

St. Olaf College

Financial Statements and
Supplementary Information

May 31, 2020

St. Olaf College

Table of Contents

May 31, 2020

	<u>Page</u>
Highlights (Unaudited)	1
Independent Auditors' Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34
Independent Auditors' Report on Compliance for Each Major Federal Programs and Report on Internal Control Over Compliance Required by the Uniform Guidance	36
Supplementary Information	
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Schedule of Findings and Questioned Costs	40
Schedule of Prior Audit Findings	41
Financial Responsibility Supplemental Schedule	42

ST. OLAF COLLEGE

HIGHLIGHTS (Unaudited)
Years Ended May 31, 2020 and 2019

FISCAL YEAR ENDING: MAY 31 ACADEMIC YEAR	FY 2020 2019-20	FY 2019 2018-19
ENROLLMENT, RETENTION, GRADUATION		
Undergraduate Full Time (Fall)	3,050	3,023
Undergraduate FTE (Fall)	3,057	3,031
Undergraduate Headcount (Fall)	3,072	3,048
% Men / Women	42 / 58	43 / 57
% Who Are In-State / Out-of-State	43 / 57	43 / 57
% White / Domestic Minority / International	68 / 21 / 11	69 / 21 / 10
1st Year to Sophomore	90.7%	90.6%
Sophomore to Junior	85.6%	86.8%
Junior to Senior	85.1%	85.8%
Four-Year Graduation Rate	80.6%	81.7%
Five-Year Graduation Rate	84.6%	85.4%
Number of Seniors (May)	722	711
Number of Declared Majors	979	955
Top Five Majors		
1st	Biology 11.6%	Biology 9.9%
2nd	Economics 11.0%	Economics 9.7%
3rd	Music 7.3%	Mathematics 7.5%
4th	Mathematics 6.8%	Psychology 6.9%
5th	Psychology 6.2%	Music 6.6%
Post-graduation Activities	Class of 2019	Class of 2018
Responses / Response Rate	606 / 89%	611 / 90%
Activities:		
Working (Full or Part-Time) / percent	463 / 76%	479 / 79%
Furthering Education / percent	112 / 19%	106 / 17%
Other Activities / percent	31 / 5%	26 / 4%
NEW STUDENT ADMISSIONS (Fall)		
Applications (1st Year / Transfer)	5694 / 156	5496 / 178
Acceptances (1st Year / Transfer)	2705 / 55	2743 / 65
Acceptance Rate (1st Year / Transfer)	48% / 35%	50% / 37%
Matriculants (1st Year / Transfer)	806 / 22	809 / 29
Yield Rate (1st Year / Transfer)	30% / 40%	30% / 45%
% 1st Year Men/Women	42 / 58	43 / 57
% 1st Year In-State/Out-of-State	44 / 56	42 / 58
% 1st Year 1st Generation to College	18	18
Median ACT - 1st Year	29	29
Median SAT - 1st Year	1320	1320
FACULTY AND STAFF EMPLOYED (Fall)		
Faculty / Staff / Total - FTE	256 / 400 / 656	274 / 399 / 673
Faculty / Staff / Total - Full-time Headcount	224 / 349 / 573	241 / 357 / 598
Faculty / Staff / Total - Part-time Headcount	96 / 152 / 248	99 / 125 / 224
TUITION AND FEES PER STUDENT		
Tuition	\$ 49,710	\$ 47,840
Room & Board	11,270	10,850
Total Comprehensive Fee	<u>\$ 60,980</u>	<u>\$ 58,690</u>
FINANCIAL AID - SCHOLARSHIPS & GRANTS		
Federal Grants	\$ 3,301,647	\$ 3,390,144
State Grants	2,796,319	2,731,967
Institutional Scholarships & Grants	91,494,623	84,410,924
Outside Scholarships & Grants	2,805,190	2,595,973
Total	<u>\$ 100,397,779</u>	<u>\$ 93,129,008</u>
Total Per Student FTE	\$ 32,842	\$ 30,726
ENDOWMENT		
Market Value at Fiscal Year End	\$ 516,330,591	\$ 540,137,850
Market Value per Full Time Student	\$ 169,289	\$ 178,676
Market Value per FTE Student	\$ 168,901	\$ 178,205
Total Return on Investments	-2.6%	0.1%

INDEPENDENT AUDITORS' REPORT

To the Board of Regents of
St. Olaf College

Report on the Financial Statements

We have audited the accompanying financial statements of St. Olaf College (the College), which comprise the statements of financial position as of May 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Olaf College as of May 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Financial Responsibility Supplemental Schedule, as required by Title 34 CFR Section 668.172, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The "Highlights" on page 1, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of St. Olaf College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Minneapolis, Minnesota
October 9, 2020, except for Note 19 as to which the date is February 25, 2021

ST. OLAF COLLEGE

STATEMENTS OF FINANCIAL POSITION
As of May 31, 2020 and 2019

ASSETS		
	2020	2019
Cash and cash equivalents	\$ 14,787,998	\$ 15,812,056
Receivables		
Accounts, net (Note 4)	965,774	1,446,436
Contributions, net (Note 5)	9,668,851	13,759,905
Student loans, net (Note 6)	5,142,730	5,912,828
Notes receivable (Note 1)	750,000	901,650
Investments (Note 7)	534,121,613	553,530,710
Other assets	666,364	1,823,418
Deposits held by trustee (Note 7)	1,082,022	1,753,590
Beneficial interest in trusts held by others (Note 7)	1,797,503	1,767,205
Property, plant and equipment, net (Note 10)	243,997,314	246,735,612
TOTAL ASSETS	\$ 812,980,169	\$ 843,443,410
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,723,063	\$ 2,268,218
Accrued and other liabilities (Note 11)	14,694,177	14,016,587
Deferred revenue	5,426,522	3,170,180
Annuities payable (Note 16)	10,383,168	11,086,670
Long-term debt (Note 15)	74,567,367	78,608,179
U.S. government grants refundable	3,540,391	4,948,241
Deposits held in trust for others	568,888	865,961
Total Liabilities	111,903,576	114,964,036
NET ASSETS		
Without donor restrictions (Note 2)	333,754,638	342,010,101
With donor restrictions (Note 2)	367,321,955	386,469,273
Total Net Assets	701,076,593	728,479,374
TOTAL LIABILITIES AND NET ASSETS	\$ 812,980,169	\$ 843,443,410

See accompanying notes to the financial statements.

ST. OLAF COLLEGE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended May 31, 2020
With Comparative Totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Total	2019
OPERATING REVENUES, GAINS AND OTHER SUPPORT				
Tuition, room and board, net of scholarships (Note 1)	\$ 81,011,926		\$ 81,011,926	\$ 89,717,102
Other tuition and fees	2,994,470		2,994,470	3,588,148
Government grants	4,986,304		4,986,304	2,881,839
Private gifts and grants	3,018,621	\$ 4,436,041	7,454,662	9,198,072
Long-term investment income and gains allocated for operations	6,325,196	14,490,501	20,815,697	19,220,683
Other sources	3,575,625	31,010	3,606,635	3,842,427
Investment income	250,142	37,230	287,372	429,780
Net losses on investments and capital assets	(20,451)		(20,451)	(53,401)
Capital gifts allocated	2,209,004		2,209,004	2,086,627
Auxiliary enterprises - sales and services	1,358,469		1,358,469	1,553,497
	<u>105,709,306</u>	<u>18,994,782</u>	<u>124,704,088</u>	<u>132,464,774</u>
Net assets released from restrictions (Notes 1 and 3)	20,218,783	(20,218,783)		
Total Operating Revenues, Gains and Other Support	<u>125,928,089</u>	<u>(1,224,001)</u>	<u>124,704,088</u>	<u>132,464,774</u>
OPERATING EXPENSES				
Program expenses	107,964,438		107,964,438	109,259,531
Support expenses	15,138,525		15,138,525	15,103,564
Total Operating Expenses	<u>123,102,963</u>		<u>123,102,963</u>	<u>124,363,095</u>
Change in Net Assets from Operating Activities	<u>2,825,126</u>	<u>(1,224,001)</u>	<u>1,601,125</u>	<u>8,101,679</u>
NONOPERATING ACTIVITIES				
Long-term investment activities	(4,100,197)	(9,516,660)	(13,616,857)	579,727
Less: Long-term investment income and gains allocated for operations	<u>(6,325,196)</u>	<u>(14,490,501)</u>	<u>(20,815,697)</u>	<u>(19,220,683)</u>
	(10,425,393)	(24,007,161)	(34,432,554)	(18,640,956)
Student loan income net of expenses	(12)	85,309	85,297	62,572
Deferred giving activities - gifts	606	48,300	48,906	35,085
Capital giving activities - gifts and grants	319,515	5,855,008	6,174,523	16,608,746
Capital related gifts released from restrictions (Notes 1 and 3)	103,210	(103,210)		
Capital gifts allocated to operations	(2,209,004)		(2,209,004)	(2,086,627)
Adjustment to actuarial liability for annuities payable	(42,760)	228,440	185,680	1,197,354
Adjustment to prior service cost and actuarial liability for retiree health plan	(115,345)		(115,345)	332,708
Gain from sale of asset	1,258,591		1,258,591	
Change in Net Assets from Nonoperating Activities	<u>(11,110,592)</u>	<u>(17,893,314)</u>	<u>(29,003,906)</u>	<u>(2,491,118)</u>
Change in Net Assets before reclassification of net assets	(8,285,466)	(19,117,315)	(27,402,781)	5,610,561
Reclassification of prior year net assets	30,003	(30,003)		
Change in Net Assets	<u>(8,255,463)</u>	<u>(19,147,318)</u>	<u>(27,402,781)</u>	<u>5,610,561</u>
Net Assets - Beginning of Year	<u>342,010,101</u>	<u>386,469,273</u>	<u>728,479,374</u>	<u>722,868,813</u>
NET ASSETS - END OF YEAR	<u>\$ 333,754,638</u>	<u>\$ 367,321,955</u>	<u>\$ 701,076,593</u>	<u>\$ 728,479,374</u>

See accompanying notes to the financial statements.

ST. OLAF COLLEGE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended May 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT			
Tuition, room and board, net of scholarships (Note 1)	\$ 89,717,102		\$ 89,717,102
Other tuition and fees	3,588,148		3,588,148
Government grants	2,881,839		2,881,839
Private gifts and grants	3,155,441	\$ 6,042,631	9,198,072
Long-term investment income and gains allocated for operations	6,142,270	13,078,413	19,220,683
Other sources	3,789,098	53,329	3,842,427
Investment income	382,181	47,599	429,780
Net losses on investments and capital assets	(53,401)		(53,401)
Capital gifts allocated	2,086,627		2,086,627
Auxiliary enterprises - sales and services	1,553,497		1,553,497
	<u>113,242,802</u>	<u>19,221,972</u>	<u>132,464,774</u>
Net assets released from restrictions (Notes 1 and 3)	18,070,474	(18,070,474)	
Total Operating Revenues, Gains and Other Support	<u>131,313,276</u>	<u>1,151,498</u>	<u>132,464,774</u>
OPERATING EXPENSES			
Program expenses	109,259,531		109,259,531
Support expenses	15,103,564		15,103,564
Total Operating Expenses	<u>124,363,095</u>		<u>124,363,095</u>
Change in Net Assets from Operating Activities	<u>6,950,181</u>	<u>1,151,498</u>	<u>8,101,679</u>
NONOPERATING ACTIVITIES			
Long-term investment activities	(380,225)	959,952	579,727
Less: Long-term investment income and gains allocated for operations	<u>(6,142,270)</u>	<u>(13,078,413)</u>	<u>(19,220,683)</u>
	(6,522,495)	(12,118,461)	(18,640,956)
Student loan income net of expenses	(6,539)	69,111	62,572
Deferred giving activities - gifts	4,992	30,093	35,085
Capital giving activities - gifts and grants	749,059	15,859,687	16,608,746
Capital related gifts released from restrictions (Notes 1 and 3)	5,131,990	(5,131,990)	
Capital gifts allocated to operations	(2,086,627)		(2,086,627)
Adjustment to actuarial liability for annuities payable	(136,336)	1,333,690	1,197,354
Adjustment to prior service cost and actuarial liability for retiree health plan	332,708		332,708
Change in Net Assets from Nonoperating Activities	<u>(2,533,248)</u>	<u>42,130</u>	<u>(2,491,118)</u>
Change in Net Assets before reclassification of net assets	4,416,933	1,193,628	5,610,561
Reclassification of prior year net assets per gift matching	<u>(12,620,889)</u>	<u>12,620,889</u>	
Change in Net Assets	<u>(8,203,956)</u>	<u>13,814,517</u>	<u>5,610,561</u>
Net Assets - Beginning of Year	<u>350,214,057</u>	<u>372,654,756</u>	<u>722,868,813</u>
NET ASSETS - END OF YEAR	<u>\$ 342,010,101</u>	<u>\$ 386,469,273</u>	<u>\$ 728,479,374</u>

See accompanying notes to the financial statements.

ST. OLAF COLLEGE

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2020

	Program Expenses							Support Expenses			Total
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	
Compensation	\$ 37,974,113	\$ 720,483	\$ 103,480	\$ 7,115,539	\$ 11,936,441	\$ 4,219,226	\$ 62,069,282	\$ 5,439,471	\$ 3,922,769	\$ 9,362,240	\$ 71,431,522
Depreciation, amortization, and accretion	3,715,431	158,146	2,541	2,269,885	2,609,766	2,961,075	11,716,844	830,247	310,490	1,140,737	12,857,581
General operating expenses	2,002,750	114,100	45,303	1,997,206	2,307,355	125,006	6,591,720	1,019,038	483,533	1,502,571	8,094,291
Food services	213,048	4,087	168,254	56,706	289,264	6,277,487	7,008,846	63,170	279,681	342,851	7,351,697
Travel and meals	5,762,565	97,662	10,638	288,946	1,075,723	18,963	7,254,497	216,149	161,789	377,938	7,632,435
Contract, professional services, insurance, and taxes	3,058,373	86,435	234,387	95,357	1,397,750	134,958	5,007,260	1,405,334	658,290	2,063,624	7,070,884
Facilities - repairs, maintenance, utilities, fuel	1,409,607	90,837	11,538	437,744	959,790	2,438,022	5,347,538	99,686	98,716	198,402	5,545,940
Interest	1,339,474	14,970	42	13,117	444,696	1,156,152	2,968,451	149,162	1,000	150,162	3,118,613
Total Expenses	<u>\$ 55,475,361</u>	<u>\$ 1,286,720</u>	<u>\$ 576,183</u>	<u>\$ 12,274,500</u>	<u>\$ 21,020,785</u>	<u>\$ 17,330,889</u>	<u>\$ 107,964,438</u>	<u>\$ 9,222,257</u>	<u>\$ 5,916,268</u>	<u>\$ 15,138,525</u>	<u>\$ 123,102,963</u>

For the Year Ended May 31, 2019

	Program Expenses							Support Expenses			Total
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	
Compensation	\$ 36,834,741	\$ 696,690	\$ 165,736	\$ 7,036,239	\$ 11,181,008	\$ 4,315,834	\$ 60,230,248	\$ 5,399,032	\$ 3,723,087	\$ 9,122,119	\$ 69,352,367
Depreciation, amortization, and accretion	3,738,699	174,755	2,568	2,273,001	2,382,973	3,058,037	11,630,033	854,764	311,378	1,166,142	12,796,175
General operating expenses	2,091,501	119,880		2,052,277	2,551,006	161,576	6,976,240	995,472	536,962	1,532,434	8,508,674
Food services	294,955	7,371	196,712	59,538	458,414	7,587,211	8,604,201	68,241	383,178	451,419	9,055,620
Travel and meals	5,469,813	116,695	12,752	414,610	1,424,985	17,881	7,456,736	177,539	249,031	426,570	7,883,306
Contract, professional services, insurance, and taxes	3,553,160		320,724	147,521	1,249,331	202,400	5,473,136	1,349,032	695,701	2,044,733	7,517,869
Facilities - repairs, maintenance, utilities, fuel	1,590,447	96,060	6,940	489,053	1,130,202	2,469,097	5,781,799	119,302	84,405	203,707	5,985,506
Interest	1,403,737	15,778	45	13,893	459,666	1,214,019	3,107,138	155,379	1,061	156,440	3,263,578
Total Expenses	<u>\$ 54,977,053</u>	<u>\$ 1,227,229</u>	<u>\$ 705,477</u>	<u>\$ 12,486,132</u>	<u>\$ 20,837,585</u>	<u>\$ 19,026,055</u>	<u>\$ 109,259,531</u>	<u>\$ 9,118,761</u>	<u>\$ 5,984,803</u>	<u>\$ 15,103,564</u>	<u>\$ 124,363,095</u>

See accompanying notes to the financial statements.

ST. OLAF COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,402,781)	\$ 5,610,561
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation, amortization and accretion expense	12,857,581	12,796,175
Net losses on investments	15,602,675	1,843,580
Loss on dispositions of property, plant and equipment	59,562	48,793
Actuarial adjustment of annuities payable	400,105	(416,506)
Adjustment to prior service cost and actuarial liability for retiree health plan	115,345	(332,708)
Gifts of property, plant and equipment	(138,444)	(27,100)
Change in:		
Accounts receivable	480,662	216,622
Contributions receivable for operations	1,137,173	41,433
Contributions receivable for plant	(394,535)	
Other assets	1,157,054	(647,366)
Funds held in trust by others	(30,298)	525,064
Change in:		
Accounts payable	364,918	(1,920,535)
Accrued and other liabilities	423,007	(1,038,382)
Deferred revenue	2,256,342	(856,615)
Change in deposits held in trust for others	(297,073)	(885,290)
Gifts and grants received for long-term investment and plant, net	(6,174,523)	(16,608,746)
Nonoperating investment income	(1,807,991)	(1,837,327)
Net Cash Flows from Operating Activities	<u>(1,391,221)</u>	<u>(3,488,347)</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(10,352,048)	(15,602,700)
Purchases of investments	(155,375,638)	(218,359,739)
Proceeds from sales of investments	159,182,060	225,962,078
Disbursements of loans to students	(446,884)	(425,480)
Repayments of loans by students	1,216,982	1,185,732
Net Cash Flows Used by Investing Activities	<u>(5,775,528)</u>	<u>(7,240,109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments of indebtedness	(3,500,000)	(2,815,000)
Gifts and grants received for long-term investment and plant, net	6,174,523	16,608,746
Change in nonoperating contributions receivable	3,348,416	(6,518,106)
Change in U.S. government grants refundable, net	(1,407,850)	(43,552)
Increase in annuities payable from new gifts	48,907	35,085
Payments to annuitants	(1,152,514)	(1,326,988)
Nonoperating investment income	1,807,991	1,837,327
Change in trustee account for refinanced bonds, net	671,568	46,712
Change in notes receivable	151,650	(151,650)
Net Cash Flows from Financing Activities	<u>6,142,691</u>	<u>7,672,574</u>
Net Change in Cash and Cash Equivalents	(1,024,058)	(3,055,882)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>15,812,056</u>	<u>18,867,938</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,787,998</u>	<u>\$ 15,812,056</u>
Supplemental Disclosure:		
Interest paid	\$ 3,185,828	\$ 3,323,119
Property, plant and equipment acquired through accounts payable	499,085	409,158

See accompanying notes to the financial statements.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended May 31, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - Founded in 1874, St. Olaf College (the "College") is a private, four year, residential, liberal arts college located in Northfield, Minnesota. Affiliated with the Evangelical Lutheran Church in America, the College is coeducational and enrolls approximately 3,000 students. The College confers the degrees of Bachelor of Arts and Bachelor of Music.

Basis of Financial Statements - The accounting policies of the College reflect practices common to universities and colleges and the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The more significant accounting policies are summarized below:

Net Asset Classifications - For the purposes of financial reporting, the College classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. The Board of Regents has adopted practices that affect the presentation of board designations on net assets without donor restrictions. It has been the College's practice that bequests without restrictions under \$25,000 are distributed to current unrestricted funds. The same methodology is applied to matured deferred gifts. The board's practice has been to designate year-end operating surpluses to the endowment. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. (See Note 2)

With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by action of the College and/or the passage of time or are restricted in perpetuity (See Note 2)

Releases from Restrictions - Expirations of temporary restrictions on net assets (i.e., the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed) are reported on the statement of activities as net assets released from restrictions. (See Note 3) Occasionally donor restrictions related to net assets may be clarified or changed, at which time they are reflected as a reclassification of prior year net assets on the statement of activities.

Revenue Recognition - The timing and classification of revenue are summarized below:

Tuition, Room and Board Revenue - The College provides academic instruction toward baccalaureate degrees. Tuition and fee revenue is recognized in the fiscal year in which the academic programs are delivered. Institutional scholarships awarded to students reduce the amount of revenue recognized. In addition, students who adjust their course load or withdraw completely within the first four weeks of the semester may receive a partial refund in accordance with the College's refund policy. Refunds issued reduce the amount of revenue recognized. Payments for services are due September 1st for Fall semester and January 1st for the Spring semester. Performance obligations for certain ancillary services are satisfied when the service is performed. The College applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the fiscal 2021 year.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition, Room and Board Revenue (continued) - The College also provides auxiliary services, such as residence and food services. Revenue from these services is recognized in the fiscal year in which the goods and services are provided. Students that withdraw from the College within the first 12 weeks of the semester may receive a partial refund for board plans in accordance with the College's refund policy. Students that withdraw from the College before the first day of class may receive a full refund for room plans in accordance with the College's refund policy, but partial refunds will not occur after that date. Refunds issued reduce the amount of revenue recognized. Tuition, room and board are included within a single comprehensive contract, as the College has determined that on campus residency (room and board) is part of the educational requirements. The College determines the transaction price based on standard charges for goods and services provided, reduced by discounts relating to institutional scholarships, both funded and unfunded, in accordance with the College's policies.

The College's revenue associated to tuition, room and board, net of scholarships and grants, were allocated as follows:

	2020	2019
Tuition	\$ 150,255,011	\$ 144,573,956
Room and board	23,709,540	29,632,754
Tuition, room and board	173,964,551	174,206,710
Unfunded scholarships and grants	(80,091,576)	(74,695,366)
Funded scholarships and grants	(12,861,049)	(9,794,242)
Tuition, room and board, net of scholarships	\$ 81,011,926	\$ 89,717,102

Deferred Revenue - Deferred revenue represents payments received for tuition or room and board prior to the start of the summer and fall academic terms. As of May 31, 2020, summer terms have not yet began; thus, all revenue relating to the 2020 summer terms are included in deferred revenue.

Government Grants - The College provides various services for state and federal agencies connected to government grants. Under the terms of the grants, the College is reimbursed for services performed and revenue is recognized in the fiscal year in which the services are performed. All performance obligations under the various contracts are satisfied in conjunction with the recognition of the associated revenues.

The Coronavirus Aid, Relief, and Economics Security (CARES) Act provided budgetary relief to higher education institutions. Congress set aside approximately \$14.25 billion of the \$30.75 billion allotted to the Education Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF). Each institution received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. The College was awarded approximately \$2,167,000 of HEERF funding. The notification from the Department of Education for the student portion was received on April 21, 2020 and for the institutional portion on May 6, 2020. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student relief as of May 31, 2020. As of May 31, 2020, approximately \$955,000 of the student relief portion of the grant was expended and recognized as federal grants and contracts income and student aid expense. Likewise, approximately \$955,000 of the institutional portion of the grant was expended and recognized as federal grants and contract income with the offset being a reduction in room and board revenue related to refunds provided to students. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Revenue - Contributions are recognized as revenues when the donor's commitments are received, as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. During the year ended May 31, 2016, the College received a conditional promise to give up to \$15,000,000 to create an endowment to support a new program. The contribution is conditional upon the amount of other donations received for the program through 2025. Based on the terms of the agreement, the contribution will not be recognized as revenue until the end of the agreement. As of May 31, 2020, \$3,543,000 of other donations have been received for the program.

Gifts of assets other than cash are recorded at their estimated fair value at the date of gift.

Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues within the net assets with donor restrictions class, and a release to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of exhaustible long-lived assets, or of cash and other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset with donor restriction class. Gifts received for long-lived assets are released from net assets with donor restrictions when the assets are placed in service.

Operating Measure - The College's operating revenues in excess of expenses and transfers includes support for operating activities from both donor restricted net assets and net assets without donor restrictions designated for long-term investment (the donor restricted and quasi endowment) according to the College's spending policy, which is detailed in Note 8. The measure of operations excludes endowment support for non-operating activities, investment return in excess of amounts made available for current support and changes in the actuarial value of annuities payable.

Investment Gains and Losses - Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions or with donor restrictions unless their use is restricted by explicit donor stipulation or by law. Losses from investments on board designated endowment funds are reported as decreases in net assets without donor restrictions.

Income and net gains or losses on investments of endowment and similar funds are reported in the statement of activities as follows:

- > as increases or decreases in net assets without donor restrictions for board designated endowment funds;
- > as increases or decreases in net assets with donor restrictions to restore donor restricted endowment funds in accordance with the stipulations of the donor, reported as with deficiencies
- > as increases or decreases in net assets with donor restrictions in all other cases.

Cash and Cash Equivalents - The College considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents. Certain cash held by the College is restricted for the Perkins Loan Fund.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables - Accounts and notes receivable are carried at cost, less an allowance for doubtful accounts (See Notes 4 and 6). During the year ended May 31, 2017, the College entered into a subordinated promissory note agreement with Northfield Hotel Properties LLC for \$750,000. The loan is to be paid back in 2027 with 5.5% interest to be paid quarterly. During the year ended May 31, 2019, the College entered into a promissory note agreement with Minnesota Holding Company, LLC for \$151,650. The note is secured by a mortgage on a property owned by the College. The College received the proceeds of the sale of the property by Minnesota Holding Company, LLC in July 2019.

Investments - Investments in publicly traded securities are stated at quoted market value. Other investments, for which no such quoted market values or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. Changes in fair value are recorded as unrealized gains or losses in the period of change (See Note 7).

Other Assets - Prepaid expenses and inventories are included in other assets. Inventories are valued at the lower of cost or market.

Deposits Held by Trustee - Cash, short-term investments and government securities held by the trustee include amounts restricted for debt service as required by the related trust indentures.

Beneficial Interest in Trusts Held by Others - The beneficial interest in trusts held by others and related contribution revenue are recognized at the date the trusts are established for the present value of estimated future payments to be received.

Property, Plant and Equipment - Physical plant assets are stated at cost at the date of acquisition or market value if donated, less accumulated depreciation. The College typically depreciates its assets on the straight-line basis over estimated useful lives ranging from 15 to 50 years for buildings and improvements and 5 to 15 years for furnishings, library materials and equipment. The College has developed a schedule of the estimated funding required for significant repairs and maintenance of its facilities based on a forty-year life cycle. Normal repair and maintenance expenses are charged to operations as incurred. Certain property and equipment purchased with government grant funds are subject to certain requirements and limitations. Generally, the College capitalizes physical plant additions and equipment in excess of \$5,000. (See Note 10)

Annuities Payable - Annuities payable represent the College's liability under annuity contracts with donors and irrevocable charitable remainder trusts for which the College serves as the trustee. Assets held under these agreements are included in investments. (See Note 16)

U.S. Government Grants Refundable - Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are included as liabilities on the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Expenses incurred before cash is received are shown as a reduction in the government grants refundable liability on the statement of financial position.

Deposits Held in Trust for Others - The College acts as trustee for funds transferred from various organizations for investment management and administrative purposes. The funds are to be distributed back to these organizations as they request them. The College recognizes the funds as a liability in the accompanying statement of financial position.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended May 31, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses - The financial statements report certain categories of expenses that are attributable to program and support functions. These expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation and amortization, interest, health and dental expenses, tuition and benefit expenses, and operation and maintenance of plant. Depreciation and amortization is allocated based on square footage, whereby interest expense is allocated based on the program and/or supporting function that benefit from the related debt issuances. Operation and maintenance of plant is allocated based on square footage.

Advertising Expenses - Advertising costs are expensed when incurred.

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

Income Tax Status - The Internal Revenue Service has determined that the College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The College is also exempt from state income taxes. However, any unrelated business income may be subject to taxation.

The College follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the College for uncertain tax positions as of May 31, 2020 and 2019. The College's tax returns are subject to review and examination by federal and state authorities.

New Accounting Pronouncement Adopted in Current Year - During June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The College adopted this guidance for fiscal year 2020 with no material impact to the financial statements.

New Accounting Pronouncement Not Yet Effective - In February 2016, FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal year 2021. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The College is currently assessing the impact this standard will have on its financial statements.

Reclassifications - Certain amounts appearing in the 2019 financial statements have been reclassified to conform with the 2020 presentation. The reclassifications have no effect on the reported amounts of total net assets or change in total net assets.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 2 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets without donor restrictions were allocated as follows:

	2020	2019
Plant	\$ 165,865,376	\$ 165,391,946
Operations	(14,029,993)	(11,623,320)
Endowment funds	178,110,490	183,982,642
Deferred gifts	3,353,242	3,466,930
Student loan programs - matching federal government	455,523	791,903
	\$ 333,754,638	\$ 342,010,101

Net assets with donor restrictions consist of the following:

	2020	2019
Gifts and other unexpended revenues and gains available for:		
Scholarships, instruction and other support	\$ 11,415,360	\$ 12,893,070
Acquisition of buildings and equipment	394,535	7,652
	11,809,895	12,900,722
Endowment funds	338,220,101	356,155,208
Deferred gifts	14,325,168	14,549,733
Student loan funds	2,966,791	2,863,610
	\$ 367,321,955	\$ 386,469,273

Total net assets consist of the following:

	2020	2019
Plant	\$ 166,259,911	\$ 165,399,598
Operations	(2,614,633)	1,269,750
Endowment funds (Note 8)	516,330,591	540,137,850
Deferred gifts (Note 16)	17,678,410	18,016,663
Student loan funds	3,422,314	3,655,513
	\$ 701,076,593	\$ 728,479,374

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows for the years ended May 31, 2020 and 2019:

	2020	2019
Capital related gifts for projects placed in service	\$ 103,210	\$ 5,131,990
Scholarships, instruction and other departmental support	20,218,783	18,070,474
	\$ 20,321,993	\$ 23,202,464

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable, and the related allowance for doubtful accounts, was as follows at May 31, 2020 and 2019:

	2020			2019		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student accounts	\$ 701,979	\$ 250,000	\$ 451,979	\$ 819,170	\$ 250,000	\$ 569,170
Other accounts	<u>1,416,856</u>	<u>903,061</u>	<u>513,795</u>	<u>1,736,743</u>	<u>859,477</u>	<u>877,266</u>
Total accounts receivable	<u>\$ 2,118,835</u>	<u>\$ 1,153,061</u>	<u>\$ 965,774</u>	<u>\$ 2,555,913</u>	<u>\$ 1,109,477</u>	<u>\$ 1,446,436</u>

An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are written-off when deemed uncollectible. Receivables are generally unsecured.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at May 31, 2020 and 2019:

	2020	2019
Unconditional promises expected to be collected in:		
Less than one year	\$ 3,234,512	\$ 3,064,412
One to five years	7,234,036	10,671,834
Over five years	<u>701,000</u>	<u>706,500</u>
Gross unconditional promises to give	11,169,548	14,442,746
Less: Unamortized discount	(512,599)	(209,893)
Allowance for uncollectible promises	<u>(988,098)</u>	<u>(472,948)</u>
	<u>\$ 9,668,851</u>	<u>\$ 13,759,905</u>

Contributions receivable due within one year are not discounted. Contributions receivable expected to be collected in more than one year have been discounted using historic rates, ranging from 1% to 3.3%. As of May 31, 2020, net contributions receivable consisted of \$8,690,535 for endowments, \$394,535 for plant, and \$583,781 for operations. As of May 31, 2019, net contributions receivable consisted of \$12,038,951 for endowments and \$1,720,954 for operations.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 6 - CREDIT QUALITY OF STUDENT LOANS RECEIVABLE

The College issues uncollateralized loans to students based on financial need. Loans to students are funded through Federal government loan programs or institutional resources. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Interest income on student loan receivables is recognized when received, and fees and costs are recognized when incurred. Government student loan program receivables (Perkins) that become uncollectible can be assigned to the federal government. At May 31, 2020 and 2019, student loans receivable represented 0.63% and 0.70% of total assets, respectively.

At May 31, 2020 and 2019 student loans receivable consisted of the following:

	2020	2019
Federal government programs	\$ 3,445,216	\$ 4,367,765
Institutional programs	2,129,314	1,976,863
	5,574,530	6,344,628
Less allowance for doubtful accounts:		
Beginning of year	(431,800)	(431,800)
Change to allowance		2,551
Write-off recoveries		(2,551)
End of year	(431,800)	(431,800)
Student loans receivable, net	\$ 5,142,730	\$ 5,912,828

Funds advanced by the Federal government of \$3,785,467 and \$5,075,123 at May 31, 2020 and 2019, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position. These amounts are partially offset by related receivables from the Federal government.

At May 31, 2020 and 2019, the past due and current amounts under student loan programs were as follows:

	2020	2019
Past due student loans receivable:		
0 - 240 days past due	\$ 444,838	\$ 710,117
240 days - 2 years past due	422,169	275,231
2 - 5 years past due	151,487	115,405
5+ years past due	135,301	74,272
Total past due	1,153,795	1,175,025
Current student loans receivable	4,420,735	5,169,603
Total student loans receivable, gross	\$ 5,574,530	\$ 6,344,628

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Hierarchy - Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.
- Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 - Level 1 assets include:

- > Investments in cash and short-term investments (consisting primarily of money market funds), mutual funds, stocks, bonds, and deposits held by trustee (consisting primarily of money market funds and other short-term investments) for which quoted prices are readily available.

Level 2 - Level 2 assets include:

- > Investments in certain fixed income securities (corporate bonds and notes) for which quoted prices are not readily available. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Level 3 - Level 3 assets include:

- > Investments in real estate for which fair value is based on inputs such as appraisals and the county assessed value.
- > Other investments, which represent ownership interests in insurance contracts. The fair value has been estimated based on information provided by the insurance companies.
- > Beneficial interest in trusts held by others for which quoted prices are not readily available. The fair values are estimated using an income approach by calculating the present value of the future distributions expected to be received based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows).

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Certain mutual funds and alternative investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value. The College has estimated the fair value of these funds by using the net asset value provided by the investee.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There have been no changes in the techniques and inputs used as of May 31, 2020 and 2019.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the College's assets measured at fair value on a recurring basis as of May 31, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Investments				
Cash and short-term investments	\$ 10,635,215	\$ 10,635,215		
Marketable securities				
Mutual funds				
Fixed income – domestic	5,016,380	5,016,380		
Fixed income – international	1,076,233	1,076,233		
Equity funds – domestic	42,675,564	42,675,564		
Equity funds – international	14,774,753	14,774,753		
Real asset funds	3,672,293	3,672,293		
Stocks	12,169,728	12,169,728		
Bonds	14,503,632	315,952	\$ 14,187,680	
Real estate	1,031,500			\$ 1,031,500
Other investments	1,822,291			1,822,291
Subtotal investments	<u>107,377,589</u>	<u>90,336,118</u>	<u>14,187,680</u>	<u>2,853,791</u>
Deposits held by trustee	1,082,022	1,082,022		
Beneficial interest in trusts held by others	<u>1,797,503</u>			<u>1,797,503</u>
Subtotal by valuation hierarchy	<u>\$ 110,257,114</u>	<u>\$ 91,418,140</u>	<u>\$ 14,187,680</u>	<u>\$ 4,651,294</u>
Investments measured using NAV				
Hedge funds	117,050,232			
Private credit funds	205,290			
Private equity funds	79,051,798			
Global equity funds	159,415,590			
Fixed income funds	9,425,122			
Real estate funds	26,722,616			
Commodity funds	<u>34,873,376</u>			
Subtotal investments by NAV	<u>426,744,024</u>			
Total assets at fair value	<u>\$ 537,001,138</u>			
Investments by valuation hierarchy	\$ 107,377,589			
Investments by NAV	<u>426,744,024</u>			
Total investments	<u>\$ 534,121,613</u>			

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents information about the College's assets measured at fair value on a recurring basis as of May 31, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Investments				
Cash and short-term investments	\$ 16,320,774	\$ 16,320,774		
Marketable securities				
Mutual funds				
Fixed income - domestic	5,928,178	5,928,178		
Fixed income - international	1,278,983	1,278,983		
Equity funds - domestic	19,073,968	19,073,968		
Equity funds - international	15,388,410	15,388,410		
Real asset funds	7,921,922	7,921,922		
Stocks	31,703,174	31,703,174		
Bonds	19,925,208	430,907	\$ 19,494,301	
Real estate	1,058,000			\$ 1,058,000
Other investments	1,778,299			1,778,299
Subtotal investments	<u>120,376,916</u>	<u>98,046,316</u>	<u>19,494,301</u>	<u>2,836,299</u>
Deposits held by trustee	1,753,590	1,753,590		
Beneficial interest in trusts held by others	<u>1,767,205</u>			<u>1,767,205</u>
Subtotal by valuation hierarchy	<u>\$ 123,897,711</u>	<u>\$ 99,799,906</u>	<u>\$ 19,494,301</u>	<u>\$ 4,603,504</u>
Investments measured using NAV				
Hedge funds	120,818,746			
Private equity funds	73,291,835			
Global equity funds	158,447,425			
Fixed income funds	12,615,667			
Real estate funds	22,400,862			
Commodity funds	<u>45,579,259</u>			
Subtotal investments by NAV	<u>433,153,794</u>			
Total assets at fair value	<u>\$ 557,051,505</u>			
Investments by valuation hierarchy	\$ 120,376,916			
Investments by NAV	<u>433,153,794</u>			
Total investments	<u>\$ 553,530,710</u>			

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2020:

	Balances May 31, 2019	Net realized and unrealized gains (losses)	Purchases	Sales	Net transfers in (out) of Level 3	Balances May 31, 2020
Assets						
Real estate	\$ 1,058,000	\$ (26,500)				\$ 1,031,500
Other investments	1,778,299	43,992				1,822,291
Beneficial interest in trusts held by others	<u>1,767,205</u>	<u>44,974</u>		\$ (14,676)		<u>1,797,503</u>
Total	<u>\$ 4,603,504</u>	<u>\$ 62,466</u>	<u>\$ -</u>	<u>\$ (14,676)</u>	<u>\$ -</u>	<u>\$ 4,651,294</u>

The amount of total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets measured at fair value still held at May 31, 2020. \$ 62,466

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2019:

	Balances May 31, 2018	Net realized and unrealized gains (losses)	Purchases	Sales	Net transfers in (out) of Level 3	Balances May 31, 2019
Assets						
Real estate	\$ 1,713,849	\$ (135,465)		\$ (520,384)		\$ 1,058,000
Other investments	1,753,253	25,046				1,778,299
Beneficial interest in trusts held by others	<u>1,800,919</u>	<u>(33,714)</u>				<u>1,767,205</u>
Total	<u>\$ 5,268,021</u>	<u>\$ (144,133)</u>	<u>\$ -</u>	<u>\$ (520,384)</u>	<u>\$ -</u>	<u>\$ 4,603,504</u>

The amount of total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets measured at fair value still held at May 31, 2019. \$ 28,232

Investment income and gains (losses) for the investments without readily determinable fair values totaled \$(14,324,657) and \$3,836,268 for the years ended May 31, 2020 and 2019, respectively.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 7 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The College uses the NAV as a practical expedient to determine fair value of all underlying investments which (a) do not have a readily determinable fair value; and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists the alternative investments in which NAV was utilized as the practical expedient for estimating fair value by major category as of May 31, 2020 and 2019:

Investment Type	Unfunded Commitments	Fair Value May 31, 2020	Fair Value May 31, 2019	Redemption Frequency	Redemption Notice Period	Estimated Remaining Life
Alternative Investments						
Hedge funds (a)		\$ 117,050,232	\$ 120,818,746	Quarterly to 2 years	45-120 days	N/A (a)
Private credit (b)	\$ 5,225,000	205,290		Not redeemable	N/A	7-10 years
Private equity funds (c)	41,570,118	79,051,798	73,291,835	Not redeemable	N/A	1-15 years
Global equity funds (d)		159,415,590	158,447,425	Monthly to 3 years	8-90 days	N/A
Fixed income funds (e)		9,425,122	12,615,667	Daily	2 days	N/A
Real estate funds (f)	12,971,772	26,722,616	22,400,862	Not redeemable	N/A	1-12 years
Commodity funds (g)	<u>18,276,829</u>	<u>34,873,376</u>	<u>45,579,259</u>	Monthly to not redeemable	30 days to N/A	1-12 years
Total	<u>\$ 78,043,719</u>	<u>\$ 426,744,024</u>	<u>\$ 433,153,794</u>			

- (a) Comprised of various hedge funds which primarily focus on absolute return, security selection, and hedging. A portion of the investments in this category cannot be redeemed currently because the investments include restrictions that do not allow for redemption in the first 12 to 36 months after acquisition.
- (b) Comprised of a private credit fund providing customized and secured debt financing to emerging growth companies. This investment is illiquid and not redeemable. Instead, distributions are received through the liquidation of the underlying assets of the fund.
- (c) Comprised of various private equity funds with a broad range of investment objectives which include diversified fund of funds focused on venture, buyout, and special situations, as well as smaller direct funds that have more specific niche strategies. These investments are generally not redeemable. Instead, distributions are received through the liquidation of the underlying assets of the fund.
- (d) Comprised of limited partnership investments both holding long-only domestic and international equities.
- (e) Comprised of two limited partnership investments at the statement of financial position date; the funds invest in international long-only fixed income securities.
- (f) Includes funds having diversified investment objectives that focus on domestic commercial properties to apartments and office holdings. The other investments cannot be redeemed, but distributions from each fund will be received as the underlying investments in the funds are liquidated.
- (g) Includes fund of funds investments that focus on natural resources and/or energy.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 8 - ENDOWMENT

The College's endowment consists of approximately 1,950 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Regents to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Regents as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The College's Board of Regents has interpreted the Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College's Board of Regents has determined it is prudent to preserve the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The College classifies as net assets with restrictions (a) the original value of the 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 a donor-restricted endowment fund is classified as net assets with restriction until those amounts are appropriated for expenditure by the College through the Board of Regents' approval of the annual budget, which is inclusive of the spending rate for its endowment funds established pursuant to the College's spending policy. See Note 1 for further information on net asset classifications.

Endowment net asset composition by type of fund consists of the following as of May 31, 2020:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		
		Accumulated Gains	Original Gifts	<u>Total</u>
Donor-restricted endowment funds		\$ 98,771,603	\$ 239,448,499	\$ 338,220,102
Board-designated endowment funds	<u>\$ 178,110,489</u>			<u>178,110,489</u>
 Total endowment net assets	 <u>\$ 178,110,489</u>	 <u>\$ 98,771,603</u>	 <u>\$ 239,448,499</u>	 <u>\$ 516,330,591</u>

Endowment net asset composition by type of fund consists of the following as of May 31, 2019:

	Without Donor Restrictions	<u>With Donor Restrictions</u>		
		Accumulated Gains	Original Gifts	<u>Total</u>
Donor-restricted endowment funds		\$ 121,440,447	\$ 234,714,761	\$ 356,155,208
Board-designated endowment funds	<u>\$ 183,982,642</u>			<u>183,982,642</u>
 Total endowment net assets	 <u>\$ 183,982,642</u>	 <u>\$ 121,440,447</u>	 <u>\$ 234,714,761</u>	 <u>\$ 540,137,850</u>

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 8 - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended May 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gifts	
Endowment net assets, May 31, 2019	\$ 183,982,642	\$ 121,440,447	\$ 234,714,761	\$ 540,137,850
Total investment return	(4,100,197)	(9,271,994)	(244,666)	(13,616,857)
Contributions	319,514	9,999	4,586,578	4,916,091
Appropriation of endowment assets for:				
Operating expenditures	(6,325,196)	(14,490,501)		(20,815,697)
Non-operating expenditures	(49,261)		(17,872)	(67,133)
Other changes:				
Transfers from other funds	4,150,000	1,052,232		5,202,232
Reclassification of net assets		31,420		31,420
Matured deferred gifts	132,987		409,698	542,685
Endowment net assets, May 31, 2020	<u>\$ 178,110,489</u>	<u>\$ 98,771,603</u>	<u>\$ 239,448,499</u>	<u>\$ 516,330,591</u>

Changes in endowment net assets for the year ended May 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gifts	
Endowment net assets, May 31, 2018	\$ 199,066,038	\$ 133,144,600	\$ 203,842,895	\$ 536,053,533
Total investment return	(380,225)	1,251,629	(323,097)	548,307
Contributions	749,059		14,839,172	15,588,231
Appropriation of endowment assets for:				
Operating expenditures	(6,142,270)	(13,078,413)		(19,220,683)
Non-operating expenditures	(48,993)		(17,772)	(66,765)
Other changes:				
Transfers from other funds	3,376,000			3,376,000
Transfers between endowment funds	(12,916,983)	122,631	12,794,352	
Matured deferred gifts	280,016		3,579,211	3,859,227
Endowment net assets, May 31, 2019	<u>\$ 183,982,642</u>	<u>\$ 121,440,447</u>	<u>\$ 234,714,761</u>	<u>\$ 540,137,850</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gifts contributed to each endowment fund. At May 31, 2020, 472 donor-restricted funds with original gift values of \$90,513,705, fair values of \$86,692,357 and deficiencies of \$3,821,348 were reported in net assets with donor restrictions. At May 31, 2019, 106 donor-restricted funds with original gift values of \$12,661,806, fair values of \$12,371,046 and deficiencies of \$290,760 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Regents.

The College's endowment spending policy states that, as permitted by UPMIFA, the Investment Committee will decide on a case-by-case basis whether or not to continue spending from the endowments with deficiencies, otherwise known as underwater endowments.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 8 - ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters - The College has adopted investment and spending policies for endowment assets that strive to provide a source of income for spending that is reasonably stable and predictable from year-to-year, while seeking to preserve capital, maintain the purchasing power of the endowment assets, and prudently earn the highest possible rate of return consistent with the College's ability to accommodate risk. Endowment assets include those assets of donor-restricted funds that the College must hold indefinitely or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Regents, the endowment assets are invested in a manner that is intended to produce results that outperform the appropriate benchmark for each asset class and to outperform a simple benchmark of the broad market mix represented by a 70 percent S&P 500 and 30 percent Barclays Aggregate allocation. The College expects its endowment funds, over time, to provide an average real total return of 6 percent, net of fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation including asset classes such as public equities, fixed income and alternative assets in order to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Board of Regents designates only a portion of the College's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. In developing its spending policy, the College considers certain of the following factors which it determines relevant:

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 the appreciation of investments
6. Other resources of the College
7. The investment policies of the College.

The Board has adopted a policy to appropriate for distribution during each fiscal year an amount per endowment unit calculated at a rate of 4.7% of the average endowment market value per endowment unit from the preceding 16 quarters established as of the end of the calendar year prior to the beginning of the fiscal year.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 9 - LIQUIDITY AND AVAILABILITY

The following table reflects the College's financial assets as of May 31, 2020 and 2019, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include cash and other investments that are restricted by donors, the College's Board of Regents, or are restricted for a specific use.

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 14,787,998	\$ 15,812,056
Accounts receivable	965,774	1,446,436
Contributions receivable	9,668,851	13,759,905
Student loan receivables	5,142,730	5,912,828
Notes receivable	750,000	901,650
Investments	534,121,613	553,530,710
Deposits held by trustee	1,082,022	1,753,590
Assets held in trust by others	<u>1,797,503</u>	<u>1,767,205</u>
Financial assets at May 31	<u>568,316,491</u>	<u>594,884,380</u>
Less those unavailable for general expenditure within one year:		
Cash restricted for student loans	2,482,699	2,821,357
Accounts receivable beyond one year	121,621	137,732
Contributions receivable for endowments	8,690,535	12,038,951
Contributions receivable for plant	394,535	
Contributions receivable greater than one year	301,872	914,589
Student loan receivables restricted for financial aid purposes	5,142,730	5,912,828
Note receivable beyond one year	750,000	750,000
Endowment assets restricted by donors, net of appropriation for next year	313,483,331	328,416,479
Endowment assets restricted by the Board of Regents, net of appropriation for next year	169,411,244	175,572,209
Cash and other investments held for gift annuitants	26,433,245	27,518,233
Bond proceeds and reserves restricted by use	1,082,022	1,753,590
Investments held for others connected to split-interest agreements	<u>1,797,503</u>	<u>1,767,205</u>
Financial assets not available for expenditure within one year	<u>530,091,337</u>	<u>557,603,173</u>
Financial assets available to meet cash needs for general purposes within one year	<u>\$ 38,225,154</u>	<u>\$ 37,281,207</u>

As of May 31, 2020, the College had liquid assets on hand to cover approximately three to four months of operating expenses. The College's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due.

Cash in excess of daily requirements is typically invested in short-term, liquid securities. The College also has an unsecured \$5,000,000 line of credit through Wells Fargo Bank, representing approximately 15 days of operating expenses. Borrowings under this line of credit bear interest at an annual rate of 50 basis points below the Bank's base (prime) rate. Interest is payable on the last day of each month. Principal, and any unpaid interest, is due on March 31, 2021. In addition, the agreement requires the College to comply with certain financial covenants. At May 31, 2020 and 2019, there were no outstanding borrowings under this arrangement.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

At May 31, 2020 and 2019, property, plant and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,342,890	\$ 1,277,890
Improvements other than buildings	29,574,644	28,548,067
Buildings	324,297,528	319,507,483
Equipment	62,408,576	60,436,947
Library materials	15,782,149	15,620,936
Art collection	1,867,836	1,768,200
Construction in progress	1,772,071	296,129
	<u>437,045,694</u>	<u>427,455,652</u>
Less: Accumulated depreciation	<u>(193,048,380)</u>	<u>(180,720,040)</u>
	<u>\$ 243,997,314</u>	<u>\$ 246,735,612</u>

NOTE 11 - ACCRUED AND OTHER LIABILITIES

At May 31, 2020 and 2019, accrued and other liabilities consisted of the following:

	<u>2020</u>	<u>2019</u>
Payroll	\$ 8,716,640	\$ 8,053,003
Self-insurance reserve (Note 12)	545,000	282,000
Post-retirement benefit obligations (Note 13)	1,199,072	1,443,120
Interest	1,227,944	1,295,159
Asset retirement obligations (Note 14)	2,919,563	2,784,760
Other	<u>85,958</u>	<u>158,545</u>
	<u>\$ 14,694,177</u>	<u>\$ 14,016,587</u>

NOTE 12 - SELF-INSURANCE

The College provides medical benefits through a self-insurance plan, which is available to all employees of the College who meet the eligibility requirements for certain medical expenses. Accrued and other liabilities include an incurred but not reported reserve of approximately \$545,000 and \$282,000 at May 31, 2020 and 2019, respectively, an estimate of amounts due and payable on existing claims for which the College is self-insured and which are expected to be settled currently. The College is self-insured for the first \$225,000 per claim with an aggregate stop loss of approximately \$9,761,000. As of May 31, 2020 and 2019, the College had unrestricted net assets of \$890,620 and \$1,093,341, respectively, designated for health insurance benefits, which consists of the cumulative amount that employee and college contributions towards health premiums have exceeded expenses over the life of the plan.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 13 - RETIREMENT PLANS AND POSTRETIREMENT BENEFIT PLAN

The College has certain defined contribution retirement plans for employees. All employees are eligible to participate after meeting certain eligibility requirements. College contributions are based upon a percentage of salaries. The College's contributions to the retirement plans approximated \$4,035,000 and \$3,956,000 for the years ended May 31, 2020 and 2019, respectively.

The College also provides postretirement health care benefits for current or retired employees and covered dependents, which are recorded on the accrual basis. Two voluntary employee benefit association (VEBA) trusts were established in fiscal year 2006. The Employee After-Tax-Contributions VEBA Trust (funded solely by employee after tax contributions) and the Employer Contribution VEBA Trust (funded solely by employer pre-tax contributions) were established to provide employee welfare benefit plans providing certain insured and/or self-insured health and life benefits for eligible retired employees and their eligible spouses and dependents. The trusts are managed by a trustee, who invests in money market and mutual funds (Level 1 assets). The trusts are exempt from taxation to the extent permitted under section 501(c)(9) and 512 of the Internal Revenue Code of 1986.

The following tables set forth the postretirement health care benefit plan's status with amounts reported in the College's financial statements at May 31, 2020 and 2019:

	2020	2019
<i>Change in benefit obligation</i>		
Benefit obligation at beginning of year	\$ 12,602,678	\$ 12,861,263
Service cost	29,616	33,312
Interest cost	406,093	477,681
Plan participants' VEBA contributions	30,804	38,838
Employer VEBA contributions	766,307	800,546
Actuarial (gain)/loss	201,235	(829,971)
Benefits paid	(832,495)	(778,991)
Benefit obligation at end of year	\$ 13,204,238	\$ 12,602,678
<i>Change in plan assets</i>		
Fair value of plan assets at beginning of year	\$ 11,159,558	\$ 10,894,514
Actual return on plan assets	643,868	47,463
Employer contributions	1,003,431	957,734
Plan participants' contributions	30,804	38,838
Benefits paid	(832,495)	(778,991)
Fair value of plan assets at end of year	\$ 12,005,166	\$ 11,159,558
<i>Funded status</i>		
Funded status at end of year	\$ (1,199,072)	\$ (1,443,120)
<i>Amounts recognized in the statement of financial position consist of:</i>		
Current liabilities	\$ (186,275)	\$ (215,000)
Noncurrent liabilities	(1,012,797)	(1,228,120)
Net amount recognized (Note 11)	\$ (1,199,072)	\$ (1,443,120)

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 13 - RETIREMENT PLANS AND POSTRETIREMENT BENEFIT PLAN (CONTINUED)

	<u>2020</u>	<u>2019</u>
Amounts recognized in change in net assets consist of:		
Prior service cost	\$ -	\$ -
(Gain)/loss	(245,056)	(360,400)
Accumulated change in net assets	<u>\$ (245,056)</u>	<u>\$ (360,400)</u>
Weighted-average assumptions used to determine benefit obligations at May 31		
Discount rate	2.20%	3.25%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	0.00%	0.00%
Components of net periodic benefit cost		
Service cost	\$ 29,616	\$ 33,312
Interest cost	406,093	477,681
Expected return on plan assets	(557,978)	(544,726)
Amortization of prior service cost	-	-
Net periodic postretirement benefit cost	<u>\$ (122,269)</u>	<u>\$ (33,733)</u>
Changes in net assets		
Net (gain)/loss	\$ 115,345	\$ (332,708)
Amortization of prior service cost	-	-
Total amount (gain)/loss recognized in change in net assets	<u>\$ 115,345</u>	<u>\$ (332,708)</u>
Total amount recognized in net periodic benefit cost and change in net assets	<u>\$ (6,924)</u>	<u>\$ (366,441)</u>
Weighted-average assumptions used to determine net periodic benefit cost as of June 1		
Discount rate	3.25%	3.75%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	0.00%	0.00%
Assumed health care cost trend rates at May 31		
Health care cost trend rate assumed for next year	7.50% - Post 65 7.50% - Pre 65	8.00% - Post 65 8.00% - Pre 65
Rate to which the cost trend rate is assumed to decline (the ultimate trend)	5.00%	5.00%
Year that the rate reaches the ultimate rate	2025	2025

Plan assets are invested primarily in mutual funds, which are classified as Level 1 in the fair value hierarchy, as of May 31, 2020 and 2019.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 13 - RETIREMENT PLANS AND POSTRETIREMENT BENEFIT PLAN (CONTINUED)

During the year ending May 31, 2021, the College expects to contribute approximately \$186,000 in benefit payments for the postretirement medical plan, which includes the liability for post-65 retiree VEBA and the present value of the projected future liability for the pre-65 retiree health plan. The College also expects to contribute approximately \$631,000 to the VEBA for current employees during the year ending May 31, 2021.

The following estimated benefit payments for the postretirement medical plan, which reflect expected future service, as appropriate, are expected to be paid during the years ending May 31:

2021	\$	186,275
2022		152,989
2023		138,732
2024		121,042
2025		114,526
2026 - 2030		299,361

It is reasonably possible that changes in these estimates could occur in the near term and that actual results could differ from these estimates and could have a material impact on the financial statements.

NOTE 14 - ASSET RETIREMENT OBLIGATIONS

The College owns certain buildings that contain encapsulated asbestos material and as such records a liability for the reasonably estimated fair value of the conditional asset retirement obligation.

The following shows the activity in the College's asset retirement obligations:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ 2,784,760	\$ 2,654,819
Abatement costs	(4,435)	(2,800)
Accretion expense	<u>139,238</u>	<u>132,741</u>
Balance at end of the year (Note 11)	<u>\$ 2,919,563</u>	<u>\$ 2,784,760</u>

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 15 - LONG-TERM DEBT

Long-term debt at May 31, 2020 and 2019 consisted of the following bonds issued by the Minnesota Higher Education Facilities Authority (MHEFA) on behalf of the College:

	Interest	Principal Payment	Year of Maturity	Outstanding Balance	
				2020	2019
MHEFA Revenue Bonds, Series Seven-F, issued to refinance variable debt	Bonds bear rates from 2.63% to 5.00%	Annual payments range from \$535,000 to \$555,000	2021		\$ 1,090,000
MHEFA Revenue Bonds, Series Eight-G, issued to finance construction and advance refunding	Bonds bear rates from 3.25% to 5.00%	Annual payments range from \$2,410,000 to \$4,495,000	2033	\$ 44,685,000	47,095,000
MHEFA Revenue Bonds, Series Eight-N, issued to advance refund previous issuance	Bonds bear rates from 2.25% to 4.00%	Annual payments range from \$370,000 to \$5,760,000	2036	22,845,000	22,845,000
Principal outstanding on bonds				67,530,000	71,030,000
Plus: Unamortized premium - Series Seven-F Revenue Bonds					9,900
Unamortized premium - Series Eight-G Revenue Bonds				5,120,227	5,529,845
Unamortized premium - Series Eight-N Revenue Bonds				2,167,775	2,309,152
Less: Unamortized debt issue costs				(250,635)	(270,718)
Total Long-Term Debt				\$ 74,567,367	\$ 78,608,179

On August 10, 2016, the College issued \$22,845,000 in tax-exempt bonds, Series Eight-N, through the Minnesota Higher Education Facilities Authority (MHEFA). A portion of the Series Seven-F Revenue Bonds (\$24,465,000) was legally defeased by proceeds from the Series Eight-N Revenue Bonds, as well as a portion of the debt service reserve fund on Series Seven-F (\$1,866,000). The proceeds of the Series Eight-N Revenue Bonds related to the defeasance were placed in an escrow until October 1, 2019, at which time the refunded bonds were callable and paid off.

Revenue Bonds Series Eight-G and Eight-N are secured by a pledge of loan repayment from the College and require that certain covenants be maintained.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 15 - LONG-TERM DEBT (CONTINUED)

The College maintains short-term investments and U.S. government securities held by a trustee for retirement of indebtedness that totaled \$1,082,022 and \$1,753,590 as of May 31, 2020 and 2019, respectively. These funds are intended to be used to make principal and interest payments.

Anticipated principal payments on long-term debt are as follows:

Year Ending May 31:		
2021	\$	2,905,000
2022		3,045,000
2023		3,190,000
2024		3,350,000
2025		3,515,000
Thereafter		<u>51,525,000</u>
Total	\$	<u>67,530,000</u>

NOTE 16 - DEFERRED GIFT (SPLIT-INTEREST) AGREEMENTS

The College has arrangements with donors classified as charitable lead trusts, charitable remainder trusts, charitable gift annuities and pooled life income funds. In general, under these arrangements the College receives a gift from a donor in which it has an interest and agrees to pay the donor stipulated amounts. The arrangement may cover one or more lives. The College invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the College as net assets with restrictions or net assets without restrictions, or in some instances, distributed to third-party beneficiaries.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of the College or third-party beneficiaries. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered and age and gender characteristics of the beneficiary. The College used historical discount rates ranging from 1.2% to 11.6% for the years ended May 31, 2020 and 2019 in making the actuarial and gift calculations. In some cases, there can be a time delay in the recording of the asset because of the time needed for discovery, verification of the College's rights, and the determination of the valuation of future payments.

Information pertaining to the College's deferred gift agreements for the years ended May 31, 2020 and 2019 is as follows:

	2020	2019
Cash and investments	\$ 26,433,245	\$ 27,518,233
Interfund payable	(12,553)	2,220
Beneficial interest in trusts held by others	1,797,503	1,767,205
Deposits held in trust for others	(156,617)	(184,325)
Annuities payable	<u>(10,383,168)</u>	<u>(11,086,670)</u>
	<u>\$ 17,678,410</u>	<u>\$ 18,016,663</u>
Net Assets		
Without donor restrictions	\$ 3,353,242	\$ 3,466,930
With donor restrictions	<u>14,325,168</u>	<u>14,549,733</u>
	<u>\$ 17,678,410</u>	<u>\$ 18,016,663</u>

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 17 - CONCENTRATIONS

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable, notes receivable and derivatives. Cash, cash equivalents and investment holdings are concentrated in a limited number of financial institutions and amounts in excess of FDIC and similar coverage are subject to the usual risks of balances in excess of those limits. Investments are diversified in order to reduce credit risk. Student loans, student receivables and other receivables are due from a variety of sources concentrated primarily in the Midwestern United States. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities.

NOTE 18 - RELATED PARTY TRANSACTIONS

The College has various signed contracts with a construction company owned by a former member of the Board of Regents. The contracts were approved unanimously by the Board of Regents in accordance with the College's conflict of interest policy. Amounts payable to the construction company totaled \$21,195 and \$0 as of May 31, 2020 and 2019, respectively. Total payments to this construction company were approximately \$3,184,000 and \$8,976,000 for the years ended May 31, 2020 and 2019, respectively.

As of May 31, 2020 and 2019, approximately \$2,374,000 and \$3,326,000, respectively, of contributions receivable were due from members of the Board of Regents. Contribution revenue from members of the Board of Regents totaled approximately \$1,911,000 and \$4,796,000 for the years ending May 31, 2020 and 2019, respectively. Board members are not compensated.

The College has invested in various private equity investments, in which members of the Investment Committee and Board of Regents have an affiliation. The individuals fully disclosed their interests in these investments when they were discussed, did not receive a commission or referral fee, and did not participate in the voting regarding these investments. As of May 31, 2020 and 2019, the College's total value of these funds was approximately \$4,316,000 and \$6,767,000, respectively. The College's cumulative contributions, net of distributions, to these investments as of May 31, 2020 totaled approximately \$4,413,000. The College's cumulative contributions, net of distributions, to these investments as of May 31, 2019 totaled approximately \$2,609,000. The College's outstanding future commitments to these investments totaled approximately \$0 and \$1,955,000 at May 31, 2020 and 2019, respectively.

ST. OLAF COLLEGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended May 31, 2020 and 2019

NOTE 19 - SUBSEQUENT EVENTS

The College has evaluated subsequent events through February 25, 2021, which is the date of issuance of this report.

The College will be issuing \$57,335,000 in tax-exempt bonds through the Minnesota Higher Education Facilities Authority (MHEFA) on March 18, 2021. The bonds were sold on February 3, 2021. In addition to the principal amount, premiums on the bonds are \$9,520,752, for total net proceeds of \$66,855,752.

The bond proceeds will primarily be used to construct, equip, and furnish new student residence facilities and related improvements on the College's campus, comprised of a residence hall of approximately 300 beds and 14 townhouses totaling approximately 140 beds. In addition, a renovation of an existing residence hall on the College campus will also be funded with these bond proceeds. The bonds have interest rates varying from 3.00% to 4.00% with principal amounts due ranging from \$2,980,000 to \$4,935,000 beginning on October 1, 2036. Construction of the residence hall project is expected to begin in March 2021.

The Higher Education Emergency Relief Fund II (HEERF II) is authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and was signed into law on December 27, 2020. In total, the CRRSAA authorizes \$81.88 billion in support for education. Each institution received one grant comprised of two parts. On January 19, 2021, the college was notified that it had received \$3,177,701, of which at least \$1,083,532 must be issued to students. This is the same amount that was distributed to students as part of the Coronavirus Aid, Relief, and Economics Security (CARES) Act in 2020. Funds will be distributed to students based on need in the form of emergency grants during Spring Semester 2021. As of February 25, 2021, these funds have not yet been disbursed to students. The institutional portion will be used to defray expenses associated with coronavirus.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Regents of
St. Olaf College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Olaf College (the College), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Minneapolis, Minnesota
October 9, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Regents of
St. Olaf College

Report on Compliance for Each Major Federal Program

We have audited St. Olaf College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended May 31, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2020.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Minneapolis, Minnesota
February 25, 2021

St. Olaf College

 Schedule of Expenditures of Federal Awards
 Year Ended May 31, 2020

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Identification Number	Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education:				
Federal Pell Grant Program	84.063			\$ 2,828,870
Federal Supplemental Educational Opportunity Grants	84.007			358,683
Federal Work-Study Program	84.033			385,187
Federal Perkins Loan Program	84.038			4,296,239
Federal Direct Student Loans	84.268			<u>12,545,961</u>
Total U.S. Department of Education				<u>20,414,940</u>
U.S. Department of Health and Human Services:				
Nursing Student Loans	93.364			<u>25,139</u>
Total U.S. Department of Health and Human Services				<u>25,139</u>
Total Student Financial Assistance Cluster				<u>20,440,079</u>
Research and Development Cluster				
National Science Foundation:				
Mathematical and Physical Sciences	47.049			22,907
Engineering Grants	47.041			7,084
Biological Sciences	47.074			22,788
Education and Human Resources	47.076	University of MN	H006117611	41,434
Education and Human Resources	47.076			101,817
Education and Human Resources	47.076			23,391
Education and Human Resources	47.076			<u>120,798</u>
Total Education and Human Resources				<u>287,440</u>
Total National Science Foundation				<u>340,219</u>
U.S. Department of Health and Human Services:				
National Institutes of Health:				
Alcohol Research Programs	93.273	Nebraska Medical Center	34-5229-2028-001	<u>6,704</u>
Total U.S. Department of Health and Human Services				<u>6,704</u>
National Endowment for the Humanities:				
Promotion of the Humanities Research	45.161	Washington & Lee University	RQ-255726-17-3	<u>3,008</u>
Total National Endowment for the Humanities				<u>3,008</u>
Total Research and Development Cluster				<u>349,931</u>
Trio Programs Cluster				
U.S. Department of Education:				
TRIO - Student Support Services	84.042A			283,517
TRIO - Talent Search	84.044A			322,305
TRIO - Upward Bound	84.047A			862,768
TRIO - McNair Post-Baccalaureate Achievement	84.217A			<u>248,047</u>
Total TRIO Programs Cluster				<u>1,716,637</u>
Other Programs				
U.S. Department of Agriculture:				
Food and Nutrition Service:				
Summer Food Service Program for Children	10.559	MN Dept. of Education - Food and Nutrition Service	2MN300061	<u>18,612</u>
Total U.S. Department of Agriculture				<u>18,612</u>
Institute of Museum and Library Services:				
Museums for America	45.301			<u>23</u>
Total Institute of Museum and Library Services				<u>23</u>
U.S. Department of Education				
COVID-19 - Education Stabilization Fund	84.425E			955,350
COVID-19 - Education Stabilization Fund	84.425F			<u>1,083,531</u>
Total COVID-19 Education Stabilization Fund				<u>2,038,881</u>
Total expenditures of federal awards				<u>\$ 24,564,163</u>

See notes to schedule of expenditures of federal awards

St. Olaf College

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of St. Olaf College (the College) under programs of the federal government for the year ended May 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of the College.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Loan and Loan Guarantee Programs

The federal student loan programs listed below are administered directly by the College, and balances and transactions relating to these programs are included in the College's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at May 31, 2020 consist of:

CFDA Number	Program Name	Outstanding Balance at May 31, 2020
84.038	Federal Perkins Loan Program	\$ 3,428,430
94.364	Nursing Student Loans	\$ 16,786

St. Olaf College

Schedule of Findings and Questioned Costs
Year Ended May 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various 84.425	Student Financial Assistance Cluster COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

St. Olaf College

Schedule of Prior Audit Findings
Year Ended May 31, 2020

The previous audit of the Federal Award Programs was for the year ended May 31, 2019. There were no findings or questioned costs reported in that audit.

St. Olaf College

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
For the Year Ended May 31, 2020

Financial Statement and Line Name or Note Location		
Primary Reserve Ratio:		
Expendable Net Assets:		
Statement of Financial Position	Net assets without donor restrictions	\$ 333,754,638
Statement of Financial Position	Net assets with donor restrictions	367,321,955
Note 2 (deferred gifts with donor restrictions)	Annuities with donor restrictions	14,325,168
Note 8 (original gifts)	Net assets with donor restrictions - restricted in perpetuity	239,448,499
Note 2 (scholarships and buildings of \$11,809,895 and student loan funds of \$2,966,791) and Note 8 (accumulated gains of \$98,771,603)	Net assets with donor restrictions - other for time or purpose	113,548,288
Note 18	Unsecured related party receivable	2,374,000
Note 10 (approximates prior year ending balance less related depreciation of approximately \$13 million)	Property, plant and equipment - pre-implementation	\$ 233,334,822
Not applicable for 2020	Property, plant and equipment - post-implementation with outstanding debt for original purchase	-
Note 10 (approximates purchases on the statement of cash flows less related depreciation expense on those assets)	Property, plant and equipment - post-implementation without outstanding debt for original purchase	8,890,421
Note 10	Construction in progress	1,772,071
Statement of Financial Position	Total property, plant and equipment, net (including CIP)	\$ 243,997,314
Not applicable for 2020	Intangible assets	-
Note 13	Post-employment and pension liabilities	1,199,072
Statement of Financial Position and Note 15	Long-term debt for long-term purposes - pre-implementation	\$ 74,567,367
Not applicable for 2020	Long-term debt for long-term purposes - post implementation	-
Not applicable for 2020	Line of credit for construction in progress	-
Total Expenses and Losses Without Donor Restrictions		
Statement of Activities	Total expenses without donor restrictions	\$ 123,102,963
Statement of Activities	Net investment losses	4,100,197
Statement of Activities	Allocation to operating activities for amortization of capital gifts	2,209,004
Statement of Activities	Adjustment of actuarial liability for annuities payable	42,760
Statement of Activities	Adjustment to prior service cost and actuarial liability	115,345
Equity Ratio		
Modified Net Assets		
Statement of Financial Position	Net assets without donor restrictions	\$ 333,754,638
Statement of Financial Position	Net assets with donor restrictions	367,321,955
Not applicable for 2020	Intangible assets	-
Note 18	Unsecured related party receivables	2,374,000
Modified Assets		
Statement of Financial Position	Total assets	\$ 812,980,169
Not applicable for 2020	Intangible assets	-
Note 18	Unsecured related party receivables	2,374,000
Net Income Ratio		
Statement of Activities	Change in net assets without donor restrictions	\$ (8,255,463)
Total Revenues and Gains Without Donor Restrictions		
Statement of Activities	Total operating revenue and other additions (gains)	\$ 125,928,089
Statement of Activities and Note 8	Investment return appropriated for spending	6,325,196
Statement of Activities	Allocation to operating activities for amortization of capital gifts	2,209,004
Statement of Activities (gain from sale of asset, gifts, reclassification)	Non-operating revenue and other gains	1,711,913