

St. Olaf College Emeriti Retiree Health Plan

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

St. Olaf College Emeriti Retiree Health Plan

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Independent Auditors' Report

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

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of the St. Olaf College Emeriti Retiree Health Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 9 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditors' Responsibilities for the Audit of the 2021 Financial Statements section:

- the amounts and disclosures in the 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year from the report date.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matter — 2021 Supplemental Schedule Required by ERISA

The supplemental schedule, Schedule of Assets (Held at End of Year), as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to 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 GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditors' Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated September 22, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly US, LLP

Minneapolis, Minnesota
August 18, 2022

St. Olaf College Emeriti Retiree Health Plan

Statements of Net Assets Available for Benefits

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Investments at fair value		
Money market fund	\$ 516,468	\$ 534,917
Mutual funds	15,104,830	13,641,343
	<u>15,621,298</u>	<u>14,176,260</u>
Total investments		
Receivables:		
Participant contributions	-	2,610
	<u>15,621,298</u>	<u>14,178,870</u>
Total assets		
Net assets available for benefits	<u>\$ 15,621,298</u>	<u>\$ 14,178,870</u>

See notes to financial statements

St. Olaf College Emeriti Retiree Health Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2021

Additions

Investment income:

Net appreciation in fair value of investments	\$ 796,956
Interest and dividends	560,188

Total investment income 1,357,144

Contributions:

Participants	353,501
Employer	717,349

Total contributions 1,070,850

Total additions 2,427,994

Deductions

Benefits paid to participants	356,203
Insurance premiums	547,424
Administrative expenses	83,060

Total deductions 986,687

Net increase 1,441,307

Transfers in 1,121

Net Assets Available for Benefits

Beginning of year 14,178,870

End of year \$ 15,621,298

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
December 31, 2021 and 2020

1. Description of the Plan

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

General

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

Eligibility

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

Contributions

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

On July 1, 2019, the College amended the Plan changing the eligible age to receive College contributions from 39 to 40. Additionally, an amendment now states that the Employer will cease making Employer Contributions to a Participant's Employer-Contribution Account as of the date when the Employer has made Employer Contributions to the Participant's Employer-Contribution Account for 25 years.

The College suspended Employer contributions to the Employer-Contribution Account from November 2020 through March 2021 as part of the Employer's response to the COVID-19 crisis. The College reinstated suspended Employer contributions in April 2021. On May 28, 2021, an Employer discretionary contribution, equal to the amount of the contributions that the participants would have received from November 2020 through March 2021, was made to the plan.

Participant Accounts

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

Vesting and Forfeitures

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

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
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All employer asset sources in the Emeriti Retiree Health Account are forfeitable upon the last to die (or reach majority) of the participant, spouse (or dependent domestic partner), dependent children and dependent relatives. The insurance company will transfer the forfeitable balance to the forfeiture account at the direction of the College. This account is used to reduce future Plan Sponsor contributions. There were forfeitures in the amounts of \$23,980 and \$107,471, outstanding as of December 31, 2021 and 2020 respectively. Forfeitures in the amount of \$103,464 were used during the year ended December 31, 2021.

Notes Receivable from Participants

There are no participant loans allowed under the Plan.

Payment of Benefits

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

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

Special Benefit Circumstances

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

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

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

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's management determines the Plan's valuation policies utilizing information provided by the investment advisors, custodians and insurance companies. See Note 3 for discussion of fair value measurements.

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

Administrative Expenses

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

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through August 18, 2022, the date the financial statements were available to be issued.

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
December 31, 2021 and 2020

3. Fair Value Measurements

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

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

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

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 516,468	\$ -	\$ -	\$ 516,468
Mutual funds	15,104,830	-	-	15,104,830
Total assets in the fair value hierarchy	<u>\$ 15,621,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,621,298</u>
	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 534,917	\$ -	\$ -	\$ 534,917
Mutual funds	13,641,343	-	-	13,641,343
Total assets in the fair value hierarchy	<u>\$ 14,176,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,176,260</u>

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
December 31, 2021 and 2020

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

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

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

4. Administration of Plan Assets

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

5. Related-Party and Party-In-Interest Transactions

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

6. Plan Termination

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

7. Tax Status

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

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

St. Olaf College Emeriti Retiree Health Plan

Notes to Financial Statements
December 31, 2021 and 2020

8. Risk and Uncertainties

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

As of December 31, 2021 and 2020, the Plan had investments of \$12,873,236 and \$11,728,497 that were concentrated in five funds.

9. Information Certified by the Insurance Company

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA for 2021 and 2020. Accordingly, TIAA, the Insurance Company of the Plan, has certified to the completeness and accuracy of all investments reported in the accompanying Statement of Net Assets Available for Benefits as of December 31, 2021 and 2020 and the supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2021, and the related investment activity reported in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2021.

St. Olaf College Emeriti Retiree Health Plan

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

EIN 41-0693979 Plan Number: 001

December 31, 2021

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Money Market Fund			
*	Money market fund	TIAA-CREF Money Market - Retirement Class	N/R	\$ 516,468
	Mutual Funds			
*	Mutual fund	TIAA-CREF Lifecycle Retirement Income Fund	N/R	26,223
*	Mutual fund	TIAA-CREF Lifecycle 2010	N/R	961,433
*	Mutual fund	TIAA-CREF Lifecycle 2015	N/R	1,817,687
*	Mutual fund	TIAA-CREF Lifecycle 2020	N/R	3,386,167
*	Mutual fund	TIAA-CREF Lifecycle 2025	N/R	3,339,241
*	Mutual fund	TIAA-CREF Lifecycle 2030	N/R	2,584,495
*	Mutual fund	TIAA-CREF Lifecycle 2035	N/R	1,745,646
*	Mutual fund	TIAA-CREF Lifecycle 2040	N/R	946,589
*	Mutual fund	TIAA-CREF Lifecycle 2045	N/R	223,581
*	Mutual fund	TIAA-CREF Lifecycle 2050	N/R	63,735
*	Mutual fund	TIAA-CREF Lifecycle 2055	N/R	1,457
*	Mutual fund	TIAA-CREF Lifecycle 2060	N/R	8,576
		Total mutual funds		15,104,830
				<u>\$ 15,621,298</u>

* A party in interest as defined by ERISA

N/R - cost omitted for participant directed investments