

St. Olaf College

Financial Statements and
Federal Awards Audit

May 31, 2026

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St. Olaf College

Highlights (Unaudited)

Years Ended May 31, 2026 and 2025

Fiscal Year Ending May 31:**Academic Year****Enrollment, Retention, Graduation**

	FY 2026	FY 2025
	2025-26	2024-25
Undergraduate Full Time (Fall)	3,087	3,078
Undergraduate FTE (Fall)	3,096	3,093
Undergraduate Headcount (Fall)	3,114	3,124
% Men/Women/Another Gender	40/57/3	41/56/3
% Who Are In-State/Out-of-State	47/53	47/53
% White/Domestic Minority/International	66/23/11	67/23/10
1st Year to Sophomore	93.6%	92.2%
Sophomore to Junior	87.5%	87.2%
Junior to Senior	85.4%	83.9%
Four-Year Graduation Rate	77.4%	75.6%
Five-Year Graduation Rate	81.0%	81.7%

Number of Seniors (May)	785	682
Number of Declared Majors	1,152	981

Top Five Majors:

1st	Mathematics 10.2%	Mathematics 11.6%
2nd	Psychology 9.8%	Economics 8.9%
3rd	Economics 9.3%	Biology 8.8%
4th	Biology 9.2%	Psychology 8.5%
5th	Music 5.6%	Chemistry 5.4%

Post-Graduation Activities

Responses/Response Rate	Class of 2025 609/90%	Class of 2024 589/91%
Activities:		
Working (Full or Part-Time)/percent	429/70%	413/70%
Furthering Education/percent	151/24%	122/21%
Other Activities/percent	29/5%	54/9%

New Student Admissions (Fall)

Applications (1st Year/Transfer)	7,310/194	6,623/150
Acceptances (1st Year/Transfer)	3,171/55	3,200/41
Acceptance Rate (1st Year/Transfer)	43%/28%	48%/27%
Matriculants (1st Year/Transfer)	794/33	859/20
Yield Rate (1st Year/Transfer)	25%/60%	27%/49%
% 1st Year Men/Women/Nonbinary	39/59/2	39/57/4
% 1st Year In-State/Out-of-State	43/57	44/56
% 1st Year 1st Generation to College	21	22
Median ACT - 1st Year	30	30
Median SAT - 1st Year	1380	1410

Faculty and Staff Employed (Fall)

Faculty/Staff/Total - FTE	276/465/741	262/457/719
Faculty/Staff/Total - Full-time Headcount	247/414/661	229/413/642
Faculty/Staff/Total - Part-time Headcount	87/152/239	98/133/231

Tuition and Fees Per Student

Tuition	\$ 65,700	\$ 62,700
Room & Board	15,500	14,300
Total comprehensive fee	<u>\$ 81,200</u>	<u>\$ 77,000</u>

Financial Aid, Scholarships & Grants

Federal Grants	\$ 4,591,400	\$ 4,978,030
State Grants	3,451,167	2,894,491
Institutional Scholarships & Grants	148,520,897	133,433,403
Outside Scholarships & Grants	3,841,168	3,543,888
Total	<u>\$ 160,404,632</u>	<u>\$ 144,849,812</u>
Total per student FTE	<u>\$ 51,810</u>	<u>\$ 46,831</u>

Endowment

Fair Market Value at Fiscal Year End	\$ 1,018,997,811	\$ 863,913,452
Fair Market Value per Full Time Student	\$ 330,093	\$ 280,674
Fair Market Value per FTE Student	\$ 329,134	\$ 279,312
Total return on investments	18.1%	10.4%

Independent Auditors' Report

To the Board of Regents of
St. Olaf College

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St. Olaf College (the College), which comprise the statement of financial position as of May 31, 2026 and 2025, 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, 2026 and 2025, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Responsibilities of Management for the 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.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2026 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Minneapolis, Minnesota
October 8, 2026

St. Olaf CollegeStatements of Financial Position
May 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Assets		
Cash and cash equivalents	\$ 14,818,710	\$ 8,776,179
Cash held for construction (Note 15)	-	9,557,225
Receivables		
Accounts, net (Note 4)	5,651,106	1,086,427
Contributions, net (Note 5)	22,664,145	8,257,464
Student loans, net (Note 6)	1,626,357	2,033,805
Notes receivable (Note 1)	750,000	750,000
Investments (Note 7)	1,034,153,126	894,219,612
Other assets	1,103,209	2,010,457
Deposits held by trustee (Note 7)	645,434	732,966
Beneficial interest in trusts held by others (Note 7)	2,758,975	2,345,984
Property, plant and equipment, net (Note 10)	314,874,408	308,996,102
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,399,045,470</u>	<u>\$ 1,238,766,221</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,763,985	\$ 3,217,887
Accrued and other liabilities (Note 11)	16,090,124	15,501,585
Deferred revenue	4,230,932	4,560,089
Annuities payable (Note 17)	9,789,208	9,435,535
Long-term debt (Note 15)	139,209,007	146,284,148
U.S. government grants refundable	738,099	940,306
Deposits held in trust for others	797,149	836,612
	<u> </u>	<u> </u>
Total liabilities	<u>174,618,504</u>	<u>180,776,162</u>
Net Assets		
Without donor restrictions (Note 2)	518,774,673	463,269,809
With donor restrictions (Note 2)	705,652,293	594,720,250
	<u> </u>	<u> </u>
Total net assets	<u>1,224,426,966</u>	<u>1,057,990,059</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 1,399,045,470</u>	<u>\$ 1,238,766,221</u>

See notes to financial statements

St. Olaf College

Statement of Activities and Change in Net Assets

Year Ended May 31, 2026

(With Comparative Totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	Total	2025
Operating Revenues, Gains and Other Support				
Tuition, room and board, net of scholarships (Note 1)	\$ 102,550,742	\$ -	\$ 102,550,742	\$ 88,043,901
Other tuition and fees	4,134,098	-	4,134,098	3,804,168
Government grants	4,360,101	-	4,360,101	4,377,998
Private gifts and grants	3,857,621	3,981,218	7,838,839	16,690,328
Long-term investment income and gains allocated for operations	13,344,254	22,095,102	35,439,356	32,669,421
Other sources	4,399,014	40,637	4,439,651	4,019,801
Investment income	949,934	26,553	976,487	1,138,475
Net gains (losses) on investments and capital assets	(85,129)	-	(85,129)	7,021
Capital gifts allocated	2,248,202	-	2,248,202	2,213,263
Auxiliary enterprises, sales and services	1,758,455	8,140	1,766,595	1,777,285
	137,517,292	26,151,650	163,668,942	154,741,661
Net assets released from restrictions (Notes 1 and 3)	24,636,472	(24,636,472)	-	-
Total operating revenues, gains and other support	162,153,764	1,515,178	163,668,942	154,741,661
Operating Expenses				
Program expenses	141,393,452	-	141,393,452	135,320,952
Support expenses	20,582,358	-	20,582,358	19,780,940
Total operating expenses	161,975,810	-	161,975,810	155,101,892
Change in net assets from operating activities	177,954	1,515,178	1,693,132	(360,231)
Nonoperating Activities				
Long-term investment activities	54,552,730	100,134,497	154,687,227	82,556,851
Less long-term investment income and gains allocated for operations	(12,901,581)	(22,537,774)	(35,439,355)	(32,669,421)
	41,651,149	77,596,723	119,247,872	49,887,430
Student loan income, net of expenses	(26)	(58,623)	(58,649)	81,813
Deferred giving activities, gifts	1,212	114,703	115,915	688,287
Endowment and capital giving activities, gifts and grants	7,996,591	28,786,289	36,782,880	10,216,322
Capital related gifts released from restrictions (Notes 1 and 3)	472,151	(472,151)	-	-
Capital gifts allocated to operations	(2,248,202)	-	(2,248,202)	(2,213,263)
Adjustment to actuarial liability for annuities payable	736,980	3,347,574	4,084,554	1,400,311
Adjustment to prior service cost and actuarial liability for retiree health plan	(13,300)	-	(13,300)	405,306
Gain from debt refinancing	2,853,669	-	2,853,669	-
Proceeds from IRA tax credit (Note 1)	3,979,036	-	3,979,036	-
Change in net assets from nonoperating activities	55,429,260	109,314,515	164,743,775	60,466,206
Change in net assets before reclassification of net assets	55,607,214	110,829,693	166,436,907	60,105,975
Reclassification of Net Assets	(102,350)	102,350	-	-
Change in net assets	55,504,864	110,932,043	166,436,907	60,105,975
Net Assets, Beginning	463,269,809	594,720,250	1,057,990,059	997,884,084
Net Assets, Ending	\$ 518,774,673	\$ 705,652,293	\$ 1,224,426,966	\$ 1,057,990,059

See notes to financial statements

St. Olaf College

Statement of Activities and Change in Net Assets
Year Ended May 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains and Other Support			
Tuition, room and board, net of scholarships (Note 1)	\$ 88,043,901	\$ -	\$ 88,043,901
Other tuition and fees	3,803,638	530	3,804,168
Government grants	4,377,998	-	4,377,998
Private gifts and grants	3,197,030	13,493,298	16,690,328
Long-term investment income and gains allocated for operations	12,559,686	20,109,735	32,669,421
Other sources	3,937,918	81,883	4,019,801
Investment income	1,105,261	33,214	1,138,475
Net gains on investments and capital assets	7,021	-	7,021
Capital gifts allocated	2,213,263	-	2,213,263
Auxiliary enterprises, sales and services	1,703,003	74,282	1,777,285
	120,948,719	33,792,942	154,741,661
Net assets released from restrictions (Notes 1 and 3)	34,209,801	(34,209,801)	-
Total operating revenues, gains and other support	155,158,520	(416,859)	154,741,661
Operating Expenses			
Program expenses	135,320,952	-	135,320,952
Support expenses	19,780,940	-	19,780,940
Total operating expenses	155,101,892	-	155,101,892
Change in net assets from operating activities	56,628	(416,859)	(360,231)
Nonoperating Activities			
Long-term investment activities	29,433,131	53,123,720	82,556,851
Less long-term investment income and gains allocated for operations	(12,144,475)	(20,524,946)	(32,669,421)
	17,288,656	32,598,774	49,887,430
Student loan income, net of expenses	-	81,813	81,813
Deferred giving activities, gifts	28,241	660,046	688,287
Endowment and capital giving activities, gifts and grants	741,147	9,475,175	10,216,322
Capital related gifts released from restrictions (Notes 1 and 3)	2,415,415	(2,415,415)	-
Capital gifts allocated to operations	(2,213,263)	-	(2,213,263)
Adjustment to actuarial liability for annuities payable	251,333	1,148,978	1,400,311
Adjustment to prior service cost and actuarial liability for retiree health plan	405,306	-	405,306
Gain from sale of asset	-	-	-
Change in net assets from nonoperating activities	18,916,835	41,549,371	60,466,206
Change in net assets before reclassification of net assets	18,973,463	41,132,512	60,105,975
Reclassification of Net Assets	(27,012)	27,012	-
Change in net assets	18,946,451	41,159,524	60,105,975
Net Assets, Beginning	444,323,358	553,560,726	997,884,084
Net Assets, Ending	<u>\$ 463,269,809</u>	<u>\$ 594,720,250</u>	<u>\$ 1,057,990,059</u>

See notes to financial statements

St. Olaf College

Statements of Functional Expenses
Years Ended May 31, 2026 and 2025

May 31, 2026											
	Program Expenses						Support Expenses				
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	Total
Compensation	\$ 44,402,309	\$ 1,004,909	\$ 76,269	\$ 9,756,211	\$ 17,373,392	\$ 5,101,581	\$ 77,714,671	\$ 7,348,979	\$ 4,487,118	\$ 11,836,097	\$ 89,550,768
Depreciation, amortization and accretion	4,051,233	129,480	12,929	2,138,529	5,524,963	2,596,586	14,453,720	967,355	453,094	1,420,449	15,874,169
General operating expenses	2,345,872	215,041	2,540	2,055,010	2,769,086	395,038	7,782,587	1,802,244	590,719	2,392,963	10,175,550
Food services	266,365	6,301	237,338	65,645	436,635	10,995,057	12,007,341	178,330	669,736	848,066	12,855,407
Travel and meals	7,201,821	65,269	423	439,167	1,800,976	80,924	9,588,580	111,125	274,671	385,796	9,974,376
Contract, professional services, insurance and taxes	4,507,346	199,228	52,903	535,187	1,863,709	120,486	7,278,859	2,745,907	548,288	3,294,195	10,573,054
Facilities, repairs, maintenance, utilities, fuel	1,969,714	112,963	7,973	587,173	1,370,322	3,264,128	7,312,273	184,710	108,635	293,345	7,605,618
Interest	1,012,295	13,707	119	44,130	438,432	3,746,738	5,255,421	107,190	4,257	111,447	5,366,868
Total expenses	<u>\$ 65,756,955</u>	<u>\$ 1,746,898</u>	<u>\$ 390,494</u>	<u>\$ 15,621,052</u>	<u>\$ 31,577,515</u>	<u>\$ 26,300,538</u>	<u>\$ 141,393,452</u>	<u>\$ 13,445,840</u>	<u>\$ 7,136,518</u>	<u>\$ 20,582,358</u>	<u>\$ 161,975,810</u>
May 31, 2025											
	Program Expenses						Support Expenses				
	Instruction	Research	Public Service	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Fundraising	Total Support	Total
Compensation	\$ 42,681,576	\$ 992,984	\$ 86,579	\$ 9,380,576	\$ 17,235,637	\$ 4,813,466	\$ 75,190,818	\$ 7,122,791	\$ 4,471,969	\$ 11,594,760	\$ 86,785,578
Depreciation, amortization and accretion	3,967,497	127,672	15,441	2,048,334	4,766,644	2,511,808	13,437,396	911,456	444,311	1,355,767	14,793,163
General operating expenses	2,369,649	192,121	38,630	2,045,052	3,055,104	1,179,359	8,879,915	1,771,767	554,806	2,326,573	11,206,488
Food services	250,994	19,854	305,335	67,163	528,658	10,412,554	11,584,558	255,614	410,285	665,899	12,250,457
Travel and meals	6,435,637	79,288	-	331,979	1,927,056	23,523	8,797,483	68,995	242,331	311,326	9,108,809
Contract, professional services, insurance and taxes	3,781,193	253,343	71,981	423,369	1,778,063	166,001	6,473,950	2,736,645	443,029	3,179,674	9,653,624
Facilities, repairs, maintenance, utilities, fuel	1,821,142	101,044	4,095	521,250	1,217,182	2,954,805	6,619,518	137,990	91,990	229,980	6,849,498
Interest	991,736	10,202	26	8,223	390,634	2,936,493	4,337,314	116,041	920	116,961	4,454,275
Total expenses	<u>\$ 62,299,424</u>	<u>\$ 1,776,508</u>	<u>\$ 522,087</u>	<u>\$ 14,825,946</u>	<u>\$ 30,898,978</u>	<u>\$ 24,998,009</u>	<u>\$ 135,320,952</u>	<u>\$ 13,121,299</u>	<u>\$ 6,659,641</u>	<u>\$ 19,780,940</u>	<u>\$ 155,101,892</u>

See notes to financial statements

St. Olaf College

Statements of Cash Flows

Years Ended May 31, 2026 and 2025

	2026	2025
Cash Flows Used in Operating Activities		
Change in net assets	\$ 166,436,907	\$ 60,105,975
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation, amortization and accretion expense	15,825,727	14,793,163
Net gains on investments	(154,709,492)	(79,253,008)
Change in allowance for uncollectible student loans	(100,000)	-
Loans cancelled, assigned to government or written off	252,094	21,166
Gain from debt refinancing	(2,853,669)	-
Actuarial adjustment of annuities payable	1,165,216	1,159,454
Adjustment to prior service cost and actuarial liability for retiree health plan	(13,300)	405,306
Gifts of property, plant and equipment	(460,960)	(85,000)
Change in:		
Accounts receivable	(4,564,679)	(223,324)
Contributions receivable for operations	(21,137)	133,270
Contributions receivable for plant	(165,933)	(4,410)
Other assets	907,248	(195,765)
Beneficial interest in trusts held by others	(412,991)	(103,878)
Change in:		
Accounts payable	1,989,637	(1,225,446)
Accrued and other liabilities	460,270	(3,467,368)
Deferred revenue	(329,157)	(127,170)
Deposits held in trust for others	(39,463)	306,679
Gifts and grants received for long-term investment and plant, net	(36,782,880)	(10,216,322)
Nonoperating investment income	(4,166,595)	(4,840,582)
Net cash flows used in operating activities	(17,583,157)	(22,817,260)
Cash Flows Used in Investing Activities		
Purchases of property, plant and equipment	(22,876,637)	(31,512,843)
Purchases of investments	(409,436,179)	(406,564,320)
Proceeds from sales of investments	424,212,157	425,522,528
Proceeds from sale of property, plant and equipment	-	34,362
Disbursements of loans to students	(255,943)	(247,665)
Repayments of loans by students	511,297	580,409
Net cash flows used in investing activities	(7,845,305)	(12,187,529)
Cash Flows From Financing Activities		
Principal repayments of indebtedness	(4,304,000)	(3,515,000)
Gifts and grants received for long-term investment and plant, net	36,782,880	10,216,322
Change in nonoperating contributions receivable	(14,219,611)	476,174
Change in U.S. government grants refundable, net	(202,207)	(326,037)
Increase in annuities payable from new gifts	115,915	688,287
Payments to annuitants	(927,458)	(885,132)
Nonoperating investment income	4,166,595	4,840,582
Change in deposits held by trustee related to debt proceeds	501,654	77,377
Net cash flows from financing activities	21,913,768	11,572,573
Net change in cash and cash equivalents	(3,514,694)	(23,432,216)
Cash, Cash Equivalents and Restricted Cash, Beginning	18,333,404	41,765,620
Cash, Cash Equivalents and Restricted Cash, Ending	\$ 14,818,710	\$ 18,333,404
Supplemental Disclosure		
Interest paid	\$ 4,682,223	\$ 3,694,500
Property, plant and equipment acquired through accounts payable	\$ 725,751	\$ 2,169,290
Equipment acquired by finance lease	\$ 752,927	\$ -
Long-term debt refunding - Series Eight-G	\$ 30,690,000	\$ -
Long-term debt proceeds - Series 2025	\$ 29,230,000	\$ -
Bond premium from debt proceeds	\$ 2,220,790	\$ -
Debt issuance costs from debt proceeds	\$ 250,305	\$ -

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 and change in net assets. 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 2027 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 5 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 10th day and 40% if a student withdraws within two weeks after 10th 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:

	2026	2025
Tuition	\$ 199,491,174	\$ 187,154,994
Room and board	41,574,599	39,405,241
Tuition, room and board	241,065,773	226,560,235
Unfunded scholarships and grants	(126,518,084)	(116,799,611)
Funded scholarships and grants	(11,996,947)	(21,716,723)
Tuition, room and board, net of scholarships	<u>\$ 102,550,742</u>	<u>\$ 88,043,901</u>

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, 2026. Summer academic terms begin after May 31, 2026, thus all tuition revenue relating to the 2026 summer terms will be included in the fiscal year 2027 statement of activities and change in net assets. Summer academic terms that began after May 31, 2025 were included in the fiscal year 2026 statement of activities and change in net assets.

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. This agreement has been considered fulfilled, and a new agreement was signed on January 31, 2024 to create a \$6,000,000 matching challenge to support the endowment that funds the program. The matching contribution is conditional upon the amount of other donations received for the program through May 31, 2029. The matching contribution will be recognized as revenue when the condition is met and the matched funds have been received. As part of the challenge match, qualifying commitments by other donors will be matched 1:1 as payments are received. As of May 31, 2026, \$1,930,250 of other donations have been committed to support the program, of which, \$1,140,250 of payments have been received from others. As part of the \$6,000,000 challenge with a 1:1 match, \$525,100 has been received in cash and \$615,150 has been recorded as receivable as of May 31, 2026.

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

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 allocated to operations, retiree health plan changes, changes in the actuarial value of annuities payable, gains (losses) from the sale of assets and student loan income, proceeds from IRA tax credit, and gains from debt refinancing.

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, 2026 and 2025, there have been no such losses.

Inflation Reduction Act Tax Credits

The College is eligible for certain clean energy tax credits under the Inflation Reduction Act of 2022 (IRA) related to qualifying capital expenditures. As a tax-exempt organization, the College has elected to receive certain credits as direct payments from the federal government. IRA tax credit income is recognized when the College has incurred the qualifying expenditures and satisfied the applicable eligibility requirements for the credit. Amounts recognized but not yet received are recorded as receivables.

During the year ended May 31, 2026, the College recognized \$3,979,036 of IRA tax credit income related to qualifying expenditures incurred for a thermal energy storage project. The amount is included in proceeds from IRA tax credit within nonoperating activities on the statement of activities and change in net assets.

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 in the amount of \$3,488,301 and \$3,260,430 as of May 31, 2026 and 2025, which are recorded as cash and cash equivalents in the statements of financial position.

Cash held for construction includes proceeds from the issuance of the 2026 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 statements of financial position at May 31, 2026 and 2025 as follows:

	2026	2025
Cash and cash equivalents	\$ 14,818,710	\$ 8,776,179
Cash held for construction	-	9,557,225
Total cash, cash equivalents and restricted cash	\$ 14,818,710	\$ 18,333,404

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 and money market securities held by the trustee are amounts restricted for debt service as required by the related trust indentures.

Beneficial Interest in Trusts Held by Others

The beneficial interest in trusts held by others and related contribution revenue are recognized at the date the trusts are established and are recorded at the present value of estimated future payments to be received, which approximates fair value.

Property, Plant and Equipment

Physical plant assets are stated at cost at the date of acquisition or fair 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 were loaned to qualified students. 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 as an agent for other individuals and organizations. 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 statements 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, 2026 and 2025. The College's tax returns are subject to review and examination by federal and state authorities.

St. Olaf College

Notes to Financial Statements
May 31, 2026 and 2025

2. Restrictions and Limitations on Net Asset Balances

Net assets (deficit) without donor restrictions were allocated as follows at May 31:

	2026	2025
Plant	\$ 172,096,479	\$ 168,767,423
Operations	(10,053,578)	(12,178,880)
Endowment funds	352,256,456	302,951,876
Deferred gifts	4,569,348	3,790,346
Student loan programs, matching federal government	(94,032)	(60,956)
Total net assets (deficit) without donor restrictions	<u>\$ 518,774,673</u>	<u>\$ 463,269,809</u>

Net assets with donor restrictions consist of the following at May 31:

	2026	2025
Gifts and other unexpended revenues and gains available for:		
Scholarships, instruction and other support	\$ 16,069,174	\$ 14,640,801
Acquisition of buildings and equipment	1,260,314	96,264
Subtotal	17,329,488	14,737,065
Endowment funds	666,741,355	560,961,577
Deferred gifts	18,359,444	15,763,170
Student loan funds	3,222,006	3,258,438
Total net assets with donor restrictions	<u>\$ 705,652,293</u>	<u>\$ 594,720,250</u>

Total net assets consist of the following at May 31:

	2026	2025
Plant	\$ 173,356,793	\$ 168,863,687
Operations	6,015,596	2,461,921
Endowment funds (Note 8)	1,018,997,811	863,913,453
Deferred gifts (Note 17)	22,928,792	19,553,516
Student loan funds	3,127,974	3,197,482
Total net assets	<u>\$ 1,224,426,966</u>	<u>\$ 1,057,990,059</u>

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:

	2026	2025
Capital-related gifts for projects placed in service	\$ 472,151	\$ 2,415,415
Scholarships, instruction and other departmental support	24,636,472	34,209,801
Total net assets released from restrictions	<u>\$ 25,108,623</u>	<u>\$ 36,625,216</u>

St. Olaf College

Notes to Financial Statements
May 31, 2026 and 2025

4. Accounts Receivable

Accounts receivable, and the related allowance for credit losses, was as follows at May 31, 2026 and 2025:

	2026		
	Receivable	Allowance	Net
Student accounts	\$ 248,802	\$ (30,000)	\$ 218,802
Other accounts	5,432,304	-	5,432,304
Total accounts receivable, net	<u>\$ 5,681,106</u>	<u>\$ (30,000)</u>	<u>\$ 5,651,106</u>
	2025		
	Receivable	Allowance	Net
Student accounts	\$ 402,930	\$ (25,000)	\$ 377,930
Other accounts	708,497	-	708,497
Total accounts receivable, net	<u>\$ 1,111,427</u>	<u>\$ (25,000)</u>	<u>\$ 1,086,427</u>

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. The College uses the loss-rate method to establish a credit loss reserve for student accounts receivable using an average annual loss rate of 10.10% based on the past seven years of historical data and an economic adjustment of 2.40% based on the Federal Reserve's 2026 change in real GDP.

5. Contributions Receivable

Contributions receivable include the following unconditional promises to give at May 31, 2026 and 2025:

	2026	2025
Unconditional promises expected to be collected in:		
Less than one year	\$ 4,316,944	\$ 3,411,302
One to five years	20,690,667	5,118,113
Over five years	<u>321,000</u>	<u>495,000</u>
Gross unconditional promises to give	25,328,611	9,024,415
Less unamortized discount	(2,533,966)	(626,503)
Allowance for uncollectible promises	<u>(130,500)</u>	<u>(140,448)</u>
Total contributions receivable, net	<u>\$ 22,664,145</u>	<u>\$ 8,257,464</u>

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

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 2.1% to 5.7%. As of May 31, 2026, net contributions receivable consisted of \$21,795,188 for endowments, \$258,241 for plant and \$610,716 for operations. As of May 31, 2025, net contributions receivable consisted of \$7,575,576 for endowments, \$92,309 for plant and \$589,579 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, 2026 and 2025 student loans receivable consisted of the following:

	2026	2025
Federal government programs	\$ 467,237	\$ 691,691
Institutional programs	1,630,920	1,913,914
	<u>2,098,157</u>	<u>2,605,605</u>
Less allowance for credit losses:		
Beginning of year	(571,800)	(571,800)
Change to allowance	(252,774)	(16,591)
Write-offs	373,077	17,691
Write-off recoveries	<u>(20,303)</u>	<u>(1,100)</u>
End of year	<u>(471,800)</u>	<u>(571,800)</u>
Student loans receivable, net	<u>\$ 1,626,357</u>	<u>\$ 2,033,805</u>

Funds advanced by the Federal government of \$738,099 and \$940,306 at May 31, 2026 and 2025, 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, 2026 and 2025, the past due and current amounts under student loan programs were as follows:

	2026	2025
Past due student loans receivable:		
0 - 240 days past due	\$ 148,467	\$ 167,211
240 days - 2 years past due	142,230	149,369
2 - 5 years past due	104,939	138,455
5+ years past due	<u>204,085</u>	<u>345,786</u>
Total past due	599,721	800,821
Current student loans receivable	<u>1,498,436</u>	<u>1,804,784</u>
Total student loans receivable, gross	<u>\$ 2,098,157</u>	<u>\$ 2,605,605</u>

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, government 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 bonds (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, 2026 and 2025.

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.

St. Olaf College

Notes to Financial Statements May 31, 2026 and 2025

The following table present information about the College's assets measured at fair value on a recurring basis as of May 31, 2026:

	2026			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash and short-term investments	\$ 14,096,995	\$ 14,096,995	\$	\$
Marketable securities:				
Mutual funds and exchange traded funds:				
Fixed income:				
Domestic	5,938,608	5,938,608		
International	1,263,086	1,263,086		
Equity funds:				
Domestic	112,023,581	112,023,581		
International	7,296,155	7,296,155		
Real asset funds	3,607,998	3,607,998		
Stocks	5,175	5,175		
Bonds				
Government Bonds	16,828,596	188,034	16,640,562	
Corporate Bonds	11,605,038		11,605,038	
Real estate	5,500			5,500
Other investments	1,435,134			1,435,134
Subtotal investments	174,105,866	144,419,632	28,245,600	1,440,634
Deposits held by trustee	645,434	645,434		
Beneficial interest in trusts held by others	2,758,975			2,758,975
Subtotal by valuation hierarchy	177,510,275	\$ 145,065,066	\$ 28,245,600	\$ 4,199,609
Investments measured using NAV:				
Hedge funds	280,204,225			
Private credit funds	20,761,758			
Private equity funds	215,612,398			
Global equity funds	227,376,342			
Fixed income funds	52,721,415			
Private real estate funds	37,152,384			
Private commodity funds	26,218,738			
Subtotal investments by NAV	860,047,260			
Total assets at fair value	\$ 1,037,557,535			
Investments by valuation hierarchy	\$ 174,105,866			
Investments by NAV	860,047,260			
Total investments	\$ 1,034,153,126			

St. Olaf College

Notes to Financial Statements May 31, 2026 and 2025

The following table present information about the College's assets measured at fair value on a recurring basis as of May 31, 2025:

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash and short-term investments	\$ 28,235,639	\$ 28,235,639	\$	\$
Marketable securities:				
Mutual funds and exchange traded funds:				
Fixed income:				
Domestic	5,430,710	5,430,710		
International	1,201,680	1,201,680		
Equity funds:				
Domestic	66,737,900	66,737,900		
International	6,228,219	6,228,219		
Real asset funds	2,995,087	2,995,087		
Stocks	4,122,565	4,122,565		
Bonds				
Government Bonds	14,300,434	574,594	13,725,840	
Corporate Bonds	9,634,859		9,634,859	
Real estate	5,500			5,500
Other investments	1,499,889			1,499,889
Subtotal investments	140,392,482	115,526,394	23,360,699	1,505,389
Deposits held by trustee	732,966	732,966		
Beneficial interest in trusts held by others	2,345,984			2,345,984
Subtotal by valuation hierarchy	143,471,432	\$ 116,259,360	\$ 23,360,699	\$ 3,851,373
Investments measured using NAV:				
Hedge funds	211,442,536			
Private credit funds	19,247,953			
Private equity funds	184,526,265			
Global equity funds	225,289,043			
Fixed income funds	43,687,319			
Private real estate funds	40,190,744			
Private commodity funds	29,443,270			
Subtotal investments by NAV	753,827,130			
Total assets at fair value	\$ 897,375,940			
Investments by valuation hierarchy	\$ 140,392,482			
Investments by NAV	753,827,130			
Total investments	\$ 894,219,612			

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

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, 2026 and 2025:

Investment Type	Unfunded Commitments	Fair Value May 31, 2026	Fair Value May 31, 2025	Redemption Frequency	Redemption Notice Period	Estimated Remaining Life
Alternative investments:						
Hedge funds (a)	\$ 1,932,000	\$ 280,204,225	\$ 211,442,536	Quarterly to not redeemable	45 days to N/A	1-15 years
Private credit funds (b)	13,083,039	20,761,758	19,247,953	Not redeemable	N/A	1-10 years
Private equity funds (c)	97,660,922	215,612,398	184,526,265	Not redeemable	N/A	1-15 years
Global equity funds (d)		227,376,342	225,289,043	Semi-Monthly to Annual	6-365 days	N/A
Fixed income funds (e)		52,721,415	43,687,319	Daily	2 days	N/A
Private real estate funds (f)	20,526,038	37,152,384	40,190,744	Not redeemable	N/A	1-12 years
Private commodity funds (g)	11,451,924	26,218,738	29,443,270	Not redeemable	N/A	1-12 years
Total	<u>\$ 144,653,923</u>	<u>\$ 860,047,260</u>	<u>\$ 753,827,130</u>			

- (a) Comprised of various hedge funds which primarily focus on 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 6 to 36 months after acquisition or are considered not redeemable, where distributions will generally be received through liquidation of the underlying assets of the fund.
- (b) Comprised of various private credit funds which primarily focus on downside protection through seniority, structuring and/or collateral. These investments are illiquid and not redeemable. Instead, distributions are received through the liquidation of the underlying assets of the funds.
- (c) Comprised of various private equity funds with a broad range of investment objectives which include diversified fund of funds, direct funds and co-investments focused on venture, buyout, special situations and 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 U.S. limited partnership and offshore corporation investments holding mainly domestic and international equities.
- (e) Comprised of one fund investment at the statement of financial position date, which seeks to outperform the Bloomberg U.S. Aggregate Bond Index by investing primarily in U.S. investment-grade fixed income securities.
- (f) Includes fund of funds, direct funds and co-investments with variable investment objectives focused on a variety of property sectors including multifamily residential, industrial, self-storage, hospitality, manufactured housing, office, retail and others. These investments cannot be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund.
- (g) Includes fund of funds, direct funds and co-investments that focus on opportunities across the energy complex and/or within natural resources.

8. Endowment

The College's endowment consists of approximately 2,100 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 perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulated gains and losses to the perpetual 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, 2026 and 2025:

2026				
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gifts	
Donor-restricted endowment funds	\$	\$ 310,069,412	\$ 356,671,943	\$ 666,741,355
Board-designated endowment funds	352,256,456			352,256,456
Total endowment net assets	\$ 352,256,456	\$ 310,069,412	\$ 356,671,943	\$ 1,018,997,811
2025				
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Original Gifts	
Donor-restricted endowment funds	\$	\$ 233,391,670	\$ 327,569,907	\$ 560,961,577
Board-designated endowment funds	302,951,876			302,951,876
Total endowment net assets	\$ 302,951,876	\$ 233,391,670	\$ 327,569,907	\$ 863,913,453

St. Olaf College

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May 31, 2026 and 2025

Changes in endowment net assets for the years ended May 31, 2026 and 2025 are as follows:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 31, 2025	\$ 302,951,876	\$ 560,961,577	\$ 863,913,453
Total investment return	54,552,730	100,134,497	154,687,227
Contributions	7,694,241	27,587,271	35,281,512
Appropriation of endowment assets for:			
Operating expenditures	(12,942,391)	(22,559,965)	(35,502,356)
Other changes:			
Matured deferred gifts	-	617,976	617,976
Endowment net assets, May 31, 2026	<u>\$ 352,256,456</u>	<u>\$ 666,741,355</u>	<u>\$ 1,018,997,811</u>
	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 31, 2024	\$ 285,160,166	\$ 518,610,620	\$ 803,770,786
Total investment return	29,433,131	53,123,720	82,556,851
Contributions	541,147	9,759,156	10,300,303
Appropriation of endowment assets for:			
Operating expenditures	(12,182,568)	(20,948,400)	(33,130,968)
Other changes:			
Transfers out of endowment		(109,190)	(109,190)
Matured deferred gifts		525,671	525,671
Endowment net assets, May 31, 2025	<u>\$ 302,951,876</u>	<u>\$ 560,961,577</u>	<u>\$ 863,913,453</u>

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gifts contributed to each endowment fund. At May 31, 2026, there were no donor-restricted funds with deficiencies reported in net assets with donor restrictions. At May 31, 2025, three donor-restricted funds with original gift values of \$36,846, fair values of \$36,625 and deficiencies of \$221 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. Effective March 2025, the College benchmarks against a 65% Public Equity Benchmark (65% Russell 1000 Index; 15% Russell 2000 Index; 15% MSCI World ex USA Index; 5% MSCI Emerging Markets 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.

St. Olaf College

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9. Liquidity and Availability

The following table reflects the College's financial assets as of May 31, 2026 and 2025, 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.

	2026	2025
Financial assets:		
Cash and cash equivalents	\$ 14,818,710	\$ 8,776,179
Cash held for construction		9,557,225
Accounts receivable, net	5,651,106	1,086,427
Contributions receivable, net	22,664,145	8,257,464
Student loan receivables, net	1,626,357	2,033,805
Notes receivable	750,000	750,000
Investments	1,034,153,126	894,219,612
Deposits held by trustee	645,434	732,966
Assets held in trust by others	2,758,975	2,345,984
Financial assets at May 31	1,083,067,853	927,759,662
Less those unavailable for general expenditure within one year:		
Cash restricted for student loans	(6,828,549)	(6,238,131)
Accounts receivable beyond one year	(4,921)	(27,018)
Contributions receivable for endowments	(21,795,187)	(7,575,576)
Contributions receivable for plant	(258,241)	(92,309)
Contributions receivable for operations greater than one year	(356,673)	(448,250)
Student loan receivables restricted for financial aid purposes	(1,626,357)	(2,033,805)
Note receivable beyond one year	-	(750,000)
Endowment assets restricted by donors, net of appropriation for next year	(620,439,898)	(531,727,531)
Endowment assets restricted by the Board of Regents, net of appropriation for next year	(338,730,473)	(291,083,666)
Cash and other investments held for gift annuitants	(30,050,452)	(26,625,552)
Bond proceeds and reserves restricted by use	(645,434)	(10,290,191)
Investments held for others connected to split-interest agreements	(2,758,975)	(2,345,984)
Financial assets not available for expenditure within one year	(1,023,495,160)	(879,238,013)
Financial assets available to meet cash needs for general purposes within one year	\$ 59,572,693	\$ 48,521,649

As of May 31, 2026, the College had liquid assets on hand to cover approximately four months of operating expenses. The College's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due. Cash in excess of daily requirements is typically invested in short-term, liquid securities.

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

10. Property, Plant and Equipment

At May 31, 2026 and 2025, property, plant and equipment consisted of the following:

	2026	2025
Land	\$ 1,154,329	\$ 1,154,329
Improvements other than buildings	39,850,307	39,035,996
Buildings	429,983,914	391,512,491
Equipment	70,717,935	68,391,144
Library materials	17,583,201	17,594,554
Art collection	2,848,415	2,780,455
Construction in progress	4,706,111	28,032,330
	566,844,212	548,501,299
Right-of-use assets (Note 16)	825,552	379,021
Less accumulated depreciation	(252,795,356)	(239,884,218)
Total property, plant and equipment, net	<u>\$ 314,874,408</u>	<u>\$ 308,996,102</u>

The majority of the costs included in construction in progress as of May 31, 2026 were for a Student Information System implementation, an Advancement CRM implementation, and a parking lot project totaling approximately \$2.7 million. The Student Information System implementation will be completed by fall 2027 and is being funded by the capital budget. The Advancement CRM implementation will be completed by winter 2027 and is being funded by the capital budget. The parking lot project will be completed by summer 2026 and is being funded by the capital budget. There is approximately \$8,883,000 committed at May 31, 2026 that is remaining on the construction in progress projects.

11. Accrued and Other Liabilities

At May 31, 2026 and 2025, accrued and other liabilities consisted of the following:

	2026	2025
Payroll	\$ 10,614,886	\$ 10,380,265
Self-insurance reserve (Note 12)	645,000	410,000
Postretirement benefit obligations (Note 13)	119,606	149,903
Interest	1,309,864	1,403,344
Asset retirement obligations (Note 14)	2,904,492	2,831,378
Other	496,276	326,695
Total accrued and other liabilities	<u>\$ 16,090,124</u>	<u>\$ 15,501,585</u>

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 \$645,000 at May 31, 2026 and \$410,000 at May 31, 2025, 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 \$16,693,481.

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

As of May 31, 2026 and 2025, the College had net assets without donor restrictions of \$2,968,105 and \$1,129,827, 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 \$4,736,635 and \$4,564,800 for the years ended May 31, 2026 and 2025, respectively.

The College also provides postretirement health care benefits for current or retired employees and covered dependents (the Plan), 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, 2026 and 2025:

	2026	2025
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 16,751,011	\$ 15,810,077
Service cost	-	38,799
Interest cost	786,458	836,487
Plan participants' VEBA contributions	34,038	25,151
Employer VEBA contributions	42,769	581,188
Actuarial gain	2,010,826	727,334
Benefits paid	(1,452,341)	(1,268,025)
Benefit obligation at end of year	<u>\$ 18,172,761</u>	<u>\$ 16,751,011</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 16,601,108	\$ 15,254,868
Actual return on plan assets	2,827,581	2,007,926
Employer contributions	42,769	581,188
Plan participants' contributions	34,038	25,151
Benefits paid	(1,452,341)	(1,268,025)
Fair value of plan assets at end of year	<u>\$ 18,053,155</u>	<u>\$ 16,601,108</u>
Funded status:		
Funded status at end of year	<u>\$ (119,606)</u>	<u>\$ (149,903)</u>
Amounts recognized in the statements of financial position consist of:		
Current liabilities	\$ (29,739)	\$ (36,125)
Noncurrent liabilities	(89,867)	(113,778)
Net amount recognized (Note 11)	<u>\$ (119,606)</u>	<u>\$ (149,903)</u>

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

	2026	2025
Amounts recognized in change in net assets consist of:		
Prior service cost	\$ -	\$ -
Loss (gain)	(459,799)	(473,099)
Accumulated change in net assets	<u>\$ (459,799)</u>	<u>\$ (473,099)</u>
Components of net periodic benefit cost:		
Service cost	\$ -	\$ 38,799
Interest cost	786,458	836,487
Expected return on plan assets	(830,055)	(762,743)
Amortization of prior service cost (benefit)	-	-
Net periodic postretirement benefit cost (benefit)	<u>\$ (43,597)</u>	<u>\$ 112,543</u>
Changes in net assets:		
Net (gain)/loss	\$ 13,300	\$ (517,849)
Amortization of prior service cost	-	-
Total amount (gain) loss recognized in change in net assets	<u>\$ 13,300</u>	<u>\$ (517,849)</u>
Total amount recognized net periodic benefit cost and change in net assets	<u>\$ (30,297)</u>	<u>\$ (405,306)</u>
Weighted-average assumptions used to determine benefit obligations at May 31:		
Discount rate	4.80%	4.70%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost at May 31:		
Discount rate	4.70%	5.30%
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	N/A	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend)	N/A	4.00%
Year that the rate reaches the ultimate rate	N/A	N/A

Plan assets are invested primarily in mutual funds, which are classified as Level 1 in the fair value hierarchy, as of May 31, 2026 and 2025.

During the year ending May 31, 2027, the College expects to contribute approximately \$30,000 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 ended contributions to the plan for current employees on January 1, 2025.

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Notes to Financial Statements

May 31, 2026 and 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:	
2027	\$ 29,739
2028	24,274
2029	19,638
2030	15,741
2031	12,496
2032-2036	31,084

The above assumptions and calculations are based on information as of May 31, 2026 and 2025, 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, 2026. Health care costs are no longer utilized as active employees are no longer eligible for pre-65 medical benefits. A discount rate of 4.80% and 4.70% were used to determine the accumulated postretirement benefit obligation for 2026 and 2025, respectively.

Health care cost trend rates are no longer used to value liabilities for this plan. Benefits available to members are not increased with future trend.

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:

	2026	2025
Balance at beginning of the year	\$ 2,831,378	\$ 3,500,895
Abatement costs	(71,945)	(882,573)
Accretion expense	145,059	213,056
Balance at end of the year (Note 11)	<u>\$ 2,904,492</u>	<u>\$ 2,831,378</u>

St. Olaf College

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15. Long-Term Debt

Long-term debt at May 31, 2026 and 2025 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	
				2026	2025
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 \$1,000,000 to \$4,280,000	2033	\$ -	\$ 30,690,000
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 \$480,000 to \$5,760,000	2036	20,375,000	20,835,000
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 4.48% fixed rate	Annual payments range from \$423,000 to \$1,482,000	2055	24,596,000	25,000,000
MHEFA Revenue Note, Series 2025, issued to refund, on a current basis, previous issuance	Bonds bear a 5.00% rate	Annual payments range from \$3,165,000 to \$4,250,000	2033	25,790,000	-
Principal outstanding on bonds and note				128,096,000	133,860,000
Plus:					
Long-term leases liability (see Note 16)				825,552	379,021
Unamortized premium:					
Series Eight-G Revenue Bonds				-	3,072,136
Series Eight-N Revenue Bonds				1,319,515	1,460,892
Series 2021 Revenue Bonds				7,680,655	7,996,298
Series 2025 Revenue Bonds				1,895,401	-
Less unamortized debt issue costs				(608,116)	(484,199)
Total long-term debt				\$ 139,209,007	\$ 146,284,148

St. Olaf College

Notes to Financial Statements

May 31, 2026 and 2025

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). The remaining bonds were retired as part of the Series 2025 refinancing on December 1, 2025.

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 were 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 were 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.

On September 1, 2025, the College issued \$29,230,000 in tax-exempt bonds, Series 2025, through the Minnesota Health and Education Facilities Authority (MHEFA). The proceeds were used to refund the Series Eight-G Revenue bonds on a current refund basis.

Revenue Bonds Series Eight-G, Series Eight-N, 2021 Revenue Bonds, the 2024 Revenue Note, and the 2025 Revenue Bonds 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 \$645,434 and \$732,966 as of May 31, 2026 and 2025, respectively. These funds are intended to be used to make principal and interest payments.

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

Years ending May 31:	
2027	\$ 4,068,000
2028	4,267,000
2029	4,472,000
2030	4,683,000
2031	4,916,000
Thereafter	<u>105,690,000</u>
Total	<u>\$ 128,096,000</u>

16. Leases

The College leases certain equipment under noncancelable operating leases expiring through April 2032. 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 used was 3.00% for the year ending May 31, 2026 and 4.48% for the year ending May 31, 2025. Total rental expense was \$351,073 and \$235,932 for the years ended May 31, 2026 and 2025, respectively. Future payments for the years ended May 31, are as follows:

	<u>Operating</u>
Years ending May 31:	
2027	\$ 213,235
2028	213,235
2029	184,286
2030	138,150
2031	86,867
2032	81,900
Present value discount	<u>(92,121)</u>
Total	<u>\$ 825,552</u>

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, 2026 and 2025 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.

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Notes to Financial Statements May 31, 2026 and 2025

Information pertaining to the College's deferred gift agreements for the years ended May 31, 2026 and 2025 is as follows:

	2026	2025
Cash and investments	\$ 30,050,452	\$ 26,625,552
Interfund payable	(91,427)	(66,515)
Beneficial interest in trusts held by others	2,758,975	2,345,984
Deposits held in trust for others	-	84,030
Annuities payable	(9,789,208)	(9,435,535)
	<u>\$ 22,928,792</u>	<u>\$ 19,553,516</u>
Net assets:		
Without donor restrictions	\$ 4,569,348	\$ 3,790,346
With donor restrictions	18,359,444	15,763,170
Total	<u>\$ 22,928,792</u>	<u>\$ 19,553,516</u>

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

As of May 31, 2026 and 2025, approximately \$291,000 and \$220,000, respectively, of contributions receivable were due from members of the Board of Regents, Officers of the College and other related parties. Contribution revenue from members of the Board of Regents, Officers of the College and other related parties totaled approximately \$708,000 and \$257,000 for the years ending May 31, 2026 and 2025, respectively. Board members are not compensated.

20. Subsequent Events

The College has evaluated subsequent events through October 8, 2026, which is the date that the financial statements were issued.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Regents of
St. Olaf College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of St. Olaf College (the College), which comprise the College's statement of financial position as of May 31, 2026, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Minneapolis, Minnesota
October 8, 2026

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Regents of
St. Olaf College

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited St. Olaf College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended May 31, 2026. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2026.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2026-001 and 2026-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2026-001 and 2026-002, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

Minneapolis, Minnesota
October 8, 2026

St. Olaf College

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2026

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identification Number	Federal Expenditures	Passed-Through to Subrecipients
Student Financial Assistance Cluster					
U.S. Department of Education					
Federal Pell Grant Program	84.063			\$ 4,126,316	\$ -
Federal Supplemental Educational Opportunity Grants	84.007			351,409	-
Federal Work-Study Program	84.033			444,201	-
Federal Perkins Loan Program	84.038			688,098	-
Federal Direct Student Loans	84.268			9,774,445	-
Total U.S. Department of Education				15,384,469	-
U.S. Department of Health and Human Services					
Nursing Student Loans	93.364			3,593	-
Total U.S. Department of Health and Human Services				3,593	-
Total Student Financial Assistance Cluster				15,388,062	-
Research and Development Cluster					
National Science Foundation					
Geosciences	47.050	Boston University	4500005365	101,729	-
Geosciences	47.050			6,724	-
Geosciences	47.050			35,017	-
Total Geosciences ALN (47.050)				143,470	-
Biological Sciences	47.074			31,105	-
Biological Sciences	47.074			175,339	24,534
Total Biological Sciences ALN (47.074)				206,444	24,534
STEM Education (formerly Education and Human Resources)	47.076	University of Florida	SUB00004472	23,588	-
STEM Education (formerly Education and Human Resources)	47.076			31,186	-
STEM Education (formerly Education and Human Resources)	47.076			57,768	-
Total STEM Education ALN (47.076)				112,542	-
Mathematical and Physical Sciences	47.049			12,831	-
Total National Science Foundation				475,287	24,534
U.S. Department of Health and Human Services					
National Institutes of Health					
Biomedical Research and Research Training	93.859			180,589	-
Total U.S. Department of Health and Human Services				180,589	-
U.S. Department of Energy					
Office of Science Financial Assistance Program	81.049			140,955	-
Total U.S. Department of Energy				140,955	-
Total Research and Development Cluster				796,831	24,534

See notes to schedule of expenditures of federal awards

St. Olaf College

Schedule of Expenditures of Federal Awards

Year Ended May 31, 2026

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identification Number	Federal Expenditures	Passed-Through to Subrecipients
Trio Programs Cluster					
U.S. Department of Education					
TRIO - Student Support Services	84.042A			\$ 366,022	\$ -
TRIO - Student Support Services - Students w/Disabilities	84.042A			299,773	-
TRIO - Talent Search	84.044A			433,499	-
TRIO - Upward Bound	84.047A			867,245	-
TRIO - McNair Post-Baccalaureate Achievement	84.217A			321,514	-
Total TRIO Programs Cluster				<u>2,288,053</u>	<u>-</u>
Child Nutrition Cluster					
U.S. Department of Agriculture					
Food and Nutrition Service					
Summer Food Service Program for Children	10.559	MN Dept. of Education - Food and Nutrition Service	2MN300061	<u>17,636</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>17,636</u>	<u>-</u>
Total Child Nutrition Cluster				<u>17,636</u>	<u>-</u>
Other Programs					
U.S. Department of State					
Academic Exchange Programs - Undergraduate Programs	19.009	World Learning	IDEAS24-Olaf01	<u>29,605</u>	<u>-</u>
Total U.S. Department of State				<u>29,605</u>	<u>-</u>
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects for Regional and National Significance	93.243			<u>146,320</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>146,320</u>	<u>-</u>
Total expenditures of federal awards				<u>\$ 18,666,507</u>	<u>\$ 24,534</u>

See notes to schedule of expenditures of federal awards

St. Olaf College

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2026

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of St. Olaf College (the College) under programs of the federal government for the year ended May 31, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of the College.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The College utilizes an indirect cost rate that has been negotiated and approved by the U.S. Department of Health and Human Services. The College has elected not to use the de minimis indirect cost rate.

4. Loan and Loan Guarantee Programs

The federal student loan programs listed below are administered directly by the College, and balances and transactions relating to these programs are included in the College's financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at May 31, 2026 consist of:

Assistance Listing Number	Program Name	Outstanding Balance at May 31, 2026
84.038	Federal Perkins Loan Program	\$ 465,219
93.364	Nursing Student Loans	2,018

St. Olaf College

Schedule of Findings and Questioned Costs
Year Ended May 31, 2026

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

X yes _____ none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?

X yes _____ no

Identification of major federal programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

Various

Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,000,000

Auditee qualified as low-risk auditee?

X yes _____ no

Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

No findings were reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2026-001: Significant Deficiency – Return of Title IV funds

Program: Student Financial Assistance Cluster – Federal Direct Loans and Pell Grants

Federal Agency: U.S. Department of Education

Assistance Listing Number (ALN): 84.268 and 84.063

Federal Award Identification Number: Various

Federal Award Year: June 30, 2026

Criteria: Title IV regulations (34 CFR 668.22) require that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with the regulations. An institution must then return the unearned portion of grants or loans to the Title IV program as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Condition/Context: 2 of the 2 students in the sample selected for testing that required a return of Title IV funds had an amount returned by the College that was incorrect due to an incorrect number of days for the term being used in the R2T4 calculation. For the fall term, the College incorrectly omitted 2 break days, and for the spring term the College used an incorrect end of term date that was 7 days earlier than the actual end of period per the academic calendar. The student from the fall term had \$18 too much returned and the student from the spring term had \$50 less returned than required, both of Federal Direct Unsubsidized Loans. The College's controls over the term dates input and R2T4 calculation reviews did not detect the errors.

The sample was not a statistically valid sample.

Upon learning of these exceptions the College corrected the days used in the calculation for the 2 students noted above and the auditor viewed the corrected R2T4 calculations, student accounts and COD screen prints.

The College performed a review of all other withdrawn students noting an additional 7 students impacted from each term. For the fall term an additional \$70 too much was returned (\$8 Direct Loans and \$62 Pell Grants). For the spring term an additional \$434 (\$220 Direct Loans and \$214 Pell) was required to be returned. The College corrected these amounts for all but 1 student (\$3 direct loans). The auditor viewed the corrected R2T4 calculations, student accounts and COD screen prints for the 13 students.

Cause: Turnover in the financial aid office resulted in the shift the responsibilities between staff and an ineffective informal review.

Effect: The College returned incorrect amounts to students and/or the U.S. Department of Education (ED), and they were in possession of funds belonging to the student and/or ED for more than 45 days.

Questioned Costs: The auditor's exceptions were netted for a total of \$32 Federal Direct Loans ALN 84.268 to be returned. The College's additional students noted were netted for a total of \$212 Federal Direct Loans ALN 84.268 and \$152 Pell ALN 84.063 to be returned.

Recommendation: The College should update its return of Title IV policies and procedures to ensure that the dates used for terms and breaks are correct and implement a more formal review of calculations.

Finding 2026-001: Significant Deficiency – Return of Title IV funds (continued)

Management's Response: Management agrees with the finding. Management considers this to be an isolated incident that will not re-occur in future years. Since discovering this error in the 25-26 Academic Year, three staff members have reviewed the 26-27 Academic Calendar to ensure that start dates, end dates and breaks are correctly entered into PowerFAIDS. Additionally, the staff member who managed this process in the 25-26 Academic Year is no longer employed by the College. A new staff member will be responsible for this process and will receive supplemental training to ensure knowledge and accuracy.

Finding 2026-002: Significant Deficiency – Enrollment Reporting

Program: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Assistance Listing Number (ALN): Various

Federal Award Identification Number: Various

Federal Award Year: June 30, 2026

Criteria: Title IV regulations (34 CFR 685.309(b)) require that upon receipt of an enrollment report from the Secretary, institutions must update all information included in the report and return the report to the Secretary: (i) in the manner and format prescribed by the Secretary; and (ii) within the timeframe prescribed by the Secretary. Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, an institution must notify the Secretary within 30 days after the date the institution discovers that: (i) a loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the institution, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended or (ii) a student who is enrolled at the institution and who received a loan under Title IV of the Act has changed his or her permanent address.

Condition/Context: For one of 25 students who were tested, the student's withdrawal status was reported to NSLDS late, 71 days after the date of determination. For one of 25 students who were tested, the student's graduation date was reported incorrectly to NSLDS. The College's controls over enrollment reporting did not detect the errors.

The sample was not a statistically valid sample.

Cause: The College's enrollment reporting process relies on manual identification and follow-up of certain enrollment changes and did not include an effective reconciliation to ensure that all reportable changes were submitted and that the enrollment statuses and effective dates ultimately reflected in NSLDS agreed with the College's underlying institutional records.

Effect: The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by institutions. If an institution does not review, update and verify student enrollment statuses, effective dates of the enrollment status and the anticipated completion dates, then the Title IV student loan records will be inaccurate and the U.S. Department of Education may not correctly start grace periods, repayment, etc.

Questioned Costs: Not applicable.

Recommendation: The College should review and update its enrollment reporting policies and procedures to establish documented controls that ensure all reportable enrollment changes, including changes requiring manual reporting, are identified and submitted within the required timeframes. The College should also reconcile enrollment statuses and effective dates transmitted through the National Student Clearinghouse to the information ultimately reflected in NSLDS and timely investigate and correct rejected, omitted or inconsistent records.

Finding 2026-002: Significant Deficiency - Enrollment Reporting (continued)

Management's Response: Management agrees with the finding and is committed to strengthening its procedures to avoid similar issues in the future. Beginning in September 2026, a second and new Registrar's Office staff member will be trained in to complete an additional review of the National Student Clearinghouse status for all students withdrawing after a particular semester. This secondary review will be completed at the end of January and at the end of June to ensure the 60-day reporting period is met. The College will manually update the graduated enrollment status start date for the impacted student to the correct date through the National Student Clearinghouse. The College will reach out to the National Student Clearinghouse to determine why the graduation date that was reported on the degree file does not match the date that was used when the student's enrollment record was updated by the Clearinghouse using the graduated enrollment status from the degree verified process.

St. Olaf College

Schedule of Prior Audit Findings
Year Ended May 31, 2026

Schedule of Prior Year Findings

The previous audit of the Federal Award Programs was for the year ended May 31, 2025. There were no findings or questioned costs reported in that audit.