

APPENDIX A

CERTAIN INFORMATION CONCERNING THE UNIVERSITY

Generally

Augustana University (the “university”), founded in 1860, is a private, residential, comprehensive liberal arts university of the Evangelical Lutheran Church in America. The university occupies a 100-acre campus in a residential section of the City of Sioux Falls, South Dakota (the “City”) and is the largest private university in South Dakota. In fall 2024, the university had an overall headcount of 2,390 students, with 1,964 full-time equivalent (FTE) undergraduate and 300 FTE graduate students.

Competitive Liberal Arts Education

Inspired by Lutheran scholarly tradition and the liberal arts, the university specializes in providing an education designed for innovators and entrepreneurs of tomorrow. The average acceptance rate for the last five years was 67%. See “Enrollment and Admissions–*Admissions*” herein. Its self-identified peer institutions include St. Thomas University in Minnesota, Drake University in Iowa and Valparaiso University in Illinois. Aspirational peer schools include Creighton University in Nebraska and Gonzaga University in Washington state. In 2023-24, a total of 2,158 undergraduate and graduate students attended the university from 37 states and 54 foreign countries, with approximately 44% from South Dakota, 21% from Minnesota, 4% from Nebraska, 5% from Iowa, 10% international and 16% from other states.

Augustana has been ranked a Top 5 Regional University in the Midwest in Best Value for the second year in a row by U.S. News & World Report’s [2025 Best College Rankings](#) — viewed as the gold standard in college rankings lists. The Princeton Review recently ranked AU as one of its [2025 Best Regional Colleges](#). Niche ranked Augustana among the [2025 Best Colleges in South Dakota](#) — giving the university a grade A- or above in athletics, diversity, dorms and student life. Niche also ranked AU in the Top 20 for Christian Colleges in America and the No. 2 college in South Dakota for academics, most diverse, education, student-athletes, small colleges, college location and biology. AU is a [2024 Leading Colleges Award Recipient in Retention](#) and designated a [Military Friendly School](#). Augustana has been once again named a [Hidden Gem College in the U.S.](#) and [Hidden Gem College in the Plains Region](#), as well as a [Division II Hidden Gem College](#) and [Hidden Gem College for Nursing](#) for 2025 by College Raptor. College Raptor also ranked AU [No. 1 overall in South Dakota](#), as well as No. 1 in the state for outcomes, graduation rates and international student concentration. WalletHub ranked Augustana as one of its [2024 Best Universities](#) — the top university in South Dakota and No. 127 out of 770 universities nationwide, as well as No. 23 in the Midwest.

In 1970, the university adopted the 4-1-4 calendar which consists of two 14-week semesters connected by a four-week January interim. The average class size is 21 students, and the majority are limited to 99 students or less. The university has a student-to-faculty ratio of 12:1 resulting in a personal atmosphere of the classrooms which allows open dialogue and interaction. The retention rate of freshmen returning as sophomores was 85.5% between 2023 and 2024. The graduation rate is 73% on a six-year average. See “Enrollment and Admissions–*Retention and Graduation Rates*” herein.

The alumni excel in post-graduate employment. According to the Outcomes Report by the Student Success Center, in collaboration with the Office of Assessment, 98% of recent graduates seeking employment are working in their major or a related field of choice.

Accreditation

The university is accredited by the Higher Learning Commission (HLC). In 2022-23, the institution underwent its ten-year comprehensive visit and was awarded reaffirmation of accreditation for ten more years. Teacher education programs are accredited by the South Dakota Department of Education (SD DOE). In addition, the university also has been granted accreditation through the Accreditation Council for

Genetic Counseling (ACGC), the American Chemical Society (ACS), the National Council of Teacher Accreditation (NCATE), the Commission on Accreditation of Athletic Training Education (CAATE), the Commission on Collegiate Nursing Education (CCNE), the National Association for Schools of Music (NASAM), the National Association of School of Art and Design (NASAD), the South Dakota Board of Nursing (SDBN), the Commission on Collegiate Interpreter Education (CCIE), the Commission on Collegiate Interpreter Education (CCIE), and candidate status for the Commission on Accreditation in Physical Therapy Education (CAPTE).

Curriculum

For the academic year 2024-25, the university offered academic majors in 70 degree programs. The top declared majors for fall 2024 include Accounting, Biology, Business Administration, Computer Science, Finance, Elementary Education, Exercise Science, Marketing, Nursing, and Psychology. Students with interests that cross multiple departments can choose from several interdisciplinary majors.

Augustana University has added several majors and minors in the last five years, including: Bioinformatics, Brewing and Fermentation, Children and Youth, Criminal Justice, Doctorate of Occupational Therapy, Doctorate of Physical Therapy, Fintech, Gender Sexuality, and Women's Studies (GSWS), General Studies, Graduate Nursing, InterReligious Studies, Applied Behavioral Analysis, Medical Humanities, Multimedia Entrepreneurship, Neuroscience, Quantitative Economics, Science Writing, Social Work, Sports Broadcasting, and Statistics.

Over the next five years, the university plans to continue cohort growth in its medical humanity programs and to add more undergraduate, graduate and doctoral programs. The university added an MBA program with a "4+1" year model allowing an individual to graduate in five years with a combination of an undergraduate degree and an MBA in addition to a two-year MBA program. Augustana will offer a new five-year dual-degree engineering program that is set to launch in fall 2025. As part of the new program, students will take foundational courses at Augustana, earning a Bachelor of Arts degree in chemistry, physics or mathematics at the university. Students will begin taking online engineering courses in their second year, offered through the University of North Dakota (UND). In addition, the School of Music will launch a Bachelor of Music with a major in performance in fall 2025.

Viking Bold (The Journey to 2030)

Viking Bold is the strategic plan for future growth and addresses the following main objectives: (a) Academics: Establishing new academic structures, centers, and programs to grow enrollment, diversify revenues, and address workforce priorities of the local community and region; (b) Enrollment: Enrolling 3,000 plus undergraduate and graduate students while making education affordable and accessible through innovative scholarships; (c) Athletics: Transitioning to NCAA Division I while recruiting and retaining high-quality student-athletes; (d) Physical Campus and Information Technology: Providing new and enhanced facilities to improve the quality of the physical plant and transforming the university into a dynamic digital campus through emerging technologies, excellent connectivity, and best practices in cybersecurity.

The Augustana University Board of Trustees

The governance is vested by its Augustana University Articles of Incorporation in the Board of Trustees (the "Board"), a body corporate, which presently comprises 25 persons. The current Bylaws provide that the Board shall consist of no less than 15 members, including the president of the Augustana as a non-voting ex-officio member. Trustees are elected every December by delegates to the annual meeting of the Augustana University Association. They may serve up to four three- year terms.

Regular meetings are held three times a year, in April, September, and December with special meetings convened as needed. The board oversees the selection and evaluation of the president and, in collaboration with the president, defines, upholds, and advances the university's mission, vision, and core values while managing its property and affairs.

The current Board of Trustees, their terms of office and principal occupations are as follows:

Name of Trustee	Principal Occupation	Term
Pat McAdaragh, Chair	President and CEO, Midco	2024
Melinda Keith Snell, Vice Chair	Senior Director, Customer Experience, Hunter Douglas	2025
Todd M. Williams, Secretary	Founder, Managing Partner, Fusjon Group	2024
Jill Weber Aanenson, Immediate Past Chair	President, Scientific Consulting, Inc.	2025
Scott Barth	Regional Vice President, Thrivent Financial	2025
Dr. Maria Bell	Chief Medical Officer, Sanford Development & Research; Gynecologic Oncologist, Sanford Health	2023
Dennis Bly	Global Offering Manager for Academic Developers, IBM	2025
Cheryl Collins	CDO, Holy Family Ministries	2024
Blaine Crissman	President & Founding Partner, South Dakota Equity Partners & Badlands Capital	2025
Greg Daniels	Retired Executive Director, Ernst & Young, LLP	2024
Andrea DeGroot-Nesdahl	Retired, ELCA Bishop	2024
Damien Fair	Co-Director, Masonic Institute for the Developing Brain, University of Minnesota	2024
Paul Harmel	Retired CEO, Lifetouch, Inc.	2025
Dale Hoiberg	Retired, Encyclopedia Britannica	2026
Dr. Gene Hoyme	Medical Director, Sanford Children's Genomic Medicine Consortium; Senior Advisor, Center for Applied Genetics & Genomic Medicine, The University of Arizona College of Medicine	2023
Jillian Klein	Senior Vice President of Government & Regulatory Affairs, Strategic Education, Inc.	2023
Dr. Cheryl Leuning	Professor, Department of Nursing, Augsburg University	2024
Paul Limberg	Chief Medical Officer for Screening, Exact Sciences	2025
Craig R. Lloyd	Founder & Board Chairman, Lloyd Companies	2023
Jeanelle Lust	Attorney, Knudsen Law; Philanthropist	2025
Kevin Nyberg	President, Nyberg's Ace	2024
Dr. Mohammad Zeeshan Qamar	Transplant Nephrologist, Sanford Health	2025
Keith Severson	Retired CPA and Partner, Eide Bailly, LLP	2023
Taha Afzal	Software Engineer, Raven Industries	2025
Deb Wolf	Director of Outreach and Culture, Sanford Underground Research Facility (SURF)	2025

Administrative Officers

The president serves as the principal executive officer, tasked by the Bylaws with implementing the policies and programs established by the board. According to the Bylaws, the board appoints the president, who, in turn, recommends the appointment of vice presidents, deans, and other necessary officers to effectively fulfill the president's responsibilities. The president serves at the discretion of the board, while senior administrators hold annual appointments at the discretion of the president.

The following are directly responsible for financial operations and general administration:

Stephanie Herseth Sandlin, President. Stephanie Herseth Sandlin was inaugurated as the 24th president of Augustana University, and the first woman president, in September 2017. In her first two years on campus, she assembled an experienced and innovative leadership team who have inspired new ideas and enhanced the quality of decision-making. She and her cabinet also engaged faculty, students and staff in long-term strategic planning and secured unanimous approval from the Board of Trustees for the \$175M Viking Bold capital campaign, the largest in history. In response to the pandemic of 2020, she empowered the campus community to develop and implement the Viking Flex Plan that offered students a safe, on-campus living and learning experience by investing in health and safety protocols, new technologies, and faculty training and development.

Prior to joining the Augustana, President Herseth Sandlin served as general counsel and vice president of corporate development for Raven Industries, Inc., a publicly traded company headquartered in Sioux Falls, SD, that serves aerospace, defense, energy and agriculture markets. While at Raven, she established a legal and regulatory compliance department, updated corporate policies and governance practices, and negotiated the largest acquisition in the company's history. She also served as South Dakota's lone U.S. Representative in Congress from 2004-2011. Elected in 2004, she became the first woman from South Dakota to serve in the U.S. House of Representatives and was the youngest woman in Congress at the time. She attended college in Washington, D.C., earning her B.A., M.A. and J.D. degrees from Georgetown University and taught fellow university students and an instructor on the faculty of the law school.

Dr. Joel Johnson, Provost. As provost, Dr. Joel Johnson oversees academic affairs, student affairs, graduate and continuing education, student success, international programs, library services, performing and visual arts, registrar, and institutional accreditation and assessment. Dr. Johnson is a professor of government and international affairs and earned both his master's degree and Ph.D. from Harvard University in Massachusetts. Dr. Johnson held the Sanford Health Peter Schotten Distinguished Professorship of Government & International Affairs. He has served as chair of the Social Sciences Division and as the Stanley Olsen Chair of Moral Values. During 2010-11, he was a Fulbright Senior Scholar in American Studies at the University of Marburg, Germany. Dr. Johnson is a renowned scholar and well-respected leader within the Augustana community and beyond.

Shannan Nelson, Chief Financial Officer & Executive Vice President. As chief financial officer and executive vice president, Shannan Nelson oversees multiple campus operations including: enrollment, finance and business, financial aid, facilities, grounds and maintenance, human resources, university services, information technology, and legal. Mr. Nelson has more than 20 years of experience developing, leading and implementing sustainable growth programs for both private business and higher education. He joined Augustana from the University of Kansas-Lawrence where he served as associate vice chancellor of business and financial planning. Nelson holds a bachelor's degree from Union College and his MBA from MidAmerica Nazarene University in Olathe, Kansas.

Dr. Pam Homan, Chief Strategy Officer & Executive Vice President. As chief strategy officer and executive vice president, Dr. Homan oversees development and execution of strategic initiatives, advancement, alumni engagement, communications and marketing, institutional research, enterprise data analytics, as well as the Augustana Research Institute. Before joining Augustana, Dr. Homan served for over a decade as superintendent of the Sioux Falls School District, overseeing more than 25,000 students. She also served on the Board of Trustees for a number of years before joining the leadership team. She received both her bachelor's and master's degrees from Augustana and her Ed.D. from the University of South Dakota.

Josh Morton, Director of Athletics. Josh Morton joined Augustana as director of athletics in 2018. Prior, Mr. Morton served as assistant athletics director at Michigan State University, and associate athletics director for the University of North Dakota. Before beginning his career in college athletics, Mr. Morton was a sports director and sports anchor for WCIV-TV, the ABC affiliate in Charleston, South Carolina. He holds his Bachelor of Arts degree from the University of North Dakota where he was a walk-on football student-athlete in Division II.

Pamela Miller, Chief of Staff. Pamela Miller serves as chief of staff and manages special projects and provides support to the Board of Trustees. Prior to joining Augustana,, she was the regional grassroots advocacy director for the American Heart Association-Midwest Affiliate, and served as the campaign finance director as well as the state director in the congressional office of the U.S. Representative Stephanie Herseth Sandlin. She previously worked in the financial services industry and spent seven years as a major gift officer at Augustana. Miller received her Bachelor of Arts in Government and International Affairs from Augustana and has also served as president of the AU Alumni Council.

Enrollment and Admissions

Enrollment consistently surpasses its budgeted target for undergraduate full-time on-campus equivalents (FTE). In fall 2024, the recorded 1,964 undergraduate FTE, an increase from 1,815 in fall 2023. The following table shows the enrollment during the fall term of the current academic year and the four prior academic years. Enrollment growth continued in fall 2022, recovering to pre-pandemic levels. In fall 2022 a single-year 6.8% increase in undergraduate students and a 3.2% increase in overall headcount. Fall 2023 experienced continued enrollment growth, with a 2.2% increase in undergraduate students and 3.5% increase in overall headcount.

Historical University Enrollment

Source: Augustana University	Fall	Fall	Fall	Fall	Fall
	2020	2021	2022	2023	2024
Registered Students by Status					
Undergraduates (Headcount)	1,662	1,715	1,831	1,871	2,003
Graduates	284	307	255	287	387
Total Enrollment (Headcount)	1,946	2,022	2,086	2,158	2,390
Undergraduate FTE	1,559	1,656	1,772	1,815	1,964

Enrollment Projections

The enrollments are expected to increase undergraduate FTE to between 1,850 and 1,900 in the fall of 2025. Enrollment growth strategies include focusing on affordability, greater access through test-optional admission and intentional outreach at schools which serve higher proportions of first-generation prospects.

A large focus is placed on creating meaningful partnerships in the growing Sioux Falls metro area and expanding graduate offerings with flexible delivery methods to serve students in the region and beyond. Additional growth is expected due to new academic and extracurricular programs, as well as new innovative scholarship strategies aimed at serving a more diverse applicant pool. Assuming continuation of current retention rates as discussed in “– *Retention and Graduation Rates*” below, the university projects an enrollment total of approximately 2,424 full-time, degree-seeking undergraduate students by fall of 2030.

Retention and Graduation Rates

The following table indicates that an average of 59% students graduated within four years and an average of 72% graduated within five years.

	2020-21	2021-22	2022-23	2023-24	2024-25
	Cohort 2019-20	Cohort 2020-21	Cohort 2021-22	Cohort 2022-23	Cohort 2023-24
% Returning Freshman	83.75	83.49	82.08	83.50	85.5
% of Graduates 4 years	59.37	59.25	59.5	00.0	00.0
% of Graduates 5 years	71.23	73.5	70.8	00.0	00.0

Admissions

Admission is open to residents and nonresidents of South Dakota and they are classified as “more selective” in its admission standards. The university evaluates applicants using many criteria including academic excellence, as illustrated through academic grade point average, ACT/SAT test scores, and high school course rigor, special talents, and a commitment to the concept of a liberal arts education. Ethnic, economic, and geographic diversity, as well as the potential for making significant contributions to the campus community, are also factors considered in admission. In fall 2019, Augustana University introduced a test-optional admission policy, allowing students to apply and be admitted without standardized test scores. In fall 2024, 26% of entering freshmen were in the top 10% of their high school graduating class, 55% were in the top 25% and 83% were in the top 50%. For the 2024 first-year students submitting test scores, the median ACT Composite score was 24. The median grade point average was 3.83.

The following tables set forth by student application, admission and enrollment figures for first year students and new transfer students for the fall term of the last four years including fall 2024.

Application, Admission and Enrollment of First Year Students

Fall Term	2020	2021	2022	2023	2024
Undergraduate Applications	2,037	2,257	3,145	3,330	3016
Acceptances (acceptance yield)	1,454	1,621	2,069	1,973	2043
New Enrollments (enrollment yield)	324	466	553	456	533

Fall Term	2020	2021	2022	2023	2024
Acceptance Rate ¹	71%	72%	66%	59%	67%

¹Admitted students as a percentage of applied students.

Source: Augustana University Common Data Set

Application Admission and Enrollment of New Transfer Students

Fall Term	2020	2021	2022	2023	2024
Undergraduate Applications	114	183	175	239	230
Acceptances (yield)	87	140	102	142	124
New Enrollments (yield)	49	84	51	75	64
Acceptance Rate ¹	76%	77%	58%	59%	54%

¹Admitted students as a percentage of applied students.

Source: Augustana University Common Data Set

Competition for Students

Augustana competes nationally with other colleges and universities for qualified applicants, asserting that students choose to apply and enroll based on factors like the quality of academic programs, cost, reputation, location, and available financial aid. See “—Student Financial Assistance” below. For fall 2024, in-state residents constituted approximately 44% of registered students.

Student Financial Assistance

Financial assistance is generally awarded in the form of a “package” consisting of grants, scholarships, loans and work study. During the 2023-24 academic year, 74% (\$47.3 million) of the financial aid awarded to the students came from institutional sources; 16% (\$10.2 million) from federal programs including work study, Pell grants, and federal loan programs; 1% (\$811,543) from state programs; and 9% (\$5.5 million) from other sources, including outside scholarships and private source loans.

	2020-21		2021-22		2022-23		2023-24	
	Amount	%	Amount	%	Amount	%	Amount	%
Institutional Sources	34,330,412	71	36,488,302	73	43,795,791	76	48,281,178	77
Federal Programs	11,616,783	24	11,488,265	23	11,395,009	20	12,072,280	20
State Programs	770,264	2	826,542	2	840,234	1	822,593	1
Outside Scholarships	1,442,732	3	1,416,019	3	1,679,643	3	1,434,186	2

& Private
Loans

Student Receiving Financial Assistance	1,842	93	1,794	93	1,888	94	1851	98
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Overall annual financial aid from all sources increased from \$57.7 million in 2022-23 to \$ \$63.8 million in 2023-24. Augustana offers competitive scholarships and financial aid packages to students. Over 95% of the students receive merit, talent and/or need- based financial assistance. On average, unfunded scholarships and financial aid awards comprised 60% of the tuition discount and funded scholarships and awards comprised 4% of the tuition discount. This equates to an average total tuition discount of 64% to Augustana’s undergraduate students. All federal and state government programs depend on available funding and appropriations. Future availability, amounts, and terms of financial aid for students cannot be guaranteed to remain at current levels or conditions.

Historical Tuition

A history of tuition rates and increases for the current year and the last four academic years is set forth below.

History of Tuition Rates

Academic Year	Tuition ¹	% Increase
2019-20	33,430	2.89
2020-21	34,934	4.5
2021-22	34,934	0
2023-24	38,150	5

¹Number reflects the university’s tuition only and does not include fees.

Source: Augustana University

Faculty

The following table sets forth select information on the faculty for the current year and the last four academic years.

Faculty Status	2019-20	2020-21	2021-22	2022-23	2023-24
Tenured	71	59	64	65	65
Tenure track	34	31	24	30	36
Non-tenure track	41	59	43	48	66
Total Faculty	146	149	131	143	167

The following table sets forth the undergraduate student/faculty ratio for the current year and the past four years. The student/faculty ratio of approximately 12:1 that has been maintained demonstrates the commitment to highly personalized education.

Fall Term	2019	2021	2022	2023	2024
Registered					
Undergraduates	1,819	1,715	1,831	1,871	2,003
Full-Time Faculty	139	149	131	143	163

Other Employees

Augustana University currently employs 260 full-time staff (administrators, coaches, and support staff). Comparatively, in the prior year, the university employed 267 full-time staff. In fiscal year 2023-24 approximately 731 students were employed part-time during the academic year by the; however, those figures are not included in the above numbers.

Facilities

The university owns a mature, 100-acre urban, residential campus. One of the strengths is its overlap of living, learning, and recreation creating an academic village. There are three primary academic facilities that host the majority of the 425,000 square feet of academic space. The spaces are categorized into classrooms, teaching laboratories, open laboratories, research laboratories, library and collaborative learning, assembly and exhibit, and support office spaces.

The athletic facilities include the Elmen Center that houses the locker rooms, basketball courts, wrestling multipurpose room, weight rooms, and support offices. In addition to this functionality the university also has a soccer field, track, tennis courts, baseball and softball fields, and indoor baseball/softball hitting building. The Midco hockey arena opened in January 2024.

Approximately 25% of the students are student-athletes. The intercollegiate teams compete in NCAA Division II. Augustana supports the following sports: (a) men's baseball, basketball, cross-country, football, golf, tennis, track and field, swimming, and wrestling, and (b) women's basketball, cross-country, golf, soccer, softball, swimming, tennis, track and field, volleyball, acrobatics & tumbling, and cheer-dance. Augustana anticipates adding more athletic teams in the future. In 2023-24, the Augustana Vikings competed in men's hockey.

Legal Matters Affecting the University

Augustana University routinely handles legal matters related to its operations. The university has stated that no significant lawsuits or legal proceedings are currently pending or, to its knowledge, threatened, except for cases where management expects any potential recoveries, defense costs, and expenses to fall within the coverage limits of applicable insurance policies (after deductibles). Furthermore, these matters are not anticipated to have a material adverse impact on the operations or financial condition.

University Contracts and Agreements

As part of its regular operations, the university enters into various contracts and agreements, including those for food service, custodial services, and other operational needs. According to administration, all current contracts were established in the normal course of business. The university believes it is not in breach of any agreements and does not expect any potential future breaches to significantly impact its financial position.

FINANCIAL INFORMATION CONCERNING THE UNIVERSITY

University Operations: Budget

Annually, the campus budget committee (the “Budgeteers”), which is composed of faculty, administrators, staff and students, develops a recommendation to the CFO and Executive Committee of the annual operating budget, which is ultimately approved by the board. This on-going committee is charged by the board to examine key revenue and expense assumptions for the upcoming year and in the multi-year budget plan to ensure a balanced budget with all elements supporting Augustana’s mission.

Throughout the budget development process, choices are guided by the strategic plan for investments, as well as compliance/regulatory issues and mission central issues, including the retirement of debt. The committee also thoughtfully reviews and assesses the competitiveness of cost of attendance compared to other state and liberal arts colleges in the region. The committee provides a balanced and sustainable budget recommendation to the CFO and Executive Committee for review and final revisions before presentation to the Board of Trustees Finance Committee, and, ultimately, the full board for approval.

The board typically approves the budget in April of the preceding fiscal year. The university budgeteers monitor budget-to-actual performance throughout the year and report current year results and projections to the Finance Committee through the CFO at the board meetings.

Historical Financial Information

Set forth in the following tables is a historical, comparative summary of the Statement of Activities for the fiscal years ended July 31, 2020 through 2024. The following table should be read in conjunction with the audited financial statements attached hereto as Appendix B.

The Statements of Activities consist of activity for funds with and without donor restriction. Net assets without donor restriction are not subject to donor-imposed stipulations, are funds over which the university retains full control, and are resources available for use in the general operations. Net assets with donor restriction consist of unexpended endowment income funds, gains on the investments of the restricted funds, true endowments, term endowments, and various annuities, life income and unexpended gift funds received under agreements containing time and/or use restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources are maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Historical Comparison of Statements of Activities

	2020	2021	2022	2023	2024
Revenues, Gains and Other Support:					
Student Program Fees (Net of Grants and Scholarship)	29,309,529	27,974,370	25,823,314	26,477,247	30,248,121
Government Grants and Contracts	3,281,175	4,831,465	5,669,397	2,214,712	2,031,448
Private Gifts, Grants, and Contracts	16,424,066	16,780,471	55,688,493	36,601,871	22,887,7220
Investment Income	2,261,708	4,172,344	4,181,075	4,133,832	3,385,366
Gain on Investments	2,752,080	20,270,194	-10,480,651	4,530,492	10,863,253
Sales and Services of Educational	1,746,279	1,287,418	2,247,817	2,650,442	4,216,035

Activities

Sales and Services of Auxiliary Enterprises

7,478,819	8,099,727	8,923,637	10,964,744	11,879,532
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Other Sources

1,125,304	1,262,747	1,420,995	1,724,967	1,703,405
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Net Assets Released from Restrictions for Operating Purposes

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Total Revenues, Gains, and Other Support

64,378,960	84,678,736	93,474,077	89,298,307	87,214,882
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Expenses and Losses:

Program Expenses:

Instruction

25,386,453	22,487,171	27,090,662	30,880,754	39,484,615
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Research

1,180,149	1,294,109	1,164,540	1,290,436	1,605,417
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Public Service

1,861,982	1,761,295	2,354,582	1,976,044	2,558,010
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Academic Support

4,355,920	3,974,087	4,503,034	4,653,215	4,600,559
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Student Services

6,157,343	6,082,007	8,318,937	7,755,000	8,167,920
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Auxiliary Enterprises

6,842,916	6,811,047	8,105,108	11,504,896	12,065,635
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Institutional Support

8,636,445	8,857,134	9,504,058	10,442,526	10,599,000
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Allocable Expenses:

Operation and Maintenance of Plant

3,532,124	3,947,454	4,800,765	5,913,337	6,167,173
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Depreciation

3,982,100	3,750,929	3,786,962	5,135,570	7,526,406
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Interest

793,222	799,110	2,026,889	3,367,173	4,236,188
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Less: Allocated Expenses

-8,307,446	-8,497,493	-10,614,616	-14,416,080	-17,929,767
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Actuarial Adjustment for Annuities Payable

120,402	69,047	100,483	76,286	350,498
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Total Operating Expenses and Losses

<u>54,541,610</u>	<u>51,335,897</u>	<u>61,141,404</u>	<u>68,579,157</u>	<u>79,431,654</u>
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Change in Operating Net Assets

9,837,350	33,342,839	32,332,673	20,719,150	
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Other Changes

Net Assets Released from Restrictions for Capital Improvements

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Change in Net Assets

9,713,947	33,503,977	32,332,673	20,719,150	7,783,228
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Net Assets - Beginning of Year

<u>137,788,286</u>	<u>147,502,233</u>	<u>181,006,210</u>	<u>213,338,883</u>	<u>234,058,033</u>
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Net Assets - End of Year

<u>181,006,210</u>	<u>213,338,883</u>	<u>234,058,033</u>	<u>241,841,261</u>	
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Source: Audited Financial Statements for the fiscal years ended July 31, 2020, 2021, 2022, 2023, and 2024.

The University's Recent Operating Performance

Augustana concluded the 2023-24 fiscal year with an operating deficit. While strong enrollments and continued donor support enable the university to continue to enhance the academic mission, market declines and increasing costs have affected the economic environment in which all institutions of higher education operate. The total net income totaled \$20.7 million and its total operating expenses decreased by 1.6% compared to 2022-23. See the audited financial statements attached hereto as Appendix B.

Sources of Revenue

The major sources of revenue are tuition, room and board, endowment income and other auxiliary activities, government grants and contracts, contributions, investment income, and other income. These sources of revenue are described below.

Tuition

Tuition and fees are the major source of revenue established annually. The university also imposes various fees, including application, transcript and program fees, late registration fees, library fees and career counseling fees. Although the tuition and fee revenue has historically remained stable, higher education faces numerous challenges that create pressure on these revenue streams. The university reserves the right to adjust tuition and fees as needed. While past increases have not negatively impacted enrollment, there is no guarantee this will continue. Economic and other future conditions may influence the ability to raise or maintain tuition and fees.

Room and Board

Student housing and dining facilities are revenue generating and self-supporting enterprises for the university. (Other such enterprises are discussed below in “—Auxiliary and Self-Funded Activities.”) Over the previous four years, an average of 68% of the undergraduate students live on campus. The type of accommodation currently on campus includes residence halls, theme houses and apartments. These facilities were built in the 1950's and 1960's with various renovations having occurred as recently as 2022. Currently, there are 1,160 beds (approximately 500 gsf). The university has 1,950 parking spaces.

Augustana has a mandatory two-year live on campus requirement. Exceptions to this rule are granted on a case-by-case basis. Students typically enter into housing agreements for the entire academic year and pay on a semesterly basis. Historically, housing costs have increased by approximately 3% per year, a rate that has been well accepted by residents. Augustana has one main dining facility for students who live both on and off campus. Students may purchase a variety of meal plans, including a limited meal plan at rates less than the annual rate listed below. In summer 2024, Morrison Commons underwent renovations, introducing a new market space featuring Starbucks Coffee, an updated Siverson Lounge, a redesigned Campus Safety office, and a revitalized Partridge Grand Staircase. Ordal Dining Hall was transformed into an open-concept dining space with expanded food options, including Simple Servings, a specialized allergen-friendly menu and kitchen.

First-and second-year students living in campus housing are required to purchase one of the two meal plans: (a) the unlimited (unlimited meals plus \$125 dining dollars) for \$2,650 per semester, or (b) the fifteen [15] meals per week plus \$325 dining dollars) for \$2,650 per semester. The university also offers a more limited meal plan, the block 90 plan (90 meals per semester plus \$75 dining dollars) for \$972 per semester.

Room and board charges accounted for 12.3% of the operating revenue for the fiscal year ended July 31, 2023. The following table lists the room and board charges per student for the academic years 2020-21 through 2023-24.

History of Room and Board Charges Per Student

General Fees for Academic Year ¹

	2020-21	2021-22	2022-23	2023-24
Room	3,854	3,930	4,048	4,170
Board	4,429	4,928	5,100	5,300
Total	8,283	8,858	9,148	9,470

¹Includes only Room and Board Fees (tax not included).

Source: Augustana University

The table below displays the history of capture rates by year for academic years 2020-21 through 2023-24 including the average. The first- and second-year capture rates stem from the residency requirement and applicable exemptions while the third- and fourth-year (and beyond) rates reflect students' willingness to reside on campus by choice.

Student Population in On-Campus Housing

Year in School	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Average
First Year	98%	95%	95%	96%	96%
Second Year	87%	86%	84%	71%	88%
Third Year	39%	36%	44%	37%	43%
Fourth Year and Beyond	37%	35%	28%	16%	38%
Transfer/Spring/Other	30%	38%	52%	60%	40%

In the fall of 2023, the university enrolled a total of 2,158 students including traditional undergraduate and graduate students (both full-time and part-time), walk-ins (non-degree seekers), returning students who already have earned a BA, dual degree students (high school-college), and Augie Access Program participants (a program designed for young adults with intellectual and developmental disabilities, focused on enhancing employment opportunities and outcomes). Within the above enrollment figure, the student housing market (students likely to seek on-campus housing based on their demographic characteristics) consisted of a total of 1,815 full-time equivalent, degree-seeking undergraduate students.

Existing On-Campus Housing

Currently, the residential program on campus consists of approximately 1,290 beds in three types of structures: (i) six traditional-style residence halls, (ii) five apartment-style complexes, and (iii) six small-capacity theme houses. The residence halls, theme houses and apartments are described below:

Residence Halls

First-year students are housed in Bergsaker Hall, Stavig Hall, or Wagoner Hall. Second-, third- and fourth-year students are housed in East Hall, Granskou Hall, Solberg Hall or Wagoner Hall.

Bergsaker Hall. Bergsaker Hall is named for AJ Bergsaker, a former director of stewardship for the Evangelical Lutheran Church. Bergsaker Hall reopened in fall 2022 following renovations completed during the 2021-22 academic year. Bergsaker consists of first-year students. Each 15' 3.5" x 11' 4" room includes twin beds, closets, dressers, desk and chair and a microchill unit. Bergsaker Hall amenities include elevator, updated bathrooms, lounge and study rooms on each floor, an updated kitchen with attached lounge, and new laundry.

East Hall. East Hall's 49 rooms have a variety of sizes and layouts, offering suite style rooms where two students can share an adjoining space (second floor) or opt for a single room (3rd and 4th floors). Each room includes a twin bed, desk and chair, dresser, closet, and a microchill unit. East Hall amenities include a kitchen, computer lab, laundry facilities, lounge areas, and a game room.

Granskou Hall. Perched on the north end of campus, Granskou Hall is an upper class, co-ed residence hall that provides great views of campus and the residential community to the north. Granskou Hall is named after the university's 14th president, Rev. Dr. Clemens M. Granskou. Each 14' 5" x 9' 9" + 22" under the desk area room includes twin beds, wardrobes, dressers, desks and chairs, microchill unit, and modular furniture that can be configured in multiple ways. Amenities include a lounge on each floor, computer lab, kitchen, rec room, piano room, laundry facilities, pool table, vending machines and elevators.

Solberg Hall. Solberg Hall was renovated in 2023 and houses upperclass students. Solberg Hall is a co-ed residence hall, named for Charles Orin Solberg, the university's 11th president. Each 15' 4" x 12' room includes twin beds, wardrobes, dressers, desks and chairs, and a microchill unit. Amenities include elevators, updated bathrooms, air conditioning, study rooms on each floor, an updated kitchen, and new laundry. The Campus Clinic, Affinity Space and LGBTHQ are located in the lower level of Solberg Hall.

Stavig Hall. Stavig Hall and Granskou Hall are two identical buildings, affectionately called "The Towers". Stavig Hall is a first-year student residence hall. Stavig Hall is a co-ed residence hall, named for Lawrence M. Stavig, the university's 15th president. Stavig Hall's rooms are 14' 5" x 9' 9" + 22" under the desk, and are equipped with twin beds, wardrobes, dressers, desks and chairs, microchill unit, and modular furniture that can be configured in multiple ways. Amenities include a lounge on each floor, a computer lab, kitchen, rec room, laundry facilities, pool and foosball tables, vending machines, and elevators.

Tuve Hall. Tuve Hall provides living options for both first-year and upperclass students. During the 2024-25 academic year, Tuve Hall is undergoing construction. Tuve Hall will feature recently updated rooms and flexible gender-inclusive housing on the first floor, as well as co-ed housing options on second and third floors. Tuve Hall rooms are 11' 8 1/4" x 13' 6 3/4", and include twin beds with loft capabilities, dressers, desks and chairs, closets with rearrangeable shelving, and a microchill unit. Amenities include a large recreation room, ping pong and pool tables, two kitchens, laundry facilities on each floor, lounges on each floor, a computer lab, and a large lobby with television.

Wagoner Hall: Wagoner Hall officially opened in fall 2022. Wagoner Hall, named after Augustana's 21st president, is a mix of first year and upper class students living in 'suite style' rooms. Each double room in Wagoner Hall will be furnished with twin beds, wardrobes, dressers, desks and chairs, a microchill unit and a private bathroom shared with the adjacent room. Amenities include study rooms and a large lounge on each floor. The first floor will include a community area complete with a large kitchen, study rooms, conference room, multipurpose room, and spacious lounge. There is also laundry located on the first floor.

Theme Houses

The six theme house communities are reserved for third- and fourth-year students with a strong desire to engage in service learning and volunteer projects throughout the greater Sioux Falls community. Theme houses are designed for students looking to not only experience more independence in their living situation, but also focus more deeply on their passion for service, activism or outreach. Each theme house bedroom includes a twin bed, dresser, desk and chair, couches, end tables, kitchen table and chairs, a full-size refrigerator, and stove.

A competitive application process identifies theme house residents based upon selection criteria that emphasizes a commitment to engage in service learning and volunteer projects throughout the academic year. Each year, interested students apply in groups of 2-15 students, creating a proposal that speaks to accomplishments by living together in community for the year.

These proposals outline a service project plan for the academic year, explore how the theme will enrich individual curricular and co-curricular experiences, and define the group's goals for living together.

Theme house advisors serve as a significant contact for each theme house throughout the development and implementation of the application and subsequent service projects related to the theme. Advisors are meant to help guide a group of students through the process of formulating their goals for the theme, developing a successful application, and translating that process into action, in the form of community service projects and other programs.

Apartments

The five apartment communities are located on the periphery of campus and are reserved for third- and fourth-year students.

Balcer, Nelsen and Svendsbye Apartments. Balcer, Nelsen and Svendsbye Apartments are located on Summit Avenue across from the Froiland Science Center. Balcer (built in 2007), Nelsen (opened fall 2017), and Svendsbye (opened fall 2019) house 104 third- and fourth-year students in 30 apartments. Amenities include on-site laundry facilities, central air conditioning and heating, and student storage units. Apartment placements are determined during room selection in the spring semester of each academic year. Each apartment includes a twin bed, dresser, desk and chair in each bedroom, a couch, end tables, kitchen table and chairs, barstools (except in 2-bedroom Svendsbye apartments), a full-size refrigerator, stove, and microwave.

Schoeneman Apartments. The Schoeneman apartments, located just west of the Elmen Center at 1411-1419 West 33rd St, are designated for upperclass students. Schoeneman apartments offers a single two- person unit and four four-person units for 18 students. Amenities include on-site laundry facilities, a garage (one stall for each apartment), and private off-street parking. Schoeneman apartments are located near the main campus, allowing students the independence of apartment-style living in the Sioux Falls community and the convenience of campus life, as the complex is close to the Elmen Center and athletic facilities, and a short walk from Morrison Commons and all academic buildings. Wireless internet is included with rent which is paid once a semester. Apartment placements are determined during room selection in the spring semester of each academic year. Each apartment includes a twin bed, dresser, desk and chair in each bedroom, couches, end tables, kitchen table and chairs, a full-size refrigerator, stove, and dishwasher.

Costello Hall Apartments. Costello Hall is a three-story apartment facility located at the corner of 33rd and Grange Avenue, in the southwest corner of the campus. The complex has 23 tenant units, seven of which are two-bedroom units. Included in each apartment are a living room, kitchen (stove and refrigerator), bathroom, adequate closet space, air conditioning and heating. The building has laundry facilities on every floor and off-street parking. Adult learner housing offers married couples, students with children and other adult learners on-campus apartments at a reasonable rate. Students must be enrolled full-time and must reside together with their spouse and/or child. Rent is billed directly to student accounts on a semesterly basis. Each apartment includes a twin bed, dresser, desk chair in each bedroom, couches, end tables, kitchen table and chairs, and a full-size refrigerator and stove.

University's Rental Rate

The rental rate structure reflects the level of privacy and amenities in the residence halls, apartment and theme houses. The following rental rates are in place for the 2023-24 academic year:

Residence Halls:

East, Granskou, Stavig, Tuve Double Room	\$2,085 per semester
Granskou, Stavig, Tuve Single Room	\$2,260 per semester
Bergsaker Double Room	\$2,328 per semester
Bergsaker Single Room	\$3,528 per semester
Wagoner Double Room	\$2,530 per semester

Apartments and Theme Houses (excludes Balcer, Nelson and Svendsbye Apartments):

Single Room: \$3,160 per semester

Balcer, Nelson and Svendsbye Apartments:

Single Room: \$3,461 per semester

Augustana's Sanford Campus Clinic

The Augustana's Sanford Campus Clinic is open to students Monday through Friday from 8:30 a.m.-3:30 p.m. Augustana's health services program offers students walk-in access to a registered nurse during weekdays when classes are in session. Students who require physician services are seen by appointment on Mondays, Wednesdays, Thursdays, and Fridays. For those who may require further medical care, students have an option to be seen at the Sanford Clinic-Family Medicine, 6110 S Minnesota Avenue (SE corner of 69th Street and Minnesota Avenue). There is no cost for students when seen by a university nurse at the campus clinic in Solberg Hall. Students will be expected to pay for services provided by the nurse practitioner and physicians at both clinic locations.

Recent and Current Fundraising

The university actively solicits gifts and bequests from alumni, parents, friends, corporations and private foundations for both operating purposes and capital needs.

Fiscal Year Gifts Received ending July 31

	FYE2020	FYE2021	FYE2022	FYE 2023	FYE2024
Unrestricted Gifts	2,583,534	1,595,733	2,701,954	1,737,582	1,878,252
Restricted Gifts	3,402,290	5,848,900	45,408,351	22,703,979	22,262,261
Total all giving	5,985,824	7,444,633	48,110,305	24,441,561	24,140,513

Source: Augustana University

Endowment Funds

As a result of the board-approved spending policy, a large source of the income consists of earnings on its endowment fund. Approximately 34% of the total assets are the endowment, perpetual trust, annuity and life income funds. The endowment fund includes both endowment funds, whose principal may not be expended by the university, and quasi endowment funds functioning as endowment, whose principal and income resulting from the spending policy may be expended.

Although the principal of quasi endowment funds functioning as endowment for unrestricted purposes may be used to discharge any obligations, including amounts due under the Loan Agreement, the principal of other categories of endowment funds may not be available to make payments in respect to the Series 2021 Bonds and other Parity Indebtedness, or to meet claims of general creditors.

The endowment portfolio holds approximately 730 individual endowments that provide financial support for scholarships, educational programs and facilities as specified by the donor or the board. Additionally, the university holds beneficial interests in certain perpetual trusts that have been established over the years by various donors. These beneficial interests are included in the overall valuation of the endowment. See notes 3 and 7 in the audited financial statements attached hereto as Appendix B for a breakdown of the investments and the board approved spending policy. The following table summarizes net assets of the endowment for the past five years. As of July 31, 2024, the endowment assets were 73% permanently restricted, 25% temporarily restricted and 2% unrestricted.

Endowment Net Assets (as of July 31, 2024)

	FYE2020	FYE2021	FYE2022	FYE2023	FYE2024
Donor Restricted					
Endowment Funds	90,654,823	111,975,229	106,447,204	113,275,503	124,674,221
Board Designated					
Endowment Funds	\$1,669,740	2,112,223	1,936,994	1,997,975	1,878,252
Total Endowment					
Funds	92,324,563	114,087,452	108,384,198	115,273,478	126,552,473

The Trustee Committee on investments provides fiduciary oversight of the investments and endowment. The board-approved investment policy provides guidance for managing the endowment funds, which includes a strategic asset allocation model. The model provides a framework for investing in a diversified manner to optimize return while mitigating risk. The following table reflects the strategic asset allocation target:

Endowment Strategic Asset Allocation Model (Source: Mercer)

	July 31, 2024	Long Term Allocation Goal	
	Asset Allocation	Target	Range
Cash & Fixed Income	22.7	20%	15-25%
Private Equities	69.6	65	50-75
Private Real Estate	7.7	15	10-20

The purpose of the endowment fund is to provide returns to support the financial stability, secure the quality of education offered, provide student scholarships, and subsidize university salaries and operating costs. The endowment fund is intended to support the activities and mission in perpetuity, implying an objective to maintain the purchasing power of the endowment fund net spending and inflation over the long term, and spending from the endowment fund is also a critical source of the revenue, creating an objective for stability in endowment spending. The endowment fund investment strategy and spending formula is currently under development to balance both of these objectives. The spending policy incorporates the process of utilizing endowment restricted funds for operations which may distribute funds up to 5% of market value, calculated over a rolling 12-quarter period, on an annual basis.

Liquidity and Treasury Investment Position

Information on cash and short-term investments may be found in Note 19 in the audited financial statements attached hereto as Appendix B, although it should be noted that the audited financial statement information in Note 19 includes assets other than cash and treasury investments.

Grants and Contracts

Augustana secures grants and contracts from federal, state, and private sources to support research, instruction, and scholarships. Some funds are restricted in use and cannot be applied to general purposes, such as loan repayments under the Loan Agreement. Additionally, the university receives general support from private donors.

Auxiliary Revenues

Augustana operates certain self-supporting enterprises including student housing, dining halls, summer conferences, and an online bookstore. Revenues generated by these operations are sufficient to cover expenses.

Other Sources

Augustana receives unrestricted revenues from other investment income, conference revenue, health services fees, vending income, gate receipts, corporate sponsorships, concessions, and other sources.

Liability Insurance

For the fiscal year ending July 31, 2024, the university has various insurance policies as follows: The coverage for commercial general liability is limited to \$3,000,000 aggregate, \$1,000,000 per occurrence for bodily injury and property damage, \$1,000,000 for personal injury and advertising, \$5,000 for medical expense (any one occurrence). In addition, an umbrella policy of \$50,000,000 each occurrence and in the aggregate providing excess limits over the general liability, auto liability and employers' liability policies. The coverage for property is written on a replacement cost basis with a blanket limit of \$1,200,000 for buildings, personal property, and equipment breakdown (boiler and machinery). The university also purchases business income coverage with a limit of \$1,200,000 per occurrence and maintains insurance coverage for all renovation and new construction projects through its existing property insurance program, which includes builders risk coverage with limits of \$250,000,000. The university carries the required worker's compensation insurance. The university also purchases Educators Legal Liability coverage with limits of \$3,000,000 each claim and in the aggregate and automobile liability with limits of \$1,000,000 per accident for bodily injury and property damage.

Cybersecurity

Computer networks and data transmission and collection are vital to the operations. Despite security measures, the information technology and infrastructure may be vulnerable to attacks by outside or internal hackers, or breaches by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the operation and could adversely affect the ability of the to timely collect and disburse gross revenues. Cyber resilience is incorporated into the Information Security Program coordinated by the IT Director and reviewed each year by the university's financial auditors.

Retirement Plans

Employees must participate in the retirement plan. The plan provides for a contribution from the employee and a contribution based on years of service. Full vesting employees retirement plan is currently set at 23 months of service. The retirement plan, which is classified as a church-related organization, is currently with TIAA.