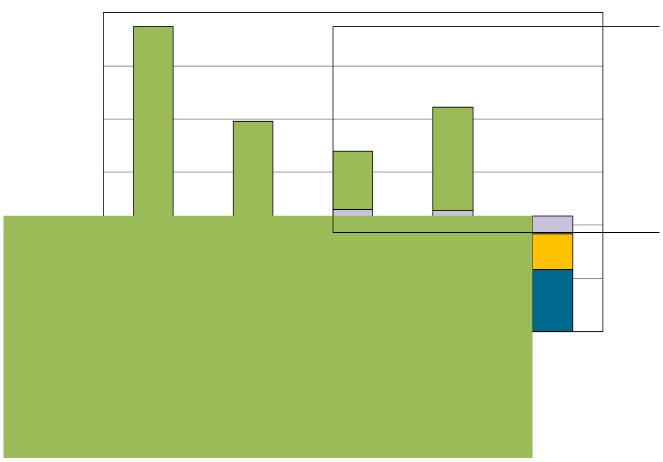
Operating Expenses (College)

$ Thousands



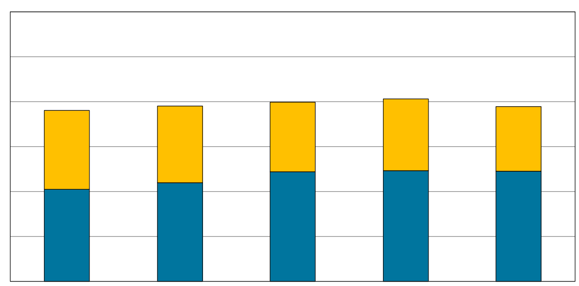
Sources of Revenue (Seminary)

$ Thousands



Operating Expenses (Seminary)

$ Thousands



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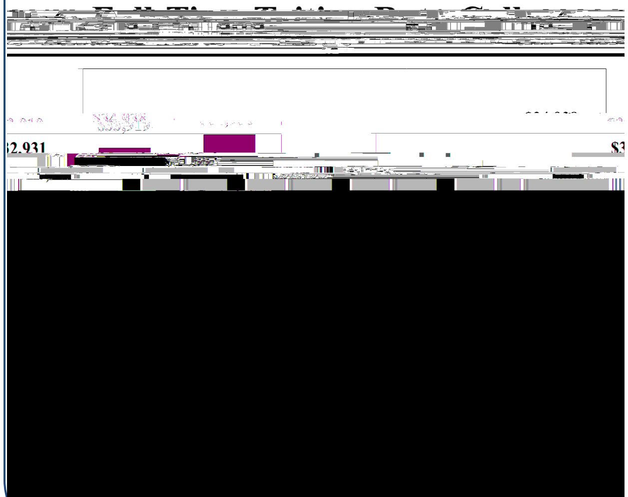

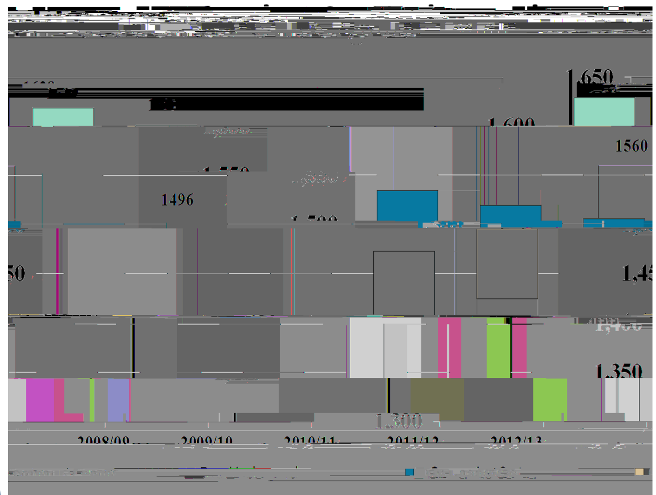
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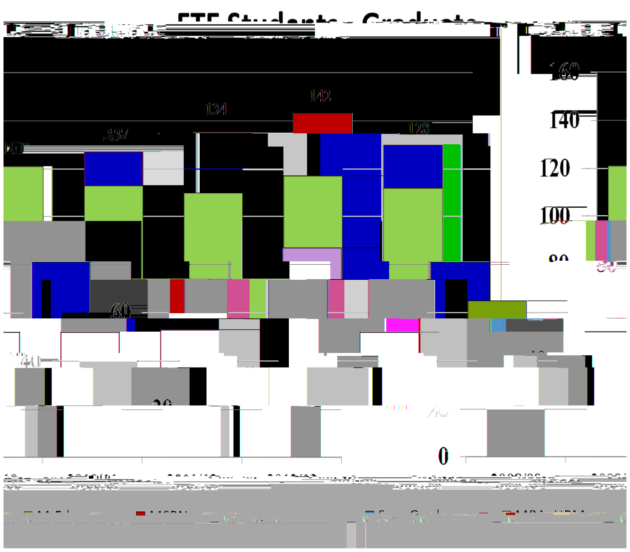
1,350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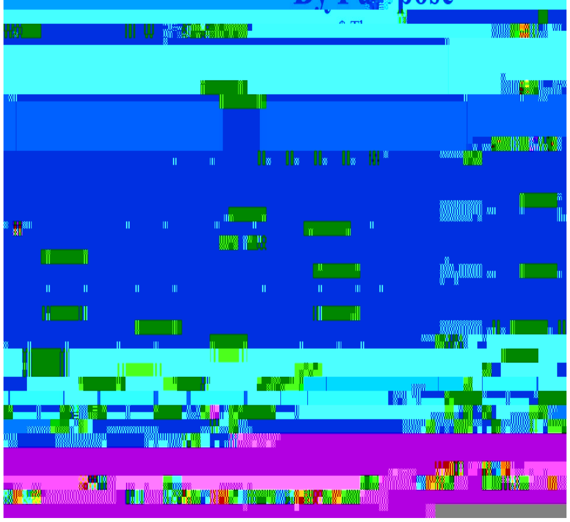
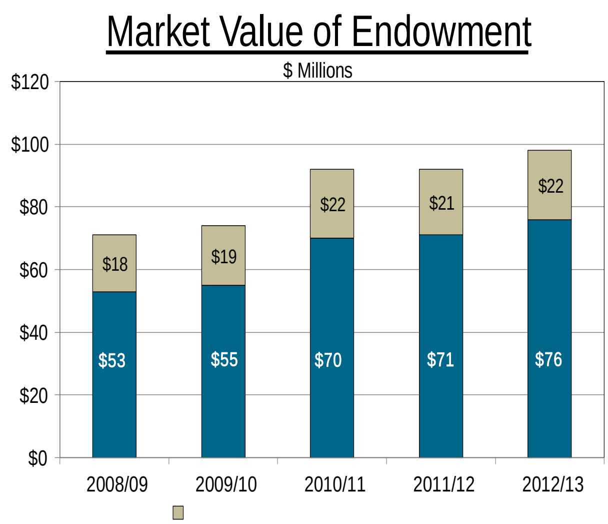
Giving History – College By Purpose




Market Value of Endowment
$ Millions
$120
$100
$80
$60
$40
$20
$0
$18
$19
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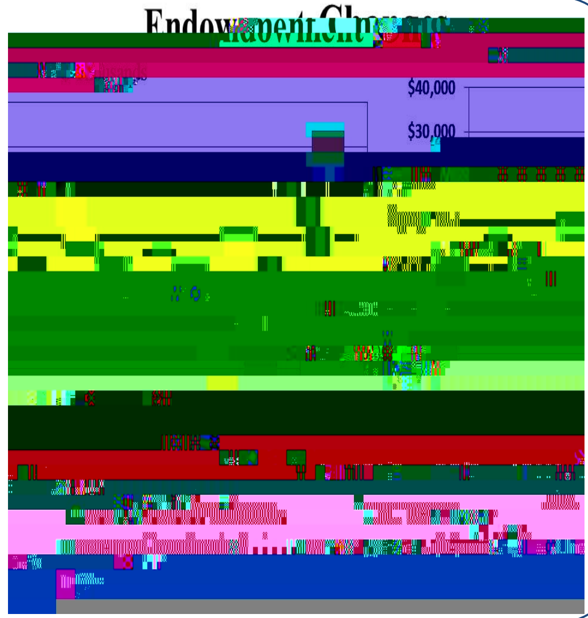
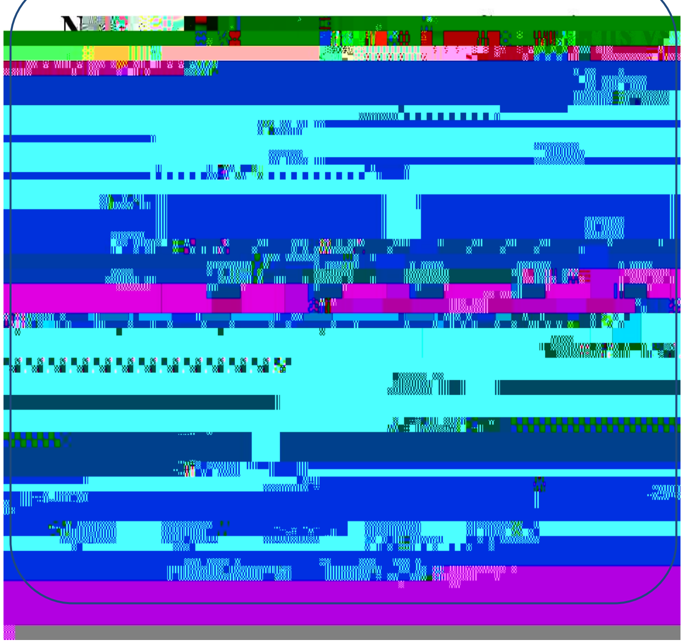
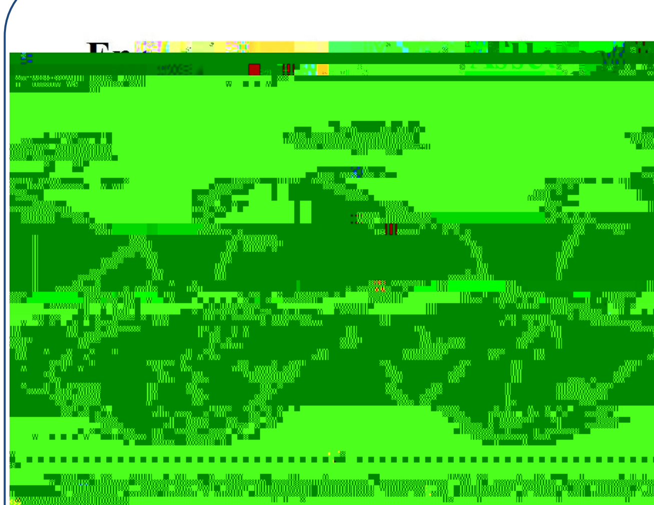

$40,000
$30,000





Moravian College

Financial Statements

June 30, 2013 and 2012

Table of Contents
June 30, 2013 and 2012

Independent Auditors' Report

Board of Trustees
Moravian College

We have audited the accompanying financial statements of Moravian College (the "College"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, activities (College only), activities (Theological Seminary only), and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the College's 2012 financial statements and, in our report dated October 4, 2012 we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the

Statement of Financial Position
(In Thousands)
June 30, 2013

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 1,514	$ 1,389
Accounts payable	568	627
Accrued interest	581	276
Accrued expenses and other liabilities	3,437	2,814
Deferred revenue and deposits	1,068	1,356
Current portion of postretirement benefit obligation	52	37
Total current liabilities	7,220	6,499
Noncurrent Liabilities		
Annuities payable	1,287	1,372
Long-term debt	37,396	28,856
Postretirement benefit obligation	455	496
Refundable federal grants and loan funds	1,272	1,123
Other liabilities	657	661
Total liabilities	48,287	39,007
Net Assets		
Unrestricted:		
College	63,645	62,648
Theological Seminary	12,576	12,485
Total unrestricted	76,221	75,133
Temporarily restricted:		
College	24,144	21,051
Theological Seminary	3,845	3,213
Total temporarily restricted	27,989	24,264
Permanently restricted:		
College	51,166	49,532
Theological Seminary	9,363	9,311
Total permanently restricted	60,529	58,843
Total net assets	164,739	158,240
Total liabilities and net assets	$ 213,026	$ 197,247

See notes to financial statements

	Unrestricted		Temporarily Restricted		Permanently Restricted		2013 Total		2012 Total
Operating Revenues and Other Additions									
Tuition and fees (net of student scholarships of $21,799 in 2013; and $21,297 in 2012)	$	30,843	$	-	$	-	$	30,843	$	31,639
Private gifts and grants		1,432		2,683		1,353		5,468		5,946
Investment income		1,510		14		183		1,707		1,510
Sponsored federal government programs and grants		507		-		-		507		558
State grants		334		-		-		334		328
Auxiliary enterprises		11,071		-		-		11,071		12,319
Other sources		1,350		-		-		1,350		357

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	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Operating Revenues and Other Addition s					
Tuition and fees (net of student scholarships of $21,506 in 2013; and $20,936 in 2012)	$ 30,260	$ -	$ -	$ 30,260	$ 30,970
Private gifts and grants	1,144	2,667	1,304	5,115	4,971
Investment income	1,177	14	183	1,374	1,249
Sponsored federal government programs and grants	96sdn 507		- -	-	
Total operating revenues and other additions	49,131	(778)	1,487	49,840	50,548
Operating Expenses					
Resident instruction	19,506	-	-	19,506	19,884
Academic support	2,997	-	-	2,997	2,936
Student services	4,671	-	-	4,671	4,581
Athletics	4,605	-	-	4,605	4,249
Institutional support	6,925	-	-	6,925	6,793
Fund-raising	1,202	-	-	1,202	1,189
Auxiliary enterprises	8,669	-	-	8,669	10,100
Other	-	-	-	-	81
Total operating expenses	48,575	-	-	48,575	49,813
Change in net assets from operating activities	556	(778)	1,487	1,265	735
Nonoperating Expenses					
Realized net gain (loss) on investments	361	1,430	6037647579.3(735)]TJ 6.9048 0 TD [(37).3016 (8		

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total (Summarized)
Operating Revenues and Other Addition					

	2013	2012
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 6,499	$ (1,919)
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	3,681	3,672
Change in value of split-interest agreement and annuities payable	290	81
Gifts and grants restricted for long-term investments	(2,894)	(3,633)
Loss on debt refinancing	-	738
Loss on disposal of assets	64	47
Other restricted earnings for long-term investments	183	(200)
Net realized and unrealized gains on investments	(6,489)	1,504
(Increase) decrease in assets:		
Accounts receivable, net	(285)	(322)
Investment income receivable	78	(52)
Contributions receivable, net	411	(398)Accumulated po
	(26)	19
Other liabilities	(4)	(57)
Net cash provided by (used in) operating activities	3,224	(1,249)
Cash Flows from Investing Activities		
Purchase of land, building and equipment	(8,408)	(7,675)
Proceeds from sale of land, building and equipment	240	-
Purchase of investments	(33,295)	(11,162)
Proceeds from sale of investments	32,620	7,581
Change in deposits with trustee under debt agreements	(6,919)	1,765
Disbursement of student loans	(230)	(323)
Repayments of student loans	388	323
Net cash used in investing activities	(15,604)	(9,491)
Cash Flows from Financing Activities		
Gifts and grants restricted for long-term investments	3,536	5,128
Other restricted earnings for long-term investments	(183)	200
Repayment of debt	(1,399)	(23,845)
Proceeds from issuance of long-term debt	10,130	22,426
Payment of financing costs	(308)	(169)
Net repayment of refundable federal grants and loan funds	149	(19)
Net cash provided by financing activities	11,925	3,721

1. Nature of Operations

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

Nonoperating Activities

Nonoperating activities reflect realized gains and losses on investments, unrealized gains and losses on investments, gains and losses associated with the sale of assets, changes in value of split interest agreements (primarily life income, annuity and trust agreements), and loss on debt refinancing.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments, with a remaining life of three months or less, to be cash equivalents.

Accounts Receivable

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

Student Loans Receivable

These loans are made with funds advanced to the College by the federal government under the Perkins Student Loan Program (the "Program"). Such funds may be reloaned by the College after collection, but in the event that the College no longer participates in the Program, the amounts are refundable to the federal governmente-.005lege by4 TD .0762t's loans receivable. Accordingly, interest gbtloans is record sup ex8 addi82gbal loans; uncollectible loans are not re or written-off in conformity with the Programs requireme income gbta cash basis is not considtred significante-I student is not evaluated after the initial ypproval ynd c loans and the allowance for losses on loans receivable are not material to the ove byl financial statements.

Promises to Give

Uncondi82gbal promises to give thy1nare expected

Donor-Restricted Gifts

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the College reports

Gift revenues recognized under split-interest agreements are recorded as increases in temporarily restricted net assets unless the donor has permanently restricted the College's use of its interest or has given the College the right to use the assets without restriction. If assets become available for unrestricted use upon termination of the agreements, appropriate amounts are reclassified from temporarily restricted to unrestricted net assets.

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 $33,161 and $65,662 in 2013 and 2012, respectively.

Fixed Assets and Depreciation

Land, buildings and equipment are stated at an estimate of original cost, based on independent appraisals, or at cost, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (50 years), land improvements (20 years), equipment and library books (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 .2951 8dction. If
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Government Grants and Student Aid

The amounts under these captions do not include amounts remitted to students under the Pennsylvania Higher Education Assistance Agency (PHEAA), the PELL Grants Program, and other federal and state programs. The grants are similar to agency funds since the College acts only as custodian and disbursing agent for these funds. Had these amounts been included, revenues and expenditures would have increased by approximately $4,035,000 and $3,895,000 in 2013 and 2012, respectively.

Self Insurance

The College participates in a health insurance consortium cooperation agreement ("Consortium Agreement") and a health plan trust agreement ("Trust Agreement"). The Consortium Agreement is a self-funded insurance plan to cover medical claims for the empler meFsi

Refundable Grants

Operating funds designated by government funding agencies for particular operating purposes are deemed to be earned and reported as revenues when the College has

New Accounting Standards

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, Fair Value Measurements and Disclosures (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. ASU 2011-04 includes new and clarified guidance on fair value measurements and required additional disclosures. The adoption of the amended guidance required certain additional disclosures regarding fair value measurements in the notes to the financial statements on a prospective basis.

In October 2012, the FASB issued ASU 2012-05, Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows. This amendment addresses the diversity in practice with regard to the presentation of cash receipts from the sale of donated assets in the statement of cash flows. Under this update, a not-for-profit entity will be required to classify cash receipts from the sale of donated financial assets as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes. This update is effective for the College's fiscal year beginning July 1, 2013. The guidance is prospective and management does not believe the adoption of this ASU will have a significant impact on the College's financial position or results of operations.

In April 2013, the FASB issued ASU 2013-06, Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate. This amendment will require a recipient non-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Such services will be required to be measured at the cost recognized by the affiliate for the personnel providing those services. However, if this measurement will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either the cost recognized by the affiliate for the personnel providing that service or the fair value of that service. This update is effective for the College's fiscal year beginning July 1, 2014. The guidance is prospective and management does not believe the adoption of this ASU will have a significant impact on the College's financial position or results of operations.

3. Accounts Receivable

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

	2013	2012
Accounts receivable	$ 1,394	$ 1,082
Allowance for doubtful accounts	(103)	(76)
	$ 1,291	$ 1,006

4. Contributions Receivable

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value).

Contributions receivable consisted of the following at June 30 (in thousands):

	2013	2012
Due in one year or less	$ 1,012	$ 1,381
Due between one year and five years	1,375	2,167
Contributions receivable, gross	2,387	3,548
Unamortized discount	(126)	(235)
Contributions receivable, net	$ 2,261	$ 3,313

	2013	2012
Deposits with trustee under debt agreements:		
Cash and cash equivalents	$ 8,478	$ 2,396
U.S. Government securities	2,147	1,310
	$ 10,625	$ 3,706

The majority of endowment, 0 3494.6421801 Tm 9fife income funds are combined in invest

7. Note Payable, Demand

The indentures of the College Revenue Bonds of 2005, 2012 and 2013 and the Bank Qualified Debt require the College to pledge as collateral its unrestricted gross revenues not previously pledged.

The College Revenue Bonds of 2005 and 2012 required that the College maintain a debt service reserve fund in accordance with the revenue bond document

Principal repayments of long-term debt for the years ending after June 30, 2013 are as follows (in thousands):

2014	$	1,514
2015		1,365
2016		5,124
2017		

Changes in the College's postretirement benefit obligation related to the retiree healthcare plan were as follows for the year ended June 30 (in thousands):

	2013	2012
Projected benefit obligation, beginning	$ 533	$ 514
Service cost	36	33
Interest cost	18	29
Actuarial gain/loss	(43)	(11)
Benefits paid	(37)	(32)
Projected benefit obligation, ending	$ 507	$ 533

Amounts recognized on the consolidated statement of financial position as liabilities consist of the following at June 30 (in thousands):

	2013	2012
Current portion of postretirement benefit obligation	$ 52	$ 37
Noncurrent portion of postretirement benefit obligation	455	496
Accrued pension liability, net	$ 507	$ 533

Weighted average assumption used to develop the projected benefit obligations and net periodic pension cost is as follows at June 30:

	2013	2012
Discount rate	3.5 %	3.5 %
Rate of increase in compensation levels	1.5	2.5

The College's net postretirement benefit cost includes the following components for the years ended June 30 (in thousands):

	2013	2012
Service cost	$ 36	$ 33
Interest cost	18	29
	$ 54	$ 62

The College limits the increase in its contribution to the lesser of 5% or the annual compensation rate of increase. Therefore, increases in the costs of the benefits provided have no effect on the College's postretirement benefits other than pension cost. Contributions in the next fiscal year are expected to be approximately $52,000.

12. Endowment

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

Interpretation of Relevant Law

The Board of Trustees of the College has developed a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law. Board designated investment funds are balances functioning as an endowment that are established by the institution from either donor or institutional monies, and are usually to be retained and invested rather than expended. Since board designated investment funds are established by the institution rather than an external source, the principal may be expended, as directed by the Board of Trustees.

The College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the College and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and appreciation of investments.
6. The investment policies of the College.

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30, 2013 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ 17,571	$ 56,800	$ 74,371
Board-designated endowment funds	16,113	-	-	16,113
	$ 16,113	$ 17,571	$ 56,800	$ 90,484

The following schedule represents the changes in endowment net assets for the year ended June 30, 2013 (in thousands):

	Unrestricted	Temporarily Restricted

13. Fair Value of Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, 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. Fair value is measured using a hierarchy nts

Description	2013 Total	2013 Level 1	2013 Level 2	2013 Level 3
Disclosed at Fair Value				
Assets:				
Cash and cash equivalents	$ 24,518	$ 24,518	$ -	$ -
Contributions receivable, net	2,261	1,012	-	1,249
Deposits with trustee under debt agreements	10,625	10,625	-	-
Note receivable	1,000	-	1,000	-
Student loans receivable	1,972	-	1,972	-
Liabilities:		-	-	
Long-term debt (carrying value $38,910)	$ 38,384	$ -	$ 38,384	$ -
Annuities payable	1,287	-	-	1,287
Refundable federal grants and loan funds	1,272	-	1,272	-

Description	2012 Total	2012 Level 1	2012 Level 2	2012 Level 3
Reported at Fair Value				
Assets:				
Investments:				
Domestic equity funds	$ 21,068	$ 21,068	$ -	$ -
International equity funds	15,446	15,446	-	-
Domestic fixed income funds	16,865	16,865	-	-
International fixed income funds	3,696	-	3,696	-
Alternative investments	29,637	-	-	29,637
Total investments	86,712	53,379	3,696	29,637
Beneficial interest in perpetual trusts	1,927	-	-	1,927
Split interest agreements	2,827	-	-	2,827
	$ 91,466	$ 53,379	$ 3,696	$ 34,391

Description	2012 Total	Level 1	Level 2	Level 3
Disclosed at Fair Value				
Assets:				
Cash and cash equivalents	$ 15,347	$ 15,347	$ -	$ -
Contributions receivable, net	3,313	1,381	-	1,932
Deposits with trustee under debt agreements	3,706	3,706	-	-
Note receivable	1,000	-	1,000	-
Student loans receivable	2,130	-	2,130	-
Liabilities:		-	-	
Long-term debt (carrying value $30,245)	$ 31,052	$ -	$ 31,052	$ -
Annuities payable	1,372	-	-	1,372
Refundable federal grants and loan funds	1,123	-	1,123	-

The following methods and assumptions were used to estimate fair values of the College's financial instruments as of June 30, 2013 and 2012:

Cash and Cash Equivalents and Deposits with Trustee

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.

Contributions Receivable

The carrying amounts of contributions receivable to be received in less than one year approximates fair value because of the short maturity of these instruments, which is considered a Level 1 input. The fair value of contributions receivable to be received in more than one year is estimated based on future cash flows discounted at risk adjusted rates between 1.0% and 6.2%, which are considered to be Level 3 inputs.

Investments

The fair value of equity funds and domestic fixed income securities was based on quoted market prices for the identical securities, which are considered Level 1 inputs. The fair value of international fixed income securities was based on quoted market prices in active markets for similar assets, which are considered Level 2 inputs.

For assets falling within the Level 3 in the fair value hierarchy, the activity recognized during the year ended June 30, 2013 and 2012 are as follows (in thousands):

	Alternative Investments	Beneficial Interest in Perpetual Trusts	Split-Interest Agreements	Level 3 Total
Balance at June 30, 2011	$ 26,996	$ 2,007	$ 2,831	$ 31,834
Unrealized gains	1,097	(80)	(4)	1,013
Purchases	6,040	-	-	6,040
Proceeds from sales	(4,203)	-	-	(4,203)
Realized losses	(293)	-	-	(293)
Balance at June 30, 2012	29,637	1,927	2,827	34,391
Unrealized gains (losses)	1,939	98	(473)	1,564
Purchases	1,972	-	-	1,972
Proceeds from sales	(7,465)	-	-	(7,465)
Realized losses	786	-	-	786
Balance at June 30, 2013	$ 26,869	$ 2,025	$ 2,354	$ 31,248

Alternative investments are funds and partnerships that invest in a variety of strategies including private equity, real estate, multi-strategy and long/short equities. These are generally illiquid investments, pooled and professionally managed with the goal of generating high returns. These investments are characterized as Level 3 within the hierarchy.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2013 are as follows (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 12,734	$ -	Various	35 - 65 days
Private Equity Funds	10,497	6,700	Illiquid	
Real Asset Funds	3,638	3,166	Illiquid	
	$ 26,869	$ 9,866		

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

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

The Real Asset Funds category includes investments in several funds. Two of the funds in this category invest in various types of real estate, including retail, hotel, office, apartment, industrial and storage property throughout the United States, Mexico and Canada. One of the funds in this category invests 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.

14. Commitments

In connection with several ongoing projects on campus, the College has commitments to s3(g)-.1aeD .1mmitmeeretail,av(i15.2(vt2s)xima fund(raly $5,875, [(l.)5stmJu15.2(5.4) [(ret5.4(132 7funde

MCHI entered into a bond financing agreement in the amount of $22,350,000 to support the Project. The bonds are not an obligation of the College, and the College does not guarantee payment of principal or interest. In addition, MCHI secured a subordinated loan for $2,500,000 from Moravian Development Corporation ("MDC") a related company, and a subordinated loan for $1,000,000 from the College. The loans from MDC and the College are both subordinate to the bond financing agreement.

In connection with the transaction, the College has executed several agreements with MCHI. The agreements include:

Operating Agreement - Defines the roles and responsibilities of both parties with respect to the construction and financing of the Project.

Occupancy Agreement - The College leases certain "non-residential spaces" (i.e., classrooms, dining space, IT resource room, and fitness center) from MCHI. The College will pay to MCHI a total of $1,500,000 payable over the first 10 years of a 29 year 10 month lease.

Maintenance and Custodial Agreement - Defines the roles, responsibilities, and financial obligations related to the maintenance and security of the residence hall.

Land Lease Agreement - The College leases 1.15 acres of land to MCHI for $1 per year for a term of 29 years, 10 months.

Based upon the nature of this transaction, the agreements supporting it, and the current written