St. Olaf College

Financial Statements

May 31, 2024 and 2023

St. Olaf College

Highlights (Unaudited)
Years Ended May 31, 2024 and 2023

Fiscal Year Ending May 31:	**FY 2024**	**FY 2023**
Academic Year	**2023-24**	**2022-23**
Enrollment, Retention, Graduation		
Undergraduate Full Time (Fall)	3,044	3,022
Undergraduate FTE (Fall)	3,054	3,030
Undergraduate Headcount (Fall)	3,074	3,046
% Men/Women/Another Gender	41/57/2	42/58
% Who Are In-State/Out-of-State	47/53	45/55
% White/Domestic Minority/International	67/23/10	67/22/11
1st Year to Sophomore	90.5%	90.1%
Sophomore to Junior	85.1%	85.1%
Junior to Senior	82.1%	83.9%
Four-Year Graduation Rate	76.4%	77.4%
Five-Year Graduation Rate	82.4%	83.2%
Number of Seniors (May)	679	709
Number of Declared Majors	935	990
Top Five Majors:		
1st	Mathematics 13.6%	Biology 8.8%
2nd	Biology 10.5%	Mathematics 8.1%
3rd	Economics 8.8%	Economics 7.9%
4th	Psychology 8.1%	Psychology 7.6%
5th	Music 5.0%	Music 6.9%
Post-Graduation Activities	Class of 2023	Class of 2022
Responses/Response Rate	607/89%	601/88%
Activities:		
Working (Full or Part-Time)/percent	445/73%	467/78%
Furthering Education/percent	125/21%	120/20%
Other Activities/percent	37/6%	14/2%
New Student Admissions (Fall)		
Applications (1st Year/Transfer)	5,956/119	5,524/133
Acceptances (1st Year/Transfer)	3,106/65	3,116/33
Acceptance Rate (1st Year/Transfer)	52%/55%	56%/25%
Matriculants (1st Year/Transfer)	825/32	869/18
Yield Rate (1st Year/Transfer)	27%/49%	28%/55%
% 1st Year Men/Women/Nonbinary	42/54/4	43/56/1
% 1st Year In-State/Out-of-State	49/51	47/53
% 1st Year 1st Generation to College	22	20
Median ACT - 1st Year	30	30
Median SAT - 1st Year	1350	1360
Faculty and Staff Employed (Fall)		
Faculty/Staff/Total - FTE	257/444/701	252/430/682
Faculty/Staff/Total - Full-time Headcount	232/402/634	221/379/600
Faculty/Staff/Total - Part-time Headcount	76/126/202	92/154/246
Tuition and Fees Per Student		
Tuition	$ 56,970	$ 54,650
Room & Board	13,000	12,450
Total comprehensive fee	$ 69,970	$ 67,100
Financial Aid, Scholarships & Grants		
Federal Grants	$ 4,196,052	$ 3,778,657
State Grants	3,803,382	3,460,898
Institutional Scholarships & Grants	122,827,862	112,835,206
Outside Scholarships & Grants	3,244,861	3,162,406
Total	$ 134,072,157	$ 123,237,167
Total per student FTE	$ 43,901	$ 40,672
Endowment		
Fair Market Value at Fiscal Year End	$ 803,770,786	$ 711,741,089
Fair Market Value per Full Time Student	$ 264,051	$ 235,520
Fair Market Value per FTE Student	$ 263,186	$ 234,898
Total return on investments	15.7%	4.6%

Independent Auditors' Report

To the Board of Regents of
St. Olaf College

Opinion

We have audited the financial statements of St. Olaf College (the College), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of May 31, 2024 and 2023, 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 (GAAP).

Basis for Opinion

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on 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.

Responsibilities of Management for the Financial Statements

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

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 College's ability to continue as a going concern within one year after the date that the financial statements were issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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 College'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 College's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Minneapolis, Minnesota
October 11, 2024

St. Olaf College

Statements of Financial Position
May 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 16,584,472	$ 11,491,993
Cash held for construction (Note 15)	25,181,148	
Receivables		
Accounts, net (Note 4)	863,103	2,469,308
Contributions, net (Note 5)	8,862,498	9,327,312
Student loans, net (Note 6)	2,387,715	2,978,045
Notes receivable (Note 1)	750,000	750,000
Investments (Note 7)	833,924,812	740,371,940
Other assets	1,814,692	2,326,758
Deposits held by trustee (Note 7)	810,344	7,539,753
Beneficial interest in trusts held by others (Note 7)	2,242,106	2,018,634
Property, plant and equipment, net (Note 10)	292,428,386	296,150,305
Total assets	$ 1,185,849,276	$ 1,075,424,048
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 3,772,596	$ 7,724,046
Accrued and other liabilities (Note 11)	18,388,602	15,796,132
Deferred revenue	4,687,259	4,900,974
Annuities payable (Note 17)	8,472,926	8,777,304
Long-term debt (Note 15)	150,847,533	130,205,413
U.S. government grants refundable	1,266,343	1,220,502
Deposits held in trust for others	529,933	612,952
Total liabilities	187,965,192	169,237,323
Net Assets		
Without donor restrictions (Note 2)	444,323,358	414,891,479
With donor restrictions (Note 2)	553,560,726	491,295,246
Total net assets	997,884,084	906,186,725
Total liabilities and net assets	$ 1,185,849,276	$ 1,075,424,048

See notes to financial statements

St. Olaf College

Statement of Activities and Change in Net Assets
Year Ended May 31, 2024 (With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	2023
Operating Revenues, Gains and Other Support				
Tuition, room and board, net of scholarships (Note 1)	$ 85,695,570	$ -	$ 85,695,570	$ 83,644,809
Other tuition and fees	4,135,596		4,135,596	3,451,857
Government grants	4,247,177		4,247,177	6,550,743
Private gifts and grants	3,107,978	11,844,926	14,952,904	13,073,785
Long-term investment income and gains allocated for operations	12,147,584	18,668,136	30,815,720	28,754,073
Other sources	4,094,417	54,656	4,149,073	3,713,925
Investment income	1,335,903	29,016	1,364,919	1,093,003
Net losses on investments and capital assets	12,890		12,890	(1,155,039)
Capital gifts allocated	2,170,153		2,170,153	2,097,433
Auxiliary enterprises, sales and services	1,348,733	6,385	1,355,118	659,613
	118,296,001	30,603,119	148,899,120	141,884,202
Net assets released from restrictions (Notes 1 and 3)	30,138,949	(30,138,949)		
Total operating revenues, gains and other support	148,434,950	464,170	148,899,120	141,884,202
Operating Expenses				
Program expenses	127,462,835		127,462,835	121,360,540
Support expenses	20,137,538		20,137,538	16,577,385
Total operating expenses	147,600,373		147,600,373	137,937,925
Change in net assets from operating activities	834,577	464,170	1,298,747	3,946,277
Nonoperating Activities				
Long-term investment activities	39,545,150	69,973,964	109,519,114	31,474,253
Less long-term investment income and gains allocated for operations	(11,651,912)	(19,163,808)	(30,815,720)	(28,754,073)
	27,893,238	50,810,156	78,703,394	2,720,180
Student loan income, net of expenses	19,724	101,561	121,285	3,095
Deferred giving activities, gifts	24,465	153,035	177,500	55,155
Endowment and capital giving activities, gifts and grants	239,436	9,698,288	9,937,724	10,216,586
Capital related gifts released from restrictions (Notes 1 and 3)	1,760,199	(1,760,199)		
Capital gifts allocated to operations	(2,170,153)		(2,170,153)	(2,097,433)
Adjustment to actuarial liability for annuities payable	447,369	2,376,409	2,823,778	(794,159)
Adjustment to prior service cost and actuarial liability for retiree health plan	55,084		55,084	45,020
Gain from sale of asset	750,000		750,000	2,930,043
Change in net assets from nonoperating activities	29,019,362	61,379,250	90,398,612	13,078,487
Change in net assets before reclassification of net assets	29,853,939	61,843,420	91,697,359	17,024,764
Reclassification of Prior Year Net Assets	(422,060)	422,060		
Change in net assets	29,431,879	62,265,480	91,697,359	17,024,764
Net Assets, Beginning	414,891,479	491,295,246	906,186,725	889,161,961
Net Assets, Ending	$ 444,323,358	$ 553,560,726	$ 997,884,084	$ 906,186,725

St. Olaf College

Statement of Activities and Change in Net Assets
Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains and Other Support			
Tuition, room and board, net of scholarships (Note 1)	$ 83,644,809	$ -	$ 83,644,809
Other tuition and fees	3,451,857		3,451,857
Government grants	6,550,743		6,550,743
Private gifts and grants	3,126,628	9,947,157	13,073,785
Long-term investment income and gains allocated for operations	11,086,517	17,667,556	28,754,073
Other sources	3,643,120	70,805	3,713,925
Investment income	1,062,051	30,952	1,093,003
Net losses on investments and capital assets	(1,155,039)		(1,155,039)
Capital gifts allocated	2,097,433		2,097,433
Auxiliary enterprises, sales and services	659,613		659,613
	114,167,732	27,716,470	141,884,202
Net assets released from restrictions (Notes 1 and 3)	25,886,503	(25,886,503)	
Total operating revenues, gains and other support	140,054,235	1,829,967	141,884,202
Operating Expenses			
Program expenses	121,360,540		121,360,540
Support expenses	16,577,385		16,577,385
Total operating expenses	137,937,925		137,937,925
Change in net assets from operating activities	2,116,310	1,829,967	3,946,277
Nonoperating Activities			
Long-term investment activities	11,958,810	19,515,443	31,474,253
Less long-term investment income and gains allocated for operations	(11,086,517)	(17,667,556)	(28,754,073)
	872,293	1,847,887	2,720,180
Student loan income, net of expenses	(9,109)	12,204	3,095
Deferred giving activities, gifts	606	54,549	55,155
Endowment and capital giving activities, gifts and grants	2,387,872	7,828,714	10,216,586
Capital related gifts released from restrictions (Notes 1 and 3)	409,262	(409,262)	
Capital gifts allocated to operations	(2,097,433)		(2,097,433)
Adjustment to actuarial liability for annuities payable	(61,385)	(732,774)	(794,159)
Adjustment to prior service cost and actuarial liability for retiree health plan	45,020		45,020
Gain from sale of asset	2,930,043		2,930,043
Change in net assets from nonoperating activities	4,477,169	8,601,318	13,078,487
Change in net assets before reclassification of net assets	6,593,479	10,431,285	17,024,764
Reclassification of Prior Year Net Assets	(105,255)	105,255	
Change in net assets	6,488,224	10,536,540	17,024,764
Net Assets, Beginning	408,403,255	480,758,706	889,161,961
Net Assets, Ending	$ 414,891,479	$ 491,295,246	$ 906,186,725

See notes to financial statements

St. Olaf College

Statements of Functional Expenses

Years Ended May 31, 2024 and 2023

May 31, 2024

	Program Expenses							Support Expenses			
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	Total
Compensation	$ 39,670,143	$ 1,031,787	$ 54,034	$ 9,114,503	$ 15,892,802	$ 4,616,849	$ 70,380,118	$ 6,983,176	$ 4,308,798	$ 11,291,974	$ 81,672,092
Depreciation, amortization and accretion	3,933,025	127,547	14,995	2,086,964	4,611,692	2,505,639	13,279,862	719,291	438,720	1,158,011	14,437,873
General operating expenses	2,370,496	157,387	865	2,182,160	3,030,240	159,777	7,900,925	2,386,162	441,126	2,827,288	10,728,213
Food services	286,423	4,186	197,012	90,953	479,311	9,247,918	10,305,803	188,014	312,520	500,534	10,806,337
Travel and meals	6,178,123	68,420	368	331,222	2,129,162	34,259	8,741,554	314,900	288,835	603,735	9,345,289
Contract, professional services, insurance, and taxes	3,954,481	257,710	42,080	371,926	1,449,880	82,310	6,158,387	2,808,955	607,459	3,416,414	9,574,801
Facilities, repairs, maintenance, utilities, fuel	1,652,162	93,703	3,031	487,674	1,172,164	2,789,956	6,198,690	111,224	104,104	215,328	6,414,018
Interest	1,067,677	11,227	29	9,180	401,942	3,007,441	4,497,496	123,222	1,032	124,254	4,621,750
Total expenses	$ 59,112,530	$ 1,751,967	$ 312,414	$ 14,674,582	$ 29,167,193	$ 22,444,149	$ 127,462,835	$ 13,634,944	$ 6,502,594	$ 20,137,538	$ 147,600,373

May 31, 2023

	Program Expenses							Support Expenses			
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	Total
Compensation	$ 39,337,779	$ 1,000,474	$ 186,503	$ 8,658,831	$ 13,854,590	$ 4,357,578	$ 67,395,755	$ 5,878,808	$ 3,997,456	$ 9,876,264	$ 77,272,019
Depreciation, amortization and accretion	3,905,855	121,611	2,416	2,144,541	4,151,208	2,346,548	12,672,179	661,457	318,637	980,094	13,652,273
General operating expenses	2,383,949	107,255	48,481	2,100,288	3,366,390	171,330	8,177,693	1,078,415	415,016	1,493,431	9,671,124
Food services	269,602	5,605	53,199	58,659	440,571	8,756,511	9,584,147	96,696	236,674	333,370	9,917,517
Travel and meals	5,778,624	99,099	(7,188)	386,002	1,536,140	27,245	7,819,922	331,548	236,721	568,269	8,388,191
Contract, professional services, insurance, and taxes	2,272,959	462,925	123,981	244,511	1,230,204	196,462	4,531,042	2,494,285	523,964	3,018,249	7,549,291
Facilities, repairs, maintenance, utilities, fuel	1,672,655	100,981	17,983	496,111	1,124,664	3,227,894	6,640,288	94,981	81,995	176,976	6,817,264
Interest	679,539	12,217	32	10,163	412,352	3,425,211	4,539,514	129,813	919	130,732	4,670,246
Total expenses	$ 56,300,962	$ 1,910,167	$ 425,407	$ 14,099,106	$ 26,116,119	$ 22,508,779	$ 121,360,540	$ 10,766,003	$ 5,811,382	$ 16,577,385	$ 137,937,925

See notes to financial statements

	2024	2023
Cash Flows From (Used in) Operating Activities		
Change in net assets	$ 91,697,359	$ 17,024,764
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation, amortization and accretion expense	14,437,873	13,652,273
Net (gains)/losses on investments	(106,077,141)	(22,895,006)
Change in allowance for uncollectible student loans	(30,000)	90,925
Loans cancelled, assigned to government or written off	54,309	35,891
Gain on dispositions of property, plant and equipment	(11,306)	(1,772,855)
Actuarial adjustment of annuities payable	417,736	(292,144)
Adjustment to prior service cost and actuarial liability for retiree health plan	55,084	(45,020)
Gifts of property, plant and equipment	(256,782)	(305,999)
Change in:		
Accounts receivable	1,606,205	(2,173,330)
Contributions receivable for operations	(74,146)	(70,755)
Contributions receivable for plant	(20,083)	(43,647)
Other assets	512,066	(82,355)
Beneficial interest in trusts held by others	(223,472)	127,057
Change in:		
Accounts payable	2,240,362	62,689
Accrued and other liabilities	2,368,887	510,561
Deferred revenue	(213,715)	1,589,418
Deposits held in trust for others	(83,019)	296,640
Gifts and grants received for long-term investment and plant, net	(9,937,724)	(10,216,586)
Nonoperating investment income	(5,972,188)	(7,101,860)
Net cash flows used in operating activities	(9,509,695)	(11,609,339)
Cash Flows From (Used in) Investing Activities		
Purchases of property, plant and equipment	(17,789,703)	(39,836,567)
Purchases of investments	(382,259,752)	(187,900,466)
Proceeds from sales of investments	394,784,021	188,704,758
Proceeds from sale of property, plant and equipment	458,394	3,686,959
Disbursements of loans to students	(213,090)	(302,751)
Repayments of loans by students	779,111	776,758
Net cash flows used in investing activities	(4,241,019)	(34,871,309)
Cash Flows From Financing Activities		
Principal repayments of indebtedness	(3,355,618)	(3,212,082)
Gifts and grants received for long-term investment and plant, net	9,937,724	10,216,586
Change in nonoperating contributions receivable	559,043	(664,717)
Change in U.S. government grants refundable, net	45,841	(573,326)
Increase in annuities payable from new gifts	177,500	55,155
Payments to annuitants	(899,614)	(1,063,404)
Nonoperating investment income	5,972,188	7,101,860
Proceeds from issuance of notes	24,887,575	
Change in deposits held by trustee related to debt proceeds	6,699,702	21,077,125
Net cash flows from financing activities	44,024,341	32,937,197
Net change in cash and cash equivalents	30,273,627	(13,543,451)
Cash, Cash Equivalents, and Restricted Cash, Beginning	11,491,993	25,035,444
Cash, Cash Equivalents, and Restricted Cash, Ending	$ 41,765,620	$ 11,491,993
Supplemental Disclosure		
Interest paid	$ 3,617,508	$ 4,335,120
Property, plant and equipment acquired through accounts payable	$ 1,498,553	$ 4,594,459

See notes to financial statements

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 donor 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 board designated 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 statements 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 statements of activities. Conditional grants restricted by donors whose restrictions are met in the same year are reported as changes in net assets without donor restrictions.

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. Payments for services are due August 1st for Fall semester and February 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 2025 year.

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. Tuition will be refunded at 80% if a student withdraws by the end of 10^{th} day and 40% if a student withdraws within two weeks after 10^{th} day. 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:

	2024	2023
Tuition	$ 172,317,254	$ 163,320,417
Room and board	36,539,425	33,491,182
Tuition, room and board	208,856,679	196,811,599
Unfunded scholarships and grants	(104,218,285)	(96,937,560)
Funded scholarships and grants	(18,942,824)	(16,229,230)
Tuition, room and board, net of scholarships	$ 85,695,570	$ 83,644,809

Deferred Revenue

Deferred revenue represents deposits paid by students that will be refunded upon graduation, tuition credit balances owed to students and payments received for conferences, events or travel study programs that have not yet started as of May 31, 2024. Summer academic terms begin after May 31, 2024, thus all tuition revenue relating to the 2024 summer terms will be included in the fiscal year 2025 statement of activities.

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.

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 statements of financial position.

Contribution Revenue

Unconditional contributions are recognized as revenue 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 - that is, those with a measurable performance or other barrier and a right of return - are not recognized until they become unconditional, that is, when the conditions on which they depend are met. During the year ended May 31, 2016, the College received a conditional promise to give up to $15,000,000 when aggregated with gifts received from other contributors, including a $6,000,000 match 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, 2024, $6,345,000 of other donations have been received for the program. An endowment agreement was signed on March 14, 2024 establishing the program that will use these gifts that have been received through 2025.

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

Unconditional 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, with 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 change in net assets from operating activities 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 nonoperating activities, investment return in excess of amounts made available for current support, capital gifts, retiree health plan changes, changes in the actuarial value of annuities payable, gains (losses) from the sale of assets and student loan income.

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 if their use is restricted by explicit donor stipulation or by law.

Income and net gains or losses on investments of endowment and similar funds are reported in the statements 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
- funds in accordance with the stipulations of the donor, reported as with deficiencies; and
- as increases or decreases in net assets with donor restrictions in all other cases.

Impairment of Long-Lived Assets

The College reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of May 31, 2024 and 2023, there have been no such losses.

Cash, Cash Equivalents, and Restricted Cash

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.

Cash held for construction includes proceeds from the issuance of the 2024 Revenue note (Note 15), and is restricted to use for construction as defined in Note 10.

Cash, cash equivalents, and restricted cash are reported on the statement of financial position at May 31, 2024 and 2023 as follows:

	2024	2023
Cash and cash equivalents	$ 16,584,472	$ 11,491,993
Cash held for construction	25,181,148	-
Total cash, cash equivalents, and restricted cash	$ 41,765,620	$ 11,491,993

Receivables

Accounts and notes receivable are carried at cost, less an allowance for credit losses (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.

Investments

Investments in publicly traded securities are stated at quoted fair market value. Other investments, for which no such quoted fair 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, U.S. Government securities, private debt obligations and short-term investments held by the trustee are amounts restricted for debt service as required by the related trust indentures and also include proceeds from the issuance of the Series 2021 bonds. (See Note 15)

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 and are recorded at 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 fair 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 17)

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.

Deposits Held in Trust for Others

The College manages certain agency funds and the Federal Perkins Loan Program as an agent for other individuals, organizations, and the Department of Education. Assets held in these funds are reported as assets and offsetting liabilities on the statements of financial position, and activity is not included in the College’s statement of activities.

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, amortization and accretion, interest, health and dental expenses, tuition and benefit expenses and operation and maintenance of plant. Depreciation, amortization and accretion 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.

Contingencies

In order to participate in the various Federal Title IV financial aid programs, the U.S. Department of Education requires private nonprofit institutions to demonstrate financial responsibility by meeting certain ratio requirements.

The College is contingently liable in connection with claims and contracts, including those currently in litigation arising in the normal course of its activities. In the opinion of management, the results of these matters, if any, will not have a significant impact on the financial statements.

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, 2024 and 2023. The College's tax returns are subject to review and examination by federal and state authorities.

2. Restrictions and Limitations on Net Asset Balances

Net assets (deficit) without donor restrictions were allocated as follows:

	2024	2023
Plant	$ 161,062,690	$ 164,147,581
Operations	(5,395,627)	(7,901,386)
Endowment funds	285,160,166	255,150,159
Deferred gifts	3,499,690	3,413,282
Student loan programs, matching federal government	(3,561)	81,843
	$ 444,323,358	$ 414,891,479

Net assets with donor restrictions consist of the following:

	2024	2023
Gifts and other unexpended revenues and gains available for:		
Scholarships, instruction and other support	$ 16,043,275	$ 16,607,560
Acquisition of buildings and equipment	702,378	780,825
	16,745,653	17,388,385
Endowment funds	518,610,620	456,590,929
Deferred gifts	15,048,541	14,281,544
Student loan funds	3,155,912	3,034,388
	$ 553,560,726	$ 491,295,246

Total net assets consist of the following:

	2024	2023
Plant	$ 161,765,068	$ 164,928,406
Operations	10,647,648	8,706,173
Endowment funds (Note 8)	803,770,786	711,741,089
Deferred gifts (Note 17)	18,548,231	17,694,826
Student loan funds	3,152,351	3,116,231
	$ 997,884,084	$ 906,186,725

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, 2024 and 2023:

	2024	2023
Capital related gifts for projects placed in service	$ 1,760,199	$ 409,262
Scholarships, instruction and other departmental support	30,138,949	25,886,503
	$ 31,899,148	$ 26,295,765

4. Accounts Receivable

Accounts receivable, and the related allowance for credit losses, was as follows at May 31, 2024 and 2023:

	2024		
	Receivable	Allowance	Net
Student accounts	396,565	(25,000)	371,565
Other accounts	491,538	-	491,538
Total accounts receivable	$ 888,103	$ (25,000)	$ 863,103

	2023		
	Receivable	Allowance	Net
Federal Emergency Management Agency	$ 1,665,058	$ -	$ 1,665,058
Student accounts	459,477	(200,000)	259,477
Other accounts	544,773	-	544,773
Total accounts receivable	$ 2,669,308	$ (200,000)	$ 2,469,308

An allowance for credit losses 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. With the implementation of Accounting Standards Update (ASU) 2016-13, Current Expected Credit Losses (CECL) (ASC 326-20) during fiscal year 2024, the College used the loss-rate method to establish a credit loss reserve for student accounts receivable using an average annual loss rate of 7.02% based on the past five years of historical data and an economic adjustment of 1.90% based on the Federal Reserve’s 2025 change in real GDP. The implementation of ASU 2016-13, using the modified retrospective approach, did not have a significant impact on the College’s financial statements.

5. Contributions Receivable

Contributions receivable include the following unconditional promises to give at May 31, 2024 and 2023:

	2024	2023
Unconditional promises expected to be collected in:		
Less than one year	$ 2,726,697	$ 4,124,569
One to five years	6,540,219	6,042,164
Over five years	760,000	1,025,000
Gross unconditional promises to give	10,026,916	11,191,733
Less unamortized discount	(796,348)	(673,004)
Allowance for uncollectible promises	(368,070)	(1,191,417)
	$ 8,862,498	$ 9,327,312

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 0.9% to 5.7%. As of May 31, 2024, net contributions receivable consisted of $8,051,750 for endowments, $87,899 for plant and $722,849 for operations. As of May 31, 2023, net contributions receivable consisted of $8,610,793 for endowments, $67,816 for plant and $648,703 for operations.

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 credit losses 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, 2024 and 2023 student loans receivable consisted of the following:

	2024	2023
Federal government programs	$ 911,417	$ 1,334,545
Institutional programs	2,048,098	2,245,300
	2,959,515	3,579,845
Less allowance for credit losses:		
Beginning of year	(601,800)	(501,800)
Change to allowance	23,997	(97,991)
Write-offs	23,517	-
Write-off recoveries	(17,514)	(2,009)
End of year	(571,800)	(601,800)
Student loans receivable, net	$ 2,387,715	$ 2,978,045

Funds advanced by the Federal government of $1,266,343 and $1,507,956 at May 31, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. These amounts are partially offset by related receivables from the Federal government.

At May 31, 2024 and 2023, the past due and current amounts under student loan programs were as follows:

	2024	2023
Past due student loans receivable:		
0 - 240 days past due	$ 219,568	$ 195,271
240 days - 2 years past due	42,497	96,173
2 - 5 years past due	272,806	370,554
5+ years past due	227,231	166,353
Total past due	762,102	828,351
Current student loans receivable	2,197,413	2,751,494
Total student loans receivable, gross	$ 2,959,515	$ 3,579,845

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 assets include:

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

Level 2 assets include:

Investments in certain fixed income securities (U.S. treasuries, U.S. government agency bonds, municipal bonds, government and commercial mortgage-backed securities, corporate bonds and notes and private debt obligations) 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 assets include:

Investments in real estate for which fair value is based on inputs such as appraisals and the county assessed value.

Other investments include 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).

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, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the College's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of its alternative investment, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

There have been no changes in the techniques and inputs used as of May 31, 2024 and 2023.

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.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

The following table present information about the College's assets measured at fair value on a recurring basis as of May 31, 2024:

	2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments:				
Cash and short-term investments	$ 14,794,705	$ 14,794,705		
Marketable securities:				
Mutual funds and exchange traded funds:				
Fixed income:				
Domestic	5,086,758	5,086,758		
International	1,105,120	1,105,120		
Equity funds:				
Domestic	71,016,439	71,016,439		
International	40,400,299	40,400,299		
Real asset funds	3,441,079	3,441,079		
Stocks	46,306	46,306		
Bonds	22,255,343	119,910	$ 22,135,433	
Real estate	5,500			$ 5,500
Other investments	1,820,594			1,820,594
Subtotal investments	159,972,143	136,010,616	22,135,433	1,826,094
Deposits held by trustee	810,344	810,344		
Beneficial interest in trusts held by others	2,242,106			2,242,106
Subtotal by valuation hierarchy	163,024,593	$ 136,820,960	$ 22,135,433	$ 4,068,200
Investments measured using NAV:				
Hedge funds	175,451,749			
Private credit funds	16,509,941			
Private equity funds	164,702,295			
Global equity funds	194,812,000			
Fixed income funds	37,194,388			
Real estate funds	39,339,312			
Commodity funds	45,942,984			
Subtotal investments by NAV	673,952,669			
Total assets at fair value	$ 836,977,262			
Investments by valuation hierarchy	$ 159,972,143			
Investments by NAV	673,952,669			
Total investments	$ 833,924,812			

The following table present information about the College's assets measured at fair value on a recurring basis as of May 31, 2023:

	2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash and short-term investments	$ 13,315,001	$ 13,315,001		
Marketable securities:				
Mutual funds and exchange traded funds:				
Fixed income:				
Domestic	5,321,690	5,321,690		
International	1,127,616	1,127,616		
Equity funds:				
Domestic	48,790,235	48,790,235		
International	29,771,601	29,771,601		
Real asset funds	3,314,418	3,314,418		
Bonds	17,917,597	85,041	$ 17,832,556	
Real estate	5,500			$ 5,500
Other investments	1,888,423			1,888,423
Subtotal investments	121,452,081	101,725,602	17,832,556	1,893,923
Deposits held by trustee	7,539,753	7,539,753		
Beneficial interest in trusts held by others	2,018,634			2,018,634
Subtotal by valuation hierarchy	131,010,468	$ 109,265,355	$ 17,832,556	$ 3,912,557
Investments measured using NAV:				
Hedge funds	159,890,382			
Private credit funds	17,188,781			
Private equity funds	145,324,537			
Global equity funds	176,935,800			
Fixed income funds	32,000,000			
Real estate funds	37,238,938			
Commodity funds	50,341,421			
Subtotal investments by NAV	618,919,859			
Total assets at fair value	$ 749,930,327			
Investments by valuation hierarchy	$ 121,452,081			
Investments by NAV	618,919,859			
Total investments	$ 740,371,940			

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, 2024 and 2023:

Investment Type	Unfunded Commitments	Fair Value May 31, 2024	Fair Value May 31, 2023	Redemption Frequency	Redemption Notice Period	Estimated Remaining Life
Alternative investments:						
Hedge funds (a)	$ 887,500	$ 175,451,749	$ 159,890,382	Quarterly to not redeemable	45 days to N/A	1-15 years
Private credit funds(b)	16,192,269	16,509,941	17,188,781	Not redeemable	N/A	1-10 years
Private equity funds (c)	75,775,715	164,702,295	145,324,537	Not redeemable	N/A	1-15 years
Global equity funds (d)		194,812,000	176,935,800	Semi-Monthly to Annual	6-365 days	N/A
Fixed income funds (e)		37,194,388	32,000,000	Daily	2 days	N/A
Real estate funds (f)	20,229,921	39,339,312	37,238,938	Not redeemable	N/A	1-12 years
Commodity funds (g)	9,401,143	45,942,984	50,341,421	Not redeemable	N/A	1-12 years
Total	$ 122,486,548	$ 673,952,669	$ 618,919,859			

(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 one limited partnership investment at the statement of financial position date; the fund invests 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.

8. Endowment

The College's endowment consists of approximately 2,000 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) accumulated gains and losses 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, 2024 and 2023:

	2024			
		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Gains	Original Gifts	Total
Donor-restricted endowment funds	$ -	$ 201,788,025	$ 316,822,595	$ 518,610,620
Board-designated endowment funds	285,160,166	-	-	285,160,166
Total endowment net assets	$ 285,160,166	$ 201,788,025	$ 316,822,595	$ 803,770,786

	2023			
		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Gains	Original Gifts	Total
Donor-restricted endowment funds	$ -	$ 181,720,437	$ 274,870,493	$ 456,590,930
Board-designated endowment funds	255,150,159	-	-	255,150,159
Total endowment net assets	$ 255,150,159	$ 181,720,437	$ 274,870,493	$ 711,741,089

Changes in endowment net assets for the years ended May 31, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, May 31, 2023	$ 255,150,159	$ 456,590,930	$ 711,741,089
Total investment return	39,545,150	69,973,964	109,519,114
Contributions	39,437	9,128,801	9,168,238
Appropriation of endowment assets for:			
Operating expenditures	(11,688,626)	(19,183,772)	(30,872,398)
Nonoperating expenditures	(55,036)		(55,036)
Other changes:			
Transfers from other funds	2,169,000	100,000	2,269,000
Matured deferred gifts	82	2,000,697	2,000,779
Endowment net assets, May 31, 2024	$ 285,160,166	$ 518,610,620	$ 803,770,786

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, May 31, 2022	$ 252,011,702	$ 444,664,304	$ 696,676,006
Total investment return	11,958,810	19,515,443	31,474,253
Contributions	2,021,205	7,563,414	9,584,619
Appropriation of endowment assets for:			
Operating expenditures	(11,122,239)	(17,667,557)	(28,789,796)
Nonoperating expenditures	(53,546)	(19,423)	(72,969)
Other changes:			
Transfers from other funds	-	1,000,000	1,000,000
Matured deferred gifts	334,228	1,534,748	1,868,976
Endowment net assets, May 31, 2023	$ 255,150,159	$ 456,590,930	$ 711,741,089

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, 2024, 9 donor-restricted funds with original gift values of $438,187, fair values of $435,333 and deficiencies of $2,854 were reported in net assets with donor restrictions. At May 31, 2023, 63 donor-restricted funds with original gift values of $14,251,732, fair values of $13,643,102 and deficiencies of $608,630 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.

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. The College benchmarks against a 65% MSCI ACWI (All Country World Index) and 35% Bloomberg Barclays Aggregate Bond allocation. The College expects its endowment funds, over time, to provide an average real total return of 5%, 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.

9. Liquidity and Availability

The following table reflects the College's financial assets as of May 31, 2024 and 2023, 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.

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 16,584,472	$ 11,491,993
Cash held for construction	25,181,148	-
Accounts receivable, net	863,103	2,469,308
Contributions receivable, net	8,862,498	9,327,312
Student loan receivables, net	2,387,715	2,978,045
Notes receivable	750,000	750,000
Investments	833,924,812	740,371,940
Deposits held by trustee	810,344	7,539,753
Assets held in trust by others	2,242,106	2,018,634
Financial assets at May 31	891,606,198	776,946,985
Less those unavailable for general expenditure within one year:		
Cash restricted for student loans	(5,564,199)	(4,685,509)
Accounts receivable beyond one year	(47,982)	(67,870)
Contributions receivable for endowments	(8,051,750)	(8,610,793)
Contributions receivable for plant	(87,899)	(67,816)
Contributions receivable for operations greater than one year	(748,556)	(384,920)
Student loan receivables restricted for financial aid purposes	(2,387,715)	(2,978,045)
Note receivable beyond one year	(750,000)	(750,000)
Endowment assets restricted by donors, net of appropriation for next year	(490,143,452)	(428,596,219)
Endowment assets restricted by the Board of Regents, net of appropriation for next year	(273,730,634)	(244,109,893)
Cash and other investments held for gift annuitants	(24,746,633)	(24,444,663)
Bond proceeds and reserves restricted by use	(25,991,492)	(7,539,753)
Investments held for others connected to split-interest agreements	(2,242,106)	(2,018,634)
Financial assets not available for expenditure within one year	(834,492,408)	(724,254,115)
Financial assets available to meet cash needs for general purposes within one year	$ 57,113,790	$ 52,692,870

As of May 31, 2024, the College had liquid assets on hand to cover approximately five 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.

10. Property, Plant and Equipment

At May 31, 2024 and 2023, property, plant and equipment consisted of the following:

	2024	2023
Land	$ 1,154,329	$ 1,242,799
Improvements other than buildings	37,913,024	36,746,520
Buildings	381,953,457	374,464,107
Equipment	68,563,867	63,551,963
Library materials	16,359,554	16,672,380
Art collection	2,767,955	2,299,134
Construction in progress	11,999,513	17,170,989
	520,711,699	512,147,892
Right-of-use assets (Note 16)	591,379	669,837
Less accumulated depreciation	(228,874,692)	(216,667,424)
	$ 292,428,386	$ 296,150,305

The majority of the costs included in construction in progress as of May 31, 2024 were for two construction projects, a renovation of an existing residence hall and a climate-controlled library vault totaling approximately $9,660,000. The residence hall renovation will be completed by fall 2025 and is being funded by the Series 2021 debt proceeds, the Series 2024 debt proceeds, and the capital budget. The climate-controlled library vault project will be completed in fiscal year 2025 and is being funded by contributions, grant funding and operations.

The College has entered into a contract for an estimated $10.8 million to build a new thermal storage tank and make cooling infrastructure improvements on campus. Construction will be completed by fall 2026 and is being funded by the Series 2024 debt proceeds, the capital budget, and the Inflation Reduction Act.

11. Accrued and Other Liabilities

At May 31, 2024 and 2023, accrued and other liabilities consisted of the following:

	2024	2023
Payroll	$ 11,832,254	$ 9,417,567
Self-insurance reserve (Note 12)	410,000	485,000
Post-retirement benefit obligations (Note 13)	555,209	572,749
Interest	1,510,207	1,372,627
Asset retirement obligations (Note 14)	3,500,895	3,369,978
Other	580,037	578,211
	$ 18,388,602	$ 15,796,132

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 $410,000 at May 31, 2024 and $485,000 at May 31, 2023, 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 $14,442,000.

As of May 31, 2024 and 2023, the College had net assets without donor restrictions of $584,163 and $790,469, 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.

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 $4,466,000 and $4,210,000 for the years ended May 31, 2024 and 2023, 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, 2024 and 2023:

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 14,066,538	$ 15,489,761
Service cost	39,313	50,473
Interest cost	673,721	618,123
Plan participants' VEBA contributions	38,750	48,787
Employer VEBA contributions	679,950	694,415
Actuarial gain	1,401,110	(1,764,643)
Benefits paid	(1,089,305)	(1,070,378)
Benefit obligation at end of year	$ 15,810,077	$ 14,066,538
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 13,493,789	$ 14,801,674
Actual return on plan assets	2,130,883	(979,539)
Employer contributions	680,751	693,245
Plan participants' contributions	38,750	48,787
Benefits paid	(1,089,305)	(1,070,378)
Fair value of plan assets at end of year	$ 15,254,868	$ 13,493,789
Funded status:		
Funded status at end of year	$ (555,209)	$ (572,749)
Amounts recognized in the statements of financial position consist of:		
Current liabilities	$ (54,598)	$ (61,357)
Noncurrent liabilities	(500,611)	(511,392)
Net amount recognized (Note 11)	$ (555,209)	$ (572,749)

	2024	2023
Amounts recognized in change in net assets consist of:		
Prior service cost	$ -	$ -
Loss	44,750	99,834
Accumulated change in net assets	$ 44,750	$ 99,834
Components of net periodic benefit cost:		
Service cost	$ 39,313	$ 50,473
Interest cost	673,721	618,123
Expected return on plan assets	(674,689)	(740,084)
Amortization of prior service cost	-	-
Net periodic postretirement benefit cost	$ 38,345	$ (71,488)
Changes in net assets:		
Net (gain)/loss	$ (55,084)	$ (45,020)
Amortization of prior service cost	-	-
Total amount (gain) loss recognized in change in net assets	$ (55,084)	$ (45,020)
Total amount recognized net periodic benefit cost and change in net assets	$ (16,739)	$ (116,508)
Weighted-average assumptions used to determine benefit obligations at May 31:		
Discount rate	5.30%	4.80%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	0.00%	0.00%
Weighted-average assumptions used to determine net periodic benefit cost at May 31:		
Discount rate	4.80%	4.00%
Assumed health care cost trend rates at May 31:		
Healthcare cost trend rate assumed for next year:		
Post 65	N/A	N/A
Pre 65	6.25%	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend)	4.00%	4.00%
Year that the rate reaches the ultimate rate	2076	2076

Plan assets are invested primarily in mutual funds, which are classified as Level 1 in the fair value hierarchy, as of May 31, 2024 and 2023.

During the year ending May 31, 2025, the College expects to contribute approximately $55,000 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 $636,000 to the VEBA for current employees during the year ending May 31, 2025.

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:

Years ending May 31:	
2025	$ 54,598
2026	51,731
2027	50,968
2028	52,166
2029	45,763
2030 - 2034	190,254

The above assumptions and calculations are based on information as of December 31, 2023 and 2022, the measurement dates for the Plan. The accrued benefit cost represents the full obligation for the retirees and the current service cost for eligible employees at May 31, 2024. A 6.25% rate of increase in the per capita costs of covered health care benefits was initially assumed, decreasing 0.25% per year to an ultimate level of 5.00%. A discount rate of 5.30% and 4.80% were used to determine the accumulated postretirement benefit obligation for 2024 and 2023, respectively.

Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated post-retirement benefit obligation as of May 31, 2024, to approximately $15,870,000 and the increase the aggregate of the service and interest cost components of net periodic post-retirement benefit costs for the year ended May 31, 2024 to approximately $50,000.

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.

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:

	2024	2023
Balance at beginning of the year	$ 3,369,978	$ 3,213,645
Abatement costs	(37,582)	(4,350)
Accretion expense	168,499	160,683
Balance at end of the year (Note 11)	$ 3,500,895	$ 3,369,978

15. Long-Term Debt

Long-term debt at May 31, 2024 and 2023 consisted of the following bonds and note issued by the Minnesota Higher Education Facilities Authority (MHEFA) on behalf of the College:

	Interest	Principal Payment	Fiscal Year of Maturity	Outstanding Balance 2024	Outstanding Balance 2023
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 $3,080,000 to $4,495,000	2033	$ 33,770,000	$ 36,700,000
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 $435,000 to $5,760,000	2036	21,270,000	21,690,000
MHEFA Revenue Bonds, Series 2021, issued to finance construction	Bonds bear rates from 3.00% to 4.00%	Annual payments range from $2,980,000 to $4,935,000	2051	57,335,000	57,335,000
MHEFA Revenue Note, Series 2024, issued to finance construction	Note bears a 4.480% fixed rate	Annual payments range from $404,000 to $1,482,000	2055	25,000,000	-
Principal outstanding on bonds and note				137,375,000	115,725,000
Plus:					
Long-term leases liability (see Note 16)				591,379	620,196
Unamortized premium:					
Series Eight-G Revenue Bonds				3,481,754	3,891,372
Series Eight-N Revenue Bonds				1,602,269	1,743,645
Series 2021 Revenue Bonds				8,311,942	8,627,585
Less unamortized debt issue costs				(514,811)	(402,385)
Total long-term debt				$ 150,847,533	$ 130,205,413

On July 1, 2015, the College issued $53,745,000 in tax-exempt bonds, Series Eight-G, through the Minnesota Higher Education Facilities Authority (MHEFA). A portion of the Series Six-O Revenue Bonds ($28,677,000) was refunded on an advance refunding basis, whereby the Series Five-M2 Revenue Bonds ($8,869,000) were refunded on a current refunding basis. The proceeds were also used to terminate an interest rate swap agreement corresponding to the Series Five-M2 Bonds ($583,000) and to finance various construction and renovate projects to the College's residential facilities and classroom buildings ($25,000,000).

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.

On March 1, 2021, the College issued $57,335,000 in tax-exempt bonds, Series 2021, through the Minnesota Higher Education Facilities Authority (MHEFA). The proceeds of the bonds are being used to construct a residence hall of approximately 300 beds and 14 townhouses totaling approximately 140 beds, as well as renovate an existing residence hall on campus, capitalize interest on the bonds through April 1, 2022 and pay certain issuance costs.

On March 1, 2024, the College secured a $25,000,000 loan, Series 2024, through the Minnesota Higher Education Facilities Authority (MHEFA) with JP Morgan Chase Bank. The proceeds of the loan are being used to renovate two existing residence halls, the construction of a new building to support facilities operations and provide storage for the college, the construction of various improvements to facilities infrastructure, funding capitalized interest through construction, and funding a portion of the costs of issuance. The College maintains the proceeds from this financing in cash in separate bank accounts that totaled $25,181,148 as of May 31, 2024. These funds are intended to be used for the costs of issuance and construction on the projects related to the Series 2024 note.

Revenue Bonds Series Eight-G, Series Eight-N, 2021 Revenue Bonds and the 2024 Revenue Note are secured by a pledge of loan repayment from the College and require that certain covenants be maintained.

The College maintains cash, U.S. government securities and private debt obligations held by a trustee that totaled $810,344 and $7,539,753 as of May 31, 2024 and 2023, respectively. These funds are intended to be used to make principal and interest payments and for construction on the projects related to the Series 2021 bond issuance. All funds related to the construction on the projects related to the Series 2021 bond issuance have been used by May 31, 2024.

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

Years ending May 31:	
2025	$ 3,515,000
2026	4,094,000
2027	4,298,000
2028	4,512,000
2029	4,712,000
Thereafter	116,244,000
Total	$ 137,375,000

16. Leases

The College leases certain equipment under noncancelable operating leases expiring through July 2029, and a noncancelable financing lease that expired in August 2023. The right-of-use assets are included in property and equipment (Note 10). The lease liability is included in long-term debt (Note 15). The weighted-average discount rate was 4.48% and 2.78% used for the years ending May 31, 2024 and 2023, respectively. Total rental expense was $288,514 and $284,456 for the years ended May 31, 2024 and 2023, respectively. Future payments for the years ended May 31, are as follows:

	Operating
Years ending May 31:	
2025	$ 235,932
2026	214,551
2027	75,085
2028	75,085
2029	46,137
Present value discount	(55,411)
Total	$ 591,379

17. 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 0.4% to 11.0% for the years ended May 31, 2024 and 2023 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, 2024 and 2023 is as follows:

	2024	2023
Cash and investments	$ 24,746,633	$ 24,444,663
Interfund payable	(41,456)	(24,191)
Beneficial interest in trusts held by others	2,242,106	2,018,634
Deposits held in trust for others	73,874	33,024
Annuities payable	(8,472,926)	(8,777,304)
	$ 18,548,231	$ 17,694,826
Net assets:		
Without donor restrictions	$ 3,499,690	$ 3,413,282
With donor restrictions	15,048,541	14,281,544
Total	$ 18,548,231	$ 17,694,826

18. 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.

19. 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 $10,473 and $3,141,556 as of May 31, 2024 and 2023, respectively. Total payments to this construction company were approximately $1,363,000 and $21,600,000 for the years ended May 31, 2024 and 2023, respectively.

As of May 31, 2024 and 2023, approximately $2,658,000 and $2,880,000, respectively, of contributions receivable were due from members of the Board of Regents. Contribution revenue from members of the Board of Regents totaled approximately $2,320,000 and $4,676,000 for the years ending May 31, 2024 and 2023, respectively. Board members are not compensated.

The College has invested in various private equity investments, in which previous 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, 2024 and 2023, the College's total value of these funds was approximately $737,000 and $1,013,000, respectively. The College's cumulative distributions exceeded cumulative contributions to these investments as of May 31, 2024 by approximately $8,282,000. The College's cumulative distributions exceeded cumulative contributions to these investments as of May 31, 2023 by approximately $7,519,000. The College had no outstanding future commitments to these investments at May 31, 2024 and 2023.

20. Subsequent Events

The College has evaluated subsequent events through October 11, 2024, which is the date that the financial statements were issued.