OFFICIAL STATEMENT DATED AUGUST 15, 2023

NEW ISSUE **Moody's Rating: Aa2**

In the opinion of Bond Counsel, according to present State of Minnesota and federal laws, regulations and rulings, assuming compliance with certain covenants, the interest on the Bonds is not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, and is not an item of tax preference in determining federal alternative minimum tax applicable to individuals or Minnesota alternative minimum tax applicable to individuals, estates and trusts; however, interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") for the purpose of computing federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of the Code. (See "TAX CONSIDERATIONS.")

Carleton

$60,495,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series 2023
(Carleton College)

(DTC Book-Entry Only)

Dated Date: Date of Delivery **Interest Due: March 1 and September 1, commencing March 1, 2024**

The Minnesota Higher Education Facilities Authority (the "Authority") Revenue Bonds, Series 2023 (Carleton College) (the "Bonds") mature annually on March 1 according to the schedule inside the front cover of this Official Statement.

At the option of the Authority, at the direction of Carleton College (the "College"), a Minnesota nonprofit corporation, the Bonds are subject to redemption in whole or in part prior to maturity, as described herein. See "THE BONDS – Redemption Prior to Maturity – Optional Redemption." The Bonds will be subject to optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. See "THE BONDS – Redemption Prior to Maturity – Determination of Taxability." Term Bonds are subject to mandatory redemption in installments as described herein. See "THE BONDS – Redemption Prior to Maturity – Mandatory Redemption."

Proceeds of the Bonds will be used to (i) demolish certain existing buildings and to design, construct, improve, equip and furnish various facilities including, but not limited to, (a) 11 student townhomes in two locations with a total of 184 beds, and (b) an approximately 21,000 square foot multipurpose Student Health and Counseling Center, all on the College's campus in Northfield, Minnesota, and (ii) pay certain costs of issuance. See "USE OF PROCEEDS" herein.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "THE BONDS – Book-Entry Only System" herein. Computershare Trust Company, National Association, will act as Trustee.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the College pursuant to a Loan Agreement between the Authority and the College dated as of September 1, 2023, or out of other amounts pledged pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the College payable from the general funds or any other moneys legally available to the College. No priority interest in any College revenues is granted or pledged to payment of the Bonds.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA (the "STATE") NOR SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters named below subject to the opinion as to validity and tax exemption of the Bonds by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Kutak Rock LLP, Minneapolis, Minnesota and for the Underwriters by Ballard Spahr LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriters at DTC on or about September 7, 2023.

Barclays **RBC Capital Markets**

$60,495,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series 2023
(Carleton College)

The Bonds mature March 1 as follows:

Year	Amount	Interest Rate	Yield	CUSIP 60416J:
2031	$1,460,000	5.00%	2.84%	GX 2
2032	$1,535,000	5.00%	2.83%	GY 0
2033	$1,610,000	5.00%	2.90%	GZ 7
2034	$1,690,000	5.00%	3.00%†	HA 1
2035	$1,775,000	5.00%	3.09%†	HB 9
2036	$1,865,000	5.00%	3.22%†	HC 7
2037	$1,955,000	5.00%	3.39%†	HD 5
2038	$2,055,000	5.00%	3.48%†	HE 3
2039	$2,160,000	5.00%	3.57%†	HF 0
2040	$2,265,000	5.00%	3.63%†	HG 8
2041	$2,380,000	5.00%	3.72%†	HH 6
2042	$2,495,000	5.00%	3.78%†	HJ 2
2043	$2,620,000	5.00%	3.81%†	HK 9

$5,645,000 5.00% Term Bonds due March 1, 2045 Yield 3.89%†, CUSIP 60416J HL 7
$9,565,000 5.00% Term Bonds due March 1, 2048 Yield 3.99%†, CUSIP 60416J HM 5
$19,420,000 5.00% Term Bonds due March 1, 2053 Yield 4.06%†, CUSIP 60416J HN 3

† *Priced at the stated yield to the first optional call date of March 1, 2033*

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, sales representative or other person has been authorized by the Authority, the College, or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriters. The information contained herein, except as it relates to the Authority, DTC, and the Trustee and the tax-exemption of the interest on the Bonds and document summaries has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to DTC and the Trustee has been obtained from such persons and is not guaranteed as to accuracy or completeness. Information regarding the tax-exempt status of the Bonds has been provided by Bond Counsel. Except for information concerning the Authority, the information contained herein is not to be construed as a representation by the Authority. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the College since the date hereof.

References in this Official Statement to laws, rules, regulations, agreements, and any other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts of such documents have not been included as appendices hereto, they will be furnished on request.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Certain of the parties involved in this financing have agreed to indemnify certain other parties for any untrue statement of a material fact contained in this Official Statement or any omission to state a material fact necessary to be stated in this Official Statement in order to make the statements contained herein not misleading.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS,

UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE COLLEGE NOR ANY OTHER PARTY EXPECTS OR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR OR FAIL TO OCCUR.

References to website addresses presented herein, if any, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in, SEC rule l5c2-12.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

David D. Rowland, Chair	Executive Vice President and Co-Chief Investment Officer, The Travelers Companies, Inc. Resident of Edina, Minnesota
Nancy Sampair, Vice Chair	Retired Banker Resident of Saint Paul, Minnesota
Bonnie M. Anderson Rons, Secretary	Retired Banker Resident of Rosemount, Minnesota
Gary D. Benson	Director of Project Planning & Development, Kraus-Anderson Construction Company Resident of New Brighton, Minnesota
Paul Cerkvenik (Ex Officio)	President, Minnesota Private College Council Saint Paul, Minnesota
Mikeya Griffin	Executive Director, Rondo Community Land Trust. Resident of Saint Paul, Minnesota
Mary F. Ives	Real Estate Agent and Business Owner-Operator of Hospitality Properties Resident of Grand Rapids, Minnesota
Mary Thao	Vice President and Controller, St. Catherine University Resident of Circle Pines, Minnesota
Raymond VinZant, Jr.	Founder, Midway Vo-Tech, Saint Paul Resident of Wyoming, Minnesota
Poawit Yang (Ex Officio)	Chief Financial Officer, Minnesota Office of Higher Education Saint Paul, Minnesota

EXECUTIVE DIRECTOR

Barry W. Fick

Bond Counsel
Taft Stettinius & Hollister LLP

Municipal Advisor to the College
Blue Rose Capital Advisors

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OFFICIAL STATEMENT

$60,495,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES 2023
(CARLETON COLLEGE)

(DTC Book-Entry Only)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Carleton College, a Minnesota nonprofit corporation (the "College"), owner and operator of an institution of higher education located in Northfield, Minnesota, in connection with the issuance of the Authority's $60,495,000 Revenue Bonds, Series 2023 (Carleton College) (the "Bonds").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, by the provisions of which the Authority was created and is authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance certain projects.

The Bonds are also issued pursuant to the Trust Indenture (the "Indenture") dated as of September 1, 2023 between the Authority and Computershare Trust Company, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will also serve as the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the "Loan Agreement") dated as of September 1, 2023 between the College and the Authority relating to the Bonds, the Authority is loaning the proceeds of the Bonds to the College, and the College will covenant as a general obligation of the College to make Loan Repayments in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due.

The Authority will loan Bond proceeds to the College that will, along with available College funds, be used to:

1. Finance a project (the "Project") consisting of the design, construction, improvement, demolition, equipping and furnishing of various facilities on the College's Northfield campus, including but not limited to:
   (a) 11 student townhomes in two locations with a total of 184 beds, and
   (b) an approximately 21,000 square foot multipurpose Student Health and Counseling Center, and
2. Pay certain costs of issuance.

See "USE OF PROCEEDS – The Project" herein.

The Bonds are secured by a pledge of the Loan Repayments, the payment of which is a general, unsecured obligation of the College payable from the general funds of the College or other legally available funds of the College. Under the Loan Agreement, the College agrees to provide the funds necessary to make timely payment of the Loan Repayments.

The Bonds shall not be legal or moral obligations of the State nor constitute a debt for which the faith and credit of the Authority or the State or the taxing powers of the State are pledged. The Authority has no taxing powers.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to such documents. See Appendices IV and V for definitions of certain words and terms used herein and for a description of certain provisions of the documents hereinafter referred to.

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THIS OFFICIAL STATEMENT PROVIDES INFORMATION RELEVANT TO THE BONDS ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT.

CARLETON COLLEGE

Founded in 1866, the College is an independent, co-educational, residential liberal arts college. The College is a national college enrolling approximately 2,007 students drawn from 49 states, four U.S. territories, and 59 different countries.

The College is a four-year college that offers the bachelor of arts degree. Its students can choose from more than 1,000 courses in 33 major fields of study, as well as numerous minors, interdisciplinary programs, off-campus study programs, area studies or concentrations.

The College occupies 1,040 scenic acres of campus, arboretum, and athletic fields, located in Northfield, Minnesota, approximately 40 miles south of the cities of Minneapolis and Saint Paul. Further information about the College and its financial condition can be found in Appendices I and VII herein.

USE OF PROCEEDS

The Plan of Finance

The Bond proceeds will be loaned to the College by the Authority and, along with available College funds, will be used to:

1. Finance the Project as described in more detail immediately below, and
2. Pay certain costs of issuance.

The College is not funding any capitalized interest from Bond proceeds.

The Project

The College's Project consists of capital improvements on the College's Northfield campus, including the following:

Phase A:

- i) Construction of townhomes containing 107 new student beds near the Recreation Center at the former Lilac Hill
- ii) Demolition of Hunt Cottage and Hall House
- iii) Construction of townhomes containing 33 new student beds at the former Hunt/Hall location, including integrated space for both a Black Center and Multicultural Center

Phase B:

- i) Demolition of Henry, Stimson, Williams, Berg, Clader and Henrickson Houses
- ii) Construction of townhomes containing 44 new student beds
- iii) Construction of a new multi-purpose building to house Student Health and Counseling, Office of Accessibility Resources, Title IX, Community Standards, and Human Resources

The College's Board of Trustees in October, 2022 and May, 2023 authorized the improvements that comprise the Project. Construction on elements of Phase A of the Project began in April, 2023; the College anticipates that construction of this phase will be completed in August, 2024. Construction of Phase B of the Project is expected to commence in June, 2024 and is estimated to be completed in August, 2025.

The housing units are designed and intended to be built to meet 'passive house' (or PHIUS, Passive House Institute of the US) standards, which is a highly energy efficient building standard. PHIUS standards include thick exterior walls, maximum insulation, and energy recovery ventilation that yield significant energy savings, carbon reduction, and excellent indoor air quality. With the addition of rooftop solar, the majority of the housing units will also be eligible to be co-certified as Department of Energy Net Zero Energy Ready Homes (DOE ZERH). The Student Health and Counseling Center will be constructed to meet LEED Gold, which is the campus standard for construction.

The College has contracts with LHB Architects (dated April 7, 2022) for the housing portion of the project and with BWBR (dated September 22, 2022) for the Student Health and Counseling Center portion of the project. The general contractor for both phases is Terra Construction, under contract as of August 16, 2022.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Bonds	$60,495,000
Original Issue Premium	5,963,054
Total Sources	$66,458,054
Uses of Funds	
Deposit to Construction Account	$66,003,523
Costs of Issuance, including Underwriters' Discount	454,531
Total Uses	$66,458,054

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OUTSTANDING DEBT AND DEBT SERVICE

The following table displays the College's fiscal year annual debt service requirements after issuance of the Bonds:

Annual Debt Service Requirements

Fiscal Year Ending 6/30	Series 2017 Bonds Debt Service*	Series 2023 Bonds Principal	Series 2023 Bonds Interest	Series 2023 Bonds Debt Service	Total Debt Service
2024	$ 10,278,450		$ 1,461,963	$ 1,461,963	$ 11,740,413
2025	10,273,200		3,024,750	3,024,750	13,297,950
2026	10,273,950		3,024,750	3,024,750	13,298,700
2027	10,274,700		3,024,750	3,024,750	13,299,450
2028	10,264,700		3,024,750	3,024,750	13,289,450
2029	7,823,700		3,024,750	3,024,750	10,848,450
2030	7,822,450		3,024,750	3,024,750	10,847,200
2031	5,765,500	$ 1,460,000	3,024,750	4,484,750	10,250,250
2032	5,762,500	1,535,000	2,951,750	4,486,750	10,249,250
2033	5,759,900	1,610,000	2,875,000	4,485,000	10,244,900
2034	5,762,100	1,690,000	2,794,500	4,484,500	10,246,600
2035	5,762,850	1,775,000	2,710,000	4,485,000	10,247,850
2036	5,757,250	1,865,000	2,621,250	4,486,250	10,243,500
2037	5,760,850	1,955,000	2,528,000	4,483,000	10,243,850
2038	5,748,050	2,055,000	2,430,250	4,485,250	10,233,300
2039	5,764,800	2,160,000	2,327,500	4,487,500	10,252,300
2040	5,759,000	2,265,000	2,219,500	4,484,500	10,243,500
2041	3,971,400	2,380,000	2,106,250	4,486,250	8,457,650
2042	3,973,000	2,495,000	1,987,250	4,482,250	8,455,250
2043	3,979,800	2,620,000	1,862,500	4,482,500	8,462,300
2044	3,979,300	2,755,000	1,731,500	4,486,500	8,465,800
2045	3,970,800	2,890,000	1,593,750	4,483,750	8,454,550
2046	3,969,600	3,035,000	1,449,250	4,484,250	8,453,850
2047	3,972,800	3,185,000	1,297,500	4,482,500	8,455,300
2048		3,345,000	1,138,250	4,483,250	4,483,250
2049		3,515,000	971,000	4,486,000	4,486,000
2050		3,690,000	795,250	4,485,250	4,485,250
2051		3,875,000	610,750	4,485,750	4,485,750
2052		4,070,000	417,000	4,487,000	4,487,000
2053		4,270,000	213,500	4,483,500	4,483,500
Total	**$152,430,650**	**$60,495,000**	**$62,266,713**	**$122,761,713**	**$275,192,363**

* See Appendix I, "THE COLLEGE – Long-Term Debt of the College," for a description of the Series 2017 Bonds (defined herein).

THE BONDS

General

The Bonds will be issued in book-entry form and will be dated as of the date of delivery (the "Issue Date"). The Bonds will mature annually each March 1, commencing March 1, 2031, in the amounts as set forth on the inside cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2024.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

For further detail on DTC, see Appendix VI, "THE DEPOSITORY TRUST COMPANY."

Redemption Prior to Maturity

Optional Redemption

The Authority, at the College's written direction, may optionally redeem the Bonds maturing on or after March 1, 2034 in whole or in part, on March 1, 2033 and on any day thereafter at a price of par plus accrued interest.

Mandatory Redemption

Portions of the Bonds maturing on March 1 in the years as described below (the "Term Bonds") shall be called for redemption on March 1 in the years and in the principal amounts set forth immediately below, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account.

Term Bonds Due

March 1, 2045		March 1, 2048		March 1, 2053	
Year	Amount	Year	Amount	Year	Amount
2044	$2,755,000	2046	$3,035,000	2049	$3,515,000
2045†	$2,890,000	2047	$3,185,000	2050	$3,690,000
		2048†	$3,345,000	2051	$3,875,000
				2052	$4,070,000
				2053†	$4,270,000

† *Stated maturity*

The Term Bonds or portions thereof to be so redeemed shall be selected by the Trustee by lot or in such other random manner as the Trustee shall determine or in the manner DTC shall determine if the Bonds are then in DTC's Book-Entry System.

The Term Bonds to be redeemed pursuant to the mandatory redemption provisions set forth above may, at the College's option, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or

(2) have been purchased or redeemed (other than through operation of the Bond and Interest Sinking Fund Account) and canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Extraordinary Redemption

The Bonds will be subject to optional redemption at par and accrued interest upon a Determination of Taxability as provided in the Loan Agreement. See "THE BONDS – Determination of Taxability."

Partial Redemption

If fewer than all serial Bonds, or fewer than all Term Bonds within a maturity, are called for optional redemption, the College may direct the order of serial maturities or order of sinking fund installments within a Term Bond, including the particular amounts within maturities or sinking fund installments, to be prepaid. If the Bonds are then held in DTC's Book-Entry System, the Authority will notify DTC of the particular amount of such maturities or sinking fund installments to be prepaid. DTC will determine in accordance with DTC's procedures the amount of each Participant's interest in such maturities or sinking fund installments to be redeemed and each Participant will then select by lot or other random method the beneficial ownership interests in such maturities or sinking fund installments to be redeemed.

In the case of Bonds of denominations greater than $5,000, if less than all of the principal of such Bonds then outstanding is to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it were a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond. Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

If the Bonds are not then held in DTC's Book-Entry System the serial Bonds to be optionally redeemed in part within any maturity or the Term Bonds to be optionally redeemed shall be selected randomly by the Trustee in such manner as the Trustee, in its discretion, may determine.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 20 days nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest on and after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be secured by the Indenture.

Conditional Redemption

In case of an optional redemption to be funded in full or part from proceeds from a refunding financing, the College may elect to provide a certificate providing details of the proposed financing as outlined in the Indenture and stating the redemption is conditioned upon providing the Trustee with funds sufficient to effect the refunding at least five business days prior to the redemption date or that the College has the right to rescind the redemption no later than five business days prior to the redemption date (a "Conditional Redemption"). The College may deliver to the Trustee a certificate no later than five business days prior to the redemption date instructing the Trustee to rescind the redemption notice. If the Trustee does not receive sufficient funds no later than five business days prior to the redemption date the Trustee shall give prompt notice to DTC or affected holders that the redemption did not occur. Such rescission of the redemption notice is not an event of default and the Bonds conditionally call for redemption and not so paid shall remain outstanding.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid or the interest on the Bonds is subsequently determined to be non-taxable. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the increased interest rate on the Bonds.** See "TAX CONSIDERATIONS" herein and Appendix IV, "DEFINITIONS OF CERTAIN TERMS."

The College will have the option to prepay the Loan on the next date for which due notice of redemption can be given, in full or in part and on any date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability and without a premium).

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

General

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College pursuant to the Loan Agreement or out of other amounts pledged therefor under the Indenture.

The Bonds are secured by the Authority's pledge of the Loan Repayments, which are a general obligation of the College, and other funds, if any, the Trustee holds under the Indenture. The College will covenant and agree pursuant to the terms of the Loan Agreement to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College will further agree to make such payments out of its operating funds or any other moneys legally available to the College. No priority interest in any College revenues is granted or pledged to payment of the Bonds.

The College will covenant and agree to charge tuition, fees, rentals and charges which, together with the College's general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due; except that no contributions or pledges of gifts to the College in connection with any current capital fund drive are pledged to the payment of Loan Payments.

The Bonds shall not be legal or moral obligations of the State, nor shall they constitute a debt for which the faith and credit of the Authority or the State, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Bond and Interest Sinking Fund Account, a Construction Account, a Costs of Issuance Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that the amount of the costs of issuance of the

Bonds will be deposited into the Costs of Issuance Account, and accrued interest, if any, will be deposited in the Bond and Interest Sinking Fund Account. Following the Issue Date, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account and the Costs of Issuance Account. The College will agree in the Loan Agreement to provide for payment of all costs of the Project in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal adjusted for net original issue discount or net original issue premium according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Redemption Account or the Bond and Interest Sinking Fund Account under certain conditions.

Costs of Issuance Account

There shall be deposited into the Costs of Issuance Account the amount specified in the Indenture to be applied to the costs, fees and expenses incurred in connection with the issuance of the Bonds. The Trustee shall disburse funds from this account upon presentation to Trustee of an invoice approved by the Authorized Institution Representative or the Authorized Authority Representative. If funds remain in the Costs of Issuance Account after a period of six months, the funds shall be transferred to the Account specified in the Indenture.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account an amount of Bond proceeds representing accrued interest, if any, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Redemption Account

There shall be deposited into the Redemption Account all other amounts required to be deposited therein pursuant to any provision of the Loan Agreement or the Indenture. Amounts on deposit in the Redemption Account shall be used, first, to maintain required balances in the Bond and Interest Sinking Fund Account, and second, for the redemption of outstanding Bonds at the request or direction of the College for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Notwithstanding the foregoing, the Trustee is authorized in its discretion to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Costs of Issuance Account, the Bond and Interest Sinking Fund Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time. For more detail on authorized investments, see Appendix V, "SUMMARY OF DOCUMENTS – The Indenture – Accounts."

INVESTMENT CONSIDERATIONS

No person should purchase Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the Owner's receipt of payments of the principal of or interest on the Bonds.

Unsecured Obligation of the College

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture, or the Bonds or the other obligations of the College under such documents. The Bonds are secured solely by a pledge by the Authority to the Trustee of (a) amounts payable by the College under the Loan Agreement, and (b) amounts in accounts and funds that will be held by the Trustee and applied to the payment of principal of, premium, if any, and interest on the Bonds. Accordingly, for payment of principal of and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the College under the Loan Agreement and funds, if any, the Trustee holds under the Indenture. The Loan Repayments of the College are an unsecured general obligation of the College.

No Limitation on Indebtedness

Neither the Loan Agreement nor any of the loan documents for the other College indebtedness described in Appendix I under the caption "Long-Term Debt of the College" contains any limitation on incurrence by the College of additional long-term or short-term indebtedness. The College could incur additional indebtedness in the future, and the additional payments of principal and interest required for such indebtedness could limit the funds available to pay the Loan Repayments and the payments of principal and interest required for the College's existing indebtedness.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made from the College's Loan Repayments. The College's ability to make Loan Repayments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures, to receive gifts, donations and contributions and to obtain investment earnings therefrom.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region. To the extent that competitors have or achieve an advantage with respect to enrollment, the College could be adversely affected.

The State of Minnesota has enacted legislation which provides for circumstances where individuals may attend a public college or university within the State of Minnesota at no tuition cost. Details of the program remain to be developed. The legislation could adversely affect enrollment at the College.

Cybersecurity

Computer networks and data transmission and collection are vital to the safe and efficient operations of the College. See also Appendix I, "THE COLLEGE – Insurance and Cybersecurity" for additional discussion.

Secondary Market

There can be no assurance that there will always be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for purchase or sale of the Bonds depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, and the financial condition and results of the College and the Project.

Damage or Destruction

Although the College maintains the insurance required by the Loan Agreement, there can be no assurance that the College will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement and the Indenture may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights.

Endowment Portfolio Risk

Market conditions that negatively affect the College's investments may alter endowment spending in the future. See Appendix I, "THE COLLEGE – Endowment and Annuity and Life Income Funds."

Maintenance of Rating

The Bonds will be rated as to their creditworthiness by Moody's (as defined under the heading "RATING"). If the rating on the Bonds is changed by Moody's, the liquidity of the Bonds in the secondary market may be affected. See "RATING" in this Official Statement.

Other Investment Considerations

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the College:

(1) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.

(2) Adoption of federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the College.

(3) International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments.

See also "TAX CONSIDERATIONS" herein.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the College will enter into a Continuing Disclosure Certificate (the "Certificate") for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College annually, and to provide notices of the occurrence of any of the events enumerated in the Rule to the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the

Continuing Disclosure Agreement to be executed by the College at the time the Bonds are delivered, a copy of which is available from the College or the Trustee. Appendix III, "FORM OF CONTINUING DISCLOSURE CERTIFICATE," contains a summary of the financial information and operating data to be provided annually.

The Certificate may be amended under certain circumstances as permitted by the Rule and the terms of the Certificate. Furthermore, the College has reserved its right to discontinue providing information required by the Certificate or the Rule if a final determination is made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful, and to modify the terms of the Certificate if a court of competent jurisdiction or the College determines that such modification is required or permitted by the Rule.

In the past five years the College has timely filed annual reports and notices of material events required by its continuing disclosure obligations under the Rule except that, with respect to the College's continuing disclosure undertaking related to the outstanding Series 2017 Bonds (the "Prior Undertaking"), (i) the College failed to include in its filed annual reports certain data regarding the geographic distribution of entering first-year students, which data was required to be filed under the Prior Undertaking, and (ii) the College filed two days late its annual report and operating data for the fiscal year ended June 30, 2021 (due March 27, 2022 and filed March 29, 2022). Corrective filings have been posted to EMMA. A failure by the College to comply with the Certificate will not constitute an event of default on the Bonds (although holders may have other remedies at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the College pursuant to the Undertaking, may adversely affect the Bonds' transferability, liquidity, and market price.

Any filing under the Certificate may be made solely to the Municipal Securities Rulemaking Board (the "MSRB") as provided at http://www.emma.msrb.org.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Minnesota Statutes Sections 136A.25 through 136A.42), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. A representative of the Minnesota Office of Higher Education and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority. Appointed Board members serve staggered four-year terms.

All Authority members must be residents of Minnesota. At least two members must reside outside the metropolitan area of Minneapolis-Saint Paul. At least one member must be knowledgeable in the field of municipal finance, at least one member shall be knowledgeable in the building construction field and at least one member shall be a trustee, director, officer, or employee of an institution of higher education.

The administration and overall operation of the Authority is the responsibility of its Executive Director, Barry W. Fick. Mr. Fick has been the Executive Director of the Authority since July 13, 2016. Mr. Fick has a Bachelor of Science degree in Economics from the University of Minnesota and a Juris Doctorate from Mitchell|Hamline School of Law. Prior to becoming Executive Director of the Authority, Mr. Fick served for 28 years as Senior Vice President at Springsted Incorporated, Public Sector Advisors, now Baker Tilly Municipal Advisors, LLC.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $1.3 billion. The Authority has issued bonds totaling over $3.31 billion, of which approximately $1.094 billion of Authority issued debt is outstanding as of August 1, 2023. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State.

Each series of bonds or other obligations of the Authority issued for the benefit of a particular higher education institution is secured by a separate trust indenture or financing agreement (in the case of private placements). Consequently, each series of obligations of the Authority (with the exception of additional bonds with respect to that series) is separate and distinct as to security and source of payment. The Authority may authorize other series of bonds or other obligations for the financing of projects for other private nonprofit educational institutions eligible for Authority financing assistance.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. Under current statutory authority, public community and technical colleges in the State are also eligible for assistance in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college for housing purposes. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities, day-care centers, and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority and to refinance other debt for capital improvements.

The operations of the Authority are financed solely from fees paid by the participating institutions; it has no taxing power. The Authority does not receive any funds from the State of Minnesota.

Bond issuance costs, including fees of bond counsel, the municipal advisors and trustee, are paid by the participating institution.

MUNICIPAL ADVISOR TO THE COLLEGE

Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota (the “Municipal Advisor”), has been retained by the College to provide certain financial advisory services in connection with the issuance of the Bonds, including limited assistance with the preparation of the Official Statement. The Municipal Advisor is not obligated to conduct, and has not conducted, a detailed investigation of the affairs of the College to independently verify the completeness or accuracy of the information set forth in this Official Statement and the Appendices hereto. The Municipal Advisor is not a public accounting firm and has not been engaged by the College to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Municipal Advisor is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board in accordance with applicable federal securities laws, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. The fee to be paid to the Municipal Advisor for services provided in connection with the issuance of the Bonds is partially contingent upon the closing of the Bonds.

The Municipal Advisor is under common ownership with HedgeStar, LLC (“HedgeStar”). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives. HedgeStar currently does not, and in connection with the Bonds is not expected to, provide services to the College.

UNDERWRITING

The Bonds are being purchased by Barclays Capital Inc. as representative (the "Representative") of the underwriters listed on the cover page of this Official Statement (collectively, the "Underwriters").

The Representative has agreed, on behalf of the Underwriters, to purchase the Bonds at a purchase price of $66,311,912.59 (representing the aggregate principal amount of the Bonds less an underwriters' discount of $146,141.11 and adjusted for original issue premium of $5,963,053.70).

The Underwriters intend to offer the Bonds to the public initially at the offering price set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices.

The College has agreed in the Bond Purchase Agreement to indemnify the Underwriters and the Authority against certain civil liabilities, including certain potential liabilities under federal securities laws.

The Underwriters have provided the following information for inclusion in this Official Statement: The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority and/or the College. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority and/or the College. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

RATING

As noted on the cover page hereof, Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York, has assigned a rating of "Aa2" to the Bonds. The rating reflects only the opinion of Moody's. Any explanation of the significance of the rating may be obtained only from Moody's.

There is no assurance that such rating will continue for any given period of time or that it may not be raised, lowered or withdrawn entirely by the rating agency if, in Moody's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the College are unaware of any pending or threatened litigation which would affect the validity of the Bonds, the tax-exempt nature of the Bonds, the authority of either party to enter into the

Bond-related documents or the ability of either to perform as described herein, or materially affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

The Bonds will be subject to the unqualified approving opinion as to validity and tax exemption by Taft Stettinius & Hollister LLP, Minnesota, as Bond Counsel. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the College by Kutak Rock LLP, Minneapolis, Minnesota, and for the Underwriters by Ballard Spahr LLP, Minneapolis, Minnesota.

TAX CONSIDERATIONS

Federal Tax-Exempt Interest

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) provisions relating to the expenditure of Bond proceeds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) provisions relating to the ownership and operation of the facilities financed by the Bonds. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. (See "SUMMARY OF DOCUMENTS – The Loan Agreement – Determination of Taxability" in Appendix V). A change of law as in effect on the date of issuance of the Bonds or a determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not treated as a preference item in determining federal alternative minimum taxable income of individuals; however, interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Related Federal Tax Considerations

Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction.

Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds. Prospective investors, particularly those who may be subject to special rules such as those described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Minnesota Tax Considerations

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is not includable in the net taxable income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is not treated as a preference item in determining the Minnesota alternative minimum tax applicable to individuals, estates and trusts. However, the interest is subject to the Minnesota franchise tax imposed on corporations, including financial institutions, measured by income.

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

Changes in Federal and State Tax Law

From time to time there are proposals from the Executive and Legislative branches of the federal government, and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Such proposals may impact the marketability or market value of the Bonds simply by being proposed.

It cannot be predicted whether or in what form any other such proposal might be enacted or whether if enacted it would apply to the Bonds even if issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, such as described above, as well as any pending or proposed regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Original Issue Premium

All of the Bond maturities were sold to the public at an amount in excess of their stated redemption price at maturity (the "Premium Bonds"). Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Premium Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity.

As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

THE COLLEGE

Founded in 1866, Carleton College (the "College") is a private, coeducational, residential liberal arts college for 2,007 students from 49 states, four U.S. territories, and 59 different countries. Nationally recognized as the nation's top college for undergraduate teaching, the College is known for its academic rigor and intellectual curiosity.

The College's mission is to provide an exceptional undergraduate liberal arts education. The College's curriculum is deeply rooted in liberal arts and is designed to provide the freedom to explore deeply and broadly, in and out of the classroom. The College offers a Bachelor of Arts degree in a range of fields, including arts, humanities, natural sciences, mathematics, and social science.

Accreditation and Affiliations

The College has been continuously accredited by the Higher Learning Commission (HLC) or its predecessors since 1913. The College completed a full assurance review in 2019 with no material recommendations. The year-4 assurance review, required as part of HLC's Open Pathway, was submitted to HLC in June 2023; the next comprehensive review will be in 2029.

Among the academic honor societies with chapters on the campus are scholastic honor societies Phi Beta Kappa and Mortar Board and science honor society Sigma Xi.

Governance

The College is governed by the Board of Trustees currently comprised of 34 voting members with a maximum allowed size of 48 members. The Board is self-perpetuating through a nominations and recommendations process coordinated by the Committee on Trustee Affairs.

Trustees serve four-year terms and are elected by the Board. After two successive four-year terms, Trustees must be off the Board for at least one year after which they will be eligible for re-election to the Board. The terms are staggered so that the terms of approximately one-fourth of the Trustees end each year. If a vacancy on the Board occurs, the term of the Trustee elected to fill the vacancy is the balance of the unexpired term.

The President of the Alumni Association, the Chair of the Alumni Annual Fund and the President of the Parents Council are each *ex officio* members of the Board of Trustees with all of the rights, duties and privileges of a Trustee except that of voting and attending executive sessions of the Board.

Officers of the Board consist of the Chair and one or more Vice Chairs, who are elected for terms of one year, and the President of the College, the Secretary, and the Treasurer, whose terms are determined by the Board.

The Board normally meets three times a year (fall, winter, and spring), with the annual meeting for the election of Trustees and officers in the spring (May). Dates are set by the Board at the convenience of the Trustees. Special meetings may be called at the discretion of the Chair. One-third of the membership of the Board constitutes a quorum for the transaction of business at any regular or special meeting. The Executive Committee performs duties of the Board between Board meetings, with certain exceptions requiring action by the full Board of Trustees. The Board's standing committees include executive, trustee affairs, academic affairs, audit, buildings and grounds, enrollment and admissions, external relations and development, finance and planning, human resources, investment, and student life.

The Board of Trustees is responsible for policymaking. The Board does not involve itself in the day-to-day operations of the College. The President of the College, as the College's Chief Executive Officer, is responsible for the general active management of the College on a day-to-day basis. The faculty, with the assistance of a standing committee chaired by the Provost, formulates educational policy.

The officers of the College are the President, Vice President and Treasurer, and the Provost and Vice President for Academic Affairs.

Board of Trustees

Members:	*Occupation/Location:*
Lia Gore '87	Ermen Family Chair in Pediatric Oncology; Co-Director of the Developmental Therapeutics Program at the University of Colorado; Section Head for Hematology/Oncology at Children's Hospital of Colorado Denver, CO
John F. Harris '85	Founding Editor, Politico Alexandria, VA
Michael Hasenstab '95	Executive Vice President and Chief Investment Officer, Templeton Global Macro Hillsborough, CA
Dashini A. Jeyathurai '08	Senior Director, Upstart Oakland, CA
Leslie B. Kautz '80	Senior Advisor (Retired), Angeles Investment Advisors LLC Los Angeles, CA
Pamela Kiecker Royall '80	Head of Research, Marketing and Enrollment Solutions, EAB Richmond, VA
Trace H. McCreary '89	President & CEO, Varden Capital Properties Vero Beach, FL
Jeninne C. McGee '85	Executive Vice President, Chief Risk Officer (Retired), Ameriprise Financial Minnetonka, MN
Brad Nordholm '78	CEO, Federal Agriculture Mortgage Corporation Edgewater, MD
Catherine J. Paglia '74	Director, Enterprise Asset Management Greenwich, CT
Rolf S. Peters '86	CEO, AgMotion, Inc. Lakeville, MN
Nicholas J. Puzak '81	Private Enterprise (Retired), Self Employed Minneapolis, MN
Raul I. Raymundo '87	Co-founder and CEO, The Resurrection Project Chicago, IL
Nonoko Sato '00	Executive Director, Minnesota Council of Nonprofits Minneapolis, MN
David B. Smith, Jr. '88	Executive Vice President and General Counsel, Mutual Fund Directors Forum Chevy Chase, MD
Michael J. Sobaski '15	Senior Director of Product Management, Wyze Labs Seattle, WA

President

Alison R. Byerly became the 12th president of the College on August 1, 2021. Dr. Byerly comes to the College after eight years as president of Lafayette College, a small, selective liberal arts college located in Easton, Pennsylvania. As Lafayette’s 17th president, she launched an ambitious 10-year strategic direction to more than double its financial aid budget. Under her leadership, Lafayette also launched and completed its largest-ever fundraising effort, which raised $426 million, and opened a five-story integrated sciences center, the largest capital project in the college’s history.

Prior to becoming president at Lafayette, Dr. Byerly was provost and executive vice president at Middlebury College. During her tenure on Middlebury’s faculty, she served as a visiting scholar at MIT, Stanford, and Oxford. She is the author of two scholarly books – Are We There Yet? Virtual Travel and Victorian Realism (Michigan, 2013) and Realism, Representation, and the Arts in Nineteenth-Century Literature (Cambridge, 1998) – and has written and spoken extensively on the role of technology in higher education.

A native of Pennsylvania, Dr. Byerly holds a B.A. with Honors in English from Wellesley College and an M.A. and Ph.D. in English from the University of Pennsylvania.

Vice President and Treasurer

Eric Runestad became the College’s Vice President and Treasurer on July 1, 2020. Prior to joining the College, Dr. Runestad served for five years as chief financial officer at Luther College, with responsibility for leading and directing several of Luther’s business, finance, accounting, and other operations. He also was director of business services at Southwest Minnesota State University and director of cultural events, music organizations and program operations at Concordia College in Moorhead, Minnesota.

Dr. Runestad received a B.A. *magna cum laude* from Concordia College, an MBA from the University of St. Thomas, and an Ed.D. in Higher Education Administration from St. Cloud State University.

Provost and Vice President of Academic Affairs

Michelle Mattson became the College's Provost and Vice President of Academic Affairs on July 15, 2022. In addition to her administrative roles, Dr. Mattson is also a tenured member of the German and Russian Department. She received tenure initially at Iowa State University in 2001.

Dr. Mattson received her undergraduate education in German and Latin at the University of Minnesota, graduating summa cum laude and Phi Beta Kappa. She earned her Ph.D. in German and the Humanities at Stanford University in January of 1991. She began her career as a college educator in 1991 and has taught at five different colleges and universities since completing her doctoral work: including Columbia University, the University of Northern Iowa, Iowa State University, Rhodes College, and Wittenberg University. At Wittenberg, Dr. Mattson also served as Provost.

Faculty and Staff

The College's faculty members are highly respected scholars, researchers, artists, and practitioners in their fields. They engage in a dynamic range of research and scholarship, individually and in collaboration with other faculty or students. The College's reputation for academic excellence is driven by the faculty, which is consistently ranked as one of the top in the nation for commitment to undergraduate teaching by *U.S. News & World Report*.

The College employs 300 faculty members (241 full-time, 59 part-time), yielding a low 8-to-1 student-faculty ratio. All tenure-track faculty must complete a Ph.D. or other terminal degree before their third-year review. Over 97% of the College's full-time faculty have a terminal degree, with 76% of regular full-time faculty holding doctoral degrees.

The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

As of Fall 2022, the College also employed 577 (full and part-time) staff members. A subset of facilities workers are organized under the International Union of Operating Engineers, Local 70. The bargaining unit is made up of approximately 80 employees in maintenance, grounds and custodial; the current contract expires in August 2024. The College outsources dining services to Bon Appetit Management Company.

The College believes it has good relationships with its employees.

Curriculum

In pursuit of the College's mission of providing an exceptional undergraduate liberal arts education, the College is devoted to academic excellence, distinguished by the creative interplay of teaching, learning, and scholarship, and dedicated to a diverse residential community and extensive international engagements.

The College is committed to providing a true liberal arts education – a curriculum that challenges students to learn broadly and think deeply. The College's academic goals focus on developing the critical and creative talents of its students through broad and rigorous studies in the liberal arts disciplines. Mentored by dedicated faculty and staff, students become active members of a learning and living community that promotes the exploration of passionate interests and emerging avocations. Students learn higher order thinking skills: disciplinary inquiry, analysis of evidence, arts of communication and argumentation, and problem-solving strategies. In their chosen fields of study, students strengthen their capabilities for disciplinary and interdisciplinary research and artistic production. Students acquire the knowledge necessary for the continuing study of the world's peoples, arts, environments, literatures, sciences, and institutions. Key elements of the College's curriculum include:

- **Three-Term Academic Calendar:** Allows students to focus more completely on their classes, as students are only required to take three courses at a time rather than four. Students are also encouraged to pursue diverse interests and change course, as there are twelve opportunities to select classes rather than eight.

- **Rational Requirements:** The College's academic requirements are designed to develop essential habits of mind that transcend traditional academic disciplines. These include writing, research, quantitative reasoning, global understanding, among others.
- **First Year Seminars:** Open only to first-year students, these courses are designed specifically to introduce the liberal arts approach to learning. They help students develop critical reading and writing skills, learn to use research tools, and make persuasive arguments – all while studying engaging subjects.
- **Real Research Opportunities:** Faculty welcome student involvement in their research projects. The College also offers numerous fellowships and scholarships for research and independent study, helping students pursue scholarly interests during summer and winter breaks.
- **Learning Beyond the Classroom:** The College's Off-Campus Studies office and Center for Community and Civic Engagement (CCCE) create dynamic opportunities for students to learn with and from others in the local community and the wider world.
- **Comps Senior Integrative Exercise:** A capstone academic experience required by every major that is designed to stretch students academically by exploring a topic in depth with expert guidance from faculty advisers.

Student Enrollment and Demand Profile

The College is committed to recruiting and enrolling a diverse student body that is representative of the nation's population and reflective of the world. For the 2022-23 academic year, this included 2,007 students from 49 states, four U.S. territories, and 59 different countries. Below is the total full time student enrollment (fall term) for the past five academic years.

2018-19	2,046
2019-20	2,069
2020-21*	1,918
2021-22	2,008
2022-23	2,007

* *The College attributes the decrease in enrollment to challenges related to the COVID-19 pandemic.*

The table below illustrates the geographic distribution of students enrolled in Fall 2022.

	All Students	%
Midwest	708	35.3%
Middle States	232	11.6%
New England	144	7.2%
South	242	12.1%
West	468	23.3%
International & U.S. abroad	213	10.6%
Minnesota Residents (included in Midwest)	*340*	*16.9%*

The College's admissions policies are designed to build a diverse community of students that honors all aspects of difference: ethnicity and race, religion, sexuality, socio-economic background, life experiences, academic passions, and more. Although the U.S. Supreme Court recently ruled that two universities that considered race as one of many factors in their admissions decisions violated the Constitution, the College will benefit from the holistic approach it has long employed in its admissions process, which uses a variety of sources of information to understand each applicant's environment and lived experience as a context for assessing their academic accomplishments and co-curricular engagement. The College will continue to build on partnerships with community-based organizations that help the College identify talented students. The College remains committed to increasing the diversity of its student body in every dimension.

Student quality has remained strong and stable over the past five years. For high schools that rank, 70% of first year students who enrolled in Fall 2023 graduated in the top 10% of their high school class.

Applications, Acceptances and Matriculations for Fall

Fall	Applications*	Acceptances	Matriculants	Acceptance Ratio	Matriculation Ratio
2018	5,429	1,407	529	25.9%	37.6%
2019	6,037	1,400	525	23.2%	37.5%
2020**	5,545	1,460	453	26.3%	31.0%
2021	6,444	1,389	555	21.6%	40.0%
2022	7,023	1,427	532	20.3%	37.3%

* *Application numbers represent revised 2023 IPEDS reporting methodology, restated historically for comparative purposes.*

** *The College attributes the decrease in applications and matriculants to challenges related to the COVID-19 pandemic.*

As of July 26, 2023, the College had received 6,465 applications for Fall 2023 and extended offers of admission to 1,440 students. The College is targeting a class size of approximately 545 students.

The College's research finds that candidates for admission to the College also frequently apply to the following institutions: Grinnell College, Middlebury College, Bowdoin College, Washington University in St. Louis, Williams College, University of Chicago, Pomona College, Wesleyan University, Tufts University, Haverford College, and Vassar College. The College was selected as a peer by the highest number of other institutions, as reported by the Chronicle of Higher Education, based on data from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDs), demonstrating the College's reputation among peers.

The College adopted a temporary test-optional policy for first-year applicants applying for admission for entry in fall 2021. The College has committed to continue this pilot for applicants applying for Fall 2024 and 2025 admission.

Since fall term 2022, the percentage of the fall first-time, first-year student entering cohort returning to the College for their second year has exceeded 94%. The College's four-year graduation rate is 82% and its six-year graduation rate is 91% through Fall 2016 entering cohort.

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Tuition and Fees (per student)

The College's tuition and fees are established annually by the Board of Trustees and are believed to be competitive with those charged by other top liberal arts colleges. The following table shows total tuition and fees per student for the last five academic years.

	2019-20	2020-21	2021-22	2022-23	2023-24
Tuition	$56,778	$58,968	$59,850	$62,244	$65,043
Room	7,704	7,995	8,115	8,439	8,820
Board	6,954	7,152	7,260	7,551	7,890
Student Activity Fees	333	384	375	390	414
Total	$71,769	$74,499	$75,600	$78,624	$82,167

Financial Aid

The College's admissions and financial aid programs are designed to enable qualified students to attend the College, regardless of financial circumstances. Except for the College's sponsorship of National Merit Scholarships and participation in the QuestBridge and Posse Programs, all financial aid from the College is need-based; as a result, academic or athletic scholarships are not available. Financial aid packages include grants, on-campus employment, and loans, which together meet 100% of admitted students' demonstrated need for aid. The College tracks various metrics to ensure the aid given to students is meaningful in terms of distribution and in relation to the total cost to attend the College.

	Academic Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Percentage of students receiving need-based grant aid	53.9%	54.5%	56.1%	56.9%	56.8%
Average need-based grant aid as a percentage of cost of attendance	57.3%	57.7%	58.0%	59.6%	62.0%

For the upcoming 2023-2024 academic year, the College expects 63% of students will receive need-based grant aid, with the average financial aid package covering 59% of the cost of attendance.

Independent Accountants

The financial statements as of June 30, 2022 and 2021 and for the years then ended, included in Appendix VII of this Official Statement, have been audited by CliftonLarsonAllen LLP, independent accountants, as stated in their report appearing therein. The firm has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Balance Sheets and Statements of Financial Activity for Fiscal Years 2018 through 2022

The following two tables set forth, respectively, the College's (a) Balance Sheets and (b) Statements of Activities and Change in Net Assets Without Donor Restrictions for the Fiscal Years ended June 30, 2018 through 2022.

CARLETON COLLEGE
BALANCE SHEETS
YEARS ENDED JUNE 30,

	2018	2019	2020	2021	2022
ASSETS					
Cash and Cash Equivalents	$ 17,557,279	$ 19,075,545	$ 15,810,908	$ 40,228,818	$ 19,116,133
Receivables, Net:					
Contributions	27,426,358	23,832,652	17,581,350	22,061,636	19,233,003
Government	558,933	573,951	547,610	832,997	640,250
Other	3,504,924	1,648,309	1,627,111	2,404,221	1,791,226
Inventories and Prepaid Expenses	1,600,827	3,074,014	2,181,704	2,129,721	2,855,282
Loans to Students	6,253,135	4,956,665	3,880,582	2,895,306	2,289,554
Deposits with Bond Trustee	35,486,845	8,973			
Trusts Held by Others	13,995,997	13,628,939	12,661,664	16,384,394	12,979,072
Investments	1,045,101,678	1,056,174,381	1,022,196,052	1,301,640,528	1,240,799,149
Property, Plant and Equipment, Net of Depreciation	260,948,457	314,226,628	337,773,179	349,621,038	358,627,500
Total Assets	$ 1,412,434,433	$ 1,437,200,057	$ 1,414,260,160	$ 1,738,198,659	$ 1,658,331,169
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 8,168,304	$ 8,519,645	$ 7,546,152	$ 7,840,282	$ 5,356,517
Accrued Expenses	11,287,756	11,438,781	12,314,127	13,870,140	14,254,401
Deferred Income and Deposits	4,227,338	4,594,208	6,616,978	6,251,333	5,882,533
Obligations Under Split Interest Agreements	21,054,577	20,765,853	20,093,355	20,521,207	18,340,313
Asset Retirement Obligation	2,155,667	2,227,509	3,115,702	3,100,902	2,707,789
Fair Value of Interest Rate Swap	200,702	134,718			
Bonds Payable, Net	144,337,492	138,619,834	128,569,517	124,457,762	120,161,008
Refundable Government Grants for Student Loans	3,528,259	3,592,920	2,206,259	1,394,474	625,559
Total Liabilities	194,960,095	189,893,468	180,462,090	177,436,100	167,328,120
NET ASSETS					
Without Donor Restriction					
Operations	42,563,925	36,094,557	34,570,201	45,321,715	33,070,385
Student Loan Funds	3,737,209	3,778,154	3,326,667	3,127,249	2,973,275
Net Investment in Plant	187,965,434	200,554,966	246,987,731	255,044,706	269,428,459
Funds Functioning as Endowment	302,002,851	315,804,921	311,619,007	402,616,424	388,751,926
Total Without Donor Restriction	536,269,419	556,232,598	596,503,606	706,110,094	694,224,045
With Donor Restriction					
Operations	24,549,699	23,176,216	28,197,404	28,950,579	30,554,642
Student Loan Funds	343,544	347,860	354,027	354,091	355,618
Physical Plant Acquisition	23,513,532	37,188,603	6,335,278	5,943,000	8,814,366
Endowment	592,230,652	591,471,132	565,657,217	774,974,723	724,178,575
Split-Interest Agreements	40,567,492	38,890,180	36,750,538	44,430,072	32,875,803
Total With Donor Restriction	681,204,919	691,073,991	637,294,464	854,652,465	796,779,004
Total Net Assets	1,217,474,338	1,247,306,589	1,233,798,070	1,560,762,559	1,491,003,049
Total Liabilities and Net Assets	$ 1,412,434,433	$ 1,437,200,057	$ 1,414,260,160	$ 1,738,198,659	$ 1,658,331,169

Source: Carleton College Audited Financial Statements

CARLETON COLLEGE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS
YEARS ENDED JUNE 30,

	2018	2019	2020	2021	2022
OPERATING REVENUES AND OTHER ADDITIONS					
Net Student Fees	$ 89,031,554	$ 91,169,706	$ 86,130,923	$ 83,947,394	$ 92,604,469
Private Gifts and Pledges	8,811,404	9,366,228	9,518,899	10,247,834	10,314,163
Government Grants and Contracts	627,725	618,009	624,469	661,518	658,819
Net Investment Return	564,253	2,987,895	3,089,331	523,137	(5,199,843)
Bookstore, Rents, and Other	4,313,261	3,529,911	2,351,615	1,531,720	3,640,459
Subtotal Revenue	103,348,197	107,671,749	101,715,237	96,911,603	102,018,067
Net Assets Released from Restrictions	44,001,116	47,122,464	48,557,669	53,471,990	54,611,523
Total Revenues and Other Additions	147,349,313	154,794,213	150,272,906	150,383,593	156,629,590
OPERATING EXPENSES					
Program:					
Instruction	62,615,502	63,877,656	66,431,510	63,903,979	69,905,474
Research	3,711,124	3,823,487	4,670,355	3,140,387	4,617,028
Academic Support	20,449,224	21,472,227	21,605,206	21,321,179	24,144,482
Student Services	17,088,799	16,997,052	16,631,271	23,337,548	19,914,344
Auxiliary Enterprises	18,756,231	18,395,649	15,240,051	17,961,525	19,689,425
Total Program Expenses	122,620,880	124,566,071	124,578,393	129,664,618	138,270,753
Institutional Support:					
Management and General	13,142,834	13,851,881	13,299,955	11,820,324	16,526,382
Fundraising	6,380,199	6,545,891	6,528,864	5,842,261	6,767,627
Total Institutional Support Expenses	19,523,033	20,397,772	19,828,819	17,662,585	23,294,009
Total Operating Expenses	142,143,913	144,963,843	144,407,212	147,327,203	161,564,762
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	5,205,400	9,830,370	5,865,694	3,056,390	(4,935,172)
NONOPERATING ACTIVITY					
Private Gifts and Pledges	4,779,437	2,503,883	4,090,507	9,360,288	3,521,665
Net Investment Return	(36,994)	2,232,891	2,760,301	9,284,902	1,513,190
Net Realized Gain	18,504,886	14,008,403	13,966,832	23,707,498	15,395,050
Net Unrealized Gain (Loss)	8,836,512	(4,404,745)	(18,606,976)	71,600,428	(27,176,574)
Realized Gain (Loss) on Disposal	(960,622)	(79,229)	(2,865,734)	(1,003,800)	787,924
Unrealized Gain on Interest Rate SWAP	282,095	65,984	134,718	-	-
Other Nonoperating Income	-	1,241,879	137,211	132,759	(31,607)
Investment Return Allocation	(9,145,913)	(9,809,258)	(10,169,080)	(10,494,916)	(10,937,799)
Net Assets Released from Restrictions	21,615,311	4,373,001	44,957,536	3,962,939	9,977,274
Total Nonoperating Activity	43,874,712	10,132,809	34,405,315	106,550,098	(6,950,877)
CHANGE IN NET ASSETS	49,080,112	19,963,179	40,271,009	109,606,488	(11,886,049)
Net Assets - Beginning of Year	487,189,307	536,269,419	556,232,598	596,503,607	706,110,095
NET ASSETS - END OF YEAR	$ 536,269,419	$ 556,232,598	$ 596,503,607	$ 706,110,095	$ 694,224,046

Source: Carleton College Audited Financial Statements

The following table shows endowment investment returns allocated to operations for the prior five fiscal years:

	2018	2019	2020	2021	2022
Investment Return Allocations	$38,983,500	$40,805,353	$42,814,101	$45,177,741	$48,204,160

Source: Carleton College Audited Financial Statements (Statement of Activities and Change in Net Assets with Donor Restrictions – Investment Return Allocation and Note 6 – Endowments)

Management Discussion of Finances and Budgeting

The College's fiscal allocations ensure that its educational purposes are well supported. The College's operating budget is developed through a defined series of conversations and analyses among the Budget Committee, College Council, senior leadership, and the Board of Trustees. The Budget Committee begins its work a year in advance, with final trustee approval requested in February for a July fiscal-year start. The process is intentional and allows committee members time to thoroughly consider the strategic implications of each decision. The Budget Committee is chaired by the Provost, signaling the academic focus on resource allocations. The committee's faculty, staff, and student membership give all campus constituents a voice in developing the financial priorities of the College. Budgets are built and reviewed within the context of a five-year plan to ensure assumptions or initiatives approved for the current year are supported in the near-term future. Operating budgets and year-end results are presented annually to employees at faculty and all-staff meetings, and to the Board of Trustees.

The long-term financial plan of the College assumes a constant enrollment of 2,000 students; no growth from current enrollment levels. The College’s operating budget is funded from a balance of sources including net student fees (which provide 60% of operating income), endowment income, and annual giving. In addition to compensation and operating expenses, the operating budget includes an annual transfer to fund regular capital improvements and maintenance of facilities (in place of a traditional budget for depreciation). Fiscal year 2023 reporting is not yet completed, but the year is forecast to end with operating results on or above budget, at breakeven or a slight surplus. The fiscal year 2024 budget, approved by the Board of Trustees in February 2023, net of financial aid, totals $166.6 million.

Endowment and Annuity and Life Income Funds

The following table is a five-year history of the ending market value of the College’s Endowment and Annuity and Life Income Funds (in thousands of dollars):

Fiscal Year End	(A) Endowment	(B) Funds Functioning as Endowment	(A) + (B) Total Endowment	Annuity and Life Income
2018	$576,291	$302,203	$878,494	$60,239
2019	576,348	316,004	892,353	60,124
2020	556,876	311,819	868,695	56,799
2021	755,166	402,816	1,157,982	63,224
2022	704,746	388,951	1,093,697	50,684

The College's total endowment is invested with the goal of generating smooth and predictable income that will support the College’s current operations while preserving purchasing power to support programs and initiatives of future generations at the College. A prudent spending policy, last reviewed by the Board of Trustees in 2022, aims to separate long-term planning from short-term investment results. The resulting spending percentage (5.21% in fiscal year 2021, 4.16% in fiscal year 2022) compares favorably to peers. Endowment spending is defined as a per share dividend paid to endowment accounts based on the number of shares held by each. The annual spending in any fiscal year is calculated as follows: 70% of the allowable spending in the previous fiscal year, increased by 2.0%; plus 30% of the long-term spending rate of 4.95%

applied to the 12-quarter market value average of the endowment unit value for the period ending June 30 of the year, one year prior to the start of the fiscal year. The allowable spending divided in a fiscal year's budget is limited to not more than 5.75% or not less than 3.75% of the market value of the endowment unit value for the period ending June 30 of the year, one year prior to the start of the fiscal year.

The College's Endowment is managed by external investment managers who are selected and monitored by the College's Investment Office with assistance from outside consultants. The Investment Committee of the Board of Trustees and Chief Investment Officer establish policy and provide oversight. The endowment invests across five primary asset classes. Allocations as of June 30, 2022 are as follows:

Asset Class	Percentage
Public equity	35.0%
Private equity	23.6%
Real assets	12.2%
Marketable alternatives	21.2%
Fixed income/cash	7.9%

The total fair market value of the College's Endowment Funds at December 31, 2022 (unaudited) was $1,113,770,000. See Note 6 – Endowments in the College's Financial Statements.

Fundraising, Gifts and Grants

The Development Office vigorously engages the College's constituents in its fundraising outreach. Completed on June 30, 2021, the six-year *Every Carl for Carleton* campaign surpassed its goal of $400 million by raising over $491.8 million for priority areas such as financial aid, teaching and learning, preparing students for life and career, and the Alumni Annual Fund. In its final year (Fiscal Year 2021), it raised over $10 million through the Alumni Annual Fund which funds operating support for the College. Post-campaign, the College continues to raise funds for financial aid, operating support, and inclusion, equity and diversity initiatives being identified through a comprehensive planning process.

The following table reports gifts and grants revenues received for the past five fiscal years (in thousands of dollars):

	2018	2019	2020	2021	2022
Unrestricted	$14,219	$12,488	$14,234	$20,270	$14,495
Temporarily restricted	15,836	20,208	20,648	16,599	16,820
Permanently restricted	23,344	13,088	16,834	48,970	17,542
Totals per financial statements:	$53,399	$45,784	$51,716	$85,839	$48,857

Retirement Plans

Retirement benefits for eligible non-union employees are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association (TIAA). Under this agreement, the College and plan participants contribute to individual employee TIAA retirement accounts which fund individual retirement benefits.

Union employees participate in a separate defined benefit plan with the Central Pension Fund.

Total expenses for the College's share of the contributions were $6,189,159 in 2022 and $5,990,646 in 2021, respectively.

College Facilities

The College is located on a 1,040-acre campus in Northfield, Minnesota (population 20,000). The College is an active learning and living environment by design. Over 96% of students live on campus, in one of 11 residence halls, 24 college-owned interest and cultural houses, and 10 townhomes. This residential landscape fosters connections and creates an immersive college experience.

The College's mission is mirrored in its use of space: 36% of campus buildings (by area) are dedicated to academics, 45% to students (housing, student life, athletics), and the remaining 19% to administrative uses, facilities plant, and faculty housing. The campus includes the 800-acre Cowling Arboretum, used for recreation, academic research, and conservation.

The 95-member facilities staff maintains the physical plant through renovation, new construction, planning, and custodial, energy, grounds, and maintenance services. Their work provides a well-maintained, clean physical environment that is conducive to the College's educational and environmental mission. Facilities management uses a database from the consultant Sightlines to track the condition of plant assets and as a base for the five-year maintenance and capital priorities plan. Sightlines data from peer institutions is used to benchmark quality, costs, and resources.

Campus planning is guided by a 2014 Facilities Master Plan, which outlined several major projects and strategic infrastructure priorities. As that plan envisioned, in 2017 Scoville Hall and Johnson House were renovated, the former for Admissions and Financial Aid (in an updated but historical invitation to campus) and the latter for the Career Center (in a larger, more visible location). The Weitz Center for Creativity was expanded in 2017 to include the Music Department and new performance spaces of high acoustic quality. A new Integrated Science Complex completed in 2020 allows the College to better serve the needs of STEM students and faculty and ensures that the College maintains its reputation as a leader in the sciences. Through the implementation of the Utilities Master Plan in 2021, the College's greenhouse gas emissions are now 58% lower than in 2008. Additional campus renewal includes the full renovation of Hasenstab Hall in 2022, the new home of the Political Science Department and multiple cross-disciplinary collaboration spaces for faculty and students.

Annual facilities maintenance, upgrades, and small capital projects will continue at the College's regular cadence. The College, however, is not planning major construction beyond the Project, nor is it planning to take on additional debt, in the next two years.

Insurance and Cybersecurity

The College maintains insurance with such coverage as is customarily carried by similar private colleges and universities. This includes coverage for real and personal property, cybersecurity, and comprehensive general and excess liability, among others. The College has taken significant steps to minimize its risk against cyber threats, including employing a dedicated staff member to train employees, track threats, and implement policies as recommended by the College's cybersecurity insurer.

Environmental and Social Activities and Policies

The College advances sustainability through its operations, education, and community engagement. The College, a leader in climate action, has divested in fossil fuels, invested in major renewable systems, and continues to prioritize improving its operations and engaging for equity and environmental justice. With the first geothermal district energy system in Minnesota and a history of innovation, the College has reduced its emissions by 58% from its baseline in 2008.

In February 2023 the Board of Trustees voted to reduce exposure to fossil fuel investments in the College's endowment by immediately eliminating all direct holdings of fossil fuel companies and resolving to make no new investments in private funds that focus exclusively on oil and gas extraction. Now the College is developing its next actions focused on education, operations, and community engagement.

The College aspires to be a truly supportive and inclusive learning and work environment for every student and every member of its faculty and staff. The College's Inclusion, Diversity, and Equity plan is a set of five goals:

I. **Capacity:** Build the institutional capacity, resource, and dedicated leadership required to engage in the work of inclusion, diversity, and equity (IDE) broadly.

II. **Representation:** Significantly increase representation of students, faculty, and staff from underrepresented populations.

III. **Resources:** Establish and sustain the resources and practices necessary to provide an equitable environment for all students, staff, and faculty to thrive.

IV. **Engagement:** Integrate and sustain engagements with the principles of IDE, including the full diversity of perspectives, experiences, and intellectual contributions of historically underrepresented voices.

V. **Measurable Improvement:** Demonstrate the College's commitment to measurable improvement of IDE outcomes (retention, recruitment, achievement, thriving, belonging, and cultural competence) through data collection and analysis and transparent communication.

Long-Term Debt of the College

The College's long-term debt outstanding as of August 1, 2023 is as follows:

$124,900,000 Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017 (Carleton College), dated May 24, 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are secured by the full faith and credit of the College, are fixed rate and have remaining interest rates ranging from 3.00% to 5.00%. They have a final maturity of March 1, 2047. The outstanding balance of the Series 2017 Bonds is $103,455,000.

The College's debt will increase by the principal amount of the Bonds upon issuance.

PROPOSED FORM OF LEGAL OPINION

Taft/

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Affirmative Action, Equal Opportunity Employer

____________, 2023

$60,495,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series 2023
(Carleton College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series 2023 (Carleton College), in the aggregate principal amount of $60,495,000 (the "Bonds"), dated as of their date of delivery, more fully described in and issued pursuant to the Indenture (defined below).

The Bonds are issued for the purpose of funding a loan from the Authority to Carleton College, a Minnesota nonprofit corporation and institution of higher education (the "College"), in order to finance or refinance educational facilities owned or to be owned and operated by the College and located on or adjacent to its campus in the city of Northfield, Minnesota. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, and the Trust Indenture (the "Indenture") between the Authority and Computershare Trust Company, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"), each dated as of September 1, 2023; one or more opinions of Kutak Rock LLP, as counsel to the College; the form of the Bonds prepared for execution; and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Kutak Rock LLP, as to the Loan Agreement having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status and unrelated trade or business activities, good standing, and powers of the College. As to title to the Project Site (as defined in the Loan Agreement and Indenture), we have relied on information contained in owner and encumbrances reports, title insurance policies or commitments, or title opinions, provided to us by the College or by counsel engaged by it, and have not undertaken any examination of the records of the College or original title records or abstracts of title.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Authority is an agency of the State of Minnesota duly organized and existing under the laws of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes,

to issue the Bonds, to loan the proceeds thereof to the College and to execute and deliver the Loan Agreement and the Indenture to secure the Bonds.

2. The Loan Agreement and the Indenture are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

3. The Bonds are valid and binding limited obligations of the Authority payable from the loan repayments payable by the College under the Loan Agreement which have been assigned to the Trustee, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and are further secured by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payments held by the Trustee, as assignee, under the Loan Agreement. The Bonds are not a general obligation or indebtedness of the Authority within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Authority or charge against its general credit, but are payable solely from amounts pledged thereto in accordance with the provisions of the Indenture.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is excludable from gross income for purposes of federal income taxation and is excludable, to the same extent, from net taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), or Minnesota alternative minimum tax applicable to individuals, estates or trusts. We observe, however, that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. The Authority has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code. The opinion set forth in this paragraph is subject to the conditions that the Authority, the Trustee and the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in federal gross income or Minnesota taxable net income retroactive to the date of issuance of the Bonds. The Authority, the Trustee and the College have covenanted to comply with such requirements.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership or disposition of the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, receivership proceedings, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in accordance with general principles of law.

Very Truly Yours,

Taft Stettinius & Hollister LLP

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$60,495,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES 2023
(CARLETON COLLEGE)

CONTINUING DISCLOSURE CERTIFICATE

SEPTEMBER 1, 2023

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by Carleton College, a Minnesota nonprofit corporation (the "College"), in connection with the issuance by the Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota (the "Issuer"), of its of $60,495,000 Revenue Bonds, Series 2023 (Carleton College) (the "Obligations"). The Obligations are being issued pursuant to a Trust Indenture (the "Indenture") dated as of September 1, 2023, between the Issuer and Computershare Trust Company, N.A., as trustee (the "Trustee"). Proceeds of the Obligations are being loaned by the Issuer to the College pursuant to a Loan Agreement, dated as of September 1, 2023 (the "Loan Agreement"), between the Issuer and the College.

The College covenants and agrees as follows:

SECTION 1. (a) Purpose. This Certificate is being executed and delivered by the College, the only obligated person with respect to the Obligations within the meaning of the Rule (defined below), for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriters in complying with the Rule. References in this Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Certificate constitutes the written undertaking of the College under the Rule.

(b) Filing Requirements. Any filing under this Certificate must be made solely by transmitting such filing to the MSRB (defined below) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section or the introductory paragraph above, the following capitalized terms shall have the following meanings:

"Annual Report" means, with respect to the Reporting Party, a document or set of documents that contains (or includes by reference as provided in Section 3 hereof) the financial and operating data of the Reporting Party described in Exhibit A hereto.

"Annual Report Date" means, with respect to each Annual Report, the date so designated in Exhibit A hereto.

"Audited Financial Statements" means the Reporting Party's annual financial statements audited and prepared in accordance with generally accepted accounting principles, as in effect from time to time.

"Code" means the Internal Revenue Code of 1986, as amended.

"Dissemination Agent" means such person from time to time appointed or engaged in writing by the Reporting Party and that has filed with the Reporting Party a written acceptance of such designation and the duties of the Dissemination Agent hereunder.

"Final Official Statement" means the Official Statement dated as of August 15, 2023, delivered in connection with the original issuance and sale of the Obligations, together with any preliminary official statement, amendments thereto or supplements thereof.

"IRS" means the Internal Revenue Service of the Department of the Treasury of the United States.

"Listed Events" means any of the events listed in Section 4(a) of this Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000 Washington, DC 20005.

"Participating Underwriters" means Barclays Capital Inc. and RBC Capital Markets, LLC.

"Reporting Party" means, subject to release as provided in Section 5 hereof, the College; together with any successors or assigns as provided in Section 5 hereof.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date hereof.

"SEC" means the U.S. Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

SECTION 3. Provision of Annual Report.

(a) On or before the Annual Report Date, the Reporting Party shall, or shall cause the Dissemination Agent to, provide an Annual Report to the MSRB in accordance with Section 1(b) of this Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package or by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if any document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) If the Reporting Party is unable or fails to provide an Annual Report by the Annual Report Date as required in Section 3(a), the Reporting Party shall send in a timely manner a notice of such fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Certificate.

(c) If the Reporting Party has appointed a Dissemination Agent, the Reporting Party shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to the Annual Report Date and the Dissemination Agent shall provide the Annual Report to the MSRB by the Annual Report Date as required in Section 3(a). If the Dissemination Agent has not received the Annual Report by such date, the Dissemination Agent shall promptly request the Annual Report from the Reporting Party. If the Dissemination Agent does not receive and provide the Annual Report to the MSRB by the Annual Report Date and is unable to verify that the Reporting Party provided the Annual Report by the Annual Report Date, the Dissemination Agent, at the expense of the Reporting Party, shall promptly notify the MSRB of the failure of the Reporting Party to provide the Annual Report (consistent with the notice requirement in Section 3(b)). The Reporting Party or the Dissemination Agent shall, as soon as the Annual Report is available after such reporting failure, deliver the Annual Report to the MSRB as required in Section 3(a).

(d) Concurrent with the filing of the Annual Report with the MSRB, the Reporting Party or the Dissemination Agent shall deliver a copy of the Annual Report to the Issuer.

SECTION 4. Reporting of Listed Events.

(a) The Dissemination Agent, if any, shall promptly notify the Reporting Party of any of the Listed Events, of which it has actual knowledge; and no later than three business days after receiving actual notice of the occurrence of a Listed Event, the Reporting Party shall notify the Dissemination Agent, if any, in writing of the Listed Event. The following are Listed Events:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax exempt status of the security;

(vii) modifications to rights of the security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the College (as such event is described in the Rule);

(xiii) consummation of a merger, consolidation, or acquisition involving the College or sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Promptly, but no later than ten business days after the occurrence of a Listed Event, the Reporting Party shall give, or cause the Dissemination Agent, if any, to give, notice to the MSRB of the occurrence of the Listed Event.

SECTION 5. Termination of Reporting Obligation. The Reporting Party's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. The obligations hereunder of the Reporting Party shall also terminate upon the release of the obligation of such party to pay any amounts due or to become due under the Loan Agreement; provided that if such release occurs because of any transfer of assets or the merger of the Reporting Party and the transferee or resultant organization assumes such obligations of the Reporting Party, the Reporting Party shall first require such transferee or resultant organization to assume the obligations of the Reporting Party hereunder.

SECTION 6. Dissemination Agent. The Reporting Party may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Reporting Party pursuant to this Certificate. If at any time there is not any other designated Dissemination Agent, the Reporting Party shall serve the role of the Dissemination Agent.

SECTION 7. Amendment. Notwithstanding any other provision of this Certificate, the Reporting Party may amend any provision of this Certificate and any provision of this Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Certificate may be deemed to prevent the Reporting Party from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If in any Annual Report the Reporting Party chooses to include any information or a notice of the occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Reporting Party will have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Reporting Party to comply with any provision of this Certificate, any holder or beneficial owner of the Obligations may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to comply with its obligations under this Certificate. A default under this Certificate will not be deemed an Event of Default under the Obligations, the Loan Agreement or the Indenture, and the sole remedy under this Certificate in the event of any failure of a Reporting Party to comply with this Certificate shall be an action to compel performance.

SECTION 10. Beneficiaries. This Certificate shall inure solely to the benefit of the Reporting Party, the Issuer, the Dissemination Agent, if any, the Participating Underwriters, and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

SECTION 11. Reserved Rights. The College reserves the right to discontinue providing any information required under this Certificate or the Rule, if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 7 hereof, to modify the undertaking under this Certificate if a court of competent jurisdiction or the College determines that such modification is required by the Rule.

SECTION 12. Electronic Signatures. An electronic signature of the College to this Certificate shall be as valid as an original signature and shall be effective to bind the College to this Certificate. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed as of the date first above written.

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CARLETON COLLEGE

By:____
Chief Financial Officer

By:____
Its:______________________

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Exhibit A

ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 270 days after the fiscal year-end, commencing with the fiscal year ended June 30, 2023. The Annual Report will contain:

(a) Audited Financial Statements for the most recent complete fiscal year and if audited financial statements are not available by the Annual Report Date then the Annual Report shall contain unaudited financial statements prepared by the Corporation in accordance with generally accepted accounting principles, as in effect from time to time, and the Audited Financial Statements of the Corporation shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the Audited Financial Statements for the most recently complete fiscal year, updates to the financial and operating data contained in the tables presented under each of the following headings in Appendix I to the Final Official Statement:

(i) Faculty and Staff

(ii) Student Enrollment and Demand Profile

(iii) Applications, Acceptances and Matriculations for Fall

(iv) Tuition and Fees

(v) Financial Aid

(vi) Endowment and Annuity and Life Income Funds

(vii) Fundraising, Gifts and Grants

(c) Information as to any publicly announced capital campaign, including stated goals and progress toward the goals.

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DEFINITIONS OF CERTAIN TERMS

Following are definitions of certain words and terms as used in the Indenture and Loan Agreement related to the Bonds. Definitions of some of the words and terms below may also appear elsewhere in this Official Statement.

Account or *Accounts:* One or more of the Accounts created under Article IV or V of the Indenture.

Act: Sections 136A.25 through and including 136A.42, Minnesota Statutes, as amended.

Alternate Project Supervisor: The Alternate Project Supervisor appointed as provided in the Loan Agreement and the Indenture.

Arbitrage Regulations: All regulations and proposed regulations from time to time issued and in effect under Section 148 of the Internal Revenue Code (and former Section 103(c) of the Internal Revenue Code of 1954), including without limitation Treasury Regulations Sections 1.148-1 to 1.150-1.

Authority: The Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota, in Eagan, Minnesota.

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the Corporation and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director or any officer authorized to act on behalf of the foregoing officers. Such certificate may designate an alternate or alternates and in that case, specimen signatures for the alternates shall be provided as well.

Authorized Denominations: $5,000 and any integral multiples thereof.

Authorized Institution Representative: The President or the Vice President and Treasurer of the Corporation or any other person at the time designated to act on behalf of the Corporation by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the Corporation by the Chair, any Vice-Chair, or the Secretary of its Board of Trustees or the President or the Vice President and Treasurer of the Corporation. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in the Indenture.

Beneficial Owner: With respect to any authorized denomination of a Bond in Book-Entry Form, each person who beneficially owns such Bond in such authorized denomination and on whose behalf, directly or indirectly, such authorized denomination of Bond is held by the Depository pursuant to the Book-Entry System.

Board of Trustees: The Board of Trustees of the Corporation, and includes any Executive Committee or other committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The Bond and Interest Sinking Fund Account established pursuant to the Indenture.

Bond Closing: The original issuance, sale and delivery of the Bonds.

Bond Counsel: Any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt state and municipal bonds acceptable to the Authority.

Bond Purchase Agreement: The Bond Purchase Agreement, dated August 15, 2023, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on July 19, 2023, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on March 1, 2024, and (b) each succeeding 12-month period ending at the close of business on March 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2023 (Carleton College), described in the Indenture.

Book-Entry Form: All the Bonds, if such Bonds are all held (i) in the name of the Depository (or its nominee) with each Stated Maturity evidenced by a single Bond certificate or (ii) with the approval of the Corporation, Authority and Trustee, in any similar manner for which Beneficial Owners do not receive Bond certificates evidencing their beneficial ownership in any of the Bonds.

Book-Entry System: A system of recordkeeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and Participants (or Indirect Participants).

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the Corporation and located on the Project Site acquired from funds other than the proceeds of the Bonds.

Business Day: Any day other than Saturday, Sunday, a legal holiday in the State of Minnesota or any other day that the Depository (as defined in the Indenture) or banks in Minnesota are not open for business.

Certificate: A certification in writing required or permitted by the provisions of the Loan Agreement or the Indenture to be signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of the Indenture, each Certificate shall include the statements provided for in said Indenture.

College or *Corporation*: Carleton College, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

Conditional Redemption: Conditional Redemption shall have the meaning provided in the Indenture.

Construction Account: The Construction Account established under the Indenture.

Continuing Disclosure Certificate: The Continuing Disclosure Certificate delivered by the Corporation, to be dated as of September 1, 2023, relating to the Bonds.

Costs of Issuance Account: The Costs of Issuance Account established under the Indenture.

Date of Taxability: The date as of which the interest on the Bonds shall be so determined to be includable in the gross income of the Owners thereof; provided, that no Bond shall bear additional interest for any period for which the statute of limitations shall be a bar to the assertion or collection of a deficiency of federal income taxes from the Owner of such Bond.

Default: A default on the part of the Corporation in performance of any covenant or condition of the Loan Agreement which, with notice or passage of time or both, would or has become an Event of Default.

Depository: DTC or any other person who shall be a Holder of all the Bonds directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, Corporation and Trustee to act as the Depository; provided any Depository shall be registered or qualified as a "clearing agency" within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest on the Bonds is includable in gross income of the recipient under Section 103 of the Internal Revenue Code, related sections and regulations thereunder, as in effect on the date of issuance of the Bonds, as more fully provided in the Loan Agreement. A determination that interest on the Bonds is includable in the computation of any alternative minimum tax is not a Determination of Taxability.

DTC: The Depository Trust Company in New York, New York, its successors or assigns.

EMMA: The Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board or such successor municipal finance electronic filing system.

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in this Official Statement in the sections entitled "SUMMARY OF DOCUMENTS – THE INDENTURE – Events of Default" and "SUMMARY OF DOCUMENTS – THE LOAN AGREEMENT – Events of Default."

Financial Journal: The Bond Buyer, Finance & Commerce, The Wall Street Journal, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or Saint Paul, Minnesota, or in the City of New York, New York.

Fiscal Year: The Corporation's fiscal year, and shall initially mean the 12-month period commencing on July 1 in each year.

Holder, Bondholder or Owner: The person in whose name a Bond shall be registered, except if any Bond is in Book-Entry Form, with respect to any consent or approval of a Holder of Bonds, the terms shall mean the Beneficial Owner.

Indenture: The Trust Indenture between the Authority and Computershare Trust Company, National Association, as Trustee, dated as of September 1, 2023, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Independent: When used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the Institution or the transaction to which such Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the Corporation or the Institution as an officer, employee or member of the Authority, the Corporation or the Institution or the Board of Trustees of the Corporation.

Independent Counsel: An Independent attorney duly admitted to practice law before the highest court of any state.

Indirect Participant: Any person who is not a Participant, who clears securities through or maintains a custodial relationship with a Participant, either directly or indirectly, and who has access to the Book-Entry System.

Institution: Carleton College, a Minnesota institution of higher education with its campus located in the city of Northfield, Minnesota, and owned and operated by the Corporation. The Institution is also referred to as the "College" elsewhere in this Official Statement.

Interest Payment Date: March 1 and September 1 of each year, commencing March 1, 2024, and any other date on which the principal of or interest on the Bonds shall be due and payable.

Interest Rate: With respect to the Bonds, the interest rate per annum specified in the Indenture, in the column entitled "Interest Rate" for the Bonds of the respective year of maturity.

Internal Revenue Code: The Internal Revenue Code of 1986 and amendments thereto.

Issue Date: The date on which the Bonds are delivered to the original purchaser thereof upon original issuance.

Letter of Representations: The Letter of Representations from the Authority to the Depository, any amendments thereto, and any other agreement among such parties governing the obligations of such parties (or their successors) in respect of beneficial ownership (and the recording and transfer thereof), and payment and notices concerning the Bonds; provided no such amendment or other agreement shall be entered into unless the Authority or Corporation shall certify that the same shall not materially prejudice the rights of any Beneficial Owner who has not consented thereto.

Loan Agreement: The Loan Agreement between the Authority and the Corporation, dated as of September 1, 2023, as from time to time amended or supplemented.

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to the Loan Agreement.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation as owner or lessee.

Notice of Deficiency: The statutory notice of deficiency issued by the Internal Revenue Service to a taxpayer identifying a tax deficiency and providing a specified period of time to appeal such deficiency.

Opinion of Counsel: A written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Corporation or Authority and not objected to by the Trustee, and to the extent required by the Loan Agreement, each Opinion of Counsel shall include the statements provided for in said Loan Agreement.

Outstanding: When used as of any particular time with reference to Bonds, without regard to capitalization of such term, means (subject to the provisions of the Indenture pertaining to Bonds held by the Authority and the Corporation) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or securities described in the Indenture in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture pertaining to replacement of Bonds.

Participant: Any securities broker or dealer, bank, trust company, clearing corporation or other organization entitled to directly record, clear and settle the transfers of beneficial ownership interest of the Bonds directly through the Depository and the Book-Entry System.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities (including, with respect to Project Equipment, purchase money security interests and equipment leases), and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Corporation, and (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Predecessor Bonds: Predecessor Bonds shall have the meaning provided in the Indenture.

Project: The Project consists of the design, construction, improvement, demolition, equipping and furnishing of various facilities on the campus of the Institution, including, but not limited to, (i) eleven (11) student townhomes in two locations with a total of 184 beds and (ii) an approximately 21,000 square-foot multipurpose Student Health and Counseling Center.

Project Buildings: The buildings and facilities described in the Indenture and acquired, improved or constructed with proceeds of the Bonds, including investment earnings.

Project Costs: Project Costs shall have the meaning provided in the Indenture.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds (except any such fixtures, equipment, or other personal property of a capital nature to be removed in furtherance of the Project), including investment earnings and, with respect to such personal property acquired with proceeds of the Bonds generally described in Exhibit B to the Loan Agreement.

Project Facilities: The Project Site, the Project Buildings and the Project Equipment as the same may at any time exist.

Project Site: Those portions of land or interests in land described on Exhibit A to the Loan Agreement which are owned or leased by the Corporation and on which any Project Buildings are located on or adjacent to or otherwise improved as part of the Project.

Project Supervisor: The Project Supervisor appointed as provided in the Loan Agreement and the Indenture.

Redeem or *redemption*: Includes "prepay" or "prepayment" as the case may be, without regard to capitalization of such terms.

Redemption Account: The Redemption Account established under the Indenture.

Reference Rate: The Prime Rate as published from time to time in The Wall Street Journal or another Financial Journal selected by the Trustee if the Prime Rate is not available in The Wall Street Journal.

Responsible Officer: Responsible Officer of any Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every corporate trust officer, and every officer and assistant officer of such Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of such person's knowledge of, and familiarity with, a particular subject.

Sinking Fund Installment: When used with respect to a Term Bond, a principal payment required to be made on a scheduled date from the Bond and Interest Sinking Fund Account as provided in the Indenture to redeem by mandatory redemption such Term Bond or specified portion thereof.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Term Bonds: The Bonds maturing on March 1 in the years 2045, 2048, and 2053.

Trust Estate: The interest of the Authority in the Loan Agreement assigned under Granting Clause I of the Indenture; the revenues, moneys, investments, contract rights, general intangibles and instruments and proceeds and products and accessions thereof as set forth in Granting Clause II of the Indenture; and additional property held by the Trustee pursuant to Granting Clause III of the Indenture.

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be Computershare Trust Company, National Association, Minneapolis, Minnesota.

Underwriter: Collectively, Barclays Capital Inc. and RBC Capital Markets, LLC, as co-managing underwriters and original purchasers of the Bonds.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the full text of the Loan Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Construction of Project

The College represents that acquisition, construction and installation of the Project will be substantially completed no later than August 31, 2025, subject only to "force majeure," as provided in the Loan Agreement. The College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the College, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel who is bond counsel to the Authority shall be furnished to the College, the Authority and the Trustee to such effects. The College agrees that it has paid or will pay all costs relating to the acquisition, construction and installation of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Loan Repayments

Under the Loan Agreement, the College agrees to make Loan Repayments in amounts and at times sufficient to provide for payment in full of all principal of and interest and premium, if any, on the Bonds when due. To provide for such payments the College covenants to pay for the account of the Authority the following amounts:

(a) At least one (1) Business Day prior to each March 1 and September 1, commencing March 1, 2024, the College shall deposit into the Bond and Interest Sinking Fund Account, a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least one (1) Business Day prior to each March 1, commencing on March 1, 2031, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account (including amounts transferred from the Construction Account pursuant to the Indenture), and (ii) any credits permitted by the Indenture; and

(b) On or prior to a date established for the optional redemption and prepayment of any Bonds pursuant to the Loan Agreement, the College shall deposit into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

(c) The College shall deposit forthwith into the Bond and Interest Sinking Fund Account or the Redemption Account, as appropriate, the amount of any deficiency in the event the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any

Bond principal or interest payment date are for any reason insufficient to pay principal of, premium, if any and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) [Reserved]

(e) The College shall deposit into any fund or account designated by the Trustee such amount as may be determined by the Trustee to be necessary to comply with the provisions of the Loan Agreement and the Indenture, relating to arbitrage rebate.

Each payment under the Loan Agreement shall be made directly to the Trustee at its designated corporate trust office for the account of the Authority for deposit as provided in the Indenture. The College shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

There is reserved to the College the right to prepay all or part of the Loan and to redeem the Bonds prior to their maturity in certain events as described under "THE BONDS – Redemption Prior to Maturity – Optional Redemption" and "– Extraordinary Redemption."

As additional payments, the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

The College will own, use and operate the Project Facilities at all times as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The College agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The College agrees that, so long as there are Bonds outstanding, and subject to certain exceptions, the College will keep the Project Facilities in good repair and good operating condition at its own cost. The College will make such repairs, modifications and replacements as are necessary so that the Project Facilities will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation, and may make such repairs, modifications and replacements as in the College's judgment are desirable, subject to the same conditions. The College may sell, transfer, convey, lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities so long as (i) the tax-exempt status of the Bonds will not be affected thereby, (ii) no such transaction or agreement shall be inconsistent with the Loan Agreement, the Indenture, or the Act, and (iii) the College shall remain fully obligated under the Loan Agreement as if such agreement had not been made. The College may demolish any of the Project Facilities which in the College's judgment are worn out, obsolete or require replacement, are no longer used, or the College, by resolution of the Board of Trustees, has determined in its judgment are no longer useful.

Taxes and Other Governmental Charges

The College will pay, as the same respectively become due, all taxes, special assessments, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against, or with respect to the operations of the College, or the Project Facilities or any improvements, equipment or related property installed or brought by the College therein or thereon, or the Bonds, the Loan Agreement, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The College may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the College that, in the Opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

The College is required to maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, with a deductible amount of not more than $250,000.

(b) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $10,000,000, with a deductible amount of not more than $250,000 per occurrence, and against liability for property damage in the minimum amount for each occurrence of $100,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations engaged in like activities of comparable size and liability exposure to the College; provided that the College may be self-insured with respect to all or any part of its liability for workers' compensation.

Upon the written request of the College, the Trustee shall permit modifications to such insurance requirements and deductible amounts, including permission for the College to be self-insured in whole or in part for any comprehensive general public liability, if consistent with recommendations of an Independent insurance consultant.

Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the College and the Trustee at least 30 days before the cancellation or modification of the policy set forth above becomes effective. The College shall annually provide the Trustee with a Certificate of Insurance Compliance on or before January 1 of each year.

Damage or Destruction

If prior to full payment of the Bonds (or the provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project Facilities shall be damaged or partially or totally destroyed by fire, flood, windstorm or other casualty, there shall be no abatement or reduction in the Loan Repayments payable by the College under the Loan Agreement. All Net Proceeds of insurance resulting from claims for losses shall be paid to the College.

Condemnation

If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the Indenture), title to any part of the Project Facilities shall be taken in any proceeding (hereinafter referred to as a "Proceeding") involving exercise of the right of eminent domain, there shall be no abatement or reduction in the Loan Repayments payable by the College under the Loan Agreement. All Net Proceeds of the award shall be paid to the College.

The Trustee and the College shall cooperate fully in the handling and conduct of any prospective or pending Proceeding with respect to the Project Facilities, and the Authority will join with the College, to the extent it may lawfully do so and at the College's expense, in maintaining or permitting the College to maintain a defense or contest of amount of award in any such Proceeding. In no event will the Trustee voluntarily settle, or consent to the settlement of, any prospective or pending Proceeding with respect to the Project Buildings and site thereof without the written consent of the College.

Indemnification

The College agrees to hold the Authority and the Trustee, their respective members, directors, officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority (but not the Trustee) or anyone acting on its behalf.

The College agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out of pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the College in connection with the sale of the Bonds.

The College agrees to indemnify, defend, protect and hold harmless the Trustee against any and all losses, liability, damages, costs or expenses that the Trustee may suffer or incur arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the Loan Agreement, except for losses, liability, damages, costs or expenses directly caused by the Trustee's negligence or willful misconduct.

College to Maintain its Existence and Accreditation

The College agrees that, so long as the Bonds are outstanding, it will maintain its existence as a nonprofit corporation and maintain the Institution's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement, and be either a state university or college or a nonprofit corporation operating or authorized to operate an institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

Federal Income Tax Status

The College represents that it presently is and agrees that it shall take all appropriate measures to assure that it remains an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from Federal income taxes under Section 501(a) of such Code.

Institution to be Nonsectarian

The College agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect. All courses of study at the Institution, including any religion or theology courses, will be taught according to the academic requirements of the subject matter and professional standards.

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest on the Bonds is includable in gross income of the recipient for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent per annum, for an aggregate rate that is two percent per annum higher than the stated Interest Rate, from the Date of Taxability until the respective dates on which the principal of the Bonds is paid or the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part on the next date for which due notice can be given and any date thereafter until the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable, at a redemption price equal to par plus accrued interest plus additional interest from the Date of Taxability. If a Determination of Taxability should occur, any monetary damage or loss resulting from or incident thereto shall be limited to the additional interest rate on the Bonds, as more fully set forth in the Loan Agreement.

Other Covenants

The College further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate as prohibited by Minnesota Statutes, Section 363A.13; to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of Higher Education, subject to the right of contest. The College agrees to indemnify the Authority from losses arising from certain representations made by the College regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the College to the Authority as the Authority's annual fee under the Loan Agreement and any income earned or imputed therefrom.

Events of Default

Following are Events of Default under the Loan Agreement:

(a) If the College shall fail to make any Loan Repayment when due, and either (i) on a Bond principal or interest payment date or redemption date the available moneys on deposit in the Bond and Interest Sinking Fund Account and Redemption Account are insufficient to pay when due principal of and interest on the Bonds, or (ii) such failure shall continue for five Business Days after notice from the Trustee or the Authority to the College that such payment has not been made; or

(b) If the College shall fail to comply with the provisions of the Loan Agreement relating to arbitrage calculation and rebate requirements; or

(c) [Reserved]

(d) If the College shall fail to observe and perform for reasons other than force majeure, any other covenant, condition or agreement on its part under the Loan Agreement for a period of 30 days after written notice, specifying such default and requesting that it be remedied, is given to the College by the Authority or the Trustee; or

(e) If the College files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the College; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree against the College in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the College or of the whole or any substantial part of the property of the College, and such order, judgment or decree shall not be vacated or set aside or stayed within 90 days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the College or of the whole or any substantial part of the property of the College, and such custody or control shall not be terminated within 90 days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the College. The provisions of paragraph (d) above, are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the College has taken all action reasonably possible to remedy such default within such 30-day period, the default shall not become an Event of Default for so long as the College shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The College agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the College from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, and be subsisting, the Loan Agreement provides that any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable, with respect to the Loan, for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain Sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due.

(c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision or covenant of the Loan Agreement or the Indenture.

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances, fees and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in the Indenture, and any excess to the College.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to the issuance of the Bonds and so long as any Bonds are outstanding, the Loan Agreement may not be amended without the prior written consent of the Trustee.

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THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Granting Clauses

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Holders of the Bonds, the following:

(a) all right, title and interest of the Authority under the Loan Agreement, dated as of September 1, 2023, between the Authority and the College, and all Loan Repayments and all other sums due under the Loan Agreement, except the rights of the Authority relating to fees and expenses, indemnity and advances;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be created, paid and maintained under the Indenture; (ii) the moneys and investments in the Construction Account not paid out for Project Costs; and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone on behalf of them or with their written consent, to the Trustee.

Accounts

Bond proceeds, revenues and other funds derived under the Loan Agreement or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS," contained in the body of this Official Statement.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond and Interest Sinking Fund Account, the Redemption Account and the Costs of Issuance Account shall be invested by the Trustee as directed by the Authorized Institution Representative only in investments as authorized by law from time to time, subject to the additional restrictions generally described as follows: (i) direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; (ii) general obligations of states or local governments with taxing powers rated "A" or better by a national bond rating service, or revenue obligations of any state or local government rated "AA" or better by a national bond rating service; (iii) certain commercial paper maturing in 270 days or less; (iv) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers acceptance of United States banks; (v) certain types of repurchase agreements; (vi) units of certain short-term investment funds and shares of certain money market funds and certain other investment companies; and (vii) certain guaranteed investment contracts issued by a bank or insurance company rated at least in one of the two highest rating categories of a nationally recognized rating agency.

Trustee's Right to Payment

The Trustee shall have a first lien, with right of payment prior to payment on account of interest on or principal of the Bonds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; to take such action or cause and permit the Trustee to take such action as may be necessary or advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or money in the Accounts.

Events of Default

The following are Events of Default under the Indenture:

(a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College (giving the College the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the College, as that term is defined in the Loan Agreement, shall occur and be continuing.

Remedies

If an Event of Default shall exist, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of Bonds outstanding shall, by notice in writing delivered to the Authority and the College, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last Interest Payment Date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Loan Agreement or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture), shall be obligated to take such action or actions as are necessary for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce the Loan Agreement and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment on account of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable absent negligence or willful misconduct. The Trustee is not required to institute suit or take other steps to enforce its rights and powers under the Indenture unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum combined capital, surplus and undivided profits of $10,000,000 in event of merger, resignation or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or by the Authority at the request of the College, provided that the Authority may, but is not required to remove the Trustee with or without the request of the College if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

The Trustee, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Provision is made for meetings of Bondholders, proof of ownership of Bonds and execution of consents and other instruments by Bondholders.

Defeasance

If the Authority and the College and their respective successors or assigns shall:

(a) pay or cause to be paid the principal of and premium, if any, and interest on the outstanding Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and premium, if any, of the outstanding Bonds and interest thereon by depositing with the Trustee at or at any time before maturity an amount of (i) government obligations described in the Indenture in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) cash, to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in the Indenture, or that arrangements satisfactory to the Trustee have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the College for the Authority and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all of such outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in the Indenture, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, of (i) government obligations described in the Indenture in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) in cash, to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any Interest Payment Dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee (and its counsel) and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and the Arbitrage Regulations, then and in that case, at the request of the Authority or the College all the Trust Estate shall revert to the Authority and the College as their interests appear, and the entire estate, right, title and interest of the Trustee, and of the Owners of the Bonds in respect thereof, shall thereupon cease, determine and become void; unless otherwise expressly stated herein, rights granted by provisions relating to optional redemption of Bonds shall thereupon terminate; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an Opinion of Counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder as part of the Trust Estate. Bonds purchased by the Trustee from funds deposited in the Redemption Account shall, on request of the Authority or College, be cancelled and treated as Bonds surrendered to the Trustee by the Authority for cancellation.

In the case of any discharge of the lien of the Indenture pursuant to paragraph (b) above, there shall be submitted to the Trustee an Opinion of Counsel who is Bond Counsel to the Authority, which opinion may be based upon ruling or rulings of the Internal Revenue Service, to the effect that the discharge of the Indenture will not affect the exemption of interest on the Bonds from federal income taxation.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided in the Indenture, or left with it if previously so deposited, cash or government obligations sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and from and it shall be the duty of the Trustee to hold the funds so deposited for the benefit of the Holders of such Bonds, as the case may be, and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

The Authority and the Trustee may enter into such supplemental indentures as shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) To correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over unto the Trustee, additional property for the benefit and security of the Holders of all Bonds under the Indenture;

(b) To add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority or to or upon any successor;

(c) To evidence the succession of any other department, agency, body or corporation to the Authority;

(d) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indentures, or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which could have been contained in the Indenture or any supplemental indenture and which shall not impair the security of the same; and

(e) To modify the Indenture as authorized by the Bondholders.

In addition and subject to the provisions set forth below, the Holders of not less than a majority in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all Bonds outstanding (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or to amendments to the Loan Agreement.

Amendments to the Loan Agreement

The Authority and the Trustee shall without the consent of or notice to the Bondholders consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement, or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds. The Trustee shall be entitled to receive and may conclusively rely upon an Opinion of Counsel to the effect such amendment, change or modification of the Loan Agreement is authorized and permitted hereunder or under the Loan Agreement and does not adversely impact the tax-exempt status of interest on the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to or execute any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the designated corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. If the Bonds are no longer in book entry form, Bonds may be exchanged for a new Bond or Bonds, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at the address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

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THE DEPOSITORY TRUST COMPANY

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption premiums, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, the Trustee, or the Authority. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Authority, at the College's direction, may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the College, and the Underwriter believe to be reliable. None of the Authority, the College or the Underwriters make any representations as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

CARLETON COLLEGE
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Carleton College
Northfield, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Carleton College, which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carleton College as of June 30, 2022 and 2021, 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 audit 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. 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 Carleton 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 Carleton College's ability to continue as a going concern for one year after the date the financial statements are available to be 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 Carleton 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 Carleton 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.

Board of Trustees
Carleton College

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The financial responsibility ratio supplemental schedule 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 financial responsibility ratio supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 29, 2022

CARLETON COLLEGE
BALANCE SHEETS
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 19,116,133	$ 40,228,818
Receivables, Net:		
Contributions	19,233,003	22,061,636
Government	640,250	832,997
Other	1,791,226	2,404,221
Inventories and Prepaid Expenses	2,855,282	2,129,721
Loans to Students	2,289,554	2,895,306
Trusts Held by Others	12,979,072	16,384,394
Investments	1,240,799,149	1,301,640,528
Property, Plant, and Equipment, Net of Depreciation	358,627,500	349,621,038
Total Assets	$ 1,658,331,169	$ 1,738,198,659
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 5,356,517	$ 7,840,282
Accrued Expenses	14,254,401	13,870,140
Deferred Income and Deposits	5,882,533	6,251,333
Obligations Under Split Interest Agreements	18,340,313	20,521,207
Asset Retirement Obligation	2,707,789	3,100,902
Bonds Payable, Net	120,161,008	124,457,762
Refundable Government Grants for Student Loans	625,559	1,394,474
Total Liabilities	167,328,120	177,436,100
NET ASSETS		
Without Donor Restriction:		
Operations	33,070,385	45,321,715
Student Loan Funds	2,973,275	3,127,249
Net Investment in Plant	269,428,459	255,044,706
Funds Functioning as Endowment	388,751,926	402,616,424
Total Without Donor Restriction	694,224,045	706,110,094
With Donor Restriction:		
Operations	30,554,642	28,950,579
Student Loan Funds	355,618	354,091
Physical Plant Acquisitions	8,814,366	5,943,000
Endowment	724,178,575	774,974,723
Split-Interest Agreements	32,875,803	44,430,072
Total With Donor Restriction	796,779,004	854,652,465
Total Net Assets	1,491,003,049	1,560,762,559
Total Liabilities and Net Assets	$ 1,658,331,169	$ 1,738,198,659

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
OPERATING REVENUES AND OTHER ADDITIONS						
Net Student Fees	$ 92,604,469	$ -	$ 92,604,469	$ 83,947,394	$ -	$ 83,947,394
Private Gifts and Pledges	10,314,163	2,974,085	13,288,248	10,247,834	51,117	10,298,951
Government Grants and Contracts	658,819	4,224,711	4,883,530	661,518	7,794,156	8,455,674
Net Investment Return	(5,199,843)	4,957	(5,194,886)	523,137	202	523,339
Bookstore, Rents, and Other	3,640,459	1,106,991	4,747,450	1,531,720	1,069,216	2,600,936
Subtotal Revenue	102,018,067	8,310,744	110,328,811	96,911,603	8,914,691	105,826,294
			-			-
Investment Return Allocation	-	48,204,160	48,204,160	-	45,177,741	45,177,741
Net Assets Released from Restrictions	54,611,523	(54,611,523)	-	53,471,990	(53,471,990)	-
Total Revenues and Other Additions	156,629,590	1,903,381	158,532,971	150,383,593	620,442	151,004,035
OPERATING EXPENSES						
Program:						
Instruction	69,905,474	-	69,905,474	63,903,979	-	63,903,979
Research	4,617,028	-	4,617,028	3,140,387	-	3,140,387
Academic Support	24,144,482	-	24,144,482	21,321,179	-	21,321,179
Student Services	19,914,344	-	19,914,344	23,337,548	-	23,337,548
Auxiliary Enterprises	19,689,425	-	19,689,425	17,961,525	-	17,961,525
Total Program Expenses	138,270,753	-	138,270,753	129,664,618	-	129,664,618
Institutional Support:						
Management and General	16,526,382	-	16,526,382	11,820,324	-	11,820,324
Fundraising	6,767,627	-	6,767,627	5,842,261	-	5,842,261
Total Institutional Support Expenses	23,294,009	-	23,294,009	17,662,585	-	17,662,585
Total Operating Expenses	161,564,762	-	161,564,762	147,327,203	-	147,327,203
CHANGE IN NET ASSETS FROM OPERATING ACTIVITY	(4,935,172)	1,903,381	(3,031,791)	3,056,390	620,442	3,676,832
NONOPERATING ACTIVITY						
Private Gifts and Pledges	3,521,665	27,163,965	30,685,630	9,360,288	57,724,179	67,084,467
Net Investment Return	1,513,190	5,904,591	7,417,781	9,284,902	19,132,597	28,417,499
Net Realized Gain	15,395,050	46,874,660	62,269,710	23,707,498	40,539,083	64,246,581
Net Unrealized Gain (Loss)	(27,176,574)	(92,168,041)	(119,344,615)	71,600,428	140,641,131	212,241,559
Realized Gain (Loss) on Disposal	787,924	-	787,924	(1,003,800)	-	(1,003,800)
Net Change in Value of Split-interest Agreements	-	(308,382)	(308,382)	-	(2,653,667)	(2,653,667)
Other Nonoperating Income	(31,607)	-	(31,607)	132,759	-	132,759
Investment Return Allocation	(10,937,799)	(37,266,361)	(48,204,160)	(10,494,916)	(34,682,825)	(45,177,741)
Net Assets Released from Restrictions	9,977,274	(9,977,274)	-	3,962,939	(3,962,939)	-
Total Nonoperating Activity	(6,950,877)	(59,776,842)	(66,727,719)	106,550,098	216,737,559	323,287,657
CHANGE IN NET ASSETS	(11,886,049)	(57,873,461)	(69,759,510)	109,606,488	217,358,001	326,964,489
Net Assets - Beginning of Year	706,110,094	854,652,465	1,560,762,559	596,503,606	637,294,464	1,233,798,070
NET ASSETS - END OF YEAR	$ 694,224,045	$ 796,779,004	$ 1,491,003,049	$ 706,110,094	$ 854,652,465	$ 1,560,762,559

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (69,759,510)	$ 326,964,489
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation, Amortization and Accretion	13,665,237	13,131,252
Net Realized and Unrealized (Gain)Loss	61,774,663	(275,651,035)
Contributions for Long-Term Investments	(30,685,630)	(67,084,467)
Change in Value of Split-interest Agreements	335,058	2,947,682
Change in Value of Trusts Held by Others	3,405,322	(3,722,730)
Loss on Disposal of Property, Plant, and Equipment	(787,924)	1,003,800
Noncash Donations of Property, Plant, and Equipment	92,000	167,900
Change in Unamortized Bond Origination Costs and Discount	(466,754)	(466,755)
Change in Asset Retirement Obligation	79,421	(378,729)
Effect of Changes in Operating Assets and Liabilities:		
Receivable, Net - Contributions	2,828,633	(4,480,286)
Receivable, Net - Government	192,747	(285,387)
Receivable, Net - Other	612,995	(777,110)
Inventories and Prepaid Expenses	(725,561)	51,983
Loans to Students	605,752	985,276
Accounts Payable	(2,483,765)	294,130
Accrued Expenses	384,261	1,556,013
Deferred Income and Deposits	(368,800)	(365,645)
Refundable Government Grants for Student Loans	(768,915)	(811,785)
Net Cash Used by Operating Activities	(22,070,770)	(6,921,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(28,172,087)	(116,144,008)
Proceeds from Sale of Investments	28,355,536	112,350,567
Proceeds from Disposal of Property, Plant, and Equipment	113,050	65,510
Acquisition of Property, Plant, and Equipment	(23,678,092)	(25,852,392)
Net Cash Used by Investing Activities	(23,381,593)	(29,580,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for Long-Term Investments	30,685,630	67,084,467
Payments to Annuitants	(2,515,952)	(2,519,830)
Principal Payments	(3,830,000)	(3,645,000)
Net Cash Provided by Financing Activities	24,339,678	60,919,637
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,112,685)	24,417,910
Cash and Cash Equivalent - Beginning of Year	40,228,818	15,810,908
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,116,133	$ 40,228,818

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid (Net of Capitalized Interest of $755,345 in 2021)	$ 4,994,947	$ 4,423,882
Property, Plant, and Equipment in Accounts Payable	$ 3,683,878	$ 4,616,742

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1866, Carleton College (the College) is a private, coeducational, residential liberal arts college, located in the historic river town of Northfield, Minnesota. Carleton attracts a diverse student body and a distinguished faculty whose priority is teaching with a commitment to the liberal arts. Carleton is a national college enrolling approximately 2,000 students drawn from nearly all 50 states and 35 countries. Carleton offers a four-year baccalaureate degree, with 33 majors and 37 minors in the arts, humanities, natural sciences, mathematics and social sciences, preparing graduates for leadership positions in their communities, countries and the world.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified as follows:

Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Board of Trustees.

Net Assets With Donor Restrictions – Net assets whose use by the College is subject to donor-imposed restrictions that can be fulfilled by actions of the College pursuant to those restrictions or that expire with the passage of time. Net assets may be subject to donor-imposed restrictions that require them to be permanently maintained by the College. Generally, the donors of these assets permit the College to use the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restriction unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is defined by donor-imposed restrictions.

Net assets with donor restrictions which are met in the current period are reclassified to net assets without donor restriction and reported as net assets released from restrictions.

Periodically donor restrictions related to net assets may be clarified or changed, such changes are reflected as transfers at the time they are identified.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

A portion of the College's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the College has incurred expenditures in compliance with specific contract or grant provisions.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with a maturity at time of purchase of less than three months, except for any such investments managed by external investment managers which are classified as investments. The amounts on hand may at times exceed the federally insured limit defined by the Federal Deposit Insurance Corporation (FDIC).

Contributions Receivable

Contributions receivable, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions receivables are discounted using U.S. Treasury rates applicable to the year of inception and payment schedule, rates range from .08% to 3.04%, depending on the year of inception. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. For the years ended June 30, 2022 and 2021, the College had an allowance of $200,000. The allowance is evaluated annually.

The College is actively engaged in a capital campaign to raise qualified gifts that will match a conditional pledge of $50 Million to establish an endowment to increase financial aid support for low-income, Pell-eligible and DACA students. As of June 30, 2022 matching gifts and commitments of $25.8 Million were raised and payment was received for $1,285,984.

Other Receivables

Receivables are stated at net realizable value. Based on management's experience and analysis of individual accounts past due, the allowance for uncollectible accounts was $30,000 for the years ended June 30, 2022 and 2021. The allowance is evaluated annually.

Inventories

Inventories consist primarily of print center paper supplies and facility storeroom supplies. Inventories are recorded at lower of cost or Net Realizable Value (NRV).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The College reports investments and trusts held by others at estimated fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date.

Most of the College's investments are held through limited partnerships and commingled funds for which fair value is estimated using net asset values (NAVs) reported by fund managers as a practical expedient for fair value measurements. GAAP allows such NAV measured investments to be excluded from the categories in the fair value hierarchy.

GAAP establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three levels:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 – Observable prices that are based on inputs not quoted in active markets but corroborated by market data.

Level 3 – Unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives highest priority to Level 1 inputs and lowest priority to Level 3 inputs. In determining fair value, the College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. The College capitalizes equipment expenditures greater than $10,000 and building expenditures greater than $150,000. Depreciation is computed on the straight-line/half year method over the estimated useful lives of the assets:

		Original Cost 2022
Land	No Depreciation	$ 3,785,214
Land Improvements	30 Years	1,663,615
Buildings and Building Improvements	20 to 40 Years	391,260,746
Library Books	10 Years	7,541,593
Equipment and Vehicles	3 to 5 Years	103,435,487
Construction in Progress	No Depreciation	13,014,509
Total Original Cost		$ 520,701,164

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Income and Deposits

The College records cash received for future services as deferred revenue. This revenue is recognized when services are provided. Deferred revenue consists primarily of unearned tuition.

Asset Retirement Obligation

Financial accounting standards require the College to accrue for the present value of future estimated costs to remediate asbestos environmental hazards related to property owned by the College. The College has estimated the cost of potential obligations and applied a future value rate assumption of 3% and a present value risk-free rate of 5% to determine the potential liability.

Refundable Government Grants for Student Loans

Funds provided by the United States Government under the Federal Perkins Loan program were loaned to qualified students. Termination of the Federal Perkins Loan Program, requires these funds to be refunded to the government at periodic intervals.

Endowment

The Carleton Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the College classifies as perpetually restricted net assets, (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment.

Endowment funds include donor restricted net assets and funds designated by the Board of Trustees for long-term support of the College including, any accumulated income and appreciation thereon. Purpose restricted endowment net assets include accumulated appreciation on donor-restricted endowment funds, as well as donor-restricted, spendable gifts designated for long-term support of the College. Perpetual restricted endowment net assets include those funds designated by donors to be invested in perpetuity to provide a permanent source of income.

Split-Interest Agreements

The College records three types of split-interest agreements.

When the College serves as trustee, annuities payable represent the College’s liability under annuity contracts with donors and irrevocable charitable remainder trusts. Specific contract terms vary by donor. The liability is established at the time of the contribution using life expectancy actuarial tables and discount rates and is revalued annually, referencing the 2000CM life expectancy tables. Actual gains and losses resulting from the annual revaluation of annuity obligations are reflected as with donor restriction, consistent with the method used to initially record the contributions. The basis used to recognize the asset is fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

When the College does not serve as trustee for an irrevocable charitable remainder trust, the College records its beneficial interest in those assets as contribution revenue and funds held in trust by others at the present value of the expected future cash inflows. Such trusts are recorded at the date the College has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for a valuation. Changes in the value of these assets related to the amortization of the discount or revisions in the income beneficiary's life expectancy are recorded as gains or losses with donor restriction. The value of the College's interest in these trusts is included in Trusts Held by Others on the balance sheet.

The College is also the beneficiary of certain perpetual trusts held and administered by others. The present value of the estimated future cash receipts from the trust are recognized as contribution revenue and funds held in trust by others at the date the College is notified of the establishment of the trust and sufficient information regarding the value of the trust has been provided to the College. Annual distributions from the trusts are recorded as investment income in the period they are received. Changes in fair value of the trusts are recorded as financial capital gains or losses with donor restriction. The value of the College's interest in the trusts is included in "Trusts Held by Others" on the balance sheets.

Advertising Expense

Advertising is expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021 was $61,362 and $61,235, respectively.

Net Student Fee Revenue

Tuition, room and board revenue is recognized in the reporting period in which the academic programs are delivered. Programs are delivered in three 10-week terms, Fall (September – November), Winter (January – mid-March) and Spring (mid-March – mid-June). Need-based institutional scholarships are awarded to students to defray the costs of the academic programs, which reduce the amount of revenue recognized. Payments for tuition are due approximately one month prior to the start of classes each term.

Revenue from the Summer Liberal Arts Program, Summer Off-Campus study programs, Fall Global Engagement programs and Tuition Paid in Advance of the next academic year are recognized in the reporting period in which the academic program is delivered. Billing for these programs occurs during registration and revenue is recorded as deferred income until the programs are delivered.

First-year students secure their enrollment by paying a continuing enrollment deposit by May 1 for the following Fall academic term. Deposits are recorded as deferred income until the student graduates, at which time it is refunded to the student. Students who withdraw from the college forfeit their enrollment deposit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measure of Operations

The College reports a change in net assets from operating activities including all operating revenue and expense that are an integral part of its programs and supporting activities including net assets released from donor restrictions to support operating expenditures, as well as investment returns allocated by the Board of Trustees to support operations as established by the endowment spending policy.

The measure of operations includes support for operating activities without donor restriction.

The measure of operations excludes support for nonoperating activities including investment returns in excess of amounts allocated to support current operations, changes in the market value of trusts held by others, changes in the fair value of planned giving agreements, and private gifts and grants restricted for long-term investment or capital projects.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The College is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and similar statutes of Minnesota law. It is exempt from income taxes on related income. The College files U.S. federal and various state tax returns on net unrelated business income.

The Tax Cuts and Jobs Act (TCJA), enacted on December 22, 2017, requires the College to pay an excise tax on net investment income for taxable years beginning after December 31, 2017 whenever the aggregate fair market value of assets at the end of the preceding taxable year is at least $500,000 per student. The College recorded an estimated tax obligation of $635,000 for the fiscal year ended June 30, 2022. Excise tax remitted for the period ended June 30, 2021 was $966,755.

The College has evaluated its tax positions and determined it has no other uncertain tax positions that would have a material effect on the financial statements.

Leases

The College adopted FASB ASU 2016-12, *Leases,* in 2020. Leases are used infrequently to support operations and the implementation of the standard was determined to be immaterial, no assets or liabilities associated with leases have been recorded in the financial statements. Leases will continue to be evaluated on an annual basis and recorded according to the guidance provided in the standard should their use become material.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts appearing in the 2021 financial statements have been reclassified to conform with the 2022 presentation. The reclassifications have no effect on reported amounts of total net assets or change in total net assets.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through September 29, 2022, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Basis of Accounting

Investments include endowment, charitable gift annuities, pooled life income funds, and unrestricted operating investments. Investments are reported at estimated fair value. If an investment is held directly by the College and an active market with quoted prices exists, the market price of an identical security is used as reported fair value.

The majority of the College's investments are in shares or units of institutional commingled funds and investment partnerships invested in equity, fixed income, hedge funds, private equity, or real asset strategies. Hedge fund strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities for other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued by the investment manager accordingly. Private equity funds employ buyout, venture capital, and distressed credit strategies. Real asset and natural resource funds generally hold interest in private real estate, oil and gas partnerships, alternate energy partnerships, and mineral holdings.

Fair Value

As defined in Note 1, the College's interest in commingled investment funds are generally reported at the net asset value (NAV) reported by the fund managers and assessed as reasonable by the College. NAV is used as a practical expedient to estimate the fair value of the College's interest, in the absence of readily determinable fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, the College had no plans or intentions to sell investments at amounts different from NAV.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

Fair Value (Continued)

These NAV measurement adhere to fair value accounting as required by ASC 820, *Fair Value Measurements and Disclosures*, however because of inherent uncertainties in valuation assumption, the estimated fair value for alternative investments such as private equity and private real estate may differ significantly from value that would have been used had a ready market existed. The valuations are determined by the fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sale prices, and other pertinent information.

The following tables summarize the College's investments by category and as applicable in their fair value hierarchy as of June 30:

	2022				
	NAV Practical Expedient	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	$ -	$ 12,606,600	$ -	$ -	$ 12,606,600
Fixed Income	64,034,333	65,012,185	-	-	129,046,518
Public Equities	392,986,223	1,459,256	-	-	394,445,479
Private Equity	276,976,477	-	-	-	276,976,477
Hedge Funds	237,997,472	-	-	-	237,997,472
Real Estate and Other Real Assets	138,292,601	-	-	750,000	139,042,601
Planned Gift Agreements and Other	-	2,050,361	48,633,641	-	50,684,002
Total Investments	1,110,287,106	81,128,402	48,633,641	750,000	1,240,799,149
Trusts Held by Others	-	-	-	12,979,072	12,979,072
Total	$ 1,110,287,106	$ 81,128,402	$ 48,633,641	$ 13,729,072	$ 1,253,778,221

	2021				
	NAV Practical Expedient	Level 1	Level 2	Level 3	Total
Investments:					
Cash and Cash Equivalents	$ -	$ 142,469,037	$ -	$ -	$ 142,469,037
Fixed Income	-	70,309,897	-	-	70,309,897
Public Equities	242,815,850	222,819,239	-	-	465,635,089
Private Equity	226,092,124	-	-	-	226,092,124
Hedge Funds	232,661,897	-	-	-	232,661,897
Real Estate and Other Real Assets	100,498,633	-	-	750,000	101,248,633
Planned Gift Agreements and Other	-	1,429,874	61,793,977	-	63,223,851
Total Investments	802,068,504	437,028,047	61,793,977	750,000	1,301,640,528
Trusts Held by Others	-	-	-	16,384,394	16,384,394
Total	$ 802,068,504	$ 437,028,047	$ 61,793,977	$ 17,134,394	$ 1,318,024,922

Trusts held by others are valued at the present value of the future distributions expected to be received by the College over the term of the agreement; essentially equivalent to the market value of the College share of the trust as provided by the trust administrator.

The following tables are a roll forward of the balance sheet amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined previously.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

Fair Value (Continued)

Level 3 assets are as follows:

	Real Estate and Other Real Assets	Trusts Held by Others	Total Investments
Balance as of June 30, 2021	$ 750,000	$ 16,384,394	$ 17,134,394
Realized Gain	-	894,657	894,657
Unrealized Loss	-	(2,967,617)	(2,967,617)
Investment Income	41,250	200,568	241,818
New Investments and Capital Calls	-	-	-
Redemptions	(41,250)	(1,532,930)	(1,574,180)
Balance as of June 30, 2022	$ 750,000	$ 12,979,072	$ 13,729,072

	Real Estate and Other Real Assets	Trusts Held by Others	Total Investments
Balance as of June 30, 2020	$ 760,313	$ 12,661,664	$ 13,421,977
Realized Gain	-	777,255	777,255
Unrealized Gain	-	2,223,472	2,223,472
Investment Income	41,259	91,538	132,797
New Investments and Capital Calls	-	1,000,000	1,000,000
Redemptions	(51,572)	(369,535)	(421,107)
Balance as of June 30, 2021	$ 750,000	$ 16,384,394	$ 17,134,394

Liquidity

The College routinely monitors liquidity required to meet its operating needs and other contractual commitments. The College considers all expenditure related to its ongoing activities of teaching, research, and public service as well as the conduct of services undertaken to support general institutional expenditures. Student loan receivables are not included in the analysis of liquidity as principal and interest on student loans are used solely to make new loans.

In addition to financial assets available to meet general expenditures, the College operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

For purposes of analyzing resources, the College considers various sources of liquidity including cash and cash equivalents and investments. As of June 30, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

	2022	2021
Cash and Cash Equivalents	$ 19,116,133	$ 40,228,818
Contributions for General Expenditures Due in One Year or Less	5,738,845	5,764,821
Grants Receivable	640,250	832,997
Accounts Receivable, Net	1,791,226	2,404,221
Investments	65,012,185	70,309,897
Investment Return Allocation Authorized	49,757,029	47,775,239
Total	$ 142,055,668	$ 167,315,993

Investment liquidity, as of June 30, 2022 and 2021, is aggregated in the tables below based on redemption or sale period:

Balances as of June 30, 2022	Daily	Monthly	Quarterly	Semi-Annually	Annual	Illiquid	Total
Cash and Cash Equivalents	$ 12,606,600	$ -	$ -	$ -	$ -	$ -	$ 12,606,600
Fixed Income	129,046,518	-	-	-	-	-	129,046,518
Public Equities	183,108,646	62,343,262	43,315,580	23,325,957	82,352,034	-	394,445,479
Private Equity	-	-	-	-	-	276,976,477	276,976,477
Hedge Funds	-	21,758,687	86,691,258	81,361,441	34,732,849	13,453,237	237,997,472
Real Estate and Other Real Assets	-	-	-	-	-	139,042,601	139,042,601
Planned Gift Agreements and Other	-	-	-	-	-	50,684,002	50,684,002
Total Investments	$ 324,761,764	$ 84,101,949	$ 130,006,838	$ 104,687,398	$ 117,084,883	$ 480,156,317	$1,240,799,149

Balances as of June 30, 2021	Daily	Monthly	Quarterly	Semi-Annually	Annual	Illiquid	Total
Cash and Cash Equivalents	$ 142,469,037	$ -	$ -	$ -	$ -	$ -	$ 142,469,037
Fixed Income	70,309,897	-	-	-	-	-	70,309,897
Public Equities	222,819,239	74,710,584	67,651,009	28,336,844	72,117,413	-	465,635,089
Private Equity	-	-	-	-	-	226,092,124	226,092,124
Hedge Funds	-	18,977,635	83,854,299	83,046,584	46,702,597	80,782	232,661,897
Real Estate and Other Real Assets	-	-	-	-	-	101,248,633	101,248,633
Planned Gift Agreements and Other	-	-	-	-	-	63,223,851	63,223,851
Total Investments	$ 435,598,173	$ 93,688,219	$ 151,505,308	$ 111,383,428	$ 118,820,010	$ 390,645,390	$1,301,640,528

At June 30, 2022 and 2021, the College had outstanding commitments of $201,803,478 and $180,420,922, respectively, to private capital investments that have not yet been drawn down by the general partners of these funds. Typically, committed capital is drawn down and invested over a several year period. In the past, drawdowns on outstanding commitments have been funded by distributions from the private capital portfolio, as well as cash and other liquid investments.

At June 30, 2022 and 2021, the College had $33,802,591 and $27,281,654, respectively, invested with hedge fund investments which utilized side pockets within their portfolio of investments. Side pockets are segregated accounts used by hedge funds to hold illiquid investments.

The College holds mortgages on residences of eligible faculty and staff members that amounted to $363,807 and $557,648 as of June 30, 2022 and 2021. The average interest rate on the mortgages was 5.15%. This program was terminated in 2005, remaining mortgages mature between 2032 and 2035.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30 are as follows:

	2022	2021
Land	$ 3,785,214	$ 3,785,214
Land Improvements	1,663,615	1,421,179
Buildings and Building Improvements	391,260,746	392,968,828
Library Books	7,542,593	32,509,263
Equipment and Vehicles	103,434,487	58,191,770
Construction in Progress:		
Residence Hall Renovations	2,033,416	3,620,030
Academic Building Renovations	7,232,635	713,098
Utility Master Plan	-	51,401,387
Other	3,748,458	201,361
Total	520,701,164	544,812,130
Less: Accumulated Depreciation	(162,073,664)	(195,191,092)
Property, Plant, and Equipment, Net	$ 358,627,500	$ 349,621,038

Total depreciation expense as of June 30, 2022 and 2021 was $13,665,237 and $13,131,252, respectively.

The College has capitalized collections received of $92,000 and $167,900 for the years ended June 30, 2022 and 2021, respectively. These collection items are valued at fair market value at the date of donation and are not depreciated. Proceeds from items that are sold must be used for the acquisitions of new collection items, the direct care of existing collections, or both. Direct care may include cleaning, repair and/or climate control systems to support preservation.

Contributed nonfinancial assets, including land, buildings and equipment are presented separately from cash and other financial assets in the financial statements when they are material in nature. Nonfinancial assets are recognized at their appraised value.

During the fiscal year ended June 30, 2022 the college initiated implementation of a new enterprise system, costs associated with planning have been expensed as incurred. Total implementation costs are expected to exceed $10 Million over the next five-year period of time.

NOTE 4 BONDS PAYABLE

Bonds payable at June 30, 2022 and 2021 consisted of the following bonds issued by the Minnesota Higher Education Facility Authority (MHEFA) on behalf of the College:

	2022	2021
Revenue Bonds, Series 2017	$ 108,895,000	$ 112,725,000
Less: Unamortized Origination Costs	(550,226)	(575,816)
Plus: Unamortized Premium	11,816,234	12,308,578
Bonds Payable, Net	$ 120,161,008	$ 124,457,762

On May 24, 2017, MHEFA issued Series 2017 Fixed Rate Revenue and Refunding Bonds (the Bonds) in the amount of $124,900,000 for the College. The Bonds include serial maturities in 2018 through 2042, term bonds maturing in 2044 and 2047. The 2044 term bond has mandatory principal redemptions in 2043 – 2044 (final maturity) and the 2047 term bond has mandatory principal redemptions in 2045 – 2047 (final maturity). The Bonds are subject to optional redemption beginning March 1, 2027. Coupon rates range from 3.00% to 5.00% with a combination of premium bonds and one par bond. Yields range from .86% to 3.75%. The Bonds have a true interest cost (TIC) of 3.29%. Proceeds were used to refund previous debt and acquire new money proceeds of $70,000,000 to finance construction and renovation of the Science Complex, redesign the campus utility infrastructure, and construct a music and performance addition to the Weitz Center for Creativity.

The scheduled maturities of debt in each of the five years subsequent to June 30, 2022 are as follows:

Year Ending June 30,	Amount
2023	$ 5,440,000
2024	5,705,000
2025	5,985,000
2026	6,285,000
2027	6,600,000
Thereafter	78,880,000
Total	$ 108,895,000

The Bond agreements contain various covenants regarding submission of financial statements and require notice of intent to issue additional debt.

NOTE 5 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restriction are available for the following purposes as of June 30:

	2022	2021
Donor-Restricted Net Assets not Invested in Perpetuity:		
Program Support	$ 28,238,654	$ 26,213,145
Advances for Grants and Contracts	2,315,988	2,737,434
Henry Strong Loan Fund	355,618	354,091
Physical Plant Acquisitions	8,814,366	5,943,000
Accumulated Earnings from Endowment Funds subject to Donor Restrictions	381,924,364	449,378,015
Underwater Endowment	(2,791,944)	-
Split-Interest Agreements	23,092,177	32,366,413
Total Donor-Restricted Net Assets not Invested in Perpetuity	441,949,223	516,992,098
Donor-Restricted Net Assets Invested in Perpetuity:		
Endowment	345,046,156	325,596,708
Split-Interest Agreements	9,783,625	12,063,659
Total Donor-Restricted Net Assets Invested in Perpetuity	354,829,781	337,660,367
Total Net Assets with Donor Restrictions	$ 796,779,004	$ 854,652,465

Net assets were released from donor restrictions as expenses were incurred satisfying the restricted purposes or by the passage of time or the occurrence of other events specified by donors as follows for the years ended June 30:

	2022	2021
Release of Restrictions:		
Operating:		
Scholarship Support	14,737,863	$ 13,034,255
Annual Fund Support	4,210	226,503
Other Instructional Support	12,394,384	13,511,069
Operating Budget Support	27,475,066	26,700,163
Total Operating Net Assets Released from Restriction	54,611,523	53,471,990
Nonoperating:		
Plant Construction	6,204,411	7,268,483
Change in Underwater Endowment	2,791,944	(4,968,099)
Change in Donor Designations	690,976	(41,140)
Matured Split Interest Agreements	289,943	1,703,695
Total Nonoperating Net Assets Released from Restriction	9,977,274	3,962,939
Total Net Assets Released from Restriction	$ 64,588,797	$ 57,434,929

NOTE 6 ENDOWMENTS

The College endowment consists of 820 individual donor restricted endowment funds and 152 board-designated endowment funds. The College pools these investments in a unitized pool similar to an open-ended mutual fund. Funds added or withdrawn from the pool are recorded at their share of the market value per share at the beginning of the month within which the transaction takes place.

The market value of the endowment reported in the financial statements includes the present value of contributions receivable. The market value of endowment investments, excluding contributions receivable to the endowment, was $1,093,697,498 and $1,157,982,283 as of June 30, 2022 and 2021, respectively.

The annual endowment spending appropriation is approved by the Board of Trustees as part of the annual operating budget, in advance of the fiscal year to which it will apply. Endowment spending is defined as a per share dividend to be paid to endowment accounts based upon the number of shares held by each.

The annual spending in any fiscal year is calculated as follows: 70% of the allowable spending in the previous fiscal year, increased by 2%; plus 30% of the long-term spending rate of 4.95% applied to the 12 quarter market value average of the endowment unit value for the period ending June 30 of the year, one year prior to the start of the fiscal year. The allowable spending dividend in a fiscal year is limited to not more than 5.75% or not less than 3.75% of the market value of the endowment unit value for the period ending June 30 of the year, one year prior to the start of the fiscal year.

Endowment net asset composition by type of fund as of June 30, 2022:

		With Donor Restriction			
	Without Donor-Restriction	Purpose	Perpetual	Total With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 381,924,363	$ 325,613,153	$ 707,537,516	$ 707,537,516
Underwater Endowment Funds	-	(2,791,944)	-	(2,791,944)	(2,791,944)
Board-Designated Endowment Funds	388,951,926	-	-	-	388,951,926
Subtotal Endowment Funds	388,951,926	379,132,419	325,613,153	704,745,572	1,093,697,498
Contributions Receivable	(200,000)	-	19,433,003	19,433,003	19,233,003
Total Endowment Funds	$ 388,751,926	$ 379,132,419	$ 345,046,156	$ 724,178,575	$ 1,112,930,501

NOTE 6 ENDOWMENTS (CONTINUED)

Changes in endowment net assets including contributions receivable for the endowment for the year ended June 30, 2022:

	Without Donor-Restriction	With Donor Restriction: Purpose	With Donor Restriction: Perpetual	With Donor Restriction: Total With Donor Restriction	Total
Endowment Fund Balance - June 30, 2020	$ 402,616,424	$ 449,378,015	$ 325,596,708	$ 774,974,723	$ 1,177,591,147
Net Contributions	3,429,664	1,238,417	17,542,289	18,780,706	22,210,370
Investment Return	(9,186,531)	(31,425,708)	-	(31,425,708)	(40,612,239)
Appropriations	(10,937,799)	(37,266,361)	-	(37,266,361)	(48,204,160)
Other Changes:					
Transfers of Matured Deferred and Estates Gifts to Endowment Funds	-	-	-	-	-
Change in Underwater Endowments	-	(2,791,944)	-	(2,791,944)	(2,791,944)
Board Designated Quasi Endowment	-	-	-	-	-
Donor Directed Gift Modifications	2,830,168	-	1,907,159	1,907,159	4,737,327
Total Other Changes	2,830,168	(2,791,944)	1,907,159	(884,785)	1,945,383
Endowment Fund Balance - June 30, 2021	$ 388,751,926	$ 379,132,419	$ 345,046,156	$ 724,178,575	$ 1,112,930,501

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor-Restriction	With Donor Restriction: Purpose	With Donor Restriction: Perpetual	With Donor Restriction: Total With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 448,135,600	$ 307,030,259	$ 755,165,859	$ 755,165,859
Underwater Endowment Funds			-	-	-
Board-Designated Endowment Funds	402,816,424	-	-	-	402,816,424
Subtotal Endowment Funds	402,816,424	448,135,600	307,030,259	755,165,859	1,157,982,283
Contributions Receivable	(200,000)	1,242,415	18,566,449	19,808,864	19,608,864
Total Endowment Funds	$ 402,616,424	$ 449,378,015	$ 325,596,708	$ 774,974,723	$ 1,177,591,147

Changes in endowment net assets including contributions receivable for the endowment for the year ended June 30, 2021:

	Without Donor-Restriction	With Donor Restriction: Purpose	With Donor Restriction: Perpetual	With Donor Restriction: Total With Donor Restriction	Total
Endowment Fund Balance - June 30, 2020	$ 311,619,007	$ 291,986,660	$ 273,670,557	$ 565,657,217	$ 877,276,224
Net Contributions	9,191,223	649,196	48,970,299	49,619,495	58,810,718
Investment Return	95,638,604	186,456,885	-	186,456,885	282,095,489
Appropriations	(10,494,916)	(34,682,825)	-	(34,682,825)	(45,177,741)
Other Changes:					
Transfers of Matured Deferred and Estates	-	-	-	-	-
Gifts to Endowment Funds	-	-	3,112,921	3,112,921	3,112,921
Change in Underwater Endowments	(4,968,099)	4,968,099	-	4,968,099	-
Board Designated Quasi Endowment	1,443,443	-	-	-	1,443,443
Donor Directed Gift Modifications	187,162	-	(157,069)	(157,069)	30,093
Total Other Changes	(3,337,494)	4,968,099	2,955,852	7,923,951	4,586,457
Endowment Fund Balance - June 30, 2021	$ 402,616,424	$ 449,378,015	$ 325,596,708	$ 774,974,723	$ 1,177,591,147

NOTE 6 ENDOWMENTS (CONTINUED)

The fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (underwater). As of June 30, 2022, donor gifts were $2,791,944 were underwater. As of June 30, 2021, no fair values were underwater. The College considers these deficits temporary and continued spending appropriations are deemed prudent.

NOTE 7 RETIREMENT PLAN

Retirement benefits for nonunion eligible employees are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association (TIAA). Under this agreement, the College and plan participants contribute to individual employee TIAA retirement accounts which fund individual retirement benefits.

Union employees participate in a separate defined benefit plan with the Central Pension Fund.

Total expenses for the College’s share of the contributions were $6,189,159 and $5,990,646 in 2022 and 2021, respectively.

NOTE 8 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and revenue in the appropriate net asset category.

Contributions receivable are summarized as follows at June 30:

	2022	2021
Unconditional Promises Expected to be Collected in:		
Less than One Year	$ 5,738,845	$ 5,764,821
One Year to Five Years	13,849,292	16,470,900
Over Five Years	274,390	405,242
Gross Pledges Receivable	19,862,527	22,640,963
Less: Present Value Discount	(429,524)	(379,327)
Less: Allowance for Uncollectible Pledges	(200,000)	(200,000)
Pledges Receivable, Net	$ 19,233,003	$ 22,061,636

Contributions receivable from board members and employees totaled $4,081,314 and $2,804,616 at June 30, 2022 and 2021, respectively.

Approximately 11.8% and 44.2% of gross contributions receivable were attributed to one contributor as June 30, 2022 and 2021, respectively.

NOTE 9 CREDIT QUALITY OF STUDENT NOTES RECEIVABLE

The College issues uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At June 30, 2022 and 2021, student loans represented less than 1% of total assets.

At June 30, student loans consisted of the following:

	2022	2021
Federal Government Programs	$ 1,782,588	$ 2,397,896
Henry Strong Loan Program	89,171	97,316
Institutional Loan Programs	572,795	555,094
Subtotal, Gross	2,444,554	3,050,306
Less: Allowance for Doubtful Accounts:	(155,000)	(155,000)
Student Loans Receivable, Net	$ 2,289,554	$ 2,895,306

At June 30, the past due and current amounts under student loan programs were as follows:

	2022	2021
Current Loan Receivables	$ 2,179,726	$ 2,744,634
Past Due Loan Receivables:		
0 - 240 Days Past Due	137,222	95,836
240 Days - 2 Years Past Due	28,412	38,271
2 - 5 Years Past Due	66,429	123,340
5+ Years Past Due	32,765	48,225
Total Past Due	264,828	305,672
Total Student Loan Receivables, Gross	$ 2,444,554	$ 3,050,306

Funds advanced by the federal government of $625,559 and $1,394,474 at June 30, 2022 and 2021, respectively, are ultimately refundable to the government and are classified as liabilities on the balance sheets.

As of June 30, 2022 and 2021, the Perkins Cohort Default rate was 1.25% and 1.49%, respectively.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The College is involved in various legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect on the College's financial statements.

During the year, the College entered into various contracts for construction of new academic buildings and other infrastructure improvements. As of June 30, 2022 and 2021, the remaining commitment on these contracts totaled $14,297,166 and $21,898,390, respectively.

NOTE 11 SELF-INSURED MEDICAL BENEFITS AND WORKERS' COMPENSATION

The College provides medical benefits through a self-insured plan, which is available to all employees of the College who meet eligibility requirements. Accrued expenses include an incurred but not reported reserve of $678,337 and $701,100 as of June 30, 2022 and 2021, respectively. These reserves are 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. For the plan years ended December 31, 2021 and 2020, the College was self-insured with an aggregate stop-loss of $10,387,713 and $10,269,401, respectively.

As of June 30, 2022 and 2021, the College had net assets designated for health insurance benefits without donor restrictions of $5,551,149 and $5,129,918, respectively. These designated net assets are of the cumulative amount of College and employee contributions toward health insurance premiums in excess of expenses incurred over the life of the plan.

The College is self-insured for workers' compensation. As of June 30, 2022 and 2021, the College has recorded a liability of $70,000 and $108,973, respectively, for claims incurred but not yet reported. The Workers' Compensation Reinsurance Association (WCRA) provides stop-loss coverage for aggregate claims in excess of $500,000.

The College has established a workers' compensation reserve as required by WCRA, which is included in Investments on the balance sheets, of $551,233 and $688,750 as of June 30, 2022 and 2021, respectively.

NOTE 12 NET STUDENT FEES

The College reports Net Student Fees reflecting the comprehensive fee nature of a residential campus. Carleton meets the demonstrated financial need of all admitted students with scholarship awards funded by donor restricted gifts from individuals, grants, endowment spending or from income without donor restriction.

	2022	2021
Tuition and Fees	$ 119,529,572	$ 111,243,914
Room and Board	26,515,258	20,148,591
Less: Scholarships		
Funded by Restricted Gifts	523,740	498,301
Funded by Grants	140,130	138,510
Funded by Endowment Spending	14,073,993	12,397,444
Funded by Income without Donor Restrictions	38,702,498	34,410,856
Total Scholarships	53,440,361	47,445,111
Net Student Fees	$ 92,604,469	$ 83,947,394

NOTE 13 DEFERRED INCOME AND DEPOSITS

The College reports Deferred Income for tuition and registration fees paid in advance of academic programs scheduled in the next fiscal year. Deposits include continuing enrollment deposits for students, employee rental deposits, deposits to the campus card program, and deposits for agency programs for which the college provides fiduciary services.

	Continuing Enrollment Deposits	Tuition Paid for Next Year	Summer Programs and Alumni Tours	Other Deposits	Total
Balance at June 30, 2021	$ 509,179	$ 2,376,218	$ 639,390	$ 2,726,546	$ 6,251,333
Revenue Recognized, Forfeited	(189,489)	(2,377,218)	(804,510)	(2,680,292)	(6,051,508)
Payments Received for Future Performance Obligations	162,305	3,015,081	767,493	1,737,830	5,682,709
Balance at June 30, 2022	$ 481,995	$ 3,014,081	$ 602,373	$ 1,784,084	$ 5,882,533
Balance at June 30 2020	$ 504,188	$ 5,671,341	$ 7,000	$ 434,449	$ 6,616,978
Revenue Recognized, Forfeited	(160,155)	(5,677,306)	(137,376)	(1,156,031)	(7,130,868)
Payments Received for Future Performance Obligations	165,146	2,382,183	769,766	3,448,128	6,765,223
Balance at June 30, 2021	$ 509,179	$ 2,376,218	$ 639,390	$ 2,726,546	$ 6,251,333

NOTE 14 EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION

The College reports expenditures in categories reflecting core operational objectives for higher education as defined by Integrated Postsecondary Education Data System (IPEDS). During the year expenses are directly coded to program activities (instruction, research, academic support, student services, and auxiliary enterprises) or support services (institutional management and fundraising) whenever possible. Expenses which are not directly identifiable by program or support service including operation and maintenance of plant expenses are allocated based on depreciation expense, interest expense is allocated based on the programs and/or supporting functions that directly benefit from the related debt issuance.

Expenses are categorized into functional expenses as follows:

- **Instruction** includes expenses for all activities that are part of the instructional program.
- **Research** includes expenses for activities specifically organized to produce research, whether funded by a federal grant or foundation or directly supported by the college or by an organizational unit.
- **Academic Support** includes expenses for all activities that directly support the instructional programs of the college such as the library and technology services.
- **Student Services** are considered programmatic and include activates that contribute to student emotional and physical well-being and intellectual, cultural and social development outside the formal instructional program. HEERF funding received to support students who experienced a disruption to their educational program due to the COVID-19 global pandemic is reported here.
- **Auxiliary** include expenses relating to the operation of the auxiliary activities such as housing, dining services, printing and mailing, parking and transportation.
- **Support Activities** include centralized management and administrative support services such as executive management, fiscal operations, general administration and fundraising activities.

Expenses associated with the operation and maintenance of plant, depreciation and interest expense are allocated across all functional expense categories as follows:

- **Depreciation** expenses for buildings and equipment are allocated based on the use of the building.
- **Plant Operation and Maintenance** expenses for the administration, supervision, operation, maintenance, preservation and protection of the institutions physical plant follow depreciation allocations.
- **Interest Expense** are allocated based on the use of space benefiting from the original debt issue.

NOTE 14 EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION (CONTINUED)

Program activity expense reflect the major activities of the institution for instruction, research, academic support, student services and auxiliary enterprises. Support activities include institutional management and fundraising.

Expenses reported by function on the statement of activities and changes in net assets are summarized by natural classification for the years ended June 30, 2022 and 2021, respectively:

	2022		
	Program Activities	Support Activities	Total
EXPENSES			
Salaries and Wages	$ 54,418,023	$ 12,469,276	$ 66,887,299
Employee Benefits	17,534,030	3,661,778	21,195,808
Student Employment	3,882,203	267,135	4,149,338
Professional Services	6,552,063	1,535,454	8,087,517
Supplies	4,732,754	535,239	5,267,993
Equipment	5,259,535	(28,539)	5,230,996
Building Maintenance	4,620,941	97,679	4,718,620
Utilities	3,095,218	(47,616)	3,047,602
Interest Expense	4,994,947	-	4,994,947
Depreciation	13,548,224	117,013	13,665,237
Dining Services	8,930,612	-	8,930,612
Travel	5,272,316	434,537	5,706,853
Other	5,429,887	4,252,053	9,681,940
Total Expenses	$ 138,270,753	$ 23,294,009	$ 161,564,762

	2021		
	Program Activities	Support Activities	Total
EXPENSES			
Salaries and Wages	$ 52,073,714	$ 11,311,236	$ 63,384,950
Employee Benefits	17,500,692	3,559,639	21,060,331
Student Employment	3,106,765	189,472	3,296,237
Professional Services	3,130,548	1,440,279	4,570,827
Supplies	4,405,928	1,182,174	5,588,102
Equipment	5,158,912	(1,526)	5,157,386
Building Maintenance	3,434,544	(251,673)	3,182,871
Utilities	2,486,074	(48,496)	2,437,578
Interest Expense	4,423,882	-	4,423,882
Depreciation	13,005,318	125,934	13,131,252
Dining Services	8,346,653	-	8,346,653
Travel	2,840,380	78,346	2,918,726
Other	9,751,208	77,200	9,828,408
Total Expenses	$ 129,664,618	$ 17,662,585	$ 147,327,203

NOTE 15 SUPPLEMENTAL DISCLOSURES – U.S. DEPARTMENT OF EDUCATION

The College participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the University is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the College's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2022 is as follows:

Primary Reserve Ratio:		
Expendable Net Assets	$ 859,267,277	
Total Expenses/Losses	$ 160,746,838	5.35
Equity Ratio:		
Modified Net Assets	$ 1,486,921,735	
Modified Assets	$ 1,654,249,855	0.90
Net Income Ratio:		
Change in Net Assets Without Donor Restrictions	$ (11,886,049)	
Total Revenues/Gains	$ 156,629,590	(0.08)

RATIO	Ratio	Strength Factor	Weight	Composite Score
Primary Reserve Ratio	5.3455	3.0000	40%	1.2
Equity Ratio	0.8988	3.0000	40%	1.2
Net Income Ratio	-0.0759	(0.8972)	20%	(0.2)
				2.2

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

NOTE 15 SUPPLEMENTAL DISCLOSURES – U.S. DEPARTMENT OF EDUCATION (CONTINUED)

Net Assets			
1	Net assets with donor restrictions: restricted in perpetuity	$	354,829,781
2	Other net assets with donor restrictions (not restricted in perpetuity):		
	a. Annuities with donor restrictions	$	23,092,177
	b. Term endowments	$	-
	c. Life income funds (trusts)	$	-
	d. Total annuities, term endowments, and life income funds with donor restrictions	$	23,092,177
Property, Plant, and Equipment, net			
3	Pre-implementation property, plant, and equipment, net		
	a. Ending balance of pre-implementation as of June 30, 2020	$	285,849,681
	b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard		
	c. Less subsequent depreciation and disposals (net of accumulated depreciation)	$	-
	d. Balance pre-implementation property, plant, and equipment, net	$	285,849,681
4	Debt financed post-implementation property, plant, and equipment, net Long-lived assets acquired with debt subsequent to June 30, 2019:		
	a. Equipment	$	-
	b. Land improvements	$	-
	c. Building	$	-
	d. Total property, plant, and equipment, net acquired with debt exceeding 12 months	$	-
5	Construction in progress - acquired subsequent to June 30, 2019	$	-
6	Post-implementation property, plant, and equipment, net, acquired without debt:		
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2019	$	72,777,819
7	Total Property, Plant, and Equipment, net - June 30, 2021	$	358,627,500
Debt to be excluded from expendable net assets			
8	Pre-implementation debt:		
	a. Ending balance of pre-implementation as of June 30, 2020	$	112,725,000
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	$	-
	c. Less subsequent debt repayments	$	(3,830,000)
	d. Balance Pre-implementation Debt	$	108,895,000
9	Allowable post-implementation debt used for capitalized long-lived assets:		
	a. Equipment - all capitalized	$	-
	b. Land improvements	$	-
	c. Buildings	$	-
	d. Balance Post-implementation Debt	$	-
10	Construction in progress (CIP) financed with debt or line of credit	$	-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	$	-
		$	108,895,000

12 Terms of current year debt and line of credit for PPE additions:

	Issue Date	Maturity Date	Nature of Capitalized Amounts		Amount Capitalized
a.	Sep 25, 2019	Sep 25, 2024	Equipment	$	-
b	Sep 25, 2019	Sep 25, 2024	Land improvements	$	-
c	Sep 25, 2019	Sep 25, 2024	Buildings	$	-

5 year term (from original maturity)

NOTE 15 SUPPLEMENTAL DISCLOSURES – U.S. DEPARTMENT OF EDUCATION (CONTINUED)

	Lease right-of-use assets and liabilities		
13	Lease right-of-use assets Right-of-use assets as of balance sheet date June 30, 2021	$	-
14	Lease right-of-use assets - Pre-implementation Right-of-use assets as of balance sheet date June 30, 2021, excluding leases entered into before December 15, 2018	$	-
15	Lease right-of-use assets - Post-implementation Right-of-use assets as of balance sheet date June 30, 2021, excluding leases entered into on or after December 15, 2018	$	-
16	Lease right-of-use liability Lease liabilities as of balance sheet date June 30, 2021	$	-
17	Lease right-of-use liability - Pre-implementation Lease liabilities as of balance sheet date June 30, 2021, excluding leases entered into before December 15, 2018	$	-
18	Lease right-of-use liability - Post-implementation Lease liabilities as of balance sheet date June 30, 2021, excluding leases entered into on or after December 15, 2018	$	-
	Unsecured related-party receivables		
19	Secured related-party receivables	$	-
20	Unsecured related party receivables	$	4,081,314
21	Total secured and unsecured related-party receivables	$	4,081,314
	Sale of fixed assets (if loss)		
22	Loss on sale of fixed assets	$	(787,924)
23	Remaining balances in expense category in which loss on sale of assets is included on SOA	$	-
24	Expense category in which loss on sale of assets is included on SOA	$	(787,924)
	Sale of fixed assets (if gain)		
25	Gain on sale of fixed assets	$	-
26	Remaining balances in nonoperating other income category in which gain on sale of assets is included on SOA	$	-
27	Other income category in which gain on sale of assets is included on SOA	$	-

CARLETON COLLEGE
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
YEAR ENDED JUNE 30, 2022

	Primary Reserve Ratio:			
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	$	694,224,045
2	SFP	Net assets with donor restrictions	$	796,779,004
3	Note 15 Line 1	Net assets restricted in perpetuity	$	354,829,781
4	Note 15 Line 20	Unsecured related-party receivable	$	4,081,314
5	Note 15 Line 2d	Donor restricted annuities, term endowments, life income funds	$	23,092,177
6	Note 15 Line 3d	Property, plant, and equipment pre-implementation	$	285,849,681
7	Note 15 Line 4d	Property, plant, and equipment post-implementation with outstanding debt for original purchase	$	-
8	Note 15 Line 5	Construction in progress purchased with long-term debt	$	-
9	Note 15 Line 35	Post-implementation property, plant, and equipment, net, acquired without debt	$	72,777,819
10	Note 15 Line 14	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	$	-
11	Note 15 Line 15	Lease right-of-use asset, post-implementation	$	-
12	SFP	Intangible assets	$	-
13	SFP	Post-employment and pension liabilities	$	-
14	Note 15 Line 8d	Long-term debt - for long-term purposes pre-implementation	$	108,895,000
15	Note 15 Line 9d	Long-term debt - for long-term purposes post-implementation	$	-
16	Note 15 Line 10	Line of credit for construction in progress	$	-
17	Note 15 Line 17	Pre-implementation right-of-use asset liability	$	-
18	Note 15 Line 18	Post-implementation right-of-use asset liability	$	-
		Total Expenses and Losses:		
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	$	161,534,762
20	SOA	Non-service component of pension/postemployment (nonoperating) cost, (if loss)	$	-
21	Note 15 Line 22	Sale of fixed assets (if loss)	$	(787,924)
22	SOA	Change in value of interest-rate swap agreements (if loss)	$	-
	Equity Ratio:			
		Modified Net Assets:		
23	SFP	Net assets without donor restrictions	$	694,224,045
24	SFP	Net assets with donor restrictions	$	796,779,004
25	Note 15 Line 14	Lease Right-of-use asset - Pre-implementation	$	-
26	Note 15 Line 17	Lease Right-of-use liability - Pre-implementation	$	-
27	SFP	Intangible assets	$	-
28	Note 15 Line 20	Unsecured related-party receivables	$	4,081,314
		Modified Assets:		
29	SFP	Total assets	$	1,658,331,169
30	Note 15 Line 14	Lease right-of-use asset pre-implementation	$	-
31	SFP	Intangible assets	$	-
32	Note 15 Line 20	Unsecured related-party receivables	$	4,081,314
	Net Income Ratio:			
33	SOA	**Change in Net Assets Without Donor Restrictions**	$	(11,886,049)
		Total Revenues and Gains Without Donor Restriction:		
34	SOA	Total operating revenue (including net assets released from restrictions)	$	156,629,590
35	SOA	Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)	$	(15,468,177)
36	SOA	Non-service component of pension/postemployment (nonoperating) cost (if gain)	$	-
37	SOA	Pension-related changes other than net periodic pension costs (if gain)	$	-
38	SOA	Change in value of annuity agreement (typically in nonoperating)	$	-
39	SOA	Change in value of interest-rate swap agreements (if gain)	$	-
40	Note 15 Line 25	Sale of fixed assets (if gain)	$	-
41	SOA	Other gains	$	-

Carleton