OFFICIAL STATEMENT DATED JUNE 25, 2010

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 or Minnesota alternative minimum tax applicable to individuals. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "TAX EXEMPTION.")

$30,455,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Seven-D
(Carleton College)
(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: March 1 and September 1, commencing September 1, 2010**

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

The Bonds are subject to optional redemption in whole or in part prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and the Indenture. The Bonds will be subject to optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. Term Bonds are subject to mandatory redemption in installments as described 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. Wells Fargo Bank, National Association will act as Trustee.

The Bonds are special obligations of the Minnesota Higher Education Facilities Authority (the "Authority") payable solely from Loan Repayments made by or on behalf of Carleton College, a Minnesota non-profit corporation (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the College.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA NOR SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, 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 Underwriter named below subject to the opinion as to validity and tax exemption of the Bonds by Best & Flanagan LLP, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Briggs and Morgan P.A., Minneapolis, Minnesota and for the Underwriter by Dorsey & Whitney LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter at DTC on or about June 29, 2010.

MORGAN STANLEY

Minnesota Higher Education Facilities Authority
$30,455,000 Revenue Bonds, Series Seven-D (Carleton College)

The Series Seven-D Bonds will bear interest payable on March 1 and September 1 beginning September 1, 2010 and will mature March 1 as follows:

Year	Amount	Interest Rate	Yield	CUSIP 60416H:
2012	$590,000	1.50%	0.72%	RP 1
2013	$600,000	2.00%	1.15%	RQ 9
2014	$610,000	2.00%	1.56%	RR 7
2015	$625,000	2.50%	1.96%	RS 5
2016	$640,000	2.75%	2.36%	RT 3
2017	$655,000	3.00%	2.67%	RU 0
2018	$675,000	3.25%	2.91%	RV 8
2019	$700,000	3.50%	3.12%	RW 6
2020	$725,000	4.00%	3.27%	RX 4
2021	$750,000	4.00%	3.38%	SA 3

$8,620,000 5.00% Term Bonds due March 1, 2030 Yield 4.05%, CUSIP 60416H RY 2
$15,265,000 5.00% Term Bonds due March 1, 2040 Yield 4.33%, CUSIP 60416H RZ 9

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers provided in this Official Statement are included for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds. Neither the Authority, the Underwriter, nor the College takes any responsibility for the accuracy of such CUSIP numbers.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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 Underwriter 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 Underwriter. 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 Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has 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 Underwriter does 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.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Mary F. Ives, Chair	Real Estate Business Owner, Resident of Grand Rapids, Minnesota
Raymond VinZant, Jr., Vice Chair	Plumbing Expert and Instructor at Anoka Technical College, Resident of Wyoming, Minnesota
Janet Withoff, Secretary	Consultant – Planning and Grant-Writing, Resident of Orono, Minnesota
Paul Cerkvenik (Ex Officio)	President, Minnesota Private College Council
Gary D. Benson	Project Director of ICS Consulting, Resident of New Brighton, Minnesota
Kathryn Balstad Brewer	Retired Banker and Educator, Resident of New Brighton, Minnesota
Tammy L. H. McGee	Vice President for Finance and Administration and Chief Financial Officer, Augsburg College, Resident of Maple Grove, Minnesota
Mark Misukanis (Ex Officio)	Director of Fiscal Policy and Research, Minnesota Office of Higher Education
Michael D. Ranum	Operations Manager, BWBR Architects, Inc., Resident of Circle Pines, Minnesota
David D. Rowland	Senior Vice President, The Travelers Companies, Inc., Resident of Eden Prairie, Minnesota

Marianne T. Remedios, Executive Director

Bond Counsel
Best & Flanagan LLP

Financial Advisor
Springsted Incorporated

TABLE OF CONTENTS

OFFICIAL STATEMENT

$30,455,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES SEVEN-D
(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 $30,455,000 Revenue Bonds, Series Seven-D (Carleton College) (the "Bonds," the "Series Seven-D Bonds" or the "Issue").

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 June 1, 2010 between the Authority and Wells Fargo Bank, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Issue.

Pursuant to a Loan Agreement (the "Loan Agreement") dated as of June 1, 2010 between the College and the Authority relating to the Bonds, 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 construct, improve and equip the Carleton Arts Union, a 130,000 square foot, three floor, two story building located adjacent to the College's Northfield, Minnesota campus and construct an auxiliary art studio warehouse located on the campus (the "Project"), fund capitalized interest during the construction period, and pay certain costs of issuance.

See "USE OF PROCEEDS" herein for a more detailed description of the Project.

The Bonds are secured by a pledge of the Loan Repayments, which is a general obligation of the College. Under the Loan Agreement, the College will agree 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 of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota 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 1,986 students drawn from 49 states and 33 different countries.

The College is a four-year college that offers the bachelor of arts degree. Its students can choose from 1,000 courses in 37 major fields of study, as well as numerous special 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, roughly 40 miles south of Minneapolis and Saint Paul. Further information about the College and its financial condition can be found in Appendices I and VII herein.

RISK FACTORS

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.

Risk of Insufficient Collateral

The Bonds are secured solely by (a) a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement, and (b) amounts in accounts and funds which will be held by the Trustee and applied to the payment of principal of, premium, if any, and interest on the Bonds. The Bonds are not secured by a debt service reserve fund or a mortgage on or security interest in any real property or personal property.

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 receive sufficient unrestricted revenues in excess of expenditures, to invest and maintain sufficient monies in its investments and to obtain sufficient investment earnings therefrom. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region. Universities and colleges compete principally based on location, net tuition rates, degree offerings, and academic reputation. To the extent that competitors have or achieve an advantage with respect to any of these factors, the College could be adversely affected. In addition, competitive pressures could result in tuition reductions, the inability to raise tuition, or increases in financial aid in the form of discounted tuition, which could adversely affect the College's unrestricted net assets.

Reliance on Tuition and Fees

The adequacy of the College's revenues will be largely dependent on the amount of future tuition revenue the College receives. Such revenue in turn will depend primarily on the College's ability to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges, a change in the number of college age students and changing general economic conditions will influence the number of applicants to the College.

Financial Aid

The College's students currently receive from the College and other sources financial aid that covers some portion of tuition and fees and living expenses. See Appendix I, "THE COLLEGE – Financial Aid" herein. No assurance can be given that federal and state financial aid will continue to be funded at current levels or that the College will continue to fund student aid at current levels. Curtailment of such aid could cause a decline in enrollment, which could in turn have an adverse effect on the College's revenues.

Damage or Destruction

Although the College will be required to obtain certain insurance as set forth in 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.

Limited Obligation

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. 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.

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.

Construction Risks

See "USE OF PROCEEDS" herein. Construction of the Project is subject to ordinary risks associated with new construction, such as risks of cost overruns, noncompletion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor shortage or strife, delays in and shortages of materials, weather conditions, fire, and casualty. Any delays in construction may adversely impact the College's ability to complete the Project by the expected completion date, which may result in, among other things, cost overruns.

Derivative Products

The College has previously entered into interest rate swap agreements. The College may enter into other interest rate swaps or similar arrangements in the future. Under certain market conditions, termination of an interest rate swap agreement prior to its expiration may require the College to pay a termination fee to the counterparty to the agreement and such payment could be material to the College.

Other Possible Risk Factors

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.

(4) Market conditions that negatively affect the College's investments and therefore may adversely affect debt coverage and endowment spending.

See also "TAX EXEMPTION – Minnesota Tax Considerations" herein.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC 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 an undertaking (the "Undertaking") with the Trustee 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 Undertaking, 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, "ANNUAL REPORT INFORMATION," contains a summary of the financial information and operating data to be provided annually.

The Continuing Disclosure Agreement may be amended under certain circumstances as permitted by the Rule. Furthermore, the College has reserved its right to modify the terms of the Continuing Disclosure Agreement if a court of competent jurisdiction or the College determines that such modification is required by the Rule.

The College has never failed to comply with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the College to comply with the Undertaking will not constitute an event of default on the Bonds (although holders may have other remedies in the event of noncompliance). 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 transferability and liquidity of the Bonds and their market price.

THE BONDS

General

The Bonds will be dated as of the date of delivery and will mature annually each March 1, commencing March 1, 2012, 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 not exceeding the amount maturing in any maturity, 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 September 1, 2010.

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.”

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Prior Redemption

Mandatory Redemption

Term Bonds shall be called for redemption on March 1 in the years as described immediately below at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Term Bonds Maturing March 1, 2030		Term Bonds Maturing March 1, 2040	
Year	Amount	Year	Amount
2022	$ 780,000	2031	$1,215,000
2023	$ 820,000	2032	$1,275,000
2024	$ 860,000	2033	$1,340,000
2025	$ 905,000	2034	$1,405,000
2026	$ 950,000	2035	$1,475,000
2027	$1,000,000	2036	$1,550,000
2028	$1,050,000	2037	$1,625,000
2029	$1,100,000	2038	$1,705,000
2030*	$1,155,000	2039	$1,795,000
		2040*	$1,880,000

** Stated maturity.*

The 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.

The Bonds, to be retired pursuant to the mandatory redemption provisions set forth above, may, at the option of the College, be reduced by the principal amount of any Bonds of such maturity which at least forty-five (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.

Optional Redemption

Bonds maturing on or after March 1, 2020 are subject to optional redemption at par, in whole or in part, on March 1, 2019 and on any date thereafter. Redemption may be in whole or in part and if in part in such order of maturity as the College directs and selected by random means within a maturity. All prepayments shall be at a price of par plus accrued interest.

Extraordinary Optional Redemption

The Bonds will be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole or in part, in certain cases of damage to or destruction or condemnation of the Project Facilities. In the event the Project Facilities are damaged such that the claim for loss exceeds $1,000,000, the College may elect to repair, rebuild or restore the Project Facilities or may elect, pursuant to the terms of the Loan Agreement, to redeem all or part of the outstanding Bonds. See "SUMMARY OF DOCUMENTS – The Loan Agreement."

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 Bonds of a maturity are called for redemption, the Authority will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity 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 and a subnumber assigned by the Trustee. 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.

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 twenty (20) days, and if more than sixty (60) days, then again not less than twenty (20) nor more than sixty (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 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.

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. **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 EXEMPTION" herein and Appendix IV, "DEFINITION 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).

USE OF PROCEEDS

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

1. construct, improve and equip the Carleton Arts Union, a 130,000 square foot, three floor, two story building located adjacent to the College's Northfield, Minnesota campus and construct an auxiliary art studio warehouse located on the campus (the "Project"),
2. capitalize interest during the construction period, and
3. pay certain costs of issuance.

The College has retained Meyer, Scherer & Rockcastle, ltd. as the architect for the Project and McGough Construction as the contractor for the Project. Construction on the Project began in July of 2009 and is expected to be completed by September of 2011.

The total cost of the Project is estimated at $42,000,000, of which approximately $7,000,000 is expected to be paid through gifts. The balance of the Project will be financed by Bond proceeds and other College funds.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of the Bonds	$30,455,000
Original Issue Premium	1,507,105
Total Sources:	$31,962,105
Uses of Funds	
Deposit to Construction Account	$30,000,000
Deposit to Bond and Interest Sinking Fund	
Account for Capitalized Interest	1,624,246
Costs of Issuance, including Underwriter's Discount	337,859
Total Uses:	$31,962,105

In the event Bond issuance costs including Underwriter's discount exceed 2% of the Bond proceeds, defined as par adjusted for original issue discount or premium, such excess shall be paid by the College from other than Bond proceeds.

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

Payment of the Bonds

The Bonds will be special obligations of the Authority. The principal of and interest on the Bonds are payable solely from Loan Repayments, which consist of payments to be made by the

College pursuant to the Loan Agreement. The Loan Repayments have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general obligation of the College to make payments to satisfy the principal of and interest on the Bonds. The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make such payments out of its general funds or any other moneys legally available.

Payments by the College in respect of Bond interest are to be made at least one (1) Business Day before each Interest Payment Date in an amount equal to the interest coming due on the next succeeding Interest Payment Date. Payments by the College in respect of principal are to be made at least one (1) Business Day before the next succeeding principal payment date. The Loan Agreement also requires the College to pay, no less than one (1) Business Day prior to a redemption date of Bonds called for redemption, the amount required to pay the Redemption Price of such Bonds.

Pursuant to the Loan Agreement, the College will make such payments directly to the Trustee. The Trustee is to apply such payments to the payment of the principal of and interest on the Bonds.

Security for the Bonds

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, and funds the Trustee holds under the Indenture. The College will covenant and agree to charge tuition fees, other 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 of Minnesota nor shall they constitute a debt for which the faith and credit of the Authority or the State of Minnesota, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

The Bonds will not be secured by the General Bond Reserve of the Authority (see "GENERAL BOND RESERVE ACCOUNT").

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 Construction Account, a Bond and Interest Sinking Fund Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account and the Bond and Interest Sinking Fund Account as described below. Following Bond Closing, 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. 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.

Bond and Interest Sinking Fund Account

There shall be deposited into the Bond and Interest Sinking Fund Account accrued interest, if any, received from the sale of the Bonds, capitalized interest from Bond proceeds at closing, transfers of amounts in other accounts as permitted by the Indenture, and 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 make up deficiencies 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 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.”

GENERAL BOND RESERVE ACCOUNT

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve Account and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.**

FUTURE CAPITAL PROJECTS

The College regularly improves and expands its physical plant and incurs long-term financing as needed for these purposes. After the Project is completed, the College anticipates undertaking the following improvements, all on its Northfield campus: renovating and equipping a student residence hall known as Margaret Evans Hall, renovating the Music Building, demolishing the Arena Theater and renovating the Concert Hall and Plaza. The College anticipates using gift receipts and its own funds for these subsequent projects, although it may pursue debt financing.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), 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.

Marianne T. Remedios has been the Executive Director of the Authority since 2000.

Elaine J. Yungerberg has been Assistant Executive Director of the Authority since 1993.

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 had 176 issues (including refunded and retired issues) totaling over $1.7 billion, of which approximately $884 million is outstanding as of June 1, 2010. 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.

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, but only 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.

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

FINANCIAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied upon College officials and other sources who have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm 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.

UNDERWRITING

The Bonds are being purchased by Morgan Stanley & Co. Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $31,793,791.66 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $168,312.84 and adjusted for net original issue premium of $1,507,104.50).

The Underwriter intends to offer the Bonds to the public initially at the offering price set forth on the front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter 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 Underwriter and the Authority against certain civil liabilities, including certain potential liabilities under federal securities laws.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, the underwriter of the Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds

RATING

As noted on the cover hereof, Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Bonds. The ratings reflect only the view of Moody's. Further information concerning the rating is available from Moody's.

There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such 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 Best & Flanagan 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 Briggs and Morgan P.A., Minneapolis, Minnesota, and for the Underwriter by Dorsey & Whitney LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

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 or refinanced 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 the 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 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 not includable in 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 and corporations.

The Code imposes a branch profits tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds.

In addition, interest on the Bonds is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of a property, casualty or other insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of its gross receipts are passive investment income.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement payments are to be included in taxable income of individuals.

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 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 taxable income and the alternative minimum tax base.

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.

Original Issue Premium

The Bonds have been sold to the public at an amount in excess of their stated redemption price at maturity. 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 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 any Bonds at a premium, 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 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 Internal Revenue Code of 1986 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.

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THE COLLEGE

Carleton College (the "College") was founded by the Minnesota Conference of Congregational Churches, under the name of Northfield College, on November 14, 1866. Preparatory school classes began in September, 1867. In 1870 the College formed its first college class and began construction of the first on-campus building. Church control ended after one year. The College then became and continues to be an autonomous and non-sectarian higher education institution.

By the fall of 1871, the name of the College had been changed to honor an early benefactor, William Carleton of Charlestown, Massachusetts, who bestowed a gift of $50,000. At the time, it was the largest single contribution ever made to a western college, and it was made unconditionally, with no requirement that the name of the College be changed.

The College has always been co-educational. The original graduating class in 1874 was composed of one man and one woman who followed similar academic programs. Carleton's 2009 fall enrollment of 1,986 was comprised of nearly equal numbers of men and women.

Governance

The College is governed by the Board of Trustees currently comprised of approximately 48 voting 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 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 Dean of the College, formulates educational policy.

The officers of the College are the President, Vice President and Treasurer, and Dean of the College.

Members:	*Occupation/Location:*
Don J. Frost, Jr. '83, P '13	Partner, Skadden, Arps, Slate Meagher & Flom LLP Washington, District of Columbia
William Gage '64	Retired Chairman and Consultant, SBE Inc. Oakland, California
Maureen G. Gupta '78	Greenwich, Connecticut
Sara L. Hays '96	Managing Director and General Counsel, Wrightwood Capital Chicago, Illinois
Elise M. Holschuh '77	Seattle, Washington
James E. Johnson '64	Executive Vice President, Group Insurance Division, Securian Financial Group, Inc. Saint Paul, Minnesota
David H. Joo '00 *	New York, New York
Martha H. Kaemmer '66, P '95 *	Partner, HRK Group, Inc. Saint Paul, Minnesota
Leslie B. Kautz '80	Principal, Angeles Investment Advisors LLC Santa Monica, California
Richard R. Kracum '76, P '07 *	Managing Director, Wind Point Partners Chicago, Illinois
Keith A. Libbey '59, P '88, P '91	Frederickson & Bryon, P.A. Minneapolis, Minnesota
Charles W. Lofgren '62, P '86, P '87	President and Vice Chair, ADE, Inc. Chicago, Illinois
Marilyn McCoy	Vice President, Administration and Planning, Northwestern University Evanston, Illinois
William R. McLaughlin	President and CEO, Select Comfort Corporation Minneapolis, Minnesota
Robert W. Nelson '62, P '89, '91	Retired Vice President, Corporate Financial Planning and Analysis, General Electric Company Boca Raton, Florida
Marc Noël P '06	Chairman, Noël Group, LLC Zebulon, North Carolina
Gary T. O'Brien P '08, P '10	Managing Director, Itasca Partners LLC Minneapolis, Minnesota
Robert A. Oden Jr. *	President, Carleton College Northfield, Minnesota

Members:	*Occupation/Location:*
Diane Harrison Ogawa '84	Executive Director, PNM Foundation Albuquerque, New Mexico
Catherine James Paglia '74	Director, Enterprise Asset Management New York, New York
Elizabeth J. Pennie '03	MBA Candidate, University of Chicago Booth School of Business Chicago, IL
Lawrence Perlman '60, P '89 *	Wilson, Wyoming
Jack W. Schuler P '97 *	Crabtree Partners, LLC Lake Forest, Illinois
John H. Stout '62	Chair, Corporate Governance and Investigations Group, Fredrikson & Byron Minneapolis, Minnesota
Gary L. Sundem '67	Professor Emeritus of Accounting, University of Washington Seattle, Washington
Caesar F. Sweitzer '72, P '02, P '06 *	Senior Advisor, Citigroup Global Markets, Inc. New York, New York
Paul T. Van Valkenburg '82	Mortgage Industry Advisory Corporation New York, New York
Wallace R. Weitz '70, P '96, P '99, P '02	President, Weitz Funds Omaha, Nebraska
Justin B. Wender '91	President, Castle Harlan, Inc. New York, New York
Bonnie M. Wheaton '66 *	Circuit Judge, Judicial Circuit Court DuPage County, IL Wheaton, Illinois
Mark Williams '73, P '06, P '11	Downstream Director, Royal Dutch Shell Plc London, United Kingdom
John D. Winter '85 *	Head of European Investment Banking and Debt Capital Markets, Barclays Capital London, United Kingdom
Sidney Carne Wolff '62, H '85	President, Large Synoptic Survey Telescope Corporation Tucson, Arizona
John L. Youngblood '81 *	Managing Partner, Gallatin Capital, LLC New York, New York

** Term expires June 30, 2010.*

H – Honorary Degree from Carleton
P – Parent of Carleton Student

President

President Robert A. Oden, Jr. will retire from Carleton College on June 30, 2010. On April 23, 2010, the Carleton College Board of Trustees named Steven G. Poskanzer, J.D., as the President of the College. Mr. Poskanzer will begin his term as Carleton's eleventh President on August 2, 2010. During the month of July, the day-to-day responsibilities of managing the College will be handled by the Dean of the College, Beverly Nagel. The Board of Trustees always exercises ultimate responsibility for the College and will continue to hold this responsibility throughout the month of July.

Mr. Poskanzer, 51, is currently the president at the State University of New York (SUNY) at New Paltz. He is a 1980 cum laude graduate of Princeton University and earned a J.D. degree from Harvard University in 1983. After two years of private practice with a Washington, D.C. law firm, he joined the legal office at the University of Pennsylvania, where he served first as assistant and then as associate General Counsel. In 1991-92, Mr. Poskanzer was an American Council on Education Fellow at Princeton University, where he worked as a special assistant to Princeton's provost.

In 1993, Mr. Poskanzer became Executive Assistant to the President at the University of Chicago, where he was responsible for the development of strategy on academic and administrative issues, policy planning for the University's Board of Trustees, and the management of the daily operations of the President's Office. In 1997, he returned to upstate New York and SUNY where he held a number of positions in the SUNY Provost's Office, serving in succession as Associate Provost, Senior Associate Provost, and Vice Provost. As SUNY's Vice Provost for Academic Affairs, he was responsible for planning and carrying out initiatives to enhance academic quality across the 64-campus system.

In October 2001, Mr. Poskanzer was named interim president at SUNY New Paltz, a position he was permanently named to in 2003. President Poskanzer's scholarly focus is on college and university law. He has taught in the University of Pennsylvania's Graduate School of Education and at the University of Chicago Law School. His book "Higher Education Law: The Faculty" was published by Johns Hopkins University Press in 2001.

Vice President and Treasurer

Frederick A. Rogers began his tenure as the College Vice President and Treasurer on August 30, 2004. Mr. Rogers graduated from Carleton (Class of '72) with a B.A. in mathematics and went on to earn his M.S. with distinction from the School of Urban and Public Affairs, now the Heinz School of Public Policy and Management, at Carnegie Mellon University. Mr. Rogers began his career in planning at Carnegie Mellon in 1974 where he was appointed Vice President for Business Affairs and Chief Officer in 1981. He joined Cornell University in 1990, where he served as Chief Financial Officer through January 2000, and was appointed Senior Vice President in 1995.

With over 30 years of experience in higher education, Mr. Rogers has been active in professional organizations that include the National Association of College & University Business Officers (NACUBO), serving as chairman of its financial management committee, the Eastern Association of College and University Business Officers (EACUBO), serving as a board member and treasurer, and as a board member and chairman of the Council of Government Relations (COGR). Mr. Rogers has also done consulting with the Commonfund and other institutions of higher education and has served for 17 years as the Director of the Cornell/EACUBO Administrative Management Institute. He is serving his fifth term as a trustee of the Lebanese American University.

Vice President for External Relations and Secretary

On June 8, 2010, Kristine A. Cecil announced her resignation after serving for seven years as Vice President for External Relations for the College. Her resignation, effective July 9, 2010 coincides with the completion of the *Breaking Barriers, Creating Connections: The Campaign for Carleton* (see “Fundraising” herein). President Oden and President-elect Poskanzer will be conferring with the Board of Trustees to define the terms of transitional or interim leadership for the External Relations Division. The divisional leadership team Ms. Cecil leaves behind includes professionals with over 30 years of experience with the College and long term careers in fund raising for higher education.

Dean of the College

Beverly Nagel joined the Carleton faculty in 1980. She majored in Sociology and Anthropology as a Carleton undergraduate (Class of ’75), and earned her Ph.D. in Sociology from Stanford University in 1980.

In addition to her scholarly work, Professor Nagel served as a consultant to the Inter-American Development Bank, and since 1997, as a consultant to Intermon-Oxfam on their rural development programs in Paraguay.

Professor Nagel served several terms as chair of the Sociology and Anthropology department and as director of the Latin American Studies program. She has served on numerous faculty committees. As a member of the Education and Curriculum Committee, in 1999 she chaired the subcommittee on interdisciplinary studies.

In September, 2005, Professor Nagel began a four-year term as Associate Dean of the College, and in July, 2009, was named Dean of the College.

The Campus

The College's 1,040 acres of campus, arboretum, and athletic fields are situated on the northern boundary of Northfield, Minnesota. This attractive rural community has a population of about 19,000 and is located about 40 miles south of the Twin Cities of Minneapolis and Saint Paul.

The single original building (Willis Hall) completed in 1872 on a ten-acre parcel has been joined by 44 others, including 12 academic facilities, 11 on-campus residence halls, nine student apartment houses, four recreation and athletic facilities, a library, a chapel, an observatory and a campus center. The College purchased the Northfield Middle School in 2005 and will use a portion of the proceeds of the Bonds to renovate the building into the Carleton Arts Union.

The College owns a 1.65 megawatt wind turbine located near campus. The power it generates is purchased by Xcel Energy.

Approximately 1,730 students live in College-owned housing, including all first-year and second-year students for whom campus residence is required.

Academic Year

Carleton operates three academic terms of 10 weeks each, with a limited summer program.

Accreditation and Affiliations

Accredited by the North Central Association of Colleges and Secondary Schools (since 1913), Carleton offers the Bachelor of Arts degree.

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

Student Enrollment

Below is the total full time student enrollment (fall term) for the past five years.

2005-06	1,936
2006-07	1,958
2007-08	1,986
2008-09	1,975
2009-10	1,986

Marketing

Carleton's marketing efforts include (1) direct contact with potential students by the admissions office, (2) contact with state, regional and national media, (3) continuing contact with high school counselors and college advisors, (4) special efforts toward national visibility in coordination with a national college public relations firm, (5) regional and national promotion of faculty as experts in their fields, and (6) cultivation of support by an alumni, parent and donor network of more than 26,000 people. In addition to the traditional recruiting and marketing initiatives above, Carleton also utilizes social media to interact with potential students.

Applications, Acceptances and Enrollments

Freshmen

Year	Applicants	Acceptances	Matriculants	Acceptance Ratio	Matriculation Ratio
2005-06	5,034	1,471	542	29.2%	36.8%
2006-07	4,463	1,409	509	31.6%	36.1%
2007-08	4,859	1,447	511	29.8%	35.3%
2008-09	4,968	1,358	489	27.4%	36.0%
2009-10	4,786	1,458	528	30.5%	36.2%
2010-11	4,855	1,485	Target 515	30.6%	34.7% (est)

Student Retention

Since fall semester 2001, the percentage of the fall first-time, first-year student entering cohort returning to the College for their second year has exceeded 95%.

Overlap Acceptance Institutions

The College's research finds that candidates for admission to Carleton also frequently apply to the following institutions: Williams College, Yale University, Macalester College, Washington University, Brown University, Amherst College, Grinnell College, Swarthmore College, Harvard College, and Pomona College.

Geographic Distribution of Entering Freshmen

For the fall of 2009, the geographic distribution of entering freshmen is as follows:

Minnesota	110
Illinois	52
California	38
Massachusetts	29
New York	28
Washington	28
Wisconsin	19
Colorado	15
Maryland	13
Texas	12
Oregon	8
Other States	120
Foreign Countries	56
Total	528

Tuition and Fees (per student)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tuition and Fees	$34,083	$35,958	$37,845	$ 39,546	$41,076
Room	4,299	4,944	5,223	5,457	5,676
Full Board	4,293	4,545	4,770	4,971	5,130
Fees	189	198	201	231	228
Total	$42,864	$45,645	$48,039	$ 50,205	$52,110

Faculty and Staff

The student-faculty ratio for 2009-2010 is approximately 9 to 1. 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.

Faculty and Staff 2009-10

Regular Faculty – Tenured	130
Regular Faculty - Tenure Track	46
Regular Faculty - Non-Tenured	69
Other primarily instruction (w/o faculty status)	26
Executive/administrative/managerial	106
Total	377

Of the regular faculty, 162 (87.1%) hold Ph.D.s and 24 (12.9%) hold terminal degrees.

Pensions

The College has one contributory defined contribution retirement plan for academic and non-academic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plan is paid currently and amounted to $5,137,344 and $4,845,688 for the Fiscal Years ended June 30, 2009 and 2008, respectively.

In January 2007, two Voluntary Employee Benefit Association (VEBA) trusts were established. These plans were terminated as of December 31, 2009. The Employer Contribution VEBA Trust (funded solely by employer pre-tax contributions) and the Employee After Tax Contribution VEBA Trust (funded solely by employee after tax contributions) were established to provide eligible retired employees and their eligible spouses and dependents with access to certain insured and/or self-insured health benefits. The trusts are exempt from taxation to the extent permitted under section 501(c)(9) and 512 of the Internal Revenue Code of 1986.

The College contributed $191,857 and $190,508 to the Employer Contribution VEBA Trust during the fiscal years ended June 30, 2009 and 2008, respectively. There is no future payment liability associated with this plan.

Unions

The International Union of Operating Engineers, Local 70, represents regular full-time and part-time maintenance, grounds and custodial employees working at Carleton College. The bargaining unit is made up of approximately 80 employees. The current contract expires June 30, 2012. Bon Appetit Management Company employs approximately 55 food service employees represented by the International Union of Operating Engineers, Local 70, under a separate contract which expires June 30, 2013.

Financial Aid

The College's admissions and financial aid programs are designed to enable qualified students to attend the College, regardless of financial circumstances. Students receive financial aid from loans, employment, government sources and College funds.

The College awarded need-based scholarships to 56% of the College's students from endowments, gifts and general revenues in the 2009-10 academic years.

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, Annuity and Life Income Funds (in thousands of dollars):

	(A) Endowment	(B) Funds Functioning as Endowment	(A) + (B) Total Endowment	Annuity and Life Income
2004-05	$374,800	$165,239	$540,039	$51,329
2005-06	392,605	179,350	571,955	51,256
2006-07	450,330	213,170	663,500	51,527
2007-08	448,861	198,961	647,822	54,488
2008-09	358,369	158,941	517,310	46,031

The College's financial goal for its endowment is to preserve the inflation-adjusted purchasing power, after accounting for investment returns, spending and inflation, but excluding gifts.

The College Endowment Fund is managed by external investment managers who are selected and monitored by the Investment Office of the College with assistance from outside consultants. The Investment Committee of the Board of Trustees and Vice President and Treasurer establish policy and provide oversight. The total fair market value of the College's Endowment Funds at March 31, 2010 was $579,245 (in thousands of dollars, unaudited).

Gifts and Grants

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

	2004-05	2005-06	2006-07	2007-08	2008-09
Unrestricted	$ 8,497	$14,949	$12,919	$18,079	$16,059
Temporarily restricted	20,163	15,350	11,305	6,040	4,166
Permanently restricted	5,614	1,030	6,210	4,997	4,778
Totals per financial statements:	$34,274	$31,329	$30,434	$29,116	$25,003

Fundraising

Since 1997 Carleton College has raised more than $20 million annually, adding resources to the endowment as well as providing operating revenue. During the past five years completed bequests and life income gifts have exceeded $25 million, and over the same period new life income gifts have exceeded $19 million. During Fiscal Year 2010, annual, capital and endowed gifts are expected to reach $45 million.

Breaking Barriers, Creating Connections: The Campaign for Carleton began on July 1, 2004 with leadership gift support from the Carleton Board of Trustees and committed donors, and was announced publicly in May 2007, with more than $166 million in gifts and commitments in hand. With a goal of $300 million (more than double the amount raised during Carleton's last campaign which ended in 1998), the Campaign is a comprehensive six-year fundraising effort that will provide resources for teaching and learning, student financial aid, essential building needs and operating support. When complete more than one-half of the total commitments secured will be added to the endowment.

As of May 16, 2010 the Campaign total has reached $287.5 million. The campaign will conclude on June 30, 2010, and represents a significant achievement for the College and its donors in a challenging fundraising environment.

Independent Accountants

The financial statements as of June 30, 2009 and 2008 and for the years then ended, included in Appendix VII of this Official Statement, have been audited by LarsonAllen 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.

Statement of Financial Activity for Fiscal Years 2005 through 2009

The following table sets forth the College's Statement of Unrestricted Activities and Change in Unrestricted Net Assets for the Fiscal Years ended June 30, 2005 through 2009.

Carleton College
Statement of Unrestricted Activities and Change in Unrestricted Net Assets
Year Ended June 30

	2005	2006	2007	2008	2009
Revenues and other additions					
Tuition and fees	$ 59,378,173	$ 63,902,717	$ 67,206,367	$ 72,549,128	$ 75,255,365
Room and board	9,366,271	11,856,131	13,185,561	14,505,864	15,308,158
Scholarships	(19,522,411)	(22,115,388)	(23,294,991)	(24,335,148)	(26,314,046)
Net student fees	49,222,033	53,643,460	57,096,937	62,719,844	64,249,477
Private gifts and pledges	7,737,670	14,238,737	12,128,892	17,389,905	15,418,692
Government reimbursements	759,377	710,385	790,274	688,710	639,831
Interest and dividends	3,184,103	4,062,806	3,171,811	2,824,316	2,107,687
Net realized gain (loss)	11,303,048	10,922,614	9,498,775	67,525,139	(1,463,459)
Net unrealized gain (loss)	9,821,001	5,593,031	22,710,485	(76,428,911)	(49,401,015)
Net change in split interest	-	-	-	-	(897,821)
Bookstore, rents and other	3,618,238	3,801,064	5,285,492	4,516,419	3,894,869
Subtotal revenue	85,645,470	92,972,097	110,682,666	79,235,422	34,548,261
Fund transfers	(227,656)	73,844	(758,332)	(48,377,446)	(16,529,259)
Net assets released from restrictions	28,417,847	32,789,579	79,170,694	32,573,640	37,009,025
Total revenues and other additions	113,835,661	125,835,520	189,095,028	63,431,616	55,028,027
Expenses					
Instruction	36,168,548	39,794,708	41,393,214	43,501,642	46,213,823
Academic support					
Library	3,950,940	5,066,786	5,110,149	5,221,228	6,080,881
Other	6,334,547	5,896,243	5,955,798	7,003,850	7,375,121
Student services	12,421,917	12,607,579	13,301,265	14,014,511	14,841,382
Institutional support					
Administration	4,718,927	4,578,363	4,713,025	4,855,002	5,289,289
External relations	3,388,492	3,817,503	3,991,372	4,251,572	3,985,990
Fund raising	3,926,081	4,031,953	4,880,167	4,953,416	4,728,859
General	5,399,664	5,168,809	4,873,421	5,236,104	5,256,080
Auxiliary enterprises	12,930,946	13,181,329	14,279,395	13,820,008	13,992,729
Total expenses	89,240,062	94,143,273	98,497,806	102,857,333	107,764,154
Change in net assets before effect of change in accounting principle	24,595,599	31,692,247	90,597,222	(39,425,717)	(52,736,127)
Current year impact of change in accounting principle	-	(2,033,488)	-	-	-
Change in net assets	24,595,599	29,658,759	90,597,222	(39,425,717)	(52,736,127)
Reclassification - Adoption of UPMIFA and FSP 117-1					(241,115,124)
Net assets					
Restatement of prior year net assets		(731,440)			
Beginning of year	401,891,968	425,756,127	455,414,886	546,012,108	506,586,391
End of year	$ 426,487,567	$ 455,414,886	$ 546,012,108	$ 506,586,391	$ 212,735,140

Source: Audited financial statements of the College.

Long-Term Debt of the College

The College's long-term debt outstanding as of May 1, 2010 is as follows:

1. $10,300,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-L2, dated October 1, 1992. The bonds are secured by the full faith and credit of the College. The Series Three-L2 Bonds are variable rate and averaged 1.26% during Fiscal Year 2009. They have a term maturity of November 1, 2012. The entire principal of the Series Three-L2 Bonds is outstanding. Operating cash reserves have been set aside to accommodate repayment in full at maturity.

2. $23,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-G, dated June 8, 2000. The bonds are secured by the full faith and credit of the College. The Series Five-G Bonds are variable rate and averaged 1.26% during Fiscal Year 2009. They have a term maturity of November 1, 2029. The entire principal amount of the Series Five-G Bonds is outstanding. The College expects to set aside operating cash reserves to accommodate repayment in full at maturity.

3. $31,460,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-D, dated April 13, 2005. The bonds are secured by the full faith and credit of the College. The Series Six-D Bonds are variable rate and averaged 1.22% during Fiscal Year 2009. They are subject to mandatory redemption annually on April 1 in the years 2007 through 2022, inclusive, and have a term maturity of April 1, 2035. The outstanding balance of the Series Six-D Bonds is $28,465,000. The College entered into an interest rate swap with Morgan Stanley Capital Services Inc. relating to the Series Six-D Bonds effective April 13, 2005 and terminating April 1, 2022. See Appendix VII, College Financial Statements, for additional information about the interest rate swap.

4. $19,665,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-T, dated December 4, 2008. The bonds are secured by the full faith and credit of the College. The Series Six-T Bonds are fixed rate and have interest rates ranging from 2.33% to 5.22%. They have a final maturity of January 1, 2028. The outstanding balance of the Series Six-T Bonds is $19,375,000.

5. $10,000,000 Minnesota Higher Education Facilities Authority Revenue Notes, Series Six-Y, dated June 25, 2009. The notes are secured by the full faith and credit of the College. The Series Six-Y Notes are variable rate and have an interest rate of 3.20% that will reset on June 25, 2014. They have a final maturity of June 25, 2019, with a provision for optional redemption prior to maturity. The entire principal amount of the Series Six-Y Bonds is outstanding. The College expects to set aside operating cash reserves to accommodate repayment in full at maturity.

As of May 1, 2010, the College's total long-term debt outstanding is $91,140,000. The College's debt will increase by the principal amount of the Bonds upon issuance.

PROPOSED FORM OF LEGAL OPINION

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June 29, 2010

$30,455,000 Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Seven-D (Carleton College)

We have acted as Bond Counsel in connection with the issuance of the Bonds described above. We have examined the law and certified copies of the proceedings and other certificates of public officials furnished to us in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority"), of its $30,455,000 Revenue Bonds, Series Seven-D (Carleton College) (the "Bonds"). We have examined the law and such other certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations of the Authority and the Carleton College, a Minnesota nonprofit corporation (the "Corporation"), contained in the Loan Agreement dated as of June 1, 2010 (the "Loan Agreement") between the Corporation and the Authority, the Indenture of Trust dated as of June 1, 2010 (the "Indenture") between the Authority and Wells Fargo Bank, National Association, in Minneapolis, Minnesota (the "Trustee"), the Bond Purchase Agreement between the Authority and Morgan Stanley & Co. Incorporated, the Opinion of Briggs and Morgan P.A., Minneapolis, Minnesota, of even date herewith, as counsel to the Corporation, the certified proceedings and other certifications of public officials furnished to us, and certifications by officials of the Corporation without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), it is our opinion that:

(a) 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 Minnesota

Statutes, Sections 136A.25 to 136A.42, as amended (the "Act"), to issue the Bonds, to loan the proceeds thereof to the Corporation pursuant to the Loan Agreement and to execute and deliver the Indenture to secure the Bonds;

(b) the Loan Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and create valid and binding special obligations of the Authority, enforceable upon the Authority in accordance with their terms;

(c) the proceedings show lawful authority for the issuance of the Bonds under the Indenture and under the provisions of the Constitution and laws of the State of Minnesota now in force, including the Act;

(d) the Bonds have been duly and validly executed and delivered by the Authority and are valid and binding special obligations of the Authority, enforceable in accordance with their terms, secured by and entitled to the benefits provided by the Indenture; the Bonds are payable solely from the revenues and other sums irrevocably pledged to the payment of the Bonds and interest thereon under the Indenture;

(e) 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 or taxing powers, but are payable solely from the revenues in accordance with the provisions of the Indenture; and

(f) as of their date of issuance, the Bonds are not arbitrage bonds; and interest on the Bonds is excluded from gross income for United States income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"); and is excluded to the same extent in computing taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations or the Minnesota alternative minimum tax applicable to individuals, estates or trusts. The opinion set forth in the first sentence of this paragraph is subject to the conditions that the Authority, the Trustee and the Corporation 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 so 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 Corporation have covenanted to comply with such requirements. We express no opinion regarding other federal or state tax consequences arising with respect to ownership of the Bonds, including the receipt or accrual of interest thereon.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium 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 appropriate cases.

Dated at Minneapolis, Minnesota this 29th day of June, 2010.

BEST & FLANAGAN LLP

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INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

Material Events to be Disclosed

The events enumerated in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, which are to be disclosed, if material, are as follows:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) The giving of notice to redeem any Bonds other than for a sinking fund redemption;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities and;
(xi) Rating changes.

Annual Report Information

The Annual Report Date will be 270 days after each fiscal year end, commencing with the fiscal year ended June 30, 2010. The Annual Report will contain:

1. Audited financial statements for the most recent complete fiscal year.

2. The following financial and operating data contained in Appendix I to the Final Official Statement:

    a. Information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:

        - Student Enrollment
        - Applications, Acceptances and Enrollments
        - Geographic Distribution of Entering Freshmen
        - Tuition and Fees
        - Faculty and Staff
        - Financial Aid
        - Endowment and Annuity and Life Income Funds
        - Gifts and Grants

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

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DEFINITION OF CERTAIN TERMS

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.

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.

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 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 Section 5.04 thereof.

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, including any Executive 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 Purchase Agreement: The Bond Purchase Agreement, related to the Bonds between the Authority and the Underwriter, together with the Letter of Representation from the Corporation to the Authority and the Underwriter, related to the Series Seven-D Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on June 16, 2010 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, 2011, 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 Seven-D (Carleton College).

Book-Entry Form: All 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 Bond.

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 or banks in Minnesota are not open for business.

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

Construction Account: The Construction Account established pursuant to the Indenture.

Continuing Disclosure Agreement: The Continuing Disclosure Agreement between the Trustee and the Corporation, dated as of June 1, 2010.

Date of Taxability: That 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.

Depository: DTC or any other person who shall be a Holder of all Bonds directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, College 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 payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, 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.

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* 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, initially the 12-month period commencing on July 1 in each year.

General Bond Resolution: The General Bond Resolution adopted by the Authority on October 31, 1972, and any amendments thereto.

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 Wells Fargo Bank, National Association, as Trustee, dated as of June 1, 2010, under which the Bonds are authorized to be issued, and including any indenture supplemental hereto.

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 Institution as an officer, employee or member of the Authority, the Corporation or Institution or Board of Trustees of the Corporation.

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

Independent Management Consultant: An Independent certified public accountant, Independent financial consultant or Independent management consultant having a favorable reputation for skill and experience in studying and reporting on operations of private nonprofit institutions of higher education satisfactory to the Authority.

Institution: Carleton College, a Minnesota institution of higher education headquartered in the City of Northfield, Minnesota and owned and operated by the Corporation.

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.

Loan Agreement: The Loan Agreement between the Authority and the College relating to the Bonds, dated as of June 1, 2010, as amended or supplemented from time to time.

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

Moody's: Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns; and if such corporation shall be dissolved or liquidated or shall no longer perform the function of a municipal securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency designated by the Authority.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the College as owner or lessee and the Trustee as secured party pursuant to the Indenture, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority, plus investment earnings thereon.

Outstanding or 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 direct obligations of or obligations fully guaranteed by the United States of America 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 Section 2.07 of this Indenture pertaining to replacement of Bonds.

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 College, and (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Project: The construction, improving and equipping the Carleton Arts Union located at 320 Third Street (formerly 301 Union Street) adjacent to the Corporation's campus and construction of an auxiliary art studio warehouse on the Corporation's campus, all owned and operated by the Corporation.

Project Buildings: The buildings and facilities which are to be acquired, constructed, furnished and equipped with the proceeds of the Bonds, including investment earnings thereon.

Project Equipment: All fixtures, equipment and other personal property of a capital nature acquired with the proceeds of the Bonds, including investment earnings thereon.

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 described on Exhibit A to the Loan Agreement which are owned by the College, and on which any Project Buildings are or will be located or otherwise improved as part of the Project.

Reference Rate: The interest rate per annum announced from time to time by Wells Fargo Bank, National Association, as its prime or reference rate, regardless of whether that interest rate is actually charged to any customer of said bank.

Trustee, Registrar, Paying Agent: Wells Fargo Bank, National Bank, Minneapolis, Minnesota.

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.

Underwriter: Morgan Stanley & Co. Incorporated, as original purchaser of the Bonds.

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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 construction, acquisition and installation of the Project will be substantially completed by no later than December 31, 2011, 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 to such effect is furnished. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping 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 September 1, 2010, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on the next succeeding interest payment date, and, on each March 1 when principal is due whether at maturity or mandatory sinking fund redemption, the amount payable as principal 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 Sections 4.04, 4.05, and 5.01 of the Indenture; and (ii) any credits permitted by Sections 5.01, 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) at least one (1) Business Day prior to a date established for the optional redemption or mandatory redemption and prepayment of the Bonds, 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) forthwith into the Bond and Interest Sinking Fund Account or Redemption Account, as appropriate, the amount of any deficiency in the event that 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) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate); and

There is reserved to the College the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described under “THE BONDS.”

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 agrees to use the Project Facilities 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 a program of a school or department of divinity for any religious denomination. The College agrees not to 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 the College’s 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, the College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs, modifications, and replacements as are necessary so that the Project will remain a “project” under the Act and interest on the Bonds will be exempt from federal income taxation. The College may 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) such lease, sublease or use agreement shall not 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 lease, sublease or use agreement had not been made.

Title to Property and Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or to remain against the Project Facilities including any mechanics’ liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the College that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities will be subject to loss or forfeiture, in which event the College shall promptly pay all such items.

Taxes and Other Governmental Charges

The College will pay all taxes, special assessments, license fees and governmental charges of any kind 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 bought 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 charges and 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, insurance, with certain deductible amounts, as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, under a policy or policies covering such risks as are ordinarily insured against by similar institutions, 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 up to $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 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 a part of its liability for workers' compensation.

Upon the written request of the College, the Trustee (i) may 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 insurance, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance for (a) and (b) above, in accordance with the recommendation of an independent insurance consultant employed by the College and satisfactory to the Trustee.

The College is required to furnish to the Trustee policies or certificates or binders evidencing the required insurance. 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 thirty (30) days before the cancellation or modification becomes effective.

Damage or Destruction

If prior to full payment of the Bonds the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the College will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Condemnation

If prior to full payment of the Bonds title to any part of the Project Facilities shall be taken in any proceeding involving the exercise of the right of eminent domain, and to the extent that the Net Proceeds from the award is not greater than $1,000,000, the College will promptly replace, rebuild or restore the property so taken with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the net award is in excess of $1,000,000, the College shall either replace, rebuild or restore the facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Removal or Release of Project Equipment and Building Equipment

The College may remove or release Project Equipment and Building Equipment from the Project Facilities if no Default exists and upon the following conditions:

(a) the College may substitute equipment and related property for any Project Equipment and Building Equipment, provided that such substitution shall not materially impair the character or revenue producing significance or value of the Project Facilities;

(b) the College may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the College pays a sum equal to the then value of such Project Equipment as determined by an Independent engineer selected by the College, to the Trustee for deposit in the Redemption Account for the redemption and prepayment of the Bonds; provided that if the depreciated book value of any item of Equipment so removed was less than $100,000, such release without substitution and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an independent engineer upon such showing by the College as may be satisfactory to the Trustee; and

(c) the College may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance or value of the Project Facilities.

In connection with (a) above, if the depreciated book value of the Project Equipment or, in connection with (c) above, the depreciated book value of Building Equipment, to be substituted, removed or released equals or exceeds $100,000 the College will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, removal, or release, as the case may be, of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

Indemnification

The College agrees to hold the Authority, its members 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 or anyone acting in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

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.

College to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and will 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 or all or substantially all the assets of the College, or 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 corporation or 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 shall 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 prohibiting 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.

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.

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 income taxes under Section 501(a) of such Code.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includable in gross income 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 (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, in integral multiples of $5,000, as a whole or in part on the next date for which due notice can be given or any date thereafter and the redemption price in either event shall be equal to par plus accrued interest (including 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 stepped-up interest rate, 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, including Minnesota Statutes, Section 363A.13; to provide and file such financing statements and other instruments of further assurance as the Authority or the 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 observe all applicable State laws and regulations, including those of the Authority 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(f) 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 Section 7.01 of the Loan Agreement:

(a) If the College shall fail to make any Loan Repayment when due and either (i) the moneys on deposit in the Bond and Interest Sinking Fund Account and Redemption Account on a Bond principal or interest payment date or redemption date are insufficient to pay when due principal of and interest on the Bonds, or (ii) such failure shall continue for five (5) 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 Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) 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 thirty (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

(d) 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

(e) 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 ninety (90) days from the date of the entry thereof; or

(f) 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 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 ninety (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 (c) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty (30) days after notice and if the College has taken all action reasonably possible to remedy such default within such thirty-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 under and payable 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 under the Loan Agreement.

(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 of the Loan Agreement or the Indenture in accordance with the provisions thereof.

Any amounts collected by the Trustee pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses, second to payment of the Bonds as provided in Section 7.04 of the Indenture and any excess to the College.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to 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 and all Loan Repayments and other sums due under the Loan Agreement, except the rights of the Authority to fees, expenses, indemnity and advances;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be 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 under the Indenture, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee, as trustee of the Bonds issued under the Indenture.

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.

Moneys on deposit to the credit of the Accounts shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states rated at least in the rating category of "AA" or "Aa" or political subdivisions of states rated at least in the rating category of "AAA" or "Aaa"; revenue bond obligations of states and their political subdivisions insured by municipal bond insurance and rated "AAA" or "Aaa"; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, states and their political subdivisions or in certain repurchase agreements; constant dollar value money market funds that invest solely in the types of obligations or repurchase agreements in which the foregoing mutual funds may invest and which are rated in the highest rating category by a national credit rating agency; time deposits of insured state or national banks fully insured by the Federal Deposit Insurance Corporation; certain guaranteed investment contracts issued by a bank or insurance company rated at least in the highest two rating categories of a nationally recognized rating agency; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

Trustee's Right to Payment

The Trustee shall have a first lien, with right of payment prior to payment 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 expenses 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 and 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 comply with the applicable arbitrage rebate requirements under Section 148(f) of the Code and regulations thereunder; 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 moneys in the Accounts established by the Indenture.

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 sixty (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

Upon the occurrence of an Event of Default, 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, 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 for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

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 any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, 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 it 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 of Wells Fargo Bank, National Association, Minneapolis, Minnesota, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment 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 unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers 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 capital, surplus and undivided profits of $10 million 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 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 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 a majority in 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 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 of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

(c) deliver to the Trustee (1) proof 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, or that arrangements 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 such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient 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 all unpaid fees and expenses of the Trustee 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 regulations thereunder, then 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 registered owners of Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon 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.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America 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 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 to the Trustee additional property for the benefit and security of the Holders and owners 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;

(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 defective or inconsistent 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 shall not be inconsistent with the provisions of 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 51% in aggregate principal amount of the Bonds 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 directly or indirectly affected (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 the Loan Agreement as set forth in the Indenture.

Amendments to the Loan Agreement

The Authority and the College with the consent of the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, or (d) 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.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to 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 principal 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 of the same series, aggregate principal amount, maturity and 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 his address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

APPENDIX VI

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") 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 securities that its 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 securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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"). 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 and www.dtc.org.

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 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.

Redemption notices shall be sent to DTC. If less 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or Bond Registrar 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).

Payment of principal, interest, and redemption premium, if any, 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 (nor its nominee), the Bond Registrar, 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 premium, 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, Authority, or the Authority's agent. 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 securities 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 securities 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book entry system has been obtained from DTC, which is solely responsible for such information. The Authority, the College and the Underwriter take no responsibility for the accuracy thereof.

CARLETON COLLEGE
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Carleton College
Northfield, Minnesota

We have audited the accompanying balance sheets of Carleton College (the College) as of June 30, 2009 and 2008, and the related statements of activities and change in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP

LarsonAllen LLP

Minneapolis, Minnesota
October 9, 2009

CARLETON COLLEGE
BALANCE SHEETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Cash and Cash Equivalents	$ 22,045,473	$ 5,668,953
Receivables, Net:		
Pledges	29,847,411	29,331,455
Government	531,086	877,319
Other	1,319,095	1,216,607
Inventories, Prepaid Expenses, and Deferred Charges	2,188,381	1,955,856
Loans to Students	8,114,877	7,271,011
Deposits with Bond Trustee	10,743,179	71,042
Trusts Held by Others	7,747,136	9,769,141
Investments	585,230,042	742,296,714
Property, Plant, and Equipment, Net of Depreciation	140,553,280	117,839,330
Total Assets	$ 808,319,960	$ 916,297,428
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 7,326,223	$ 4,861,379
Accrued Expenses	7,347,982	5,894,073
Deferred Income and Deposits	9,006,318	8,304,233
Annuities Payable	21,506,745	25,578,738
Asset Retirement Obligation	2,335,788	2,240,797
Bonds Payable, Net	92,393,241	64,340,000
Refundable Government Grants for Student Loans	5,459,694	5,549,484
Total Liabilities	145,375,991	116,768,704
NET ASSETS		
Unrestricted:		
Operations	2,786,262	4,394,580
Student Loan Funds	3,467,207	3,427,460
Net Investment in Plant	58,631,854	57,238,088
Funds Functioning as Endowment	147,849,817	441,526,263
Total Unrestricted Net Assets	212,735,140	506,586,391
Temporarily Restricted:		
Operations	22,940,671	22,716,409
Plant Funds	9,864,074	8,087,903
Funds Functioning as Endowments	236,816,104	81,044,298
Split Interest Funds	14,772,597	21,143,052
Total Temporarily Restricted Net Assets	284,393,446	132,991,662
Permanently Restricted:		
True Endowments	156,056,379	147,940,862
Split Interest Funds	9,759,004	12,009,809
Total Permanently Restricted Net Assets	165,815,383	159,950,671
Total Net Assets	662,943,969	799,528,724
Total Liabilities and Net Assets	$ 808,319,960	$ 916,297,428

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND OTHER ADDITIONS								
Tuition and Fees	$ 75,255,365	$ -	$ -	$ 75,255,365	$ 72,549,128	$ -	$ -	$ 72,549,128
Room and Board	15,308,158	-	-	15,308,158	14,505,864	-	-	14,505,864
Scholarships	(26,314,046)	-	-	(26,314,046)	(24,335,148)	-	-	(24,335,148)
Net Student Fees	64,249,477	-	-	64,249,477	62,719,844	-	-	62,719,844
Private Gifts and Pledges	15,418,692	4,145,445	4,777,558	24,341,695	17,389,905	6,039,485	4,997,314	28,426,704
Loss on Long-Term Gifts and Pledges	-	(2,107,783)	(288,672)	(2,396,455)	-	-	-	-
Government Reimbursements	639,831	20,809	-	660,640	688,710	-	-	688,710
Interest and Dividends	2,107,687	2,796,375	-	4,904,062	2,824,316	5,848,760	-	8,673,076
Net Realized Gain (Loss)	(1,463,459)	1,721,927	-	258,468	67,525,139	13,992,136	-	81,517,275
Net Unrealized Loss	(49,401,015)	(77,031,632)	-	(126,432,647)	(76,428,911)	(22,395,662)	-	(98,824,573)
Net Change in Split Interest	(897,821)	4,847,916	(2,250,805)	1,699,290	-	4,412,353	(2,480,992)	1,931,361
Bookstore, Rents, and Other	3,894,869	-	-	3,894,869	4,516,419	-	-	4,516,419
Subtotal Revenue	34,548,261	(65,606,943)	2,238,081	(28,820,601)	79,235,422	7,897,072	2,516,322	89,648,816
Fund Transfers	(16,529,259)	12,902,628	3,626,631	-	(48,377,446)	46,935,516	1,441,930	-
Net Assets Released from Restrictions	37,009,025	(37,009,025)	-	-	32,573,640	(32,573,640)	-	-
Total Revenues and Other Additions	55,028,027	(89,713,340)	5,864,712	(28,820,601)	63,431,616	22,258,948	3,958,252	89,648,816
EXPENSES								
Instruction	46,213,823	-	-	46,213,823	43,501,642	-	-	43,501,642
Academic Support:								
Library	6,080,881	-	-	6,080,881	5,221,228	-	-	5,221,228
Other	7,375,121	-	-	7,375,121	7,003,850	-	-	7,003,850
Student Services	14,841,382	-	-	14,841,382	14,014,511	-	-	14,014,511
Institutional Support:								
Administration	5,289,289	-	-	5,289,289	4,855,002	-	-	4,855,002
External Relations	3,985,990	-	-	3,985,990	4,251,572	-	-	4,251,572
Fund Raising	4,728,859	-	-	4,728,859	4,953,416	-	-	4,953,416
General	5,256,080	-	-	5,256,080	5,236,104	-	-	5,236,104
Auxiliary Enterprises	13,992,729	-	-	13,992,729	13,820,008	-	-	13,820,008
Total Expenses	107,764,154	-	-	107,764,154	102,857,333	-	-	102,857,333
CHANGE IN NET ASSETS	(52,736,127)	(89,713,340)	5,864,712	(136,584,755)	(39,425,717)	22,258,948	3,958,252	(13,208,517)
Reclassification - Adoption of UPMIFA and FSP 117-1	(241,115,124)	241,115,124	-	-	-	-	-	-
Net Assets - Beginning of Year	506,586,391	132,991,662	159,950,671	799,528,724	546,012,108	110,732,714	155,992,419	812,737,241
NET ASSETS - END OF YEAR	$ 212,735,140	$ 284,393,446	$ 165,815,383	$ 662,943,969	$ 506,586,391	$ 132,991,662	$ 159,950,671	$ 799,528,724

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (136,584,755)	$ (13,208,517)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	7,536,580	7,189,639
Net Realized and Unrealized Loss on Investments	126,174,179	17,307,298
Private Gifts for Long-Term Investments	(12,891,011)	(12,400,285)
Change in Value of Annuities	(631,003)	396,505
Change in Value of Trusts Held by Others	2,022,005	1,738,556
Change in Value of Interest Rate Swaps	1,122,758	1,293,995
Loss on Disposal of Property, Plant and Equipment	658,293	252,699
Noncash Donations of Property, Plant and Equipment	(89,900)	(75,000)
Change in Unamortized Bond Discount	(351,759)	272,848
Changes in Operating Assets and Liabilities:		
Receivable, Net - Pledges	(515,956)	(3,737,192)
Receivable, Net - Government	346,233	(182,384)
Receivable, Net - Other	(102,488)	(528,598)
Inventories, Prepaid Expenses, and Deferred Charges	(232,525)	(791,102)
Loans to Students	(843,866)	132,255
Accounts Payable	2,464,844	1,977,606
Accrued Expenses	1,453,909	(5,340)
Deferred Income and Deposits	(420,673)	(2,482,153)
Refundable Government Grants for Student Loans	(89,790)	(101,557)
Net Cash Used by Operating Activities	(10,974,925)	(2,950,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(170,308,568)	(160,684,705)
Proceeds from Sale of Investments	201,201,061	162,310,343
Proceeds from Sale of Property, Plant, and Equipment	112,818	-
Acquisition of Property, Plant, and Equipment	(30,836,750)	(10,621,003)
Net Cash Provided (Used) by Investing Activities	168,561	(8,995,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in Deposits with Bond Trustee	(10,672,137)	126,615
Proceeds from Private Gifts for Long-Term Investment	12,891,011	12,400,285
Payments to Annuitants	(3,440,990)	(3,416,392)
Proceeds from Issuance of Bonds Payable	29,665,000	-
Principal Payments	(1,260,000)	(1,190,000)
Net Cash Provided by Financing Activities	27,182,884	7,920,508
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,376,520	(4,025,584)
Cash and Cash Equivalent - Beginning of Year	5,668,953	9,694,537
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 22,045,473	$ 5,668,953
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,570,516	$ 2,568,799
Fixed Assets in Accounts Payable	$ 4,994,136	$ 2,294,454

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1866, Carleton College is a co-educational, residential liberal arts college, located in 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 1,948 students drawn from 49 states and 45 different countries. Carleton offers a four-year baccalaureate degree in 37 majors preparing its graduates for leadership positions in their communities, countries and the world.

Accrual Basis

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

Basis of Presentation

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 and reported as unrestricted, temporarily restricted, or permanently restricted. Further explanation is as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees.

Temporarily Restricted – 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 by the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all of, or part of, the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Temporarily restricted net assets for which donor-imposed restrictions are met in the current period are reclassified to unrestricted net assets 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 fund transfers at the time they are identified.

Contributions, 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. In

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

March 2007, the College received a conditional promise to give $1.5 million as permanent endowment if it is matched on a one-to-one basis within four years. As of June 30, 2009, $612,507 of matching gifts have been designated for this match. In May 2009, the College received a conditional promise to give $15 million if it is able to raise $75 million in campaign commitments from Trustees of the College on or before June 30, 2010.

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. 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, 2009 and 2008, the College had an allowance of $610,000 and $-0-, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with an original maturity of less than three months. The amounts on hand may at times exceed federally insured limits.

Receivables

Receivables are stated at net realizable value. The College has a long tradition of successful collection. Based on management's experience and analysis of individual accounts past due, an allowance for uncollectibility was established of $190,000 and $130,050 for the years ended June 30, 2009 and 2008, respectively. The need for an allowance is evaluated annually.

Investments

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

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values will occur in the near term and that such changes could materially affect the financial statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (3 to 40 years). Expenditures for new construction, major renewals and replacements and equipment costing over $10,000 are capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist primarily of print center supplies, bookstore books and merchandise as well as steam plant fuel oil reserves. Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

Deposits with Bond Trustee

Deposits with bond trustee include amounts restricted for construction of various current and future plant projects.

Deferred Income and Deposits

The College records cash received for future services as deferred revenue. This revenue is recognized when services are provided. At June 30, 2009 and 2008, deferred revenue consists primarily of unearned tuition and student deposits.

Planned Gift Split-Interest Agreements

Annuities payable represent the College's liability under annuity contracts with donors and irrevocable charitable remainder trusts for which the College serves as trustee. 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. Actual gains and losses resulting from the annual revaluation of annuity obligations are reflected as temporarily or permanently restricted, consistent with the method used to initially record the contributions. The basis used to recognize the asset is fair value.

For those irrevocable charitable remainder trusts for which the College does not serve as trustee, 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 an accrual. 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 of either temporarily or permanently restricted net assets. The value of the College’s interest in these trusts are 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 trust has been obtained by 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 of permanently restricted net assets. The value of the College’s interest in the trusts are included in trusts held by others on the balance sheet.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expense

Advertising expense is expensed as incurred. Advertising expense for the years ended June 30, 2009 and 2008 was $93,704 and $118,890, respectively.

Asset Retirement Obligation

In Accordance with FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), the College has estimated the cost of potential obligations to remove asbestos. The College used a future value rate assumption of 3% and a present value risk-free rate of 5% to determine the potential liability. Conditional asset retirement obligations included within liabilities in the balance sheet of June 30, 2009 and 2008 were $2,335,788 and $2,240,797, respectively.

Income Taxes

The College qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Minnesota law. The College is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The College has no obligation for unrelated business income tax. Accordingly, no provisions for federal or state income taxes are required.

The College has adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, an interpretation of FAS No. 109, *Accounting for Income Taxes*. No adjustments to the financial statements were required as a result of the implementation of FIN 48. The College has no current obligation for unrelated business income tax. The College's federal and state tax returns are potentially open for examinations for the years 2005-2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Expenses are directly coded to programs or support services whenever possible. Expenses which are not directly identifiable by program or support service are allocated based on the best estimates of management.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Government Grants for Student Loans

Funds provided by the United States Government under the Federal Perkins Loan program are loaned to qualified student and may be reloaned after collection. If the College were to terminate the Federal Perkins Loan Program, these funds would be refundable to the government and, therefore, are included in other long-term liabilities.

Reclassifications

Certain amounts for the year ended June 30, 2008 have been reclassified to conform with the presentation of the June 30, 2009 amounts. The reclassifications have no effect on net assets for the year ended June 30, 2008.

Fair Value Measurements

Effective July 1, 2008, the College adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS 157 defines the term fair value, establishes a framework for measuring it within generally accepted accounting principles and expands disclosures about its measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

In accordance with SFAS No. 157, the College has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The three levels of inputs are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the College has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or not market activity and that are significant to the fair value of the assets or liabilities.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The College accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The College accounts for certain assets and liabilities under various accounting literature, including SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The College also accounts for certain assets at fair value under applicable industry guidance.

Endowment

In August 2008, the Financial Accounting Standards Board (FASB) issued Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and required additional disclosures about an organization's endowment (both donor-restricted and board designated funds), whether or not the organization is subject to UPMIFA.

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 fits date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The market value of endowment investments was $517,309,619 as of June 30, 2009 and $647,821,803 as of June 30, 2008.

The College has established an endowment spending policy used to determine an annual spending dividend. Total spending is equal to 90% of prior year spending increased by 4%; plus 10% of 5% of the 12 quarter average market value of the endowment as of the prior September 30; banded by not more than 5.75% or less than 3.75% of the market value of the endowment for the period ending September 30 prior to the start of the fiscal year.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 9, 2009, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents investments and financial instruments carried at fair value as of June 30, 2009, by the SFAS 157 valuation hierarchy defined in Note 1 with comparable totals as of June 30, 2008:

Assets Measured at Fair Value on a Recurring Basis

	Level 1	Level 2	Level 3	2009 Total	2008 Total
Investments:					
Cash and Cash Equivalents	$ 37,814,489	$ -	$ -	$ 37,814,489	$ 34,982,722
Fixed Income	-	-	38,221,339	38,221,339	34,072,833
Equities	105,824,701	-	39,715,045	145,539,746	302,041,870
Private Equity	-	-	91,499,467	91,499,467	307,423,904
Hedge Funds	-	-	199,422,516	199,422,516	-
Real Estate and Other Real Assets	-	-	24,715,093	24,715,093	-
Planned Gift Agreements and Other	2,747,044	2,445,695	42,824,653	48,017,392	63,775,385
Total Investments	146,386,234	2,445,695	436,398,113	585,230,042	742,296,714
Trusts Held by Others	-	-	7,747,136	7,747,136	9,769,141
Total	$ 146,386,234	$ 2,445,695	$ 444,145,249	$ 592,977,178	$ 752,065,855

Liabilities Measured at Fair Value on a Recurring Basis

	Level 1	Level 2	Level 3	2009 Total	2008 Total
Interest Rate Swap	$ -	$ -	$ 2,136,585	$ 2,136,585	$ 1,013,827

Fair value for Level 1 is based upon quoted prices in active markets that the College has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The College does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. In puts are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investments included in Level 3 primarily consist of the College's ownership in alternative investments (principally limited partnership interest in hedge, private equity, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. As of June 30, 2009, 68% of the investments held by Level 3 partnerships consisted of marketable securities with readily determinable fair values. The fair values (NAV) of the securities held by limited partnership that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, process of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The College has performed significant due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30.

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

The majority of private capital investments are carried at the estimated fair value provided by the general partners of these investment partnerships or funds as of March 31, 2009 and 2008, adjusted for cash and securities distributions as well as capital calls. The College believes that the carrying amount of its private capital investments is a reasonable estimate of fair value as of June 30, 2009 and 2008. Because private capital investments are not publicly traded and are expected to be held for several years, the estimated value is subject to uncertainty.

Interest rate swap agreements are classified as Level 3 as the fair value is based on unobservable inputs to a valuation model which takes into account the present value of the estimated cash flows and other credit valuation adjustments.

Trusts held by others are valued at the present value of the future distributions expected to be received over the term of the agreement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following 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 above.

Level 3 Assets are as follows:

	Fixed Income	Equities	Private Equity	Hedge Funds	Real Estate and Other Real Assets	Planned Gift Agreements & Other	Total Investments	Trusts Held by Others	Total
Balances as of July 1, 2008	$ 66,120,280	$ 15,567,067	$ 99,657,691	$ 235,756,489	$ 33,000,656	$ 63,775,385	$ 513,877,568	$ 9,769,141	$ 523,646,709
Realized Gain/(Losses)	(1,263,229)	(1,133,371)	3,290,229	10,092,489	603,538	(910,426)	10,679,230	(307,780)	10,371,450
Unrealized Gain/(Losses)	1,270,211	5,357,488	(19,985,193)	(39,797,797)	(13,948,519)	(11,957,135)	(79,060,945)	(154,152)	(79,215,097)
Investment Income	(153,124)	9,307	1,201,612	(301,935)	692,275	-	1,448,135	-	1,448,135
New Investments and Capital Calls	-	30,014,289	15,396,819	50,000,000	6,963,078	-	102,374,186	-	102,374,186
Redemptions	(27,752,799)	(10,099,735)	(8,061,691)	(56,326,730)	(2,595,935)	(8,083,171)	(112,920,061)	(1,560,073)	(114,480,134)
Balances as of June 30, 2009	$ 38,221,339	$ 39,715,045	$ 91,499,467	$ 199,422,516	$ 24,715,093	$ 42,824,653	$ 436,398,113	$ 7,747,136	$ 444,145,249

Level 3 Liabilities are as follows:

	Interest Rate Swap
Balances as of July 1, 2008	$ 1,013,827
Change in Value of Interest Rate Swap Liability	1,122,758
Balances as of June 30, 2009	$ 2,136,585

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

All net realized and unrealized gains/(losses) in the table above are reflected in the accompanying statement of activities and change in net assets. Net unrealized gains/(losses) relate to those financial instruments held by the College at June 30, 2009.

At June 30, 2009 and 2008, the College had outstanding commitments of $102,248,634 and $129,589,828, 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, draw downs on outstanding commitments have been funded by distributions from the private capital portfolio.

At June 30, 2009 and 2008, the College had $12,758,817 and $11,939,657, 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 $1,035,429 and $1,146,250 as of June 30, 2009 and 2008, respectively. The average interest rate on the mortgages for the years ended June 30, 2009 and 2008 was 5.07% and 5.13%, respectively.

Investment expense totaled $3,222,031 and $3,509,148 for the years ended June 30, 2009 and 2008, respectively, and is netted with investment income.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30, 2009 and 2008 are as follows:

	2009	2008
Land and Real Estate Improvements	$ 3,327,478	$ 3,327,478
Buildings	145,887,280	146,920,164
Equipment and Books	75,484,354	73,441,053
Construction in Progress	35,104,059	7,076,687
	259,803,171	230,765,382
Less: Accumulated Depreciation	(119,249,891)	(112,926,052)
Total	$ 140,553,280	$ 117,839,330

The College has capitalized collections received of $89,900 and $75,000 for the years ended June 30, 2009 and 2008, respectively. These collection items are valued at fair market value at the date of donation and are not depreciated.

NOTE 4 BONDS PAYABLE

Bonds payable at June 30, 2009 and 2008 are as follows:

	2009	2008
Minnesota Higher Education Facilities Authority (MHEFA):		
Variable and Fixed Rate Demand Revenue Bonds Series 3L1 and 3L2	$ 10,300,000	$ 10,300,000
Revenue Bonds Series 5G	23,000,000	23,000,000
Revenue Bonds Series 6D	29,780,000	31,040,000
Revenue Bonds Series 6T	19,665,000	-
Revenue Bonds Series 6Y	10,000,000	-
	92,745,000	64,340,000
Less: Unamortized Discount	(351,759)	-
Total	$ 92,393,241	$ 64,340,000

On October 1, 1992, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 3-L2 Variable Rate Demand Revenue Bonds (the “Bonds”) in the amount of $10,300,000 for the College. The Bonds mature November 1, 2012. The interest rate on the Bonds ranged from 0.27% to 1.37% during the fiscal year 2009 with an average rate of 1.26% for the year. Proceeds from the Bonds were used to finance academic building improvements.

On June 8, 2000, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 5-G Variable Rate Demand Revenue Bonds (the “Bonds”) in the amount of $23,000,000 for the College. The Bonds mature June 30, 2030. The interest rate on the Bonds ranged from 0.27% to 1.37% during the fiscal year 2009 with an average rate of 1.26% for the year. Proceeds from the Bonds were used to finance a new language and dining center; and for student resident housing improvements.

On April 1, 2005, Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-D Variable Rate Demand Revenue Bonds (the “Bonds”) in the amount of $31,460,000 for the College. The Bonds mature April 1, 2035. The interest rate on the Bonds ranged from 0.26% to 1.40% during the fiscal year 2009 with an average rate of 1.20% for the year. Annual principal payments gradually increase to $1,060,000 annually. Proceeds of approximately $28,000,000 were used to retire the Series 3-L1 and retire identified Series 4-N bonds upon maturity. The remaining proceeds were used to finance new student housing and real estate acquisitions near the College campus for purposes related to the educational mission of the College.

NOTE 4 BONDS PAYABLE (CONTINUED)

On December 1, 2008, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-T Fixed Rate Revenue Bonds (the "Bonds") in the amount of $19,665,000 for the College. The bonds include serial maturities through 2018 and term bonds maturing in 2023 and 2028. Annual principal payments for the serial maturities gradually increase. The bonds are subject to optional redemption beginning on January 1, 2018. Interest rates range from 2.33% to 5.22% for a true interest cost of 5.11%. Proceeds from the Bonds were used to finance new student housing and utility infrastructure improvements.

On June 25, 2009, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-Y Fixed Rate Revenue Bonds (the "Bonds") in the amount of $10,000,000 for the College. The Bonds are subject to an optional maturity term of 5 or 10 years, 2014 and 2019, respectively. The interest rate on the Bonds is 3.20%. Proceeds from the Bonds were used to finance the completion of new student housing and other existing building improvements.

The agreements contain various covenants regarding submission of financial statements and budgets, additional debt, maintaining a positive change in unrestricted net assets, adjusted for certain items, for at least two of the preceding three fiscal years, and meeting certain debt coverage financial ratios.

The maturities of debt in each of the five years subsequent to June 30, 2009 are as follows:

Year	Amount
2010	$ 1,605,000
2011	1,745,000
2012	1,820,000
2013	13,260,000
2014	3,035,000
Thereafter	71,280,000
Total	$ 92,745,000

Interest Rate Swaps

The College uses interest rate swap agreements as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreements are not entered into for trading or speculative purposes. The interest rate swap agreements are recognized as either assets or liabilities on the balance sheets and are measured at fair value. The interest rate swap agreements are often held for the life of the strategy, but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the contract. All unrealized and realized gains and losses from the interest rate swap agreements are reflected in the statement of activities and change in net assets.

NOTE 4 BONDS PAYABLE (CONTINUED)

Interest Rate Swaps (Continued)

Two interest rate swap agreements with Wells Fargo Bank Minnesota (the "Bank") under which the College made payment to the Bank whenever the floating PSA Municipal Swap Index (the "Index") lay below the agreed-upon fixed interest rate and the Bank made payments to the College if the Index lay ahead the fixed rate, expired on July 1, 2008 and October 2, 2008, respectively. The notional amount of each agreement was $5,150,000, corresponding, in total, to the $10,300,000 outstanding MHEFA Series 3L-2 variable rate bonds. Fixed rates were 4.47% and 4.12%, respectively. At June 30, 2009 and 2008, the fair value of swap agreement liability was $-0- and $74,974, respectively.

On March 31, 2005, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services Inc. effective April 13, 2005, terminating April 1, 2022, under which the College makes payment to Morgan Stanley whenever the floating rate of 68% of USD-LIBOR-BBA lies below the agreed-upon fixed interest rate of 3.53% and Morgan Stanley pays the College if the floating lies above the fixed rate. The notional amount of the agreement, $26,745,000, declines annually with each principal payment of MHEFA Series 6D variable rate bonds. At June 30, 2009 and 2008, the fair value of swap agreement liability was $2,136,585 and $964,545, respectively.

Line of Credit

On December 16, 2008, the College entered into an unsecured $10,000,000 revolving line of credit agreement. To date, the College has not drawn on these funds.

NOTE 5 ENDOWMENTS

The College endowment consists of approximately 594 individual donor restricted endowment funds and 124 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 calendar quarter within which the transaction takes place.

Endowment net asset composition by type of fund as of June 30, 2009:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ (11,082,269)	$ 218,012,759	$ 156,056,379	$ 362,986,869
Board Designated Endowment Funds	158,932,086	18,803,345	-	177,735,431
Total Endowment Funds	$ 147,849,817	$ 236,816,104	$ 156,056,379	$ 540,722,300

NOTE 5 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2009:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2008	$ 441,526,263	$ 81,044,298	$ 147,940,862	$ 670,511,423
Contributions	5,514,586	242,030	4,296,782	10,053,398
Investment Return	(32,699,386)	(73,025,739)	-	(105,725,125)
Appropriations	(20,857,063)	(12,559,609)	-	(33,416,672)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	235,906	-	259,192	495,098
Donor Directed Gift Modifications	(4,341,131)	-	3,559,543	(781,588)
Campaign Spending	(414,234)	-	-	(414,234)
Transfers to Temporarily Restricted Due to Adoption of UPMIFA and FSP 117-1	(241,115,124)	241,115,124	-	-
Total Other Changes	(245,634,583)	241,115,124	3,818,735	(700,724)
Endowment Fund Balance, June 30, 2009	$ 147,849,817	$ 236,816,104	$ 156,056,379	$ 540,722,300

Endowment net asset composition by type of fund as of June 30, 2008:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ 238,234,123	$ 65,363,985	$ 147,940,862	$ 451,538,970
Board Designated Endowment Funds	203,292,140	15,680,313	-	218,972,453
Total Endowment Funds	$ 441,526,263	$ 81,044,298	$ 147,940,862	$ 670,511,423

Changes in endowment net assets for the year ended June 30, 2008:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2007	$ 487,810,942	$ 58,271,883	$ 141,501,618	$ 687,584,443
Contributions	9,976,880	-	4,997,314	14,974,194
Investment Return	(5,520,743)	(2,949,067)	-	(8,469,810)
Appropriations	(27,888,155)	-	-	(27,888,155)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	1,958,941	909,880	1,441,930	4,310,751
Transfers to Temporarily Restricted Due to Change in Narrowly Restricted Funds	(24,811,602)	24,811,602	-	-
Endowment Fund Balance, June 30, 2008	$ 441,526,263	$ 81,044,298	$ 147,940,862	$ 670,511,423

NOTE 5 ENDOWMENTS (CONTINUED)

From time to time, 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 (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were $11,082,269 and $1,363,755 as of June 30, 2009 and 2008, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation was deemed prudent.

NOTE 6 RETIREMENT PLAN

Retirement benefits for substantially all full-time nonunion employees are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity College and the College Retirement Equities Fund (TIAA and CREF). Under this agreement, the College and plan participants contribute to individual employee TIAA-CREF retirement accounts which fund individual retirement benefits.

Expenses for the College's share of the contributions were $5,137,344 and $4,845,688 in 2009 and 2008, respectively.

In January 2007, two Voluntary Employee Benefit Account (VEBA) trusts were established. The Employer Contribution VEBA Trust (funded solely by employer pre-tax contributions) and Employee After-Tax-Contributions VEBA Trust (funded solely by employee after tax contributions) were established to provide eligible retired employees and their eligible spouses and dependents with access to certain insured and/or self-insured health benefits. The trusts are exempt from taxation to the extent permitted under section 501(c)(9) and 512 of the Internal Revenue Code of 1986.

The College contributed $191,857 and $190,508 to the Employer Contribution VEBA Trust during the fiscal years ended June 30, 2009 and 2008, respectively. There is no future payment liability associated with this plan.

NOTE 7 PLEDGES RECEIVABLE

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

NOTE 7 PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable are summarized as follows at June 30, 2009 and 2008:

	2009	2008
Unconditional Promises Expected to be Collected in:		
Less than One Year	$ 16,382,145	$ 17,533,501
One Year to Five Years	14,402,454	12,238,334
Over Five Years	1,615,543	1,120,503
Gross Pledges Receivable	32,400,142	30,892,338
Less: Present Value Discount	(1,942,631)	(1,560,883)
Less: Allowance for Uncollectible Pledges	(610,100)	-
Pledges Receivable, Net	$ 29,847,411	$ 29,331,455

Pledges receivable from Board members and employees totaled $20,331,428 and $19,966,365 at June 30, 2009 and 2008, respectively.

At June 30, 2009, approximately 49% of the pledges receivable balance was attributed to eight contributors. At June 30, 2008, approximately 38% of the pledges receivable balance was attributed to three contributors.

NOTE 8 FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents and pledges receivable approximate fair value because of the short maturity of these financial instruments.

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practicable to estimate the fair value of these receivables since they contain federally-mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

The carrying amount of bonds payable approximates fair value because these financial instruments bear interest at rates which approximate current market rates for bonds with similar maturities and credit quality.

NOTE 9 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.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

During the year, the College entered into various contracts for construction of new residence hall buildings and other infrastructure improvements. As of June 30, 2009, the remaining commitment on these contracts totaled approximately $10,067,760. The projects are being funded with contributions and debt financing.

NOTE 10 SELF-INSURED WORKERS' COMPENSATION

The College is self insured for workers' compensation. As of June 30, 2009 and 2008, the College has recorded a liability of $312,000 and $250,000, respectively, for claims incurred but not yet reported. Stop-loss insurance has been obtained for aggregate claims in excess of $2,000,000 and $390,000 per occurrence.

NOTE 11 EXPENSES BY OBJECT

The expenses reported by function on the statement of activities and changes in net assets are summarized by object as follows:

	2009	2008
Salaries and Wages	$ 44,812,029	$ 41,789,796
Employee Benefits	15,613,094	14,607,771
Student Employment	3,480,122	3,388,897
Professional Services	1,305,823	983,698
Supplies	5,315,764	4,265,455
Equipment	5,619,438	6,028,977
Utilities and Buildings	5,455,051	5,784,390
Debt Service	2,084,315	2,568,799
Depreciation	7,441,589	7,090,461
Food Service	5,432,813	5,417,009
Travel	4,738,677	4,045,171
Other	6,465,439	6,886,909
Total	$ 107,764,154	$ 102,857,333

Other expense is comprised primarily of services, honorariums, insurance, memberships, meetings and entertainment and other miscellaneous.

LarsonAllen LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Carleton College
Northfield, Minnesota

Our report on our audit of the basic financial statements of Carleton College for the year ended June 30, 2009 appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

LarsonAllen LLP

LarsonAllen LLP

Minneapolis, Minnesota
October 9, 2009

CARLETON COLLEGE
EXPANDED BALANCE SHEET
JUNE 30, 2009
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Operations	Physical Capital	Financial Capital	2009 Totals	2008 Totals
ASSETS					
Cash and Cash Equivalents	$ 22,045,473	$ -	$ -	$ 22,045,473	$ 5,668,953
Receivables, Net:					
Pledges	4,493,854	1,926,900	23,426,657	29,847,411	29,331,455
Government	531,086	-	-	531,086	877,319
Other	1,319,095	-	-	1,319,095	1,216,607
Inventories, Prepaid Expenses and Deferred Charges	2,188,381	-	-	2,188,381	1,955,856
Loans to Students	8,114,877	-	-	8,114,877	7,271,011
Deposits with Bond Trustee	-	10,743,179	-	10,743,179	71,042
Trusts Held by Others	-	-	7,747,136	7,747,136	9,769,141
Investments	16,418,477	14,995,734	553,815,831	585,230,042	742,296,714
Property, Plant and Equipment, Net of Depreciation	-	140,553,280	-	140,553,280	117,839,330
Total Assets	$ 55,111,243	$ 168,219,093	$ 584,989,624	$ 808,319,960	$ 916,297,428
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable	$ 2,332,087	$ 4,994,136	$ -	$ 7,326,223	$ 4,861,379
Accrued Expenses	7,347,982	-	-	7,347,982	5,894,073
Deferred Income and Deposits	9,006,318	-	-	9,006,318	8,304,233
Annuities Payable	-	-	21,506,745	21,506,745	25,578,738
Asset Retirement Obligation	-	2,335,788	-	2,335,788	2,240,797
Bonds Payable, Net	-	92,393,241	-	92,393,241	64,340,000
Refundable Government Grants for Student Loans	5,459,694	-	-	5,459,694	5,549,484
Total Liabilities	24,146,081	99,723,165	21,506,745	145,375,991	116,768,704
Net Assets:					
Unrestricted:					
Operations	4,557,284	-	(1,771,022)	2,786,262	4,394,580
Student Loan Funds	3,467,207	-	-	3,467,207	3,427,460
Net Investment in Plant	-	58,631,854	-	58,631,854	57,238,088
Funds Functioning as Endowment	-	-	147,849,817	147,849,817	441,526,263
Total Unrestricted Net Assets	8,024,491	58,631,854	146,078,795	212,735,140	506,586,391
Temporarily Restricted:					
Operations	22,940,671	-	-	22,940,671	22,716,409
Plant Funds	-	9,864,074	-	9,864,074	8,087,903
Funds Functioning as Endowments	-	-	236,816,104	236,816,104	81,044,298
Split Interest Funds	-	-	14,772,597	14,772,597	21,143,052
Total Temporarily Restricted Net Assets	22,940,671	9,864,074	251,588,701	284,393,446	132,991,662
Permanently Restricted:					
True Endowments	-	-	156,056,379	156,056,379	147,940,862
Split Interest Funds	-	-	9,759,004	9,759,004	12,009,809
Total Permanently Restricted Net Assets	-	-	165,815,383	165,815,383	159,950,671
Total Net Assets	30,965,162	68,495,928	563,482,879	662,943,969	799,528,724
Total Liabilities and Net Assets	$ 55,111,243	$ 168,219,093	$ 584,989,624	$ 808,319,960	$ 916,297,428

CARLETON COLLEGE
EXPANDED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2008
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Operations		Physical Capital		Financial Capital				
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Totals	2008 Totals
REVENUES AND OTHER ADDITIONS									
Tuition and Fees	$ 75,255,365	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,255,365	$ 72,549,128
Room and Board	15,308,158	-	-	-	-	-	-	15,308,158	14,505,864
Scholarships	(26,314,046)	-	-	-	-	-	-	(26,314,046)	(24,335,148)
Net Student Fees	64,249,477	-	-	-	-	-	-	64,249,477	62,719,844
Private Gifts and Pledges	7,240,047	3,067,330	89,900	1,068,410	8,088,745	9,705	4,777,558	24,341,695	28,426,704
Loss on Long-Term Gifts and Pledges	-	-	-	-	-	(2,107,783)	(288,672)	(2,396,455)	-
Government Reimbursements	639,831	20,809	-	-	-	-	-	660,640	688,710
Interest and Dividends	827,305	-	-	-	1,280,382	2,796,375	-	4,904,062	8,673,076
Net Realized Gain (Loss)	(999,047)	(1,189)	(763,640)	-	299,228	1,723,116	-	258,468	81,517,275
Net Unrealized Gain (Loss)	(1,415,131)	-	(1,144,845)	-	(46,841,039)	(77,031,632)	-	(126,432,647)	(98,824,573)
Net Change in Split Interest	-	-	-	-	(897,821)	4,847,916	(2,250,805)	1,699,290	1,931,361
Bookstore, Rents and Other	3,614,693	-	280,176	-	-	-	-	3,894,869	4,516,419
Subtotal Revenue	74,157,175	3,086,950	(1,538,409)	1,068,410	(38,070,505)	(69,762,303)	2,238,081	(28,820,601)	89,648,816
Fund Transfers	(11,176,259)	976,814	10,927,859	707,761	(6,069,728)	1,006,922	3,626,631	-	-
Investment Return Allocation	-	33,169,523	-	-	(10,211,131)	(22,958,392)	-	-	-
Net Assets Released from Restrictions	36,990,005	(37,009,025)	-	-	19,020	-	-	-	-
Total Revenues and Other Additions	99,970,921	224,262	9,389,450	1,776,171	(54,332,344)	(91,713,773)	5,864,712	(28,820,601)	89,648,816
EXPENSES									
Instruction	37,644,816	-	8,569,007	-	-	-	-	46,213,823	43,501,642
Academic Support:									
Library	4,656,656	-	1,424,225	-	-	-	-	6,080,881	5,221,228
Other	6,833,683	-	541,438	-	-	-	-	7,375,121	7,003,850
Student Services	11,249,732	-	3,591,650	-	-	-	-	14,841,382	14,014,511
Institutional Support:									
Administration	5,166,054	-	123,235	-	-	-	-	5,289,289	4,855,002
External Relations	3,968,426	-	17,564	-	-	-	-	3,985,990	4,251,572
Fund Raising	4,656,245	-	72,614	-	-	-	-	4,728,859	4,953,416
General	5,005,124	-	250,956	-	-	-	-	5,256,080	5,236,104
Plant Operations	12,502,402	-	(12,502,402)	-	-	-	-	-	-
Auxiliary Enterprises	8,085,332	-	5,907,397	-	-	-	-	13,992,729	13,820,008
Total Expenses	99,768,470	-	7,995,684	-	-	-	-	107,764,154	102,857,333
CHANGE IN NET ASSETS	202,451	224,262	1,393,766	1,776,171	(54,332,344)	(91,713,773)	5,864,712	(136,584,755)	(13,208,517)
Reclassification - Adoption of UPMIFA and FSP 117-1	-	-	-	-	(241,115,124)	241,115,124	-	-	-
Net Assets - Beginning of Year	7,822,040	22,716,409	57,238,088	8,087,903	441,526,263	102,187,350	159,950,671	799,528,724	812,737,241
NET ASSETS - END OF YEAR	$ 8,024,491	$ 22,940,671	$ 58,631,854	$ 9,864,074	$ 146,078,795	$ 251,588,701	$ 165,815,383	$ 662,943,969	$ 799,528,724

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