ST. OLAF COLLEGE
EMERITI RETIREE HEALTH PLAN

Financial Statements and
Supplementary Information

December 31, 2018 and 2017

ST. OLAF COLLEGE EMERITI RETIREE HEALTH PLAN

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December 31, 2018 and 2017

Independent Auditors' Report

To the Participants and Plan Administrator of
St. Olaf College Emeriti Retiree Health Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the St. Olaf College Emeriti Retiree Health Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 9, which was certified by TIAA, the insurance company of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the insurance company holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the insurance company as of December 31, 2018 and 2017, and for the year ended December 31, 2018, that the information provided to the plan administrator by the insurance company is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2018, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
August 20, 2019

ST. OLAF COLLEGE EMERITI RETIREE HEALTH PLAN

Statements of Net Assets Available for Benefits
December 31, 2018 and 2017

	2018	2017
Assets		
Investments at fair value		
Money market fund	$ 309,057	$ 408,711
Mutual funds	10,095,204	10,456,738
Total investments	10,404,261	10,865,449
Receivables:		
Participant contributions	-	1,700
Employer contribution	-	36,660
Total receivables	-	38,360
Total assets	10,404,261	10,903,809
Liabilities		
Total liabilities	-	-
Net assets available for benefits	$ 10,404,261	$ 10,903,809

See notes to financial statements

ST. OLAF COLLEGE EMERITI RETIREE HEALTH PLAN

Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2018

Additions	
Investment income:	
Net depreciation in fair value of investments	$ (1,261,353)
Interest and dividends	613,899
Total investment income	(647,454)
Contributions:	
Participants	330,177
Employer	724,783
Total contributions	1,054,960
Total additions	407,506
Deductions	
Benefits paid to participants	341,507
Insurance premiums	486,219
Administrative expenses	79,786
Total deductions	907,512
Net decrease	(500,006)
Transfer In	458
Net Assets Available for Benefits	
Beginning of year	10,903,809
End of year	$ 10,404,261

See notes to financial statements

1. Description of the Plan

The following description of the St. Olaf College Emeriti Retiree Health Plan (the "Plan") provides only general information. Participants should refer to the St. Olaf College Emeriti Retiree Health Plan summary plan description and plan document for a more complete description of the Plan's provisions.

General

The Plan, effective January 1, 2006, provides post-retirement health benefits, covering the employees of St. Olaf College (the "College") and their covered dependents. The Plan is a defined contribution health model plan that is funded through employer and employee Voluntary Employees' Beneficiary Association (VEBA) Trusts designed in part by Emeriti Retirement Health Solutions, a not-for-profit company. Upon enrollment in the Plan, a participant may direct employer and employee contributions to any combination of available investment options. The Emeriti Retirement Health Solutions company appointed TIAA as the insurance company of the Plan (the "insurance company"). The College is the Plan sponsor and administrator of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

All employees who are age 21 or older and are in an eligible class of employment, as defined in the Plan document, are eligible to participate.

Contributions

Participants, including those no longer employed by the College may make after tax contributions into an account, provided the account maintains a positive balance. Once an eligible participant attains the age of 39, the College will begin to make a contribution for each payroll period during which the participant is credited with at least one hour of service. Certain retired participants receive contributions into their accounts based on their age at retirement, length of service, and year of retirement from the College.

Participant Accounts

Participant accounts are credited with contributions, an allocation of the Plan's earnings/losses and interest (net of administrative expenses), based on the participant's selected investment options. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting and Forfeitures

Participants are immediately vested at the time contributions are deposited into their accounts.

All employer asset sources in the Emeriti Retiree Health Account are forfeitable upon the last to die (or reach majority) of the participant, spouse (or dependent domestic partner), dependent children and dependent relatives. The insurance company will transfer the forfeitable balance to the forfeiture account at the direction of the College. The employee after-tax source is 100% non-forfeitable immediately. This account will be used to reduce future Plan Sponsor contributions. There were forfeitures in the amounts of $13 and $41,291 outstanding as of December 31, 2018 and 2017 and forfeitures in the amount of $54,825 were used during the year ended December 31, 2018.

Notes Receivable from Participants

There are no participant loans allowed under the Plan.

Payment of Benefits

The Plan makes available certain health benefits to retired participants of the Plan. Retirees age 65 or older may elect an Emeriti Health Insurance option. Residents of Minnesota may choose a HealthPartners plan; residents outside of Minnesota may choose an AETNA plan. Both plans have the option for prescription coverage. Participants must enroll within 90 days of attaining age 65. The spouse of a retiree may also enroll in health coverage if age 65 or older. Monthly insurance premiums are incurred by the selection of a health insurance option and are deducted from the participants' VEBA account. If the participants' account is exhausted, participants may retain coverage under the Emeriti Health Insurance option by paying insurance premiums directly from a personal checking or savings account. COBRA is available for dependents of retirees who lose eligibility.

A participant is eligible for reimbursement benefits payable from the non-forfeitable balance in their VEBA account upon the date the participant ceases to be employed and attains age 55. Retirees who have a balance in their VEBA account are immediately eligible for reimbursement. Participants may submit qualified medical expense claim forms along with the required documentation for reimbursement. In the event of the death of a participant, the dependent named on the account may submit qualified medical expenses for reimbursement until the account is exhausted.

Special Benefit Circumstances

If the participant ceases to be employed by the College prior to attaining age 55 and the aggregate balance of the VEBA account is less than $5,000 then the participant is immediately eligible to use the VEBA accounts for qualified medical expenses.

If the participant has a terminal illness or injury expense, the participant is immediately eligible to use the VEBA account for qualified medical expenses.

If the participant and/or eligible dependents have incurred medical expenses during a single 12 month period which exceeds $15,000, the participant is immediately eligible to use the VEBA accounts for qualified medical expenses for any amount greater than $15,000.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance 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 changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is 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 Plan's management determines the Plan's valuation policies utilizing information provided by the investment advisors, custodians and insurance companies. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded on the cash basis, which approximates U.S. GAAP. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

Administrative Expenses

General Plan administrative expenses, such as legal fees and administrative costs, are paid for directly by the College. Fees specific to the participant's investment selections and specific account expenses are charged against that participant's account balance, where the account balance is often funded partially or fully by College contributions.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Standards

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is currently assessing the impact that ASU No. 2018-13 will have on the Plan's financial statements.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through August 20, 2019, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

	Assets at Fair Value as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 309,057	$ 309,057	$ -	$ -
Mutual funds	10,095,204	10,095,204	-	-
Total assets in the fair value hierarchy	$ 10,404,261	$ 10,404,261	$ -	$ -

	Assets at Fair Value as of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Money market fund	$ 408,711	$ 408,711	$ -	$ -
Mutual funds	10,456,738	10,456,738	-	-
Total assets in the fair value hierarchy	$ 10,865,449	$ 10,865,449	$ -	$ -

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

The money market fund is valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

The mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

4. Administration of Plan Assets

The Plan's assets are administered under a contract with TIAA, the insurance company of the Plan. The insurance company invests funds received from contributions, investment sales, interest and dividend income and makes distribution payments to participants.

5. Related Party and Party In Interest Transactions

The Plan's investments are managed by TIAA, the Insurance Company, and therefore, the transactions qualify as party in interest transactions. Fees incurred by the Plan for the investment manager services are included in net appreciation/depreciation in the fair value of the investment, as they are paid through revenue sharing, rather than a direct payment.

6. Plan Termination

Although it has not expressed any intent to do so, the College has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

7. Tax Status

The Internal Revenue Service ruled in letters dated May 31, 2007 that the trusts established under the Plan qualify under Section 501(c)(9) of the Internal Revenue Code (IRC) and, therefore, the trusts are not subject to tax under present income tax law. The Plan has been amended since receiving the determination letter. The plan administrator believes that the Plan, as amended, is designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the plan administrator believes that the Plan was qualified and the related trusts were tax exempt at the financial statement date.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

As of December 31, 2018 and 2017, the Plan had investments of $7,789,734 and $9,212,105 that were concentrated in five funds.

9. Information Certified by Insurance Company

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA for 2018 and 2017. Accordingly, TIAA, the Insurance Company of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statement of Net Assets Available for Benefits as of December 31, 2018 and 2017 and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018.

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Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
EIN 41-0693979 Plan Number: 001
December 31, 2018

(a)	Identity of Issue (b)	Description of Investment (c)	Cost (d)	Current Value (e)
	Investments			
*	Money market fund	TIAA-CREF Money Market - Retirement	N/R	$ 309,057
*	Mutual fund	TIAA-CREF Lifecycle Retirement Income	N/R	18,203
*	Mutual fund	TIAA-CREF Lifecycle 2010	N/R	955,120
*	Mutual fund	TIAA-CREF Lifecycle 2015	N/R	1,725,210
*	Mutual fund	TIAA-CREF Lifecycle 2020	N/R	2,506,885
*	Mutual fund	TIAA-CREF Lifecycle 2025	N/R	2,029,865
*	Mutual fund	TIAA-CREF Lifecycle 2030	N/R	1,527,774
*	Mutual fund	TIAA-CREF Lifecycle 2035	N/R	854,779
*	Mutual fund	TIAA-CREF Lifecycle 2040	N/R	403,555
*	Mutual fund	TIAA-CREF Lifecycle 2045	N/R	32,566
*	Mutual fund	TIAA-CREF Lifecycle 2050	N/R	21,814
*	Mutual fund	TIAA-CREF Lifecycle 2055	N/R	19,356
*	Mutual fund	TIAA-CREF Lifecycle 2060	N/R	77
				$ 10,404,261

* A party in interest as defined by ERISA
N/R - cost omitted for participant directed investments