

*In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the Series 2026 Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of initial delivery of the Series 2026 Bonds and assuming continuing compliance with the requirements of federal tax law. Interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations, as provided in the Internal Revenue Code of 1986, as amended, for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Series 2026 Bonds is includable in gross income for South Dakota franchise tax purposes when the holder is a "financial institution" as defined in South Dakota Codified Laws, Chapter 10-43. See "TAX MATTERS" herein.*



**\$33,905,000**  
**LINCOLN COUNTY, SOUTH DAKOTA**  
**Economic Development Revenue Bonds**  
**(Augustana University Association Project)**  
**Series 2026**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

Lincoln County, South Dakota (the "County"), a body politic and corporate of the State of South Dakota (the "State") is offering \$33,905,000 of its Economic Development Revenue Bonds (Augustana University Association Project) Series 2026 (the "Series 2026 Bonds" or the "Bonds"). The proceeds of the sale of the Series 2026 Bonds will be loaned to Augustana University Association d/b/a Augustana University, a South Dakota non-profit corporation (the "University" or the "Corporation"), pursuant to the terms and provisions of a Loan Agreement, dated as of March 1, 2026 (the "Loan Agreement"), by and between the County and the University.

Proceeds of the Series 2026 Bonds will be used by the University to: finance and refinance certain costs of (i) the construction, reconstruction, renovation, and equipping of student housing and other University facilities, as more particularly described herein; (ii) the funding of a debt service reserve for the Series 2026 Bonds; and (iii) the payment of costs incidental to the issuance of the Series 2026 Bonds (collectively, the "Series 2026 Project"). See "PLAN OF FINANCING" herein.

The Series 2026 Bonds are being issued pursuant to a Trust Indenture, dated as of March 1, 2026 (the "Indenture"), by and between the County and BOKF, NA, as trustee (the "Trustee"). Interest on the Series 2026 Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2026. The Series 2026 Bonds are issuable initially in the form of fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The Series 2026 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases will be made in book-entry-only form and no physical delivery of the Series 2026 Bonds will be made to the actual purchasers of the Series 2026 Bonds (the "Beneficial Owners"). Payment of principal of, interest and premium, if any, on the Series 2026 Bonds will be made by the Trustee to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Direct Participants (as defined herein in Appendix D) and thereafter to Beneficial Owners. See "THE SERIES 2026 BONDS" herein.

**MATURITIES, PRINCIPAL AMOUNTS, RATES, YIELDS, PRICES AND CUSIPS ARE SHOWN ON INSIDE FRONT COVER.**

The Series 2026 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2026 BONDS—Prior Redemption."

The Series 2026 Bonds are limited obligations of the County, payable solely from the payments, revenues and other amounts derived by the County pursuant to the Loan Agreement and such other sources constituting the Trust Estate under the Indenture. The obligation of the University to pay the amounts due under the Loan Agreement, as evidenced by the Note (defined herein), is a general obligation of the University payable from all available resources of the University. Payment of the Series 2026 Bonds is not secured by a mortgage on the facilities being financed and refinanced or any other property of the University. The Series 2026 Bonds are being issued on a parity with the Lincoln County, South Dakota, Economic Development Revenue Bonds (The Augustana College Association Project) Series 2021A (the "Series 2021A Bonds") currently outstanding in the principal amount of \$70,465,000 and the Lincoln County, South Dakota, Economic Development Revenue Bonds (The Augustana College Association Project) Taxable Series 2021B currently outstanding in the principal amount of \$11,025,000 (the "Series 2021B Bonds," and together with the Series 2021A Bonds, the "Series 2021 Bonds"). See "SECURITY FOR THE SERIES 2026 BONDS."

**THE SERIES 2026 BONDS AND THE PAYMENTS TO BE MADE BY THE COUNTY THEREON, ARE NOT GENERAL OBLIGATIONS OF THE COUNTY BUT LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE REVENUES AND FROM OTHER SOURCES AS PROVIDED HEREIN. THE SERIES 2026 BONDS DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE ISSUANCE OF THE SERIES 2026 BONDS UNDER THE PROVISIONS OF THE ACT DOES NOT, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY, OBLIGATE THE COUNTY TO LEVY ANY FORM OF TAXATION FOR THE PAYMENT THEREOF OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH SERIES 2026 BONDS AND INTEREST THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE AND DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER OF THE COUNTY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.**

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, PARTICULARLY THE SECTION TITLED "RISK FACTORS," TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

*The Series 2026 Bonds are offered when, as and if issued by the County and accepted by the Underwriter subject to the approval of legality of the Series 2026 Bonds by Barnes & Thornburg LLP, Philadelphia, Pennsylvania, as Bond Counsel, and the satisfaction of certain other conditions. Certain legal matters will be passed on for the County by its counsel, Joseph Meader, Deputy State's Attorney, Canton, South Dakota, and for the University by its counsel, Meierhenry Sargent LLP, Sioux Falls, South Dakota. The Underwriter is being represented by its counsel, Kutak Rock LLP. Project Finance Advisory Ltd. has served as Municipal Advisor to the University. It is expected that the Series 2026 Bonds will be available for delivery through the facilities of DTC, on or about March 31, 2026.*



**\$33,905,000**  
**Lincoln County, South Dakota**  
**Economic Development Revenue Bonds**  
**(Augustana University Association Project)**  
**Series 2026**

**SERIES 2026 MATURITY SCHEDULE**

**\$33,905,000 Serial Bonds**

**Base CUSIP: 53340E**

<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP*</b>
2027	\$ 710,000	5.000%	3.840%	101.488	AG2
2028	755,000	5.000	3.870	102.492	AH0
2029	800,000	5.000	3.950	103.244	AJ6
2030	850,000	5.000	4.040	103.775	AK3
2031	900,000	5.000	4.170	103.926	AL1
2032	975,000	5.000	4.290	103.895	AM9
2033	1,025,000	5.000	4.350	104.037	AN7
2034	1,085,000	5.000	4.470	103.647	AP2
2035	1,150,000	5.000	4.590	103.077	AQ0
2036	1,225,000	5.250	4.700	104.454	AR8
2037	6,200,000	5.250	4.770	103.873 c	AS6
2038	6,000,000	5.250	4.890	102.886 c	AT4
2039	6,000,000	5.250	4.970	102.234 c	AU1
2040	3,750,000	5.250	5.010	101.910 c	AV9
2041	2,480,000	5.000	5.100	98.938	AW7

<sup>c</sup> Priced to the first optional redemption date of August 1, 2036, at par.

\* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for the convenience of the registered and beneficial owners of the Series 2026 Bonds. Neither the County nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2026 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2026 Bonds.

## USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2026 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2026 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the County, the University, the Municipal Advisor or the Underwriter.

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 a part of, its 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.

The information set forth in this Official Statement has been obtained from the County, the University, the Municipal Advisor and the Underwriter, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained herein is or shall be relied upon as a guarantee of the County, the University, the Municipal Advisor or the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2026 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the University, or in the information, estimates or opinions set forth herein, since the date of this Official Statement.

**THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Series 2026 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision investors must rely on their own examination of the University, the Series 2026 Bonds and the terms of the offering, including the merits and risks involved. The Series 2026 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

This Official Statement contains statements that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

References to web site addresses presented herein, if any, are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such web sites and the information or links contained therein, including the website maintained by the University, are not incorporated into, and are not part of, this final Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

**THE PRICES AT WHICH THE SERIES 2026 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.**

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## OFFICIAL STATEMENT

**\$33,905,000**

**Lincoln County, South Dakota  
Economic Development Revenue Bonds  
(Augustana University Association Project)  
Series 2026**

### INTRODUCTION

#### General

This Official Statement, including the cover page, inside cover page and appendices, provides information in connection with the issuance and sale of the Lincoln County, South Dakota, Economic Development Revenue Bonds (Augustana University Association Project) Series 2026 (the “Series 2026 Bonds” or the “Bonds”) and provides information concerning Lincoln County, South Dakota (the “County”) and Augustana University Association d/b/a Augustana University, a South Dakota non-profit corporation (the “University” or the “Corporation”). The Series 2026 Bonds will be issued pursuant to a Trust Indenture, dated as of March 1, 2026 (the “Indenture”), by and between the County and BOKF, NA, as trustee thereunder (the “Trustee”).

The offering of the Series 2026 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Series 2026 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the Section entitled “RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page and appendices, is unauthorized. Unless otherwise defined, capitalized terms used herein are defined in APPENDIX C hereto.

SEE “RISK FACTORS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2026 BONDS. EACH PROSPECTIVE INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2026 BONDS.

#### The County

The County is a body politic and corporate of the State of South Dakota (the “State”), duly organized and existing under the Constitution and laws of the State. See “THE COUNTY.” Pursuant to Chapter 9-54 of the South Dakota Codified Laws, as amended (the “Act”), the County is empowered to issue its bonds for the purpose of promoting the general economic welfare and prosperity of the State. In furtherance of the Act and pursuant to a Resolution duly adopted by the County Commission of the County (the “County Commission”) on February 24, 2026, the County has duly authorized the execution and delivery of the Indenture and issuance of the Series 2026 Bonds. The Series 2026 Bonds are limited obligations of the County payable solely from the sources identified in the Indenture. See the caption “SECURITY FOR THE SERIES 2026 BONDS” herein for a discussion of the limited liability of the County and other matters.

## **Limited Obligations of the County**

THE SERIES 2026 BONDS AND THE PAYMENTS TO BE MADE BY THE COUNTY THEREON, ARE NOT GENERAL OBLIGATIONS OF THE COUNTY BUT LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE REVENUES AND FROM OTHER SOURCES AS PROVIDED HEREIN. THE SERIES 2026 BONDS DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE ISSUANCE OF THE SERIES 2026 BONDS UNDER THE PROVISIONS OF THE ACT DOES NOT, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY, OBLIGATE THE COUNTY TO LEVY ANY FORM OF TAXATION FOR THE PAYMENT THEREOF OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT AND SUCH SERIES 2026 BONDS AND INTEREST THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OR THE STATUTES OF THE STATE AND DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE CREDIT OR TAXING POWER OF THE COUNTY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

## **The 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 2025, the University had an overall headcount of 2,544 students, with 2,094 full-time equivalent (FTE) undergraduate and 329 (FTE) graduate students with the Doctor of Physical Therapy (DPT) program enrollment at 191.

U.S. News & World Report classifies the University as a “more selective” school, with 62% of the students enrolled having graduated from high school in the top quartile of their class, the average GPA being 3.7. The average acceptance rate for the last 5 years was 67%. 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. Students attending the University come from more than 42 states and 50 foreign countries, with approximately 48% from South Dakota.

The University has been ranked the No. 1 Regional University in the Midwest for Best Value for the second consecutive year by U.S. News & World Report’s 2026 Best College Rankings, and overall ranked No. 7 of 161 Best Regional Universities in the Midwest. The University was also listed in other Best Regional Universities Midwest categories, including No. 6 in Most Innovative and No. 7 in Best Undergraduate Teaching. The Princeton Review recently ranked the University as one of its 2026 Best Regional Colleges. 98 percent of the University’s 2024 graduates achieved a positive career outcome. Further information concerning the University, including financial information and operating data, is included in “APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY” and “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY AS OF JULY 31, 2025 AND 2024” attached hereto. The financial statements as of fiscal years ended July 31, 2025 and 2024 included in this Official Statement have been audited by CliftonLarsonAllen LLP, Independent Auditors, as stated in their report appearing herein.

## **Security**

On the date of delivery of the Series 2026 Bonds, the County and the University will enter into the Loan Agreement, dated as of March 1, 2026 (the “Loan Agreement”) under which the County will loan the University the proceeds of the Series 2026 Bonds to finance and refinance the projects described below in

“—Purpose” and “PLAN OF FINANCING” herein. Under the Loan Agreement, the University is unconditionally obligated to pay to the County and the Trustee amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds, and such obligation to repay the loan is evidenced by a promissory note of the University (the “Note”). The obligation of the University to make such payments due under the Loan Agreement and the Note is a general obligation of the University payable from all available resources of the University. In addition, a Debt Service Reserve Fund for the benefit of the holders of the Series 2026 Bonds will be established with respect to the Series 2026 Bonds. See “SECURITY FOR THE SERIES 2026 BONDS—Debt Service Reserve Fund.” Payment of the Series 2026 Bonds is not secured by a mortgage on the Financed Facilities or any other Property of the University. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

The Loan Agreement requires the University to maintain either (a) a Debt Service Coverage Ratio for Unrestricted Funds of not less than 1.20:1.00 or (b) a Debt Service Coverage Ratio for Restricted Funds of not less than 3.00:1.00 (the “Coverage Requirement”), as of the last day of each Fiscal Year of the University, based upon the audited financial statements of the University, for the Fiscal Year being tested. For further information on this covenant, see “SECURITY FOR THE SERIES 2026 BONDS—Debt Service Coverage Requirements” and “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

The security for the obligations of the University under the Loan Agreement will be on a parity with the security for the Lincoln County, South Dakota, Economic Development Revenue Bonds (The Augustana College Association Project) Series 2021A (the “Series 2021A Bonds”) currently outstanding in the principal amount of \$70,465,000 and the Lincoln County, South Dakota, Economic Development Revenue Bonds (The Augustana College Association Project) Taxable Series 2021B currently outstanding in the principal amount of \$11,025,000 (the “Series 2021B Bonds,” and together with the Series 2021A Bonds, the “Series 2021 Bonds”). See “SECURITY FOR THE SERIES 2026 BONDS—Additional Indebtedness.” Subject to the requirement of the University to maintain the Coverage Requirement described above, the University may issue or incur additional Indebtedness, which may be Additional Parity Indebtedness or Indebtedness which is junior or subordinate to the Series 2026 Bonds and the Series 2021 Bonds. The University may not issue or incur additional Indebtedness which is senior to the Series 2026 Bonds or the Series 2021 Bonds, or that is secured by a mortgage, unless such mortgage also secures the Series 2026 Bonds and the Series 2021 Bonds. See “SECURITY FOR THE SERIES 2026 BONDS—Additional Indebtedness” and “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

### **Purpose**

Proceeds of the Series 2026 Bonds will be used to finance and refinance certain costs of (i) the construction, reconstruction, renovation, and equipping of student housing and other University facilities, as more particularly described herein; (ii) the funding of a debt service reserve for the Series 2026 Bonds; and (iii) the payment of costs incidental to the issuance of the Series 2026 Bonds (collectively, the “Series 2026 Project”). See “PLAN OF FINANCING” herein.

### **Authority for Issuance**

The Series 2026 Bonds will be issued pursuant to (a) the provisions of the Act; and (b) a resolution of the County adopted on February 24, 2026 (the “Resolution”); and (c) the provisions of the Indenture.

The Loan Agreement between the County and the University requires the University to make payments sufficient to pay the principal of, premium, if any, and interest on the Series 2026 Bonds, when

due, along with certain administrative expenses of the County. In the Indenture, the County will assign and pledge to the Trustee, the Trust Estate, which includes all of the County's right, title and interest in and to the Loan Agreement and the Note, including all Revenues (defined in the Indenture to mean all payments received by the Trustee in cash for the account of the County pursuant to the Loan Agreement, the Note and the Indenture) and other payments derived by the County under the Loan Agreement and the Note, except for certain rights of the County to indemnification and payment of expenses. See "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT."

### **The Series 2026 Bonds; Prior Redemption**

The Series 2026 Bonds are issued solely as fully-registered bonds in denominations of \$5,000 and any integral multiple thereof. The Series 2026 Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Series 2026 Bonds. Purchases of the Series 2026 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2026 Bonds. See "THE SERIES 2026 BONDS—Book-Entry-Only System." The Series 2026 Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. Interest on the Series 2026 Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2026. Principal of, premium, if any, and interest on the Series 2026 Bonds are payable pursuant to the procedures described in "THE SERIES 2026 BONDS—Description of the Series 2026 Bonds."

The Series 2026 Bonds are subject to redemption prior to maturity as set forth in "THE SERIES 2026 BONDS—Prior Redemption."

### **Professionals**

Barnes & Thornburg LLP, Philadelphia, Pennsylvania, has acted as bond counsel. Certain legal matters will be passed on for the County by its counsel, Joseph Meader, Deputy State's Attorney, Canton, South Dakota, for the University by its counsel, Meierhenry Sargent LLP, Sioux Falls, South Dakota and for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. Project Finance Advisory Limited is serving as Municipal Advisor to the University. RBC Capital Markets, LLC (the "Underwriter") will serve as the Underwriter of the Series 2026 Bonds. See "UNDERWRITING." BOKF, NA, Lincoln, Nebraska, will serve as the Trustee. The University's audited financial statements for the fiscal years ended July 31, 2025 and 2024, attached in Appendix B to this Official Statement, include the report of CliftonLarsonAllen LLP, independent auditors. See "INDEPENDENT AUDITORS."

### **Availability of Continuing Disclosure**

Upon issuance of the Series 2026 Bonds, the University and BOKF, NA, as dissemination agent (the "Dissemination Agent"), will execute a Continuing Disclosure Agreement pursuant to Rule 15c2 12 promulgated under the Securities Exchange Act of 1932, as amended (the "Rule") in which the University and the Dissemination Agent will agree, for the benefit of the owners of the Series 2026 Bonds, to provide and file or cause to be filed with the Municipal Securities Rulemaking Board ("MSRB") in an electronic format using the Electronic Municipal Market Access facility ("EMMA") such ongoing information regarding the University as described in "CONTINUING DISCLOSURE AGREEMENT" and in Appendix E hereto.

## **Tax Status**

In the opinion of Barnes & Thornberg LLP, Bond Counsel, interest on the Series 2026 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2026 Bonds, assuming the accuracy of the certifications of the County and the University and continuing compliance by the County and the University with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations, as provided in the Code, for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Series 2026 Bonds is includable in gross income for South Dakota franchise tax purposes when the holder is a “financial institution” as defined in South Dakota Codified Laws, Chapter 10-43. See “TAX MATTERS” and Appendix C hereto.

## **Additional Information**

This Introduction is only a summary of the provisions of the Series 2026 Bonds, the Indenture and the Loan Agreement. A full review of the entire Official Statement should be made by potential investors. Brief descriptions of the County, the University, the Series 2026 Bonds, the Indenture and the Loan Agreement are included in this Official Statement and the appendices. The descriptions of the Series 2026 Bonds, the Indenture and the Loan Agreement contained in this Official Statement are qualified in their entirety by reference to each such document.

Additional information and copies of the above referenced documents are available for inspection from the University’s CFO and Executive Vice President:

Augustana University  
2001 S. Summit Ave.  
Sioux Falls, SD 57197  
Telephone: (605) 274-5330  
Attention: CFO and Executive Vice President

Additional information also may be obtained during the initial offering period from the Underwriter:

RBC Capital Markets, LLC  
200 Vesey Street  
New York, NY 10281  
Telephone: (212) 299-9828  
Attention: Sam Goldstein

## **RISK FACTORS**

The following are certain investment considerations and risk factors which have been identified by the University and which should be carefully considered by prospective purchasers of the Series 2026 Bonds. The following list should not be considered to be exhaustive and has been prepared by the University within the context of this Official Statement. Inclusion of certain factors below is not intended to signify that there are no other investment considerations or risks attendant to an investment in the Series 2026 Bonds that prospective purchasers should consider.

## **Limited Obligations of the County**

The Series 2026 Bonds are limited obligations of the County, secured by and payable solely from funds payable by the University under the terms and conditions of the Act, the Loan Agreement, the Note, the Indenture and as otherwise described herein. While the University believes, based on present circumstances, that it will generate sufficient revenues to meet its obligations under the Loan Agreement and the Note, the basis of the assumptions utilized by the University to formulate this belief may change, and no representation or assurance can be made that the University can meet such obligations.

## **Rating**

The lowering or withdrawal of the rating initially assigned to the Series 2026 Bonds could adversely affect the market price and the market for the Series 2026 Bonds.

## **Factors Affecting the Financial Performance of the University**

*Generally.* There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the University's ability to generate sufficient revenues to make the payments required under the Loan Agreement and the Note. These factors include, but are not limited to, the continued availability to the University of revenues from a variety of sources sufficient to meet obligations such as the University's operating expenses, debt service on other debt and extraordinary costs or expenses which may occur from time to time. Revenues and expenses of the University will be affected by future events and conditions relating generally to, among other things: the ability to attract a sufficient number of students with sufficient resources to pay the tuition charged by the University during the time that the Series 2026 Bonds remain outstanding; the availability to certain of the University's students of access to financial aid; demographic changes that may affect the number of students who will be attracted to and enroll at the University; the ability of the University to attract highly qualified members of the Board of Trustees and University administration; the abilities of the University's Board of Trustees and administration to direct, manage and operate the University; the University's ability to control expenses; the University's ability to maintain or increase rates for tuition and other fees without adversely affecting enrollment; the ability of the University to attract and retain quality faculty members for its educational programs; the ability of the University to maintain, or increase its endowment and other investments the results of investments of the University's endowment and other funds; changes in federal funding levels and policies such as reductions in federal research grants and contracts, changes to federal student loan programs, or modifications to immigration policies; the increasing costs of compliance with federal or State laws and regulations, including, without limitation, laws and regulations concerning environmental quality, work safety and accommodating persons with disabilities; and the effects of any unionization of the University's work force with consequent impacts on wage scales and operating costs. While the University believes that its requirement for undergraduates to live on campus for two years plus the University's competitive pricing structure are mitigating factors in its favor, no assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the University.

Future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the University's current finances and operations as well as certain projected financial and operating results of the University are contained in "APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Financial Matters."

*Student Enrollment.* While the University derives a significant portion of its revenues from its auxiliary facilities and it believes there is substantial continued demand for on campus housing given the

University's requirement for undergraduates to live on campus for two years, the overall adequacy of University revenues will depend on maintaining enrollment levels as well as being able to charge sufficient rates for tuition and fees to cover the University's operating expenses and debt service. Competition for students for the University's programs is substantial. In addition, changing demographics can substantially affect enrollment levels, coupled with changes in federal policies, such as graduate student loan limits and visa restrictions. The University competes with other private and public colleges and universities and there can be no assurance that the University can continue to enroll a sufficient number of students to generate revenues sufficient to meet its payment obligations under the Loan Agreement, which would adversely affect the payment of debt service on the Series 2026 Bonds. See "APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY."

***Reliance on Financial Aid.*** The University participates in federal and other financial aid programs, including the Federal Pell Grant and Federal Supplemental Educational Opportunity Grant programs, the Federal Work-Study Program, the Federal Direct Student Loan Program. Other non-federal programs include state scholarships, private scholarships, and tuition waivers. Over the past five years, approximately 95% of the University's students have received some form of scholarship or financial aid, including merit, talent and/or need based financial assistance. Academic scholarships currently range from \$21,000 to \$28,000, depending on GPA and ACT (or SAT equivalent) scores. The financial results of the University, and its ability to pay its operating expenses and debt service, would likely be adversely affected if any of the financial aid programs were reduced or discontinued without any replacement programs taking their place or if the University became ineligible to participate in any of the financial aid programs.

***Endowment Income.*** The University's budget does not currently include spending from endowment income. However, to the extent necessary, the University could use certain endowment income to make up for revenue or other budget shortfalls. The amount of income received from investment of endowment funds is subject to market volatility. While the University invests pursuant to an investment plan, the earnings on such investments are dependent upon a variety of economic conditions that cannot be predicted, including market fluctuations that could have an adverse effect on such investment income.

***Damage or Destruction.*** Although the University will be required to maintain certain insurance as set forth in the Loan Agreement, there can be no assurance that the University will not suffer losses for which insurance cannot be, or has not been, obtained or that the amount of any such losses will not exceed the coverage of such insurance policies.

***Changes in Senior Management.*** As is the case with any educational institution, changes in senior management will occur over time. Such changes may adversely affect the future course of the University, including its operations and financial results. For information on the University's current senior management, see "APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Administration."

***Fundraising.*** The University is currently conducting its capital campaign, Viking Bold: The Journey to 2030 (the "Viking Bold Campaign"). The comprehensive goal of the campaign is to secure \$225 million over seven years to provide financial support for the following 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 men's hockey while maintaining a commitment to a standard of excellence through a high quality athletic program; (d) Physical Campus and Information Technology: Enhancing facilities, strengthening infrastructure, and advancing a dynamic digital campus through emerging technologies, strong connectivity, and best practices in cybersecurity.

The following is a summary of the milestones achieved to date and additional goals of the Viking Bold Campaign:

*2022-2023 Key Successes:* Completed 80% of the Viking Bold Campaign (\$140M/\$175M). Secured \$1,738,083 for impact scholarships and \$10,048,098 in planned gifts.

*2023-2024 Key Successes:* Completed 99% of the Viking Bold Campaign (\$173.7M/\$175M). Secured \$1,931,040 for impact scholarships and \$5,480,697 in planned gifts.

*2024-2025 Key Successes:* Exceeded the \$15M annual goal and secured \$23.7M in gifts for the Viking Bold Campaign for a total of \$197.4M. Expanded the comprehensive strategy for securing endowed faculty positions. Achieved the \$1M match by securing \$450K in additional gifts in support of the De and Dave Knudson Center for Global Engagement.

*2025-2026 Enterprise Goals:* Secure \$20M toward the \$225M Viking Bold Campaign stretch goal and continue impact scholarship mini-campaign and secure \$4M of the \$20M goal.

Although the University expects to have additional success in raising the substantial funds through the Viking Bold Campaign, there can be no assurance that those efforts will be as successful as anticipated. Such fundraising efforts may be adversely affected by a number of factors, including general economic conditions, tax law changes affecting the deductibility of charitable contributions and diminished support from corporations, alumni and others associated with the University. See “APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY.”

***Changes in Accreditation and Licensures.*** The University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (the “Higher Learning Commission”) and the South Dakota Department of Education. The University’s Higher Learning Commission accreditation was reviewed and affirmed in 2022. The University holds professional accreditation in the following organizations: Accreditation Council for Genetic Counseling; American Chemical Society; Commission on Accreditation of Athletic Training Education; Commission on Collegiate Nursing Education; National Association for Schools of Music; and the South Dakota Board of Nursing.

In order to attract students and to qualify under federal, state, and private student financial aid programs, the University must maintain its accreditation with its current and successor accreditation agencies. See “APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Accreditation and Memberships.” There is no guarantee that each of these accreditations will be successfully maintained in the future.

***Environmental Matters.*** There are potential risks relating to environmental liability associated with the ownership of any real property and the construction, renovation and improvement of the Financed Facilities. If hazardous substances are found on real property, owners and operators of such property may be held liable for costs of cleanup and other liabilities relating to such hazardous substances. The University has no reason to believe that there are any environmental issues with respect to its properties. However, there can be no assurance that environmental issues will not arise in the future requiring remedial actions (including the payment of cleanup costs) by the University.

***Cybersecurity.*** Like all higher education institutions, computer networks and data transmission and collection are vital to the operations of the University. Despite security measures, information technology and infrastructure of the University may be vulnerable to attacks by outside or internal hackers, or breached 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 of the University. Cyber resilience is incorporated into the University Information Security Program coordinated by the IT Director and reviewed yearly by its financial auditors. The University is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the University's security measures will be able to prevent cyber-attacks on its electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the University.

***Dependence Upon Tax-Exempt Status.*** The University, as an organization described in Section 501(c)(3) of the Code and as a nonprofit institution under state law, is generally not subject to income or property taxes. This treatment positively affects the revenues available to the University to meet its financial obligations, including its operating expenses and the payment of principal of and interest on the Series 2026 Bonds. While the University has covenanted in the Loan Agreement to not take any action that would adversely affect its nonprofit and 501(c)(3) status or the exclusion of interest on the Series 2026 Bonds from gross income for federal tax purposes, there can be no assurance that such tax exempt status will be maintained.

### **No Mortgage or Lien Interests Secure the Series 2026 Bonds**

The Series 2026 Bonds are secured only by the general obligation pledge of the University to pay amounts due under the Loan Agreement and the Note from all available resources of the University; they are not secured by a mortgage, lien or security interest on or in any of the funds, buildings or other assets of the University (other than the funds and accounts established under the Indenture). The security for the obligations of the University under the Loan Agreement will be on a parity with the Series 2021 Bonds. Subject to the requirement of the University to maintain the Coverage Requirement described herein, the Loan Agreement permits the University to incur additional Indebtedness which may be secured on a parity with or subordinate to the Series 2026 Bonds and the Series 2021 Bonds. The University may not issue or incur additional Indebtedness which is senior to the Series 2026 Bonds or the Series 2021 Bonds, or that is secured by a mortgage, unless such mortgage also secured the Series 2026 Bonds and the Series 2021 Bonds. See "SECURITY FOR THE SERIES 2026 BONDS—Additional Indebtedness" and "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT."

### **Construction Risks**

The construction of the Series 2026 Improvements is being funded with proceeds of the Series 2026 Bonds. The failure to complete or a delay in the completion of the construction of the Series 2026 Improvements could adversely affect the receipt of University housing revenues as a source of payment of the principal of, premium, if any, and interest on the Series 2026 Bonds. There are a number of risks and contingencies associated with completion of the construction of the Series 2026 Improvements. Contingencies generally involved in the construction of any facility, such as fire, labor difficulties, problems obtaining all required permits or problems obtaining construction materials, may cause delays and cause the actual cost of completion to exceed available proceeds of the Series 2026 Bonds. There is no guarantee that liquidated damage provisions would be sufficient to cover all shortfalls caused by such delays.

### **Dependence Upon Contributions**

The University is dependent upon income sources other than undergraduate and graduate tuition and fees, including: contributions by private individuals and entities (including alumni); federal and state

grants for student financial assistance; endowment income; sales of auxiliary services and interest and income from other sources. See “APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Financial Information Concerning the University.” There can be no assurance that contributions or revenues from any of these sources of funding will continue at levels sufficient to meet the financial requirements of the University.

Various factors could affect individuals’ continued contributions. For example, a change in marginal income tax rates could reduce the tax advantages of charitable contributions for many taxpayers. Donations of stock and other appreciated property may result in tax liability under the Internal Revenue Code’s alternative minimum tax provisions, thereby discouraging contributions of such property. In addition, taxpayers who do not itemize deductions are not able to deduct charitable contributions. Such factors may adversely affect contributions to organizations such as the University.

### **Covenant To Maintain Tax Exempt Status of the Series 2026 Bonds**

The excludability from gross income for federal income taxation purposes of the interest on the Series 2026 Bonds is based on the continuing compliance by the University, the Trustee, and the County with certain covenants contained in the Indenture, Loan Agreement and Tax Certificate and Agreement relating to the Series 2026 Bonds (the “Tax Certificate”), by and between the County and the University. These covenants relate generally to restrictions on the use of the Financed Facilities of the University financed and refinanced with proceeds of the Series 2026 Bonds, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Series 2026 Bonds to become subject to federal income taxation, which could be retroactive to the date of issuance of the Series 2026 Bonds.

### **Amendment of the Indenture and Loan Agreement**

Certain amendments to the Indenture and the Loan Agreement may be made with the consent of the owners of not less than 66-2/3% in aggregate principal amount of the outstanding Series 2026 Bonds. Such amendments may adversely affect the security of the Bondholders. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

### **Limitations on Enforcement of Remedies**

The remedies available to the Trustee or the owners of the Series 2026 Bonds and Additional Parity Indebtedness then Outstanding upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Potential Effects of Bankruptcy**

If the University were to file a petition for relief (or if a petition were filed against the University as a debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended, or other similar laws that protect creditors, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court

so ordered, the debtor’s property and revenues could be used for the benefit of the debtor despite the claims of its creditors (including the registered owners of the Series 2026 Bonds).

In a bankruptcy proceeding, the debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the registered owners of the Series 2026 Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two thirds in dollar amount and more than one half in number of the allowed claims of the class that are able to vote with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

### Forward-Looking Statements

This Official Statement and particularly the information contained under the heading “RISK FACTORS” contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

## PLAN OF FINANCING

### Sources and Uses of Funds

The estimated sources and uses of funds relating to the Series 2026 Bonds are set forth below.

	<b>Series 2026 Bonds</b>
<i>Sources of Funds</i>	
Par Amount.....	\$33,905,000.00
Net Original Issue Premium.....	<u>924,238.75</u>
<i>Total Sources of Funds</i> .....	<u>\$34,829,238.75</u>
<i>Uses of Funds</i>	
Project Fund <sup>1</sup> .....	\$32,379,264.85
Debt Service Reserve Fund.....	1,753,187.50
Costs of Issuance <sup>2</sup> .....	<u>696,786.40</u>
<i>Total Uses of Funds</i> .....	<u>\$34,829,238.75</u>

<sup>1</sup> See “—Series 2026 Improvements” under this Section.

<sup>2</sup> Such amounts (other than the Underwriter’s discount) will be deposited to the Issuance Expense Fund and will be used to pay costs of execution and delivery including legal fees, rating agency fees, printing costs and Municipal Advisor’s fees. For information concerning the Underwriter’s discount, see “UNDERWRITING.”

## **Series 2026 Improvements**

The improvements to the University's campus and their estimated amounts to be funded with a portion of the proceeds of the Series 2026 Bonds include: (a) financing and refinancing the construction of "Foundation Heights," a new 103 bed apartment building (\$11.7M); (b) refinancing the loan on the University's Midco Arena (\$9.07M); (c) financing a remodel of the University's East/Old Main Engineering Building (\$8M); and (d) financing renovations and improvements for two additional residence halls of the University (\$3M).

*Foundation Heights.* The University is currently building a new \$11.7 million student apartment complex for upperclassmen called Foundation Heights, developed with Lloyd Companies, located near 28th Street and Grange Avenue, Sioux Falls, SD. The facility will include a total of 43 units and 103 beds. Demand for housing remains strong. The University typically has 120-140 students on its campus apartment waitlist and in Fall 2025 it had 194 students on the waitlist. The University began construction in early 2025 and Foundation Heights is scheduled to open in Fall 2026 as part of the University's continuing campus modernization. The building will include studio, 2-bed, and 4-bed units with modern amenities and individual bedrooms. Approximately \$3.5M of proceeds of the Series 2026 Bonds will refinance taxable loans and the remainder of the \$11.7M will be used to complete construction of the facility.

*Midco Arena.* Approximately \$9.07M of proceeds of the Series 2026 Bonds will refinance a taxable loan for the University's Midco Arena which opened in January 2024. The arena is located south of 33rd Street on S. Grange Avenue, Sioux Falls, SD and is home to the Augustana Vikings men's hockey and women's soccer teams. The arena has a capacity of approximately 3,000-3,100 seats and includes a high-performance strength center, video systems, spacious locker rooms with advanced ventilation, and modern fan areas.

## **THE SERIES 2026 BONDS**

### **Description of the Series 2026 Bonds**

The Series 2026 Bonds will be dated the date of delivery and will bear interest at their respective rates per annum and mature in the amounts and at the times set forth on the inside cover of this Official Statement. The Series 2026 Bonds will be issuable in fully registered form and will initially be issued in book entry only form. See "INTRODUCTION—The Series 2026 Bonds; Prior Redemption" and "THE SERIES 2026 BONDS—Book Entry Only System." Interest on the Series 2026 Bonds is payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing August 1, 2026. Interest on the Series 2026 Bonds is payable by the Trustee, as paying agent, on or before each Interest Payment Date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each Series 2026 Bond is registered (initially Cede & Co.), on the fifteenth day of the month next preceding each such Interest Payment Date (the "Regular Record Date"), at the address shown on the registration records maintained by the Trustee as of the close of business on the Regular Record Date. Interest on the Series 2026 Bonds will be computed based on a year of 360 days, consisting of twelve months of 30 days each. The principal of, and premium, if any, on the Series 2026 Bonds will be payable upon presentation and surrender at maturity or upon prior redemption at the designated corporate trust office of the Trustee. If any Series 2026 Bond shall not be paid upon presentation at maturity or upon prior redemption, it shall continue to draw interest at the interest rate borne by the Series 2026 Bond prior to maturity until the principal and interest thereof is paid in full. All such payments shall be made in lawful money in the United States of America without deduction for any service charges of the Trustee. Payments to the actual purchasers of the Series 2026 Bonds (the "Beneficial Owners") are to be made as described below in "THE SERIES 2026 BONDS—Book Entry Only System."

Interest which is due and payable on any Interest Payment Date that is not so timely paid will cease to be payable to the registered owners of the Series 2026 Bonds at the close of business on the Regular Record Date and will instead be payable to the owners thereof at the close of business on the special record date fixed by the Trustee for purposes of determining the names and addresses of owners to be paid interest on a special interest payment date for the payment of the defaulted interest (“Special Record Date”). The Trustee will fix such Special Record Date whenever moneys become available for payment of the defaulted interest. The Trustee is required to give notice of such Special Record Date to the owners of the Series 2026 Bonds not less than 10 days prior to such date by first-class mail to each such owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

### **Prior Redemption**

***Optional Redemption.*** The Series 2026 Bonds maturing on or after August 1, 2037 are subject to redemption prior to their respective maturities, at the option of the University, in whole or in part, and if in part, the Trustee shall select the Series 2026 Bonds to be redeemed from the Outstanding Series 2026 Bonds on a pro rata basis in accordance with the Indenture, on August 1, 2036 and any date thereafter at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, without redemption premium.

***Redemption Upon Occurrence of Certain Events.*** The Series 2026 Bonds are also redeemable by the County upon the direction of the University in whole at any time at a redemption price equal to 100% of the principal amount of each Series 2026 Bond redeemed and accrued interest to the redemption date upon the occurrence of any of the following events:

- (a) all or a substantial portion of the Property shall have been damaged or destroyed, and the University is unable, as expressed in a certificate of an Authorized Representative of the University, to carry on the functions of the Property for a period of six consecutive months;
- (b) title to, or the temporary use of, all or any substantial part of the Property shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority; and
- (c) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body, whether state or federal, entered after the contest thereof by the University in good faith, the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the University in respect to the Property, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement, as expressed in a certificate of an Authorized Representative of the University.

The Series 2026 Bonds are also redeemable, only from Net Proceeds of insurance or a condemnation award, by the County upon the direction of the University in part on any Interest Payment Date at a redemption price equal to 100% of the principal amount of each Series 2026 Bond redeemed and accrued interest to the redemption date in the manner and upon compliance with the provisions of the Loan Agreement.

***Method of Selecting Bonds.*** If less than all of the Series 2026 Bonds then Outstanding shall be redeemed, the Trustee shall select the Series 2026 Bonds to be redeemed from the Outstanding Bonds on a pro rata basis. In case a Series 2026 Bond is of a denomination larger than \$5,000, a portion of such Series 2026 Bond (in Authorized Denominations) may be redeemed, but Series 2026 Bonds shall be redeemed only in the principal amount of \$5,000 and any integral multiple thereof.

***Notice of Redemption.*** The Trustee is required to give notice of every redemption not more than 45 nor less than 30 days before the redemption date. Each such redemption notice shall be given by first-class mail and/or by electronic means to the County and to the owner of any Series 2026 Bond designated for redemption in whole or in part, at their address as the same shall last appear upon the registration books; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2026 Bonds for which no such default or defect occurs.

Each notice of redemption shall specify the name of the Series 2026 Bonds, the date the Series 2026 Bonds were originally issued, the date fixed for redemption, the date of mailing of the notice, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2026 Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Series 2026 Bonds then Outstanding are to be redeemed, the notice of redemption shall specify the Series 2026 Bonds to be redeemed, and the numbers of the Series 2026 Bonds or portions thereof to be redeemed.

If, at any time of mailing of notice of redemption to the registered owners of the Series 2026 Bonds there has not been deposited with the Trustee moneys sufficient to redeem all of the Series 2026 Bonds then being called for redemption, the redemption notice must state that the redemption is conditioned upon the deposit of moneys with the Trustee sufficient for the redemption not later than the opening of business on the redemption date, and any such redemption will not occur unless such moneys are so deposited.

### **Book-Entry-Only System**

The Series 2026 Bonds will be available only in book-entry form in the principal amount of \$5,000 and any integral multiple thereof. DTC will act as the initial securities depository for the Series 2026 Bonds. The ownership of one fully registered Series 2026 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See “APPENDIX D—Book-Entry-Only System.”

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE SERIES 2026 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The County, the University and the Trustee will not have any responsibility or obligation to DTC’s participants or indirect participants, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants (as defined in Appendix D hereinafter), the Indirect Participants (as defined in Appendix D hereinafter) or the Beneficial Owners of the Series 2026 Bonds as further described in Appendix D to this Official Statement.

## DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required in each fiscal year for the payment of debt service on the Series 2026 Bonds, the Series 2021 Bonds and the total debt service to be paid in each Bond Year ending August 1.

### Combined Debt Service Requirements for Series 2026 Bonds and Series 2021 Bonds

Bond Year Ended August 1	Series 2026 Bonds		Series 2021 Bonds	Total
	Principal <sup>1</sup>	Interest <sup>2</sup>	Series 2021 Debt Service	Total Debt Service
2026		\$ 589,265.80	\$ 589,265.80	\$ 1,178,531.60
2027	\$ 710,000	1,753,187.50	2,463,187.50	4,926,375.00
2028	755,000	1,717,687.50	2,472,687.50	4,945,375.00
2029	800,000	1,679,937.50	2,479,937.50	9,274,325.00
2030	850,000	1,639,937.50	2,489,937.50	9,292,325.00
2031	900,000	1,597,437.50	2,497,437.50	9,308,525.00
2032	975,000	1,552,437.50	2,527,437.50	9,367,725.00
2033	1,025,000	1,503,687.50	2,528,687.50	9,369,125.00
2034	1,085,000	1,452,437.50	2,537,437.50	9,388,187.50
2035	1,150,000	1,398,187.50	2,548,187.50	9,408,775.00
2036	1,225,000	1,340,687.50	2,565,687.50	9,443,975.00
2037	6,200,000	1,276,375.00	7,476,375.00	19,268,150.00
2038	6,000,000	950,875.00	6,950,875.00	18,212,350.00
2039	6,000,000	635,875.00	6,635,875.00	17,585,150.00
2040	3,750,000	320,875.00	4,070,875.00	12,455,150.00
2041	<u>2,480,000</u>	<u>124,000.00</u>	<u>2,604,000.00</u>	9,523,600.00
2042			4,314,800.00	4,314,800.00
2043			4,311,000.00	4,311,000.00
2044			4,314,200.00	4,314,200.00
2045			4,314,000.00	4,314,000.00
2046			4,315,400.00	4,315,400.00
2047			4,313,200.00	4,313,200.00
2048			4,312,400.00	4,312,400.00
2049			4,312,800.00	4,312,800.00
2050			4,314,200.00	4,314,200.00
2051			4,311,400.00	4,311,400.00
2052			4,314,400.00	4,314,400.00
2053			4,312,800.00	4,312,800.00
2054			4,311,600.00	4,311,600.00
2055			4,315,600.00	4,315,600.00
2056			4,314,400.00	4,314,400.00
2057			4,313,000.00	4,313,000.00
2058			4,311,200.00	4,311,200.00
2059			4,313,800.00	4,313,800.00
2060			4,315,400.00	4,315,400.00
2061			<u>4,310,800.00</u>	<u>4,310,800.00</u>
Total	<u>\$33,905,000</u>	<u>\$19,532,890.80</u>	<u>\$53,437,890.80</u>	<u>\$155,280,812.50</u>
				<u>\$262,156,594.10</u>

<sup>1</sup> Payable August 1.

<sup>2</sup> Payable February 1 and August 1, commencing August 1, 2026.

Source: Underwriter and Municipal Advisor

## **SECURITY FOR THE SERIES 2026 BONDS**

### **General Obligation of the University**

The obligations of the University under the Loan Agreement and the Note, including its obligations to make payments thereunder, are general obligations of the University, payable from all available resources of the University. Notwithstanding the foregoing, the University's obligations under the Loan Agreement are unsecured; neither the County nor any owner of any Series 2026 Bond shall have any interest in or lien on the Financed Facilities or any other property of the University. See "RISK FACTORS" and "APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Financial Information Concerning the University."

### **Debt Service Reserve Fund**

The Indenture provides for the creation of the Debt Service Reserve Fund in the custody of the Trustee which Debt Service Reserve Fund is to be used (subject to any required rebate of investment earnings thereon to the United States of America) solely for the payment of principal of, premium, if any, and interest on the Bonds in the event that moneys in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, redemption date, mandatory sinking fund redemption date, maturity date or otherwise. On the date of each permitted or required payment from the Bond Principal Fund and Bond Interest Fund with respect to the Series 2026 Bonds, moneys in the Debt Service Reserve Fund shall be applied, after use of all available funds in the Bond Principal Fund and Bond Interest Fund, to cure any deficiency in the Bond Principal Fund and Bond Interest Fund, as applicable, for the payment of the Series 2026 Bonds.

Subject to further provisions in the Indenture, on the final maturity date of the Series 2026 Bonds, any money in the Debt Service Reserve Fund may be used to pay debt service on the Series 2026 Bonds on such final maturity date. In the event of the redemption of the Bonds in whole, any money in the Debt Service Reserve Fund will be transferred on receipt of written instruction from the University to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Series 2026 Bonds.

The Debt Service Reserve Fund shall be required to be maintained in an amount equal to the Debt Service Reserve Fund Requirement, which is defined in the Indenture to mean (a) initially, an amount equal to \$1,753,187.50 and (b) thereafter, as of any date of calculation, an amount which shall be equal to the Maximum Annual Interest due on the Series 2026 Bonds.

The Debt Service Reserve Fund Requirement for the Bonds as of any date shall be the sum of the Debt Service Reserve Fund Requirements for the Bonds then Outstanding. If the balance in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement as a result of a draw thereon, the Trustee is to give notice to the County and the University, and the University is to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement within 12 months of receiving such notice from the Trustee in accordance with the Loan Agreement.

"Maximum Annual Interest" is defined by the Indenture to mean, as of the date of calculation, an amount equal to the maximum annual interest due on the Bonds during the then current or any succeeding Bond Year, whether at maturity or upon mandatory sinking fund redemption. See "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT—Debt Service Reserve Fund" attached hereto for a description of terms and provisions of the Indenture applicable to the Debt Service Reserve Fund.

***The failure by the University to comply with its requirement to fund the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement or to replenish the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement within 12 months subsequent to a draw thereon and notice thereof constitutes an Event of Default under the Loan Agreement and the Indenture. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT—Events of Default and —Remedies on Events of Default.”***

### **Debt Service Coverage Requirements**

The Loan Agreement requires the University to maintain either (a) a Debt Service Coverage Ratio for Unrestricted Funds of not less than 1.20:1.00 or (b) a Debt Service Coverage Ratio for Restricted Funds of not less than 3.00:1.00 (the “Coverage Requirement”), as of the last day of each Fiscal Year of the University, based upon the audited financial statements of the University, for the Fiscal Year being tested. By December 1 of each year, the University shall provide a certificate to the Trustee to provide to Bondholders as part of its continuing disclosures confirming that the University has maintained its Coverage Requirement for the immediately succeeding Fiscal Year.

If for any Fiscal Year of the University, the University fails to maintain the Coverage Requirement, the University shall promptly retain an Independent Consultant to make recommendations to meet the Coverage Requirement in the following Fiscal Year. The University shall provide notice of the proposed retention of an Independent Consultant to the Trustee within ten (10) Business Days following the end of the Fiscal Year in which the Coverage Requirement was not met (and the Trustee shall forward such written notice to the Bondholders), which notice shall specify the identity of the Independent Consultant proposed to be retained by the University. The Bondholders will have 30 days to approve or reject such proposed Independent Consultant. If the Bondholders do not respond within such 30-day period, the Independent Consultant will be deemed approved.

The University must retain the Independent Consultant within five (5) Business Days of the earlier of (i) the end of such 30-day period or (ii) the receipt of approval from the Bondholders, and the Independent Consultant must prepare a report within 30 days after being retained. The University agrees to file a copy of any such report of the Independent Consultant with the MSRB through the EMMA system and to transmit a copy thereof to the Bondholders within five (5) Business Days following the receipt of such recommendations. The University is obligated to comply with the recommendations within the timeframes specified by the Independent Consultant.

If the University retains and substantially complies with the recommendations of the Independent Consultant, the University will be deemed to have complied with these covenants for such Fiscal Year, notwithstanding its failure to satisfy the Coverage Requirement. Notwithstanding the foregoing, the University shall not be excused from taking any action or performing any duty required under the Loan Agreement or the Indenture and no other Event of Default shall be waived by complying with the recommendations of the Independent Consultant.

If the University retains and substantially complies with the recommendations of the Independent Consultant (subject to the preceding paragraph), the University will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding such failure to satisfy the Coverage Requirement. Notwithstanding the foregoing, the University will not be excused from taking any action or performing any duty required under the Loan Agreement or the Indenture and no other Event of Default will be waived by the operation of the provisions of this paragraph.

Capitalized terms used but not otherwise defined herein shall have the meanings provided in “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

### **Additional Indebtedness**

The University has previously borrowed the proceeds of the Series 2021 Bonds, which are currently outstanding in the aggregate principal amount of \$81,490,000, and will remain outstanding with the security for the Series 2021 Bonds (except for the funds and accounts created under the indenture pursuant to which the Series 2021 Bonds were issued, as to which the holders of the Series 2026 Bonds shall have no interest) being on a parity with the security for the Series 2026 Bonds. The Loan Agreement provides that so long as the University maintains the Coverage Requirement described above in “—Debt Service Coverage Requirements,” the University may issue or incur additional Indebtedness, which may be Additional Parity Indebtedness or Indebtedness which is junior or subordinate to the Series 2026 Bonds and the Series 2021 Bonds. The University may not issue or incur additional Indebtedness which is senior to the Series 2026 Bonds or the Series 2021 Bonds, or that is secured by a mortgage, unless such mortgage also secures the Series 2026 Bonds and the Series 2021 Bonds. As of the closing date, the Series 2021 Bonds and the Series 2026 Bonds will constitute all of the Additional Parity Indebtedness outstanding. Upon an Event of Default, owners of the Series 2026 Bonds and owners of the Series 2021 Bonds share in the rights and remedies available to Bondholders under the Indenture. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT.”

### **Annual Budget Certificate**

The Loan Agreement requires that by July 1 of each year the University will provide a certificate to the Trustee to provide to Bondholders as part of its continuing disclosures confirming that sufficient funds are available to make all payments required under the Loan Agreement for the immediately succeeding Fiscal Year (each, an “Annual Budget Certificate”). Each Annual Budget Certificate shall be in the form of Exhibit C attached to the Loan Agreement. If the University is unable to provide an Annual Budget Certificate by July 1, the University will be required, within 30 days thereof, to engage an Independent Consultant to review the University budget. The report of the Independent Consultant will be made available to Bondholders in accordance with the Continuing Disclosure Agreement. See also APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT.”

## **THE COUNTY**

The County is a county and a political subdivision of the State, duly organized and existing under the Constitution and laws of the State. Pursuant to the Act, the County is empowered to issue its bonds for the purpose of promoting the general economic welfare and prosperity of the State. In furtherance of the Act and pursuant to a Resolution duly adopted by the County Commission February 24, 2026, the County has duly authorized the execution and delivery of the Indenture and issuance of the Series 2026 Bonds. The Series 2026 Bonds are limited obligations of the County payable solely from the sources identified in the Indenture.

The County is issuing these Series 2026 Bonds pursuant to its powers under the Act and will loan the proceeds to the University for the Series 2026 Project. However, the County has not prepared or participated in the preparation of any portion of this Official Statement other than under this heading and under the heading “NO LITIGATION—The County” and the County neither has nor assumes any responsibility as to the accuracy or completeness of any information herein which has been furnished by others.

The Series 2026 Bonds and the payments to be made by the County thereon, are not general obligations of the County but limited obligations of the County payable solely from the Revenues and from other sources as provided herein. The Series 2026 Bonds do not constitute a pledge of the faith and credit of the County. The issuance of the Series 2026 Bonds under the provisions of the Act does not, directly or indirectly, or contingently, obligate the County to levy any form of taxation for the payment thereof or to make any appropriation for its payment and such Series 2026 Bonds and interest thereon do not now and shall never constitute a debt of the County within the meaning of the Constitution or the statutes of the State and do not now and shall never constitute a charge against the credit or taxing power of the County or the State or any political subdivision thereof.

Neither the County nor its commissioners, employees, agents or officers are personally liable with respect to the Series 2026 Bonds. Accordingly, no financial information or operating data with respect to the County has been included in this Official Statement.

## **NO LITIGATION**

### **The University**

There is no litigation, pending or threatened, which would prevent the issuance of the Series 2026 Bonds. The University is, however, subject to certain pending or threatened litigation regarding various other matters arising in the ordinary course of operation of the University. As described in “APPENDIX A—CERTAIN INFORMATION CONCERNING THE UNIVERSITY—Legal Matters Affecting the University,” the University advises that any such pending or threatened litigation will not materially adversely affect the University’s financial position or its ability to make payments under the Loan Agreement or the Note.

### **The County**

There is no litigation, pending or threatened, which would restrain or enjoin the issuance, sale, execution or delivery of the Series 2026 Bonds, the execution or delivery of the Indenture or the Loan Agreement or in any way contesting or affecting the validity or enforceability of the Series 2026 Bonds, the Indenture, the Loan Agreement, or any proceedings of the County taken with respect to the foregoing.

## **LEGAL MATTERS**

Legal matters relating to the authorization and issuance of the Series 2026 Bonds are subject to the approving opinion of Barnes & Thornburg LLP, as Bond Counsel, which will be delivered with the Series 2026 Bonds.

Kutak Rock LLP has been engaged as counsel to the Underwriter in connection with the preparation of this Official Statement. Kutak Rock LLP has not participated in any independent verification of the information concerning the financial condition or capabilities of the County or the University contained in this Official Statement.

Certain legal matters will be passed on for the County by its counsel, Joseph Meader, Deputy State’s Attorney, Canton, South Dakota, and for the University by its counsel, Meierhenry Sargent LLP.

## **TAX MATTERS**

The following is a summary of the material federal and South Dakota state tax consequences of holding and disposing of the Series 2026 Bonds. Such summary is based upon laws, regulations, rulings

and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). It does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the Series 2026 Bonds as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the state tax laws of the South Dakota, it does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2026 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of purchasing, holding, and disposing of the Series 2026 Bonds.

## **Federal Tax Matters**

In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the Series 2026 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2026 Bonds, assuming the accuracy of the certifications of the County and the University and continuing compliance by the County and the University with the requirements of the Code. Interest on the Series 2026 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; such interest also is taken into account in determining the adjusted financial statement income of applicable corporations, as provided in the Code, for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Series 2026 Bonds is includable in gross income for South Dakota franchise tax purposes when the holder is a “financial institution” as defined in South Dakota Codified Laws, Chapter 10-43.

***Original Issue Discount.*** Certain of the Series 2026 Bonds were offered at a discount (“original issue discount”) equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Series 2026 Bond accrues periodically over the term of such Series 2026 Bond as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder’s tax basis in the Series 2026 Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.

***Original Issue Premium.*** Certain of the Series 2026 Bonds were offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2026 Bond through reductions in the bondholder’s tax basis for the Series 2026 Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Bondholders should consult their tax advisers for an explanation of the amortization rules.

***Information Reporting and Backup Withholding.*** A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform “backup withholding” from the interest if the bondholder does not provide an IRS Form W-9 to the payor. “Backup withholding” means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 states the bondholder’s taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a Series 2026 Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the Series 2026 Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the Series 2026 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

### **State, Local and Foreign Taxes**

Interest on the Series 2026 Bonds is includable in gross income for South Dakota franchise tax purposes when the holder is a "financial institution" as defined in South Dakota Codified Laws, Chapter 10-43. Owners may be subject to additional state, local, or foreign taxes with respect to an investment in the Series 2026 Bonds. Prospective investors are urged to consult their tax advisors with respect to the state, local and foreign tax consequences of an investment in the Series 2026 Bonds.

### **General Matters**

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2026 Bonds, and Bond Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2026 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX F hereto for the proposed Form of Bond Counsel Opinion.

### **CONTINUING DISCLOSURE UNDERTAKING**

The University and the Dissemination Agent will execute the Continuing Disclosure Agreement at the time of the closing of the Series 2026 Bonds substantially in the form attached hereto as Appendix E. The Continuing Disclosure Agreement will be executed for the benefit of the Registered Owners of the Series 2026 Bonds and the University will covenant in the Loan Agreement to comply with its terms. The Continuing Disclosure Agreement will provide that, so long as the Series 2026 Bonds remain outstanding, the University will annually provide certain financial information and operating data and notice of certain material events to the MSRB at its EMMA facility, with a portal at [www.emma.msrb.org](http://www.emma.msrb.org) in accordance with the Rule.

The University entered into a continuing disclosure agreement with respect to the Series 2021 Bonds (the "2021 Disclosure Agreement"). The University has not failed to make any continuing disclosure filing required under the 2021 Disclosure Agreement. The University's management believes that it has appropriate staffing levels and adequate policies and associated procedures to assure post issuance compliance with future continuing disclosure filings under the Rule.

No financial or operating data concerning the County is material (as interpreted pursuant to the Securities and Exchange Act of 1934, as amended) to an evaluation of the Series 2026 Bonds or any decision to purchase, hold or sell the Series 2026 Bonds, and the County will not provide any such information. The University will undertake all responsibilities for any continuing disclosure to the Registered Owners as described in the Continuing Disclosure Agreement, and the County will have no

liability to such Registered Owners of the Series 2026 Bonds or any other person with respect to such disclosures.

The continuing disclosure undertaking described above and in the Continuing Disclosure Agreement has been made by the University for the benefit of the Registered Owners of the Series 2026 Bonds. The undertaking provides that such Registered Owners may enforce specific performance thereof by any judicial proceeding available, and that such action to compel specific performance is the sole remedy in the event of failure by the University to comply with the undertaking. Neither the County nor the Trustee has any power or duty to enforce the undertaking. Failure to comply with the undertaking does not constitute a default or event of default under the Loan Agreement or the Indenture.

## **UNDERWRITING**

The Underwriter has agreed to purchase the Series 2026 Bonds from the County pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”), by and among the Underwriter, the County and the University. The Series 2026 Bonds will be sold at a purchase price of \$34,593,170.25 (consisting of the par amount of the Series 2026 Bonds, plus net original issue premium of \$924,238.75, less an underwriting discount of \$236,068.50). The Bond Purchase Agreement provides that the Underwriter is obligated to take and pay for all of the Series 2026 Bonds if any are purchased, subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

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

RBCCM has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Series 2026 Bonds.

## **RATING**

S&P Global Ratings (“S&P”) has assigned the Series 2026 Bonds the rating shown on the cover page of this Official Statement. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and neither the University nor the Underwriter make any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2026 Bonds.

## **MUNICIPAL ADVISOR**

Project Finance Advisory Limited., a registered municipal advisor, is serving as Municipal Advisor (the “Municipal Advisor”) to the University in connection with the issuance of the Series 2026 Bonds. The Municipal Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the University, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of disclosure of the Official Statement or other matters related to the Official Statement. Municipal Advisory fees are in part contingent upon the sale and delivery of the Series 2026 Bonds.

## **INDEPENDENT AUDITORS**

The consolidated financial statements of the University for the fiscal years ended July 31, 2025 and 2024, included in this Official Statement as Appendix B, have been audited by CliftonLarsonAllen LLP, Independent Auditors, as stated in their report attached hereto. CliftonLarsonAllen LLP, as independent auditor to the University, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

**APPROVAL BY THE UNIVERSITY**

The preparation and distribution of this Official Statement have been authorized by the University. This Official Statement is hereby duly approved by the University as of the date on the cover page hereof.

**AUGUSTANA UNIVERSITY ASSOCIATION**

By: /s/ Shannan Nelson  
Chief Financial Officer & Executive Vice President

## 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 2025, the university had an overall headcount of 2,548 students, with 2,094 full-time equivalent (FTE) undergraduate and 329 (FTE) graduate students with the Doctor of Physical Therapy (DPT) program enrollment at 191.

#### Competitive Liberal Arts Education

Augustana University welcomed a total of 2,548 undergraduate and graduate students for Academic Year 2025-26. Hailing from 33 states and 50 countries, the enrollment number marks the largest ever student body in Augustana’s 165-year history.

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 is 67%. See “—Enrollment” and “—Admissions” herein. Its self-identified peer institutions include St. Thomas University in Minnesota, Drake University in Iowa and Valparaiso University in Illinois.

The student body includes 2,094 total undergraduates, which is the largest overall undergraduate headcount at Augustana in 35 years. Among those undergraduates, a total of 615 full-time first-year students chose to find their bold at Augustana, an all-time record high and a 15% increase from last year. 26% of the incoming class includes students from the Sioux Falls, Brandon Valley and Harrisburg School Districts, as well as O’Gorman and Sioux Falls Christian High Schools. The class also includes students from 21 other states: 22% from Minnesota, including 10% from the Twin Cities Metro area. Twenty countries outside of the U.S. are also represented in the incoming class, including 70 new international students.

Augustana has ranked as the No. 1 Regional University in the Midwest in Best Value by U.S. News & World Report’s for two years in a row, viewed as the gold standard in college rankings lists. The Princeton Review ranked Augustana as one of its 2026 Best Regional Colleges. Niche ranked Augustana as No. 2 among the 2026 Best Colleges in South Dakota, giving the university a grade “A-” or “above” in academics, athletics, diversity, and student life. In addition, Niche ranked Augustana in the Top 20 (No. 18) for Best Christian Colleges in America and the No. 2 college in South Dakota across multiple categories, including academic quality, campus diversity, student-athlete experience, small colleges, campus location, and biology. Augustana demonstrates a strong institutional commitment to ethical, fair, and transparent recruiting practices, supported by a measured and data-informed focus on student retention.

The university emphasizes student outcomes that reflect the long-term value of an Augustana degree, including career placement and graduate school preparation. In addition, Augustana maintains an intentional focus on social justice and its role as an agent of positive change, aligning institutional practices with mission-driven outcomes as a 2024 Leading Colleges Award Recipient in Retention. Designated as a Yellow Ribbon School, a Veteran Friendly School, as well as Military Friendly, Augustana is committed to assisting veterans in their pursuit of postsecondary education. The university also participates in the Army ROTC and the Air Force ROTC programs for students who are interested in military careers. Veterans and

their families can utilize the traditional GI Bill as well as the Post 911 GI Bill benefits for education at Augustana.

Augustana has again been recognized by College Raptor as a Hidden Gem College in the United States and a Hidden Gem College in the Plains Region, and was additionally designated a Division II Hidden Gem College and a Hidden Gem College for Nursing. College Raptor also ranked Augustana as No. 3 overall in South Dakota. WalletHub further recognized Augustana among its 2026 Best Universities.

In 1970, Augustana adopted the 4-1-4 academic calendar, consisting of two 14- to 15-week semesters and a four-week January interim. The average class size is 21 students, supported by a 12:1 student-to-faculty ratio that fosters a highly personalized learning environment and encourages dialogue and interaction.

Student success metrics remain strong. The first-year retention rate for the Fall 2024 cohort returning in Fall 2025 was 85.9% representing the second-highest retention rate in the university's history. The six-year graduation rate is 73%. Additional details are available in “—Enrollment” and “—Retention and Graduation Rates” herein.

Alumni outcomes are exceptionally strong. According to the university's most recent Career Outcomes Report from the Student Success Center, 99% of the Class of 2024 achieved a positive career outcome within six months of graduation, including employment, continued education, volunteer service, or military service. 26 % pursued graduate or professional programs.

### **Accreditation**

Augustana University is accredited by the Higher Learning Commission (“HLC”) and completed its ten year comprehensive review in 2022-23, receiving reaffirmation of accreditation for an additional ten years. The university is submitting an Assurance Review in summer 2025 in accordance with updated HLC criteria.

Teacher education programs are accredited by the South Dakota Department of Education, and the university holds additional programmatic accreditations from specialized accrediting bodies, including those related to nursing, music, art and design, athletic training, educator preparation, genetic counseling, chemistry, interpreter education, and nursing. The Doctor of Physical Therapy program holds candidate status with the Commission on Accreditation in Physical Therapy Education.

### **Academic Programs**

For the 2024-25 academic year, Augustana offered more than 100 undergraduate, graduate, and professional degree programs. The most frequently declared majors in Fall 2025 included accounting, biology, business administration, computer science, finance, elementary education, exercise science, marketing, nursing, and psychology. Students may also pursue interdisciplinary and cross departmental majors.

Over the past five years, the university has expanded its academic portfolio through the addition of new undergraduate, graduate, and doctoral programs across health sciences, business, social sciences, and interdisciplinary studies. Recent initiatives include expanded graduate business offerings, new professional health programs, and a five year dual degree engineering program launched in partnership with the University of North Dakota in Fall 2025. The university anticipates continued program development aligned with student demand and workforce needs. Additionally, the School of Music introduced a Bachelor of Music in Performance beginning Fall 2025.

Viking Bold: The Journey to 2030 is the strategic plan for future growth. It focuses on four primary objectives: (a) Academics—establishing new academic structures, centers, and programs to increase enrollment, diversify revenue, and address regional workforce needs; (b) Enrollment—enrolling more than 3,000 undergraduate and graduate students while ensuring affordability and access through innovative scholarship models; (c) Athletics—transitioning to NCAA Division I hockey and recruiting and retaining high-quality student-athletes; and (d) Physical Campus and Information Technology—enhancing facilities, strengthening infrastructure, and advancing a dynamic digital campus through emerging technologies, strong connectivity, and best practices in cybersecurity.

## **Board of Trustees**

Governance of Augustana University is vested in the Board of Trustees pursuant to the university's Articles of Incorporation. The Board is a corporate body currently consisting of 26 members, with the president serving as a nonvoting ex-officio member. Under the Bylaws, the Board includes no fewer than 15 trustees.

Trustees are elected annually by delegates to the Augustana University Association and may serve up to four three year terms. The Board meets regularly three times per year, with additional meetings convened as necessary. The Board oversees the selection and evaluation of the president and, in collaboration with senior leadership, provides strategic direction and oversight of the university's mission, property and affairs.

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**Augustana University Board of Trustees 2026**

<b>Name of Trustee</b>	<b>Principal Occupation</b>	<b>Term</b>
Pat McAdaragh, Chair	President and Chief Executive Officer, Midco	2024
Melinda Keith, Vice Chair	Senior Director, Customer Experience, Hunter Douglas	2025
Todd Williams, Secretary	Founder, Managing Partner, Fusjon Group	2024
Jill Weber Aanenson	President, Scientific Consulting, Inc.	2025
Taha Afzal	Software Engineer, Raven Industries	2026
Scott Barth	Regional Vice President, Thrivent Financial	2025
Dr. Maria Bell	Medical Director, Research & Development Gynecologic Oncologist, Sanford Health	2023
Dennis Bly	Academic Developer Offering Manager, IBM Digital	2025
Cheryl Collins	Chief Executive Officer, Holy Family Ministries Center	2024
Blaine Crissman	President & Founding Partner, South Dakota Equity Partners & Badlands Capital	2025
Greg Daniels	Retired, Ernst & Young, LLP	2024
Andrea DeGroot-Nesdahl	Retired, ELCA Bishop	2024
Dr. Damien Fair	Professor, Pediatrics, School of Medicine, University of Minnesota	2024
Dale Hoiberg	Retired, Encyclopedia Britannica	2024
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, Nursing, Augsburg University	2024
Dr. Paul Limberg	Chief Medical Officer, Exact Sciences	2025
Pat Lloyd	Co-Founder, Lloyd Companies	2026
Jeanelle Lust	Attorney, Knudsen Law, Philanthropist	2025
Kevin Nyberg	President, Nyberg’s Ace	2024
Dr. Jeffrey Oakland	Optometrist, Dakota Vision Therapy	2026
Dr. Mohammad Zeeshan Qamar	Transplant Nephrologist, Sanford Health	2025
Keith Severson	Retired, Eide Bailly, LLP	2023
Lakota Vogel	Executive Director, Four Bands Community Fund	2026
Deb Wolf	Director, Strategic Partnerships and External Relations Sanford Underground Research Facility (SURF)	2025

## **Governance and Administration**

Augustana University is governed by a Board of Trustees that establishes institutional policy and provides strategic oversight. The president serves as the university's chief executive officer and is responsible for implementing policies and programs approved by the Board. In accordance with the university's bylaws, the Board appoints the president, who recommends the appointment of vice presidents, deans, and other senior officers necessary for institutional operations. The president serves at the discretion of the Board of Trustees, and administrative officers hold annual appointments at the discretion of the president. This governance structure provides clear lines of authority and accountability while supporting operational continuity and institutional stability.

### **The Leadership Team**

***Stephanie Herseth Sandlin, President.*** Stephanie Herseth Sandlin was inaugurated as the 24<sup>th</sup> president of Augustana University, and the first woman president, in September 2017. Early in her tenure, she assembled a senior leadership team and led a comprehensive strategic planning process involving faculty, students, and staff. Under her leadership, the Board of Trustees unanimously approved the \$175 million Viking Bold capital campaign, the largest in the university's history.

Prior to joining Augustana, President Herseth Sandlin served as general counsel and vice president of corporate development for Raven Industries, Inc. in Sioux Falls, where she established a legal and regulatory compliance function and led significant corporate governance initiatives, including the company's largest acquisition. She also served as South Dakota's sole U.S. Representative from 2004-11, becoming the first woman from the state elected to Congress and the youngest woman serving at that time. President Herseth Sandlin earned her B.A., M.A., and J.D. degrees from Georgetown University and served as an instructor at the Georgetown University Law Center.

***Dr. Joel Johnson, Provost and Executive Vice President.*** Dr. Joel Johnson provides overall academic leadership for the university. He oversees five academic deans: the Dean of the Sharon Lust School of Education, the Dean of the School of Music, the Dean of the Rydell School of Business, the Dean of the School of Health Professions, and the Dean of the College of Arts and Sciences. In addition, the provost's portfolio includes the Registrar's Office, Academic and Intercultural Development; Student Success Center; De and Dave Knudson Center for Global Engagement; Center for Excellence in Teaching and Scholarship; Center for Western Studies; the Accreditation Liaison Officer, and the Academic Operations Coordinator.

Dr. Johnson is a professor of government and international affairs who earned his master's degree and Ph.D. from Harvard University. He has held the Sanford Health Peter Schotten Distinguished Professorship and served as chair of the Social Sciences Division and the Stanley Olsen Chair of Moral Values. In 2010-11, he was a Fulbright Senior Scholar at the University of Marburg in 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.*** Shannan Nelson oversees enrollment, finance and business operations, financial aid, facilities, grounds and maintenance, human resources, university services, and legal functions. He has more than 20 years of experience leading financial and operational initiatives in both private business and higher education. Prior to joining Augustana, he served as associate vice chancellor of business and financial planning at the University of Kansas Lawrence. Nelson holds a bachelor's degree from Union College and an MBA from MidAmerica Nazarene University.

**Dr. Pam Homan, Chief Strategy Officer & Executive Vice President.** Dr. Homan oversees institutional strategy, advancement, alumni engagement, communications and marketing, institutional research, enterprise data analytics, and the Augustana Research Institute. Prior to joining Augustana, she served for more than a decade as superintendent of the Sioux Falls School District and previously served on the Augustana Board of Trustees. Dr. Homan earned her bachelor’s and master’s degrees from Augustana University and her Ed.D. from the University of South Dakota.

**Enrollment**

Enrollment consistently surpasses its budgeted target for undergraduate full-time on-campus equivalents (FTE). In Fall 2025, the recorded 2,094 undergraduate FTE, an increase from 1,964 in Fall 2024. The following table shows the enrollment during the Fall term of the current academic year and the four prior academic years.

**Historical University Enrollment**

	Fall 2022	Fall 2023	Fall 2024	Fall 2025
Registered Students by Status				
Undergraduates (Headcount)	1,831	1,871	2,003	2,140
Graduates	255	287	387	404
Total Enrollment (Headcount)	2,086	2,158	2,390	2,548
Undergraduate FTE	1,772	1,815	1,964	2,094

Source: Augustana University

**Enrollment Projections**

Undergraduate full time equivalent enrollment is projected to increase to between 2,100 and 2,150 students by Fall 2026. Growth strategies include an emphasis on affordability, test optional admissions, targeted outreach to first generation students, expanded partnerships within the Sioux Falls metropolitan area, and growth in graduate programs with flexible delivery formats. Additional enrollment growth is expected from new academic and co-curricular offerings and expanded scholarship initiatives. Assuming continuation of current retention trends, the university projects total full time, degree seeking undergraduate enrollment of approximately 2,424 students by Fall 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.

**Retention and Graduation Rates by Cohort (%)**

Academic Year	Returning Freshman	Graduated 4 Years	Graduated 5 Years
2021-22 Cohort (2020-21)	83.49	59.25	73.5
2022-23 Cohort (2021-22)	82.08	59.5	70.8
2023-24 Cohort (2022-23)	83.50	0.0	0.0
2024-25 Cohort (2023-24)	85.5	0.0	0.0
2025-26 Cohort (2024-25)	85.9	0.0	0.0

## Admissions

Augustana admits students from South Dakota and across the United States using a holistic admissions process. Applicants are evaluated based on multiple factors, including high school grade point average, rigor of secondary coursework, standardized test scores when submitted (ACT/SAT are optional), demonstrated talents or achievements, and alignment with the university’s liberal arts mission. Consideration is also given to applicants’ potential contributions to the campus community, including geographic, socioeconomic, and cultural diversity.

Augustana implemented a test optional admissions policy beginning in Fall 2019. For the Fall 2025 entering class, 26% of first year students ranked in the top 10% of their high school graduating class, 55% ranked in the top 25%, and 83% ranked in the top 50%. Among students who submitted standardized test scores, the median ACT composite score was 24, and the median high school grade point average was 3.83. The tables below present application, admission, and enrollment data for first year and new transfer students for the Fall terms of the past four years, including Fall 2025.

### First Year Admissions Summary

Fall Term	2021	2022	2023	2024	2025
Applications	2,257	3,145	3,330	3,016	3,291
Acceptances	1,621	2,069	1,973	2,043	2,401
New Enrollments	466	553	456	533	615
Acceptance Rate <sup>1</sup>	72%	66%	59%	67%	73%

<sup>1</sup> Admitted students as a percentage of applied students.  
Source: Augustana University Common Data Set

### New Transfer Student Admissions Summary

Fall Term	2021	2022	2023	2024	2025
Applications	183	175	239	230	211
Acceptances	140	102	142	124	126
New Enrollments	84	51	75	64	71
Acceptance Rate <sup>1</sup>	77%	58%	59%	54%	60%

<sup>1</sup> Admitted students as a percentage of applied students.  
Source: Augustana University Common Data Set

## Student Market Position

Augustana University competes with a broad range of public and private colleges and universities nationwide for prospective students. Enrollment decisions are influenced by factors including academic offerings, institutional reputation, net cost, geographic location, and the availability of financial aid. For Fall 2025, approximately 45% of enrolled students are residents of South Dakota, reflecting a balanced mix of in-state and out-of-state enrollment.

## Student Financial Assistance

Financial assistance is typically awarded as a comprehensive package of grants, scholarships, loans, and work-study opportunities. During the 2024–25 academic year, 75% (\$54.7 million) of total financial aid was provided from institutional sources, 16% (\$11.4 million) from federal programs (including Pell Grants, work-study, and federal loans), 1% (\$909,765) from state programs, and 8% (\$5.6 million) from other sources, including private loans and external scholarships.

	2021-22		2022-23		2023-24		2024-25	
	Amount	%	Amount	%	Amount	%	Amount	%
Institutional Sources	\$36,488,302	73	\$43,795,791	76	\$48,281,178	77	\$54,690,000	75
Federal Programs	11,488,265	23	11,395,009	20	12,072,280	20	11,427,640	16
State Programs	826,542	2	840,234	1	822,593	1	909,765	1
External Scholarships								
Private Loans	1,416,019	3	1,679,643	3	1,434,186	2	5,618,665	8
Student Receiving Financial Assistance	1,794	93	1,888	94	1,851	98	2,019	98.7

Total annual financial aid from all sources increased from \$63.8 million to \$72.6 million in fiscal year 2024-25. More than 98.7% of students received institutional, merit, talent, or need based financial assistance. Of the total financial aid awarded, \$55 million was funded by institutional sources, of which approximately 39.3% was supported by endowed and other donor restricted funds, with the remainder funded through the operating budget.

## Tuition Pricing Trends

Tuition rates and annual increases for the current academic year and the preceding four academic years are presented below.

### Historical Tuition Rates

Academic Year	Tuition <sup>1</sup>	Increase (%)
2020-21	34,934	4.5
2021-22	34,934	0
2023-24	38,150	5
2024-25	39,100	2.5

<sup>1</sup> Number reflects the university's tuition only and does not include fees.  
Source: Augustana University

## Faculty

The following table presents selected information on faculty for the current year and the four preceding academic years. Visiting faculty are shown as a separate category for 2024-25.

Faculty Status	2020-21	2021-22	2022-23	2023-24	2024-25
Tenured	59	64	65	65	61
Tenure track	31	24	30	36	37
Non-tenure track	59	43	48	66	62
Visiting					6
Total Faculty	149	131	143	167	166

Source: Augustana University

The following table presents the undergraduate student-to-faculty ratio for the current academic year and the preceding four years. The consistently maintained ratio of approximately 12:1 reflects the university's commitment to a highly personalized educational experience.

Fall Term	2021	2022	2023	2024	2025
Registered					
Undergraduates	1,715	1,831	1,871	2,003	2,140
Full-Time Faculty	149	131	143	163	166

Source: Augustana University

## Total Employees v. Other Employees

Augustana University currently employs 436 full-time staff, including administrators, coaches, and support personnel, compared to 440 full-time staff in the prior year. The university employs over 800 students during the academic years in part-time roles (both Federal Work Study and institutional jobs). Approximately 100 students are employed part-time in the summer. Student employees are not included in the full-time staff totals above.

## Campus Facilities

Augustana University owns and operates a mature campus of approximately 100 acres in an urban residential setting. Academic facilities total approximately 425,000 square feet and include classrooms, teaching and research laboratories, library and collaborative learning spaces, assembly areas, and administrative offices, with the majority of space concentrated in three primary academic buildings.

Mikkelsen Library is undergoing renovation of the west entrance portico and adjacent site, including stairways connecting to Morrison Commons and chapel pathways. In 2025, the university also broke ground on the renovation and expansion of the Chapel of Reconciliation, a \$4.5 million project that includes a renovated sanctuary, narthex, and office areas, along with an expanded gathering space, patio, and bell tower.

Athletic facilities include the Elmen Center and a range of indoor and outdoor venues supporting intercollegiate athletics. A phased renovation of the Elmen Center is planned to begin in spring 2026, with completion targeted for the 2026-27 basketball season, following lighting and sound upgrades scheduled

for 2025. Approximately 30% of students participate in intercollegiate athletics, and the university competes at the NCAA Division II level.

### **Legal Challenges and Considerations**

Augustana University is subject to legal matters arising in the ordinary course of its operations. The university is not currently a party to any material legal proceedings, nor, to its knowledge, are any such proceedings threatened, except for matters in which management expects potential recoveries, defense costs, and related expenses to be covered within the limits of applicable insurance policies, net of deductibles. These matters are not expected to have an adverse effect on the operations or financial condition.

### **Contracts and Agreements**

In the ordinary course of operations, the university enters into various contracts and agreements, including those related to food service, custodial services, and other operational needs. The leadership team believes that all current contracts were executed in the normal course of business, that the university is in compliance with its contractual obligations, and that any potential future breaches are not expected to have an impact on the university's financial condition.

## **FINANCIAL INFORMATION**

### **Budget and University Operations**

Each year, the executive team, deans, faculty, administrators, and staff, develops a recommended annual operating budget for review by the chief financial officer and Executive Committee of the Board of Trustees. The committee is charged by the board with evaluating key revenue and expense assumptions for both the upcoming fiscal year and the multi-year financial plan to ensure a balanced and mission-aligned budget. Budget decisions are guided by the strategic plan, regulatory and compliance requirements, and mission-centered priorities, including debt service. The committee also evaluates the competitiveness of the cost of attendance relative to peer institutions in the region. Following review and refinement by the chief financial officer and executive vice president, the proposed budget is presented to the Finance Management Committee and ultimately to the full board for approval.

The board typically approves the budget in April preceding the start of the fiscal year. Budget-to-actual performance is monitored throughout the year, with current-year results and projections reported to the Finance Management Committee through the chief financial officer and executive vice president at regularly scheduled meetings.

### **Historical Operating Performance**

Outlined in the following tables is the historical comparative summary of the Statements of Activities for the fiscal years ended July 31, 2021 – July 31, 2025. These tables should be read with the audited financial statements in Appendix B.

The Statements of Activities reflect changes in net assets with and without donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations and are available for general operations at the university's discretion. Net assets with donor restrictions include unexpended endowment income, investment gains on restricted funds, true and term endowments, and annuities, life income funds, and unexpended gifts subject to time and/or purpose restrictions. Donor restrictions may be temporary, expiring with the passage of time or fulfillment of a specified purpose, or perpetual, requiring resources to

be maintained in perpetuity. Donor-imposed restrictions are released when the applicable time or purpose conditions have been satisfied.

### Historical Comparison of Statements of Activities

	2021	2022	2023	2024	2025
<b>Revenues, Gains, and Other Support:</b>					
Student Program Fees (Net of Grants and Scholarship)	\$27,974,370	\$25,823,314	\$26,477,247	\$30,248,121	\$33,054,202
Government, Grants and Contracts	4,831,465	5,669,397	2,214,712	2,031,448	2,079,701
Private Gifts, Grants, and Contracts	16,780,471	55,688,493	36,601,871	22,887,7220	21,619,400
Investment Income	4,172,344	4,181,075	4,133,832	3,385,366	8,494,207
Gain/(Loss) on Investments	20,270,194	-10,480,651	4,530,492	10,863,253	3,933,184
Sales and Services of Educational Activities	1,287,418	2,247,817	2,650,442	4,216,035	5,346,512
Sales and Services of Auxiliary Enterprises	8,099,727	8,923,637	10,964,744	11,879,532	13,727,534
Other Sources	1,262,747	1,420,995	1,724,967	1,703,405	1,651,534
Net Assets Released from Restrictions for Operating Purposes	---	---	---	---	---
<b>Total Revenues, Gains, and Other Support</b>	<b>\$84,678,736</b>	<b>\$93,474,077</b>	<b>\$89,298,307</b>	<b>\$87,214,882</b>	<b>\$89,905,771</b>
<b>Expenses and Losses:</b>					
<b>Program Expenses:</b>					
Instruction	22,487,171	27,090,662	30,880,754	39,484,615	42,497,226
Research	1,294,109	1,164,540	1,290,436	1,605,417	1,646,252
Public Service	1,761,295	2,354,582	1,976,044	2,558,010	2,846,945
Academic Support	3,974,087	4,503,034	4,653,215	4,600,559	4,410,006
Student Services	6,082,007	8,318,937	7,755,000	8,167,920	8,698,768
Auxiliary Enterprises	6,811,047	8,105,108	11,504,896	12,065,635	13,304,433
Institutional Support	8,857,134	9,504,058	10,442,526	10,599,000	11,241,343
<b>Allocable Expenses:</b>					
Operation and Maintenance of Plant	3,947,454	4,800,765	5,913,337	6,167,173	6,076,241
Depreciation	3,750,929	3,786,962	5,135,570	7,526,406	8,865,092
Interest	799,110	2,026,889	3,367,173	4,236,188	4,000,400
(Less): Allocated Expenses	(8,497,493)	(10,614,616)	(14,416,080)	(17,929,767)	(18,671,600)
Actuarial Adjustment for Annuities Payable	69,047	100,483	76,286	350,498	53,827
<b>Total Operating Expenses and Losses</b>	<b>\$51,335,897</b>	<b>\$61,141,404</b>	<b>\$68,579,157</b>	<b>\$79,431,654</b>	<b>\$84,671,600</b>
<b>Change in Operating Net Assets</b>	<b>33,342,839</b>	<b>32,332,673</b>	<b>20,719,150</b>	<b>7,783,228</b>	<b>5,234,171</b>
<b>Other Changes:</b>					
Net Assets Released from Restrictions for Capital Improvements	---	---	---	---	---
<b>Change in Net Assets:</b>					
Net Assets – Beginning of Year	<u>147,502,233</u>	<u>181,006,210</u>	<u>213,338,883</u>	<u>234,058,033</u>	<u>241,841,261</u>
Net Assets – End of Year	\$181,006,210	\$213,338,883	\$234,058,033	\$241,841,261	\$247,075,432

Source: Audited Financial Statements for the fiscal years ended July 31, 2021, 2022, 2023, 2024, and 2025.

## **Recent Operating Results**

Augustana concluded the 2024–25 fiscal year with an operating deficit. While enrollment remained strong and donor support continued to support the university’s academic mission, market declines and rising costs affected operating performance across the higher education sector. Total net assets at year-end were \$247 million, and total operating expenses increased by approximately 11% compared to the prior year. Additional details are provided in the audited financial statements in Appendix B.

## **Sources of Operating Revenue**

The university’s primary sources of revenue include tuition and fees, housing and meal plans, endowment income, auxiliary operations, government grants and contracts, contributions, investment income, and other miscellaneous revenue, as described below.

### **Tuition and Fee Revenue**

Tuition and fees are the university’s primary source of operating revenue and are set annually. In addition to tuition, the university assesses fees related to applications, transcripts, academic programs, registration, library services, and career counseling. While tuition and fee revenue has historically remained stable, future growth may be affected by broader economic conditions, market demand, and enrollment trends, and there can be no assurance that past pricing patterns will continue.

### **Housing and Dining Operations**

Student housing and dining facilities operate as self-supporting auxiliary enterprises of the university. Over the past four years, an average of 56% of students resided in university owned housing, reflecting a consistent on campus residential population. Additional auxiliary enterprises are discussed below in “—Auxiliary and Self-Funded Activities.”

On-campus housing includes traditional residence halls, theme houses, and apartment-style units. As of Fall 2025, total housing capacity is 1,495 student spaces. The housing portfolio consists primarily of facilities constructed in the 1950s and 1960s, with multiple renovations completed over time, most recently in 2025. However, a new residence hall, Wagoner Hall, was built in 2022. Current housing inventory includes approximately 1,505 beds (approximately 500 gross square feet per bed). The university also provides approximately 1,950 parking spaces in support of residential and campus operations.

Augustana University maintains a mandatory two-year live-on-campus requirement, with exceptions granted on a case-by-case basis. Students typically enter into academic-year housing agreements and remit payments on a semester basis. Historically, housing rates have increased by approximately 3% annually, a level that has been well accepted by residents and has supported the financial stability of the housing system. The university operates one primary dining facility serving both on-campus and off-campus students. A variety of meal plan options are available, including limited plans priced below the standard annual rate.

Morrison Commons underwent significant renovations in 2024, including the addition of a new market space featuring Starbucks Coffee, an updated Siverson Lounge, a redesigned Campus Safety office, and a revitalized Partridge Grand Staircase. The Ordal Dining Hall was also renovated and reconfigured into an open-concept dining environment, expanding food options and introducing Simple Servings, a specialized allergen-friendly menu and kitchen.

Tuve Hall is undergoing renovation to enhance the quality, functionality, and competitiveness of the university’s residential facilities. The project involves selective demolition and interior reconfiguration to modernize existing space while managing costs and regulatory requirements. Planned work avoids new sprinkler installation by limiting basement use, while incorporating infrastructure to support future sprinklering. Updated floor plans improve security, accessibility, and functionality across basement and main levels, with renovations emphasizing upgraded finishes, improved acoustics, flexible learning environments, and compliant restroom and shower facilities, while reusing existing infrastructure where feasible to control scope and expense.

During the 2024-25 academic year, first and second year students residing in university housing are required to participate in a meal plan. Two primary plans are offered, including an unlimited meal plan and a 15 meals per week plan, each priced at \$2,793 per semester. A limited Block 90 plan is also available at \$1,066 per semester. Housing and meal plans represented approximately 12.3% of total operating revenue for the fiscal year ended July 31, 2025, underscoring the importance of auxiliary enterprises within the university’s revenue mix. Housing and dining services operate as revenue generating, self-supporting auxiliary enterprises and are managed with a focus on affordability, cost control, and incremental rate adjustments. Over the past four years, an average of approximately 63% of students resided in university owned housing, reflecting a stable on campus residential population. Additional auxiliary and self-funded activities are discussed below.

**General Student Fees<sup>1</sup>**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Housing	\$3,930	\$4,048	\$4,170	\$4,424
Meals	4,928	5,100	5,300	5,586
Total	8,858	9,148	9,470	10,010

<sup>1</sup> Includes housing + meal plans (tax included).  
Source: Augustana University

The table below presents housing capture rates by academic year for 2021-22 through 2024-25, including the multi-year average. Capture rates for first and second year students reflect the university’s residency requirement and approved exemptions, while capture rates for third year and beyond students reflect voluntary on campus residency.

**Student Population in On-Campus Housing**

<b>Year in School</b>	<b>Fall 21</b>	<b>Fall 22</b>	<b>Fall 23</b>	<b>Fall 24</b>	<b>Average</b>
First Year	95%	95%	96%	96 %	96%
Second Year	86	84	71	91	88
Third Year	36	44	37	52	43
Fourth Year +	35	28	16	32	38
Transfer/Spring/Other	38	52	60	52	40

In Fall 2024, the university enrolled a total of 2,390 students, including traditional undergraduate and graduate students measured on a full time equivalent basis, as well as non-degree seeking students, post baccalaureate returners, dual enrollment students, and participants in the Augie Access Program, which serves young adults with intellectual and developmental disabilities. Within this total enrollment, the student housing market consisted of approximately 1,507 full time equivalent, degree seeking undergraduate students.

## **On Campus Housing Inventory**

The university's residential system includes approximately 1,505 beds across three housing types, consisting of six traditional style residence halls, five apartment style complexes, and six small capacity theme houses. The residence halls, apartment style facilities, and theme houses are described below.

### **Residence Halls**

Bergsaker Hall primarily serves first year students with four floors. The hall is named for A. J. Bergsaker, a former Director of Stewardship for the Evangelical Lutheran Church. The residence hall reopened in Fall 2022 following renovations completed during the 2021–22 academic year. Rooms are configured as doubles, with each wing designated by gender. Building amenities include an elevator, air conditioning, study rooms and lounge on each floor, spacious lobby, kitchen and laundry. .

East Hall is for third and fourth year students and has a variety of room layouts. The second floor offers semi-private rooms, where two students share adjoining spaces, and the third and fourth floors offer single rooms. Floors are designed by gender. Formerly known as the Ladie's Hall, was built as a residence hall in 1904-05, later being renamed to the East Hall in 1980. Building amenities include lounge areas, a game room, computer lab, as well as kitchen and laundry.

Granskou Hall is a coeducational residence hall for upper class students located on the north end of campus. The hall is named for Rev. Dr. Clemens M. Granskou, the university's 14<sup>th</sup> president. Rooms are equipped with modular furniture to allow flexible configurations. Building amenities include elevators, air conditioning, a lounge on each floor, basement recreation area, computer lab, piano room, kitchen and laundry.

Stavig Hall is a coeducational residence hall for first year students and, together with Granskou Hall, forms a pair of identical buildings commonly referred to as the Towers. The hall is named for Lawrence M. Stavig, the university's 15<sup>th</sup> president. Rooms are equipped with modular furniture to allow flexible configurations. Building amenities include elevators, air conditioning, a lounge on each floor, basement recreation area, computer lab, a piano room, kitchen and laundry.

Solberg Hall is a coeducational residence hall for upper class students with genders divided by wing. The building is named for Charles Orin Solberg, the university's 11th president. Renovated in 2022, rooms are available in double and triple configurations. Building amenities include an elevator, lounge on every wing, numerous study areas, kitchen and laundry. Solberg is also home to the Campus Clinic, Affinity Room and LGBTHQ.

Tuve Hall provides residential accommodations for first year and upper class students on three floors. The building is named after Anthony G. Tuve, the university's 8th president. With room renovations in 2016 and common area renovations in 2024, the hall features flexible gender-inclusive housing on the first floor, with coeducational housing on the second and third floors. Rooms are spacious with common spaces that provide a balance of privacy and community. Building amenities include air conditioned classrooms, study rooms, a kitchen and laundry.

Wagoner Hall provides suite style housing for a mix of first year and upper class students. The residence hall is named for Augustana University's 21<sup>st</sup> president. Suites consist of two double rooms connected by a shared bathroom, assigned based on gender. Upper class students may opt into a flexible housing suite and select roommates regardless of gender. Building amenities include an elevator, air condition, classroom, study room and lounge on each floor, kitchen and laundry. Wagoner Hall is home to

the jewel box, a community space that includes a classroom, teaching kitchen, study rooms, conference room and lounge.

## **Apartments**

Augustana University offers a number of furnished apartment buildings located on the perimeter of campus. Students must be entering at least their third year of college and a full-time student (registered for a minimum of 12 credits) to be eligible to live in a campus apartment. Students are able to experience autonomy, while still maintaining convenient access to campus events, student activities and organizations, as well as facilities like the Morrison Commons and Elmen Center. Apartment living offers students the opportunity for an off-campus feel with on-campus connection.

Balcer (2007), Nelsen (2017) and Svendsbye (2019) Apartments, located on Summit Avenue across from the Froiland Science Complex, feature four-bedroom apartments, as well as several two-bedroom units in Svendsbye. Building amenities include central air conditioning and heating, on-site laundry facilities, bathroom and kitchen. Residents provide their own kitchen, cleaning, and bathroom supplies. Collectively, these complexes provide housing for 104 upper class students across 30 apartments.

Schoeneman Apartments, located at 1411–1419 West 33rd Street, west of the Elmen Center, feature three-bedroom units, housing 3-4 students in each apartment. Schoeneman also has a one-bedroom unit. Building amenities include Wi-Fi, on-site laundry facilities, a garage (one stall per apartment), and private off-street parking. Residents provide their own kitchen, cleaning, and bathroom supplies. The apartment houses up to 18 students.

Costello Hall Apartments is a three story apartment facility located at the corner of 33<sup>rd</sup> Street and Grange Avenue on the southwest edge of campus. The building serves adult learners, married students and students with children through one and two bedroom apartment units. Residents must be enrolled full time and live with a spouse and or children. Building amenities include air conditioning and heating, Wi-Fi, laundry facilities on each floor, and private off-street parking. Residents provide their own kitchen, cleaning, and bathroom supplies. The complex includes 23 units, seven of which are two-bedroom apartments. Pets are not permitted.

In spring 2025, Augustana University broke ground on Foundation Heights, a new \$11.7 million apartment building for students located on the northeast corner of 28th Street and Grange Avenue. The project is expected to be completed by Fall 2026. Foundation Heights was inspired by the vision of the late Craig Lloyd, an Augustana Board of Trustees honorary alumnus, and is being developed in partnership with Lloyd Companies.

## **Themed Housing**

The university operates several theme house communities reserved for third-year students and above who demonstrate a strong interest in service learning and community engagement. These residences provide a more independent living environment that supports students' interests in service, activism, and outreach, with residents applying in groups and proposing a community theme and service plan for the year.

Residents are selected through a competitive application process in which students apply in groups of 2-15 and submit proposals outlining a year-long service plan, the educational purpose of the theme, and shared objectives for community living. Theme house advisors provide guidance throughout the application process and the academic year, supporting the planning and implementation of service related activities and programming.

## Housing Rental Rates

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 2024-25 academic year:

Residence Halls:	
East, Granskou, Stavig, Tuve (Double Room)	\$4,424
Granskou, Stavig, Tuve (Single Room)	6,704
Bergsaker and Solberg (Double Room)	4,934
Bergsaker and Solberg (Single Room)	7,482
Wagoner (Double Room)	5,366
Themed Housing:	
Shoeneman and Costello Hall (Single Room)	\$6,704
Balcer, Nelson and Svendsbye (Single Room)	7,344
Theme House (Single Room)	6,704

## Sanford Campus Clinic

Augustana's Sanford Campus Clinic provides basic health services to students during the academic year and is open weekdays when classes are in session, with walk-in access to a registered nurse and limited physician services by appointment. Students requiring additional care may be referred to the Sanford Clinic Family Medicine, 6100 S. Minnesota Avenue, Sioux Falls, SD. Visits with the university nurse are provided at no cost, while services from nurse practitioners and physicians are billed to the student.

## Fundraising and Development

The university actively solicits gifts and bequests from alumni, parents, friends, corporations and private foundations to support operating activities and capital needs.

### Gifts Received by Fiscal Year

	FYE2022	FYE 2023	FYE2024	FYE2025
Unrestricted Gifts	\$2,701,954	\$1,737,582	\$1,878,252	\$2,340,000
Restricted Gifts	<u>45,408,351</u>	<u>22,703,979</u>	<u>22,262,261</u>	<u>24,166,723</u>
Total all giving	<u>\$48,110,305</u>	<u>\$24,441,561</u>	<u>\$24,140,513</u>	<u>\$28,506,723</u>

Source: Augustana University

## Endowment Funds

In accordance with the board approved spending policy, a significant portion of the university's operating support is derived from endowment earnings. Endowment, perpetual trust, annuity, and life income funds collectively represent approximately 35% of total assets. The endowment includes donor restricted true endowment funds, for which principal may not be expended, and quasi endowment funds, for which principal and income may be expended in accordance with board policy.

Only unrestricted quasi endowment funds are available to meet general obligations, including amounts due under the Loan Agreement. Donor restricted endowment funds and other restricted assets are not available for payment of the Series 2026 Bonds or other parity indebtedness. The endowment consists of individual funds supporting scholarships, academic programs, and facilities, including beneficial

interests in perpetual trusts. Additional detail is provided in Notes 3 and 7 to the audited financial statements included as Appendix B.

**Endowment Net Assets by Fiscal Year**

	<b>FYE2021</b>	<b>FYE2022</b>	<b>FYE2023</b>	<b>FYE2024</b>	<b>FYE2025</b>
Donor Restricted Endowment Funds	\$111,975,229	\$106,447,204	\$113,275,503	\$124,674,221	\$134,344,563
Board Designated Endowment Funds	<u>2,112,223</u>	<u>1,936,994</u>	<u>1,997,975</u>	<u>1,878,252</u>	<u>2,638,325</u>
Total Endowment Funds	<u>\$114,087,452</u>	<u>\$108,384,198</u>	<u>\$115,273,478</u>	<u>\$126,552,473</u>	<u>\$136,817,195</u>

The Augustana University Board of Trustees, through its Finance Management Committee, provides fiduciary oversight of the university’s investments and endowment in accordance with a board-approved investment policy.

**Endowment Strategic Asset Allocation Model**

	<b>July 31, 2025</b>	<b>Long Term Allocation Goal</b>	
	<b>Asset Allocation</b>	<b>Target</b>	<b>Range</b>
Cash & Fixed Income	18.8%	20%	15-25%
Private Equities	57.9	65	50-75
Private Real Estate	14.4	15	10-20

Source: Financial Statements and Supplementary Information Years Ended July 31, 2025 and 2024

Endowment funds consist of donor restricted funds and funds designated by the Augustana Board of Trustees and are established to support long term financial stability, educational quality, student scholarships, and selected salary and expense needs. The endowment is intended to support the university’s mission in perpetuity by preserving purchasing power after spending and inflation while providing stable annual operating support. The endowment investment strategy and spending framework are designed to balance these objectives. The spending policy permits annual distributions of up to 5% of market value, calculated on a rolling 12 quarter average, and is subject to donor restrictions.

**Liquidity and Treasury Investments**

Information on cash and short-term investments is presented in Note 19 of the audited financial statements included as Appendix B. Note 19 also includes certain assets beyond cash and treasury investments.

**Grants and Contracts**

Augustana receives grants and contracts from federal, state, and private sources to support research, instruction, and scholarship activities. Certain grant and contract funds are restricted and may not be used for general operating purposes, including payments under the Loan Agreement. The university also receives unrestricted support from private donors.

**Auxiliary Revenues**

Augustana operates self-supporting auxiliary enterprises, including student housing, dining services, summer conference programs, and an online bookstore. Revenues generated from these activities are intended to be sufficient to cover associated operating expenses.

## **Other Operating Revenue**

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

## **Insurance Coverage**

The university maintains comprehensive insurance coverage, including commercial general liability, umbrella, property, business interruption, automobile liability, workers' compensation, and educators legal liability insurance. Property coverage is maintained on a replacement cost basis and includes builders risk coverage for renovation and new construction projects. Insurance limits are intended to provide coverage consistent with institutional risk exposures and industry practices.

## **Cybersecurity Risk**

Computer networks and data systems are integral to university operations and may be subject to cyberattacks, internal misuse, or data breaches, including those resulting from human error. Such events could disrupt operations or affect the timely collection and disbursement of revenues. Cyber risk management is incorporated into the university's Information Security Program, which is overseen by the IT Director and reviewed annually by the financial auditors.

## **Retirement Plans**

Eligible employees are required to participate in the university's retirement plan, which provides for employee and employer contributions based on years of service. Employees become fully vested after 23 months of service. The plan is classified as a church related organization plan and is administered by TIAA.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY  
AS OF JULY 31, 2025 AND 2024**

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**AUGUSTANA UNIVERSITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JULY 31, 2025 AND 2024**



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**AUGUSTANA UNIVERSITY  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Augustana University  
Sioux Falls, South Dakota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Augustana University, which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augustana University as of July 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Augustana University's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Augustana University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Augustana University's ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The financial responsibility ratio supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial responsibility ratio supplemental schedule and the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
January 28, 2026

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,997,879	\$ 6,541,404
Student Accounts Receivable, Net of Allowance for Current Expected Credit Losses of \$573,450 and \$529,050, Respectively	3,253,461	1,475,586
Government Grants Receivable	1,027,561	941,688
Contributions Receivable, Net	24,166,723	22,262,261
Other Receivables	1,915,408	2,041,602
Prepaid Expenses and Other Assets	1,846,209	1,247,276
Endowment Investments	130,887,959	121,955,896
Other Investments	8,843,385	12,414,626
Student Loans Receivable, Net	1,248,648	1,325,194
Right of Use Lease Assets - Operating, Net	385,200	369,054
Right of Use Lease Assets - Financing, Net	60,494	103,196
Property and Equipment, Net	189,748,987	191,209,276
Total Assets	\$ 365,381,914	\$ 361,887,059
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 7,819,976	\$ 6,518,741
Accrued Liabilities	1,224,068	1,592,034
Deferred Revenue	6,596,388	6,840,456
Bonds and Loans Payable, Net	96,771,228	98,856,220
Annuities Payable	1,502,885	1,571,692
Funds Held in Custody for Others, Including Deposits	894,179	979,516
Operating Lease Liability	385,200	369,054
Financing Lease Liability	61,267	103,600
Government Grants Refundable	3,051,291	3,214,485
Total Liabilities	118,306,482	120,045,798
<b>NET ASSETS</b>		
Without Donor Restrictions	71,415,197	80,965,980
With Donor Restrictions	175,660,235	160,875,281
Total Net Assets	247,075,432	241,841,261
Total Liabilities and Net Assets	\$ 365,381,914	\$ 361,887,059

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JULY 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Student Program Fees, Net of Grants and Scholarship of \$55,241,077 and \$47,811,276, respectively	\$ 33,054,202	\$ -	\$ 33,054,202	\$ 30,248,121	\$ -	\$ 30,248,121
Government Grants and Contracts	2,079,701	-	2,079,701	2,031,448	-	2,031,448
Private Gifts, Grants, and Contracts	968,911	20,650,489	21,619,400	5,823,259	17,064,463	22,887,722
Investment Income	856,225	7,637,982	8,494,207	961,304	2,424,062	3,385,366
Gain/(Loss) on Investments	(7,423)	3,940,607	3,933,184	31,089	10,832,164	10,863,253
Sales and Services of Educational Activities	5,346,512	-	5,346,512	4,216,035	-	4,216,035
Sales and Services of Auxiliary Enterprises	13,727,031	-	13,727,031	11,879,532	-	11,879,532
Other Sources	1,651,534	-	1,651,534	1,703,405	-	1,703,405
Net Assets Released from Restrictions for Operating Purposes	9,943,191	(9,943,191)	-	9,862,105	(9,862,105)	-
Total Revenues, Gains, and Other Support	<u>67,619,884</u>	<u>22,285,887</u>	<u>89,905,771</u>	<u>66,756,298</u>	<u>20,458,584</u>	<u>87,214,882</u>
<b>EXPENSES AND LOSSES</b>						
Program Expenses:						
Instruction	42,497,226	-	42,497,226	39,484,615	-	39,484,615
Research	1,646,252	-	1,646,252	1,605,417	-	1,605,417
Public Service	2,846,945	-	2,846,945	2,558,010	-	2,558,010
Academic Support	4,410,006	-	4,410,006	4,600,559	-	4,600,559
Student Services	8,698,768	-	8,698,768	8,167,920	-	8,167,920
Auxiliary Enterprises	13,304,233	-	13,304,233	12,065,635	-	12,065,635
Institutional Support	11,214,343	-	11,214,343	10,599,000	-	10,599,000
Allocable Expenses:						
Operation and Maintenance of Plant	6,076,241	-	6,076,241	6,167,173	-	6,167,173
Depreciation	8,865,092	-	8,865,092	7,526,406	-	7,526,406
Interest	4,000,400	-	4,000,400	4,236,188	-	4,236,188
Less: Allocated Expenses	(18,941,733)	-	(18,941,733)	(17,929,767)	-	(17,929,767)
Actuarial Adjustment for Annuities Payable	93,061	(39,234)	53,827	79,296	271,202	350,498
Total Expenses and Losses	<u>84,710,834</u>	<u>(39,234)</u>	<u>84,671,600</u>	<u>79,160,452</u>	<u>271,202</u>	<u>79,431,654</u>
<b>CHANGE IN OPERATING NET ASSETS</b>	(17,090,950)	22,325,121	5,234,171	(12,404,154)	20,187,382	7,783,228
<b>OTHER CHANGES</b>						
Net Assets Released from Restrictions for Capital Improvements	7,540,167	(7,540,167)	-	18,808,297	(18,808,297)	-
<b>CHANGE IN NET ASSETS</b>	(9,550,783)	14,784,954	5,234,171	6,404,143	1,379,085	7,783,228
Net Assets - Beginning of Year	<u>80,965,980</u>	<u>160,875,281</u>	<u>241,841,261</u>	<u>74,561,837</u>	<u>159,496,196</u>	<u>234,058,033</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 71,415,197</u>	<u>\$ 175,660,235</u>	<u>\$ 247,075,432</u>	<u>\$ 80,965,980</u>	<u>\$ 160,875,281</u>	<u>\$ 241,841,261</u>

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,234,171	\$ 7,783,228
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	8,865,092	7,526,406
Amortization	154,411	166,830
Credit Loss Expense	34,722	57,987
Unrealized and Realized Gain on Investments, Net	(3,832,862)	(11,139,126)
Change in Note Discount	250,766	215,243
Loss on Property and Equipment	10,573	112,745
Actuarial Adjustment for Annuities Payable	185,181	284,554
Loan Cancellations and Assignments, Net	11,346	293,390
Loan Forgiveness	(1,900,000)	-
Change in Working Capital Components:		
Student Accounts Receivable	(1,812,597)	1,791,841
Government Grants Receivable	(85,873)	596,426
Other Receivables	126,194	(211,743)
Contributions Receivable	(1,950,432)	(7,199,130)
Prepaid Expenses and Other Assets	(598,933)	20,404
Accounts Payable and Accrued Liabilities	558,539	3,616
Funds Held in Custody for Others, Including Deposits	(85,337)	278,518
Deferred Revenue	(244,068)	1,073,374
Lease Liability	(194,868)	(210,814)
Contributions Restricted for Long-Term Investment	(13,864,384)	(6,825,609)
Net Cash Used by Operating Activities	(9,138,359)	(5,381,860)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(6,859,280)	(11,950,482)
Proceeds from Sale of Investments	5,070,188	32,923,781
Purchases of Property and Equipment	(6,875,071)	(40,047,104)
Proceeds from Sale of Property and Equipment	138,259	362,229
Disbursements of Student Loans	(154,777)	(124,710)
Repayments of Student Loans	219,977	308,115
Net Cash Used by Investing Activities	(8,460,704)	(18,528,171)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Principal on Indebtedness	(367,079)	(467,044)
Payments on Finance Leases	(42,333)	(41,591)
Proceeds from Issuance of Bonds and Loans Payable	-	3,035,102
Debt Issuance Costs Paid	(28,222)	-
Contributions Received Restricted for Long-Term Investment	13,910,354	16,762,244
Payments of Annuities Payable	(253,988)	(249,139)
Change in Government Grants Refundable	(163,194)	(386,271)
Net Cash Provided by Financing Activities	13,055,538	18,653,301
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(4,543,525)	(5,256,730)
Cash and Cash Equivalents - Beginning of Year	6,541,404	11,798,134
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,997,879	\$ 6,541,404

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JULY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 4,214,830</u>	<u>\$ 4,236,188</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and Equipment Purchased with Accounts Payable	<u>\$ 2,464,657</u>	<u>\$ 2,096,154</u>

*See accompanying Notes to Financial Statements.*

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1860, Augustana University (Augustana) is a private, residential, comprehensive (liberal arts and professional) university of the Evangelical Lutheran Church in America. Central to Augustana's mission are five core values—**Christian, Liberal Arts, Excellence, Community** and **Service**—that serve as the foundation for Augustana's academic and student life programs. Students who enroll at Augustana are attracted by Augustana's intellectually challenging and supportive learning environment, the integration of faith, and an active and engaged campus community. These elements of Augustana experience add up to an education of enduring worth, preparing students for a lifetime of learning and service.

The accounting policies of Augustana reflect practices common to universities and colleges and conform to accounting principles generally accepted in the United States of America (GAAP). Below is a summary of Augustana's significant accounting policies.

**Basis of Accounting**

Augustana maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with donor-imposed restrictions.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on Augustana as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets; net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of trustees.

*Net Assets With Donor Restrictions* – Net assets whose use by Augustana is subject to donor-imposed stipulations that can be either fulfilled by actions of Augustana pursuant to those stipulations or that expire by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary donor restrictions on net assets (i.e., the donor-imposed restriction has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions of assets other than cash are recorded at their estimated fair value.

Investment income includes interest and dividends earned on endowment investments and other investments. Gains and losses on investments include the realized and unrealized gains and losses for the endowment investments and other investments.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Income and net gains on investments of donor-restricted endowment and similar funds are reported as follows:

- As increases in donor-restricted net assets held in perpetuity if the terms of the gift require that they be added to the principal of a perpetual endowment fund;
- As increases in donor-restricted net assets with temporary restrictions in all other cases until the time the funds are appropriated and spent.

Net losses on perpetually restricted endowment funds are reported as reductions in temporarily donor-restricted net assets.

**Net Assets With Donor Restrictions**

With respect to net assets with donor restrictions whose restrictions are temporary, Augustana has adopted the following accounting policies:

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Release of donor restrictions on net assets for acquisition of land, buildings, and equipment: Contributions of land, buildings, and equipment are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are acquired.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term relate to the allowance for current expected credit loss, the discount on pledges receivable, liabilities under annuity obligations, asset retirement obligations, and valuation of the interest rate swap agreements and alternative investments.

**Cash and Cash Equivalents**

Augustana considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased, to be cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Student Accounts Receivable**

Student accounts receivable are carried at the unpaid balance of the original amount billed to students. Student accounts receivable are net of allowance for current expected credit losses. Management determines the allowance for current expected credit losses based on historical experience and identifying specific past due accounts as well as the current US exchange rate, unemployment rate, and consumer price index for future considerations. Student accounts are written off when deemed uncollectible. Recoveries of student receivable previously written off are recognized when received. The allowance for current expected credit losses on student accounts receivable was \$573,450 and \$529,050 at July 31, 2025 and 2024, respectively.

Interest is charged on student accounts receivable that are past due. Interest is recognized as charged. Late charges are imposed if payments are not made by the payment due date and are recognized as they are received.

**Student Loans Receivable**

Student loans receivable are carried at the amount of the unpaid principal. Management determines the allowance for current expected credit losses based on historical experience and identifying specific past due loans as well as the current U.S. exchange rate, unemployment rate, and consumer price index for future considerations. Student loans receivable are written off when deemed uncollectible. Recoveries of student loans receivable previously written off are recognized when received. No allowance for current expected credit losses for student loans receivable was deemed necessary at July 31, 2025 or 2024.

Interest is charged and recognized on student loans receivable after a student is no longer enrolled as a full-time student and after a grace period. Interest is recognized as charged. Late charges are imposed if payments are not made by the payment due date and are recognized as they are received. Students may be granted a deferment, forbearance, or cancellation of their student loans receivable based on eligibility requirements defined by the United States Department of Education or, in the case of loan funds of Augustana, based on the respective loan program.

**Contributions Receivable**

Unconditional promises to give that are expected to be received within one year are recorded at the gross amount of the promise, net of an allowance for doubtful pledges. Unconditional promises to give, net of an allowance for doubtful pledges that are expected to be received in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 6% in 2025 and 2024, which is commensurate with the risks involved. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Prepaid Expenses and Other Assets**

Prepaid expenses and other assets include pre-payments for premiums, memberships, dues, inventories of supplies and miscellaneous items held for resale, which are valued at the lower of cost or net realizable value.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Marketable securities are recorded at fair value determined by quoted market prices. Alternative investments, which include investments in hedge funds and private equity funds, are valued utilizing the most current information provided by the fund. As these alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed. Such difference could be material. Augustana has the ability to liquidate its alternative investments periodically in accordance with the provisions of the alternative investment agreements. All other investments are recorded at cost. Donated investments are recorded at fair value on the date received. Realized gains (losses) are calculated using the average cost method.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Debt Acquisition**

Debt acquisition costs are amortized over the term of the related debt by a method that approximates the effective interest method. Debt acquisition costs are reported as a reduction of Bonds Payable (see Note 12).

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Augustana depreciates its property and equipment on a monthly basis based on when placed in service, on a straight-line basis over the estimated useful lives as follows:

Buildings	10 to 40 Years
Improvements	10 to 40 Years
Equipment	2 to 20 Years
Library Books	15 Years

Normal repair and maintenance expenses are charged to operations as incurred. Augustana capitalizes property and equipment additions in excess of \$5,000. Interest costs incurred during construction periods are capitalized as part of buildings except to the extent of specific contributions received for the construction.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. Augustana adopted FASB ASC 842, with a date of initial application of August 1, 2020, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. Augustana did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of August 1, 2020, was necessary for the cumulative impact of adoption of FASB ASC 842. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended July 31, 2023.

As part of the transition, Augustana implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases
- Other practical expedients:
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

**Government Grants and Contracts**

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

**Asset Retirement Policy**

Augustana recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the retirement obligation is capitalized by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value each year, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities. Augustana reviews its estimates annually and adjusts the recorded liability as needed.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annuities Payable**

Gifts received under these arrangements are split into the amount representing the actuarial present value of future distributions back to the donor or to the third-party beneficiaries and the remaining gift value to be retained for the benefit of Augustana. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered, and age and gender characteristics of the donor. Augustana used an average discount rate of 6% in making the calculations at July 31, 2025 and 2024.

**Deferred Revenue**

Deferred revenue consists primarily of cash received related to specific contracts and tuition payments received in advance. Revenue related to the specific contracts is recognized over the life of the related agreement as an exchange transaction. Tuition or revenue is recognized in the academic term to which the tuition applies.

**Funds Held in Custody for Others**

Funds held in custody for others include the estimated liability under various charitable trusts and funds held under agency relationships.

**Government Grants Refundable**

Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Costs incurred before cash is received are recorded as an expense, revenue, and a receivable.

**Grants to Specified Students**

Amounts received from federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of Augustana. The amounts of such grants were \$2,797,078 and \$1,849,627 for the years ended July 31, 2025 and 2024, respectively.

**Institutional Scholarships and Grants**

Institutional scholarships and grants are offered by Augustana to attract and retain students. Augustana offers institutional grants to students in the form of merit-based scholarships and need-based grants. These scholarships and grants are presented in the accompanying statements of activities as a reduction to tuition and fees.

**Income Taxes**

The Internal Revenue Service has determined that Augustana is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). As such, Augustana is subject to federal income taxes only on any unrelated income under Section 511 of the IRC.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Augustana follows the guidance on accounting for uncertainty in income taxes. Management evaluated Augustana's tax positions and concluded that Augustana had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Augustana files an informational 990 tax return in the U.S. federal jurisdiction. Augustana has no federal or state examinations currently in progress.

**Pension Plans**

Augustana has certain contributory, defined contribution pension plans for academic and nonacademic personnel. Contributions for employees are based on a percentage of compensation. Augustana's match on the retirement plan totaled approximately \$1,536,000 and \$1,404,000 for the years ended July 31, 2025 and 2024, respectively.

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to customers (students), in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

The following table shows Augustana's tuition revenue disaggregated according to the timing of the transfer of goods or service and by source, as of the year ended July 31:

	<u>2025</u>	<u>2024</u>
Revenue Recognized Over Time:		
Tuition and Fees	\$ 88,295,279	\$ 78,059,397
Less: Scholarships and Grants	<u>(55,241,077)</u>	<u>(47,811,276)</u>
Total	<u>\$ 33,054,202</u>	<u>\$ 30,248,121</u>

The following table shows Augustana's auxiliary revenues disaggregated according to the timing of the transfer of goods or service and by source, as of the year ended July 31:

	<u>2025</u>	<u>2024</u>
Revenue Recognized Over Time:		
Housing	\$ 6,117,582	\$ 5,463,286
Dining	<u>7,171,457</u>	<u>6,190,431</u>
Total	<u>\$ 13,289,039</u>	<u>\$ 11,653,717</u>

Augustana's contract assets and liabilities consist of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Deferred Revenue - Students	\$ 1,611,443	\$ 1,861,225
Deferred Revenue - Auxiliary	150,000	262,500
Deferred Revenue - Other	<u>4,834,945</u>	<u>4,716,731</u>
Total	<u>\$ 6,596,388</u>	<u>\$ 6,840,456</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Performance Obligations and Revenue Recognition**

Augustana has two semesters. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proportionally over the term of the related semester. Auxiliary revenue is recognized in the fiscal year in which housing and food services are provided, portably over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Many students obtain Title IV or other financial aid resulting in Augustana's receiving a significant amount of the transaction price at the beginning of the academic term.

Augustana does not require students to live on campus for the entire time of study and the price of educational services and residential services are not dependent on one another. Therefore, housing and tuition revenue do not need to be combined according to ASC 606-15-25-9.

**Transaction Price**

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition and auxiliary revenues are reported at established rates, net of financial assistance provided by Augustana.

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged.

Students who adjust their course load or withdraw completely within the first three days of the academic term (add/drop period) may receive a full or partial refund in accordance with Augustana's refund policy.

If a student withdraws prior to completing an academic term, federal regulations permit Augustana to retain only a set percentage of the total tuition and auxiliary revenues received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by Augustana in excess of such set percentages of tuition are refunded to the student or the appropriate funding source.

For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of Augustana's expected refunds are determined at the outset of each academic term, based upon actual experience in previous academic terms. All refunds are netted against revenue during the applicable academic term. Management believes it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with variable consideration is subsequently resolved.

**AUGUSTANA UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Transaction Price (Continued)**

Management reassesses collectability throughout the period revenue is recognized by Augustana on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid charges.

**Contract Balances**

Tuition, fees, and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. Augustana's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

The following table depicts activities for deferred revenue related to tuition and fees, auxiliary revenues, athletic memberships, and other miscellaneous items:

Balance at 8/1/2024	Refunds Issued	Revenue Recognized Included in 7/31/2024 Balance	Cash Received in Advance of Performance	Balance at 7/31/2025
<u>\$ 6,840,456</u>	<u>\$ -</u>	<u>\$ 3,654,566</u>	<u>\$ 3,410,498</u>	<u>\$ 6,596,388</u>

  

Balance at 8/1/2023	Refunds Issued	Revenue Recognized Included in 7/31/2025 Balance	Cash Received in Advance of Performance	Balance at 7/31/2024
<u>\$ 5,767,082</u>	<u>\$ -</u>	<u>\$ 3,826,512</u>	<u>\$ 4,899,886</u>	<u>\$ 6,840,456</u>

The balance of deferred revenue at July 31, 2025 will be recognized as revenue over the academic term beginning on August 27, 2025 as services are rendered, except for \$2,724,835 of other deferred revenue which will be deferred on a straight-line basis through the 2033-2034 school year.

**Fundraising and Advertising Expenses**

Fundraising expenses totaled approximately \$1,886,000 and \$2,340,000 for the years ended July 31, 2025 and 2024, respectively. Augustana expenses advertising at the time incurred, which totaled approximately \$442,000 and \$473,000 for the years ended July 31, 2025 and 2024, respectively.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

**NOTE 2 NET ASSETS**

Net assets without donor restrictions consist of the following at July 31:

	<u>2025</u>	<u>2024</u>
Undesignated (Deficit)	\$ (42,934,915)	\$ (32,483,467)
Loans to Students	293,058	315,120
Replacement of Plant Facilities	403,713	390,728
Board Designated Endowment	1,910,325	1,878,252
Annuity Reserves	793,432	721,723
Net Investment in Plant	110,949,584	110,143,624
Total Net Assets Without Donor Restrictions	<u>\$ 71,415,197</u>	<u>\$ 80,965,980</u>

Undesignated net assets (deficit) represent undesignated assets net of various payables, accruals, and reserves.

Net assets with donor restrictions consist of the following as of July 31:

	<u>2025</u>	<u>2024</u>
Subject to Specified Purpose:		
Scholarships and Grants	\$ 741,305	\$ 706,681
Academic, Student Programs and Support	8,972,507	7,926,558
Acquisition of Property and Equipment	4,823,702	3,234,542
Total	<u>14,537,514</u>	<u>11,867,781</u>
Subject to Passage of Time:		
Contributions Receivable	24,166,723	22,262,261
Annuity, Life Income and Similar Funds	2,049,128	2,071,018
Total	<u>26,215,851</u>	<u>24,333,279</u>
Subject to the University Spending Policy		
Accumulated Gains and Term Endowments	41,543,022	35,977,869
Endowment Funds Restricted in Perpetuity	93,363,848	88,696,352
Total	<u>134,906,870</u>	<u>124,674,221</u>
Total Net Assets with Donor Restrictions	<u>\$ 175,660,235</u>	<u>\$ 160,875,281</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 3 ENDOWMENT FUNDS**

Augustana’s endowment funds consist of various donor-restricted endowment funds and funds designated as endowment by Augustana’s Board of Trustees. The endowment funds were established for a variety of purposes, primarily related to scholarships and to supplement salary and expense budgets. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Augustana has determined that absent explicit donor restrictions, the original gift amount of the donor-restricted endowment will be classified as restricted in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as donor-restricted net assets with temporary restrictions until those amounts are appropriated for expenditure and spent by Augustana in a manner consistent with the standard of prudence prescribed by the state of South Dakota in its enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Augustana has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment investments. To satisfy its investment and return objectives, Augustana relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest, dividends and rents). Augustana targets a diversified allocation of investments that places a greater emphasis on equity-based investments to achieve its long-term objectives and is invested in a diversified portfolio of global equities (65%), fixed instrument bonds (20%) and other assets (15%), including real estate.

Augustana has a policy of appropriating for distribution each year an amount equal to 5% of the average endowment value over the previous 12 quarters. If the endowment value is below the original gift amount, the distribution amount is reduced to the current yield percentage applied to the average endowment value. The distribution for the 2025 – 2026 fiscal year is expected to be approximately \$6.0 million. Augustana expects that the average long-term return of its endowment will support this distribution and maintain the purchasing power of the endowment. Augustana considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) purpose of Augustana and the endowment fund, (2) duration and preservation of the fund, (3) general economic conditions and effect of inflation/deflation, (4) investment policy and expected return on the endowment and (5) other resources of Augustana.

The following summarizes endowment net assets at July 31:

2025	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
Donor-Restricted Endowment Funds				
Underwater Funds	\$ -	\$ 588,425	\$ (26,118)	\$ 562,307
Other Funds	-	96,919,953	37,424,610	134,344,563
Board-Designated Endowment Funds				
Scholarship	1,080,486	-	-	1,080,486
Maintenance	829,839	-	-	829,839
Total Endowment Funds	<u>\$ 1,910,325</u>	<u>\$ 97,508,378</u>	<u>\$ 37,398,492</u>	<u>\$ 136,817,195</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 3 ENDOWMENT FUNDS (CONTINUED)**

<u>2024</u>	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
Donor-Restricted Endowment Funds				
Underwater Funds	\$ -	\$ 3,164,825	\$ (72,458)	\$ 3,092,367
Other Funds	-	89,492,753	32,089,101	121,581,854
Board-Designated Endowment Funds				
Scholarship	1,052,575	-	-	1,052,575
Maintenance	825,677	-	-	825,677
Total Endowment Funds	<u>\$ 1,878,252</u>	<u>\$ 92,657,578</u>	<u>\$ 32,016,643</u>	<u>\$ 126,552,473</u>

Augustana had perpetually restricted pledges receivable for endowment of \$2,500,000 and \$2,700,000 at July 31, 2025 and 2024, respectively, net of reductions for allowances and discounts.

The following summarizes changes in the endowment net assets for the years ended July 31:

<u>2025</u>	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
Endowment Net Assets, July 31, 2024	\$ 1,878,252	\$ 92,657,578	\$ 32,016,643	\$ 126,552,473
Investment Income, Net	104,475	-	7,641,005	7,745,480
Net Appreciation (Unrealized Gain)	55,303	-	3,739,666	3,794,969
Contributions	3,357	4,892,901	-	4,896,258
Administrative Assessment	(67)	-	(90,808)	(90,875)
Change in Net Asset Classification	-	(42,101)	(23,278)	(65,379)
Appropriation for Expenditure	(130,995)	-	(5,884,736)	(6,015,731)
Endowment Net Assets, July 31, 2025	<u>\$ 1,910,325</u>	<u>\$ 97,508,378</u>	<u>\$ 37,398,492</u>	<u>\$ 136,817,195</u>

<u>2024</u>	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
Endowment Net Assets, July 31, 2023	\$ 1,997,975	\$ 88,601,765	\$ 24,673,738	\$ 115,273,478
Investment Income, Net	25,217	-	2,593,144	2,618,361
Net Appreciation (Unrealized Gain)	164,220	-	10,384,608	10,548,828
Contributions	-	4,055,813	-	4,055,813
Administrative Assessment	-	-	(72,832)	(72,832)
Appropriation for Expenditure	(309,160)	-	(5,562,015)	(5,871,175)
Endowment Net Assets, July 31, 2024	<u>\$ 1,878,252</u>	<u>\$ 92,657,578</u>	<u>\$ 32,016,643</u>	<u>\$ 126,552,473</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS**

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors for the years ended July 31 were as follows:

	<u>2025</u>	<u>2024</u>
Operating Purposes	\$ 9,943,191	\$ 9,862,105
Capital Improvements	7,540,167	18,808,297
Total	<u>\$ 17,483,358</u>	<u>\$ 28,670,402</u>

These assets were reclassified to net assets without donor restrictions.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The following summarizes Augustana's contributions receivable at July 31:

	<u>2025</u>	<u>2024</u>
With Donor Restriction - Capital Improvements	\$ 8,608,573	\$ 8,885,953
With Donor Restriction - Scholarships, Grants and Operations	21,663,460	19,689,289
With Donor Restriction - Held in Perpetuity for Endowment	<u>3,108,713</u>	<u>3,415,869</u>
Subtotal	33,380,746	31,991,111
Less: Unamortized Discount	(6,528,831)	(7,255,266)
Less: Allowance for Doubtful Pledges	<u>(2,685,192)</u>	<u>(2,473,584)</u>
Total	<u>\$ 24,166,723</u>	<u>\$ 22,262,261</u>

	<u>2025</u>	<u>2024</u>
Amounts Due in:		
Less than One Year	\$ 7,440,218	\$ 5,845,411
One to Five Years	15,519,913	13,384,082
More than Five Years	<u>10,420,615</u>	<u>12,761,618</u>
Total	<u>\$ 33,380,746</u>	<u>\$ 31,991,111</u>

Pledges receivable at July 31, 2025 and 2024 include gifts from several board members of Augustana with a gross recorded value of \$3,236,800 and \$2,511,650, respectively, before reductions for allowance and discounts.

**NOTE 6 STUDENT LOANS RECEIVABLE**

The following summarizes Augustana's student loans receivable at July 31:

	<u>2025</u>	<u>2024</u>
Federal Government Programs	\$ 1,192,810	\$ 1,266,519
Institutional Loan Programs	55,838	58,675
Student Loans Receivable, Net	<u>\$ 1,248,648</u>	<u>\$ 1,325,194</u>

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**NOTE 7 ENDOWMENT INVESTMENTS**

The following summarizes the carrying values of Augustana's endowment investments at July 31:

	2025	2024
Investments Carried at Fair Value:		
Marketable Securities:		
Money Market Funds	\$ 192,439	\$ 247,884
Fixed Income Securities	4,330,367	3,883,819
Mutual Funds - U.S. Equity Securities	24,157,196	21,645,081
Mutual Funds - International Equity Securities	15,899,022	14,504,279
Mutual Funds - Global Securities	18,362,541	16,766,081
Mutual Funds - U.S. Debt Securities	9,637,049	9,296,719
Mutual Funds - International Debt Securities	8,833,125	8,284,504
Nonmarketable Securities:		
Long/Short Equity	10,540,193	12,037,514
Equity	24,900,914	16,160,468
Fixed Income Securities	3,354,781	2,980,126
Hedge Funds	797,106	2,492,740
Limited Partnerships	887,374	3,353,286
Real Estate Fund	2,887,264	4,029,015
Subtotal	124,779,371	115,681,516
Investments Carried at Cost:		
Cash Surrender Value of Life Insurance Policies	1,358,263	1,332,639
Real Estate	4,681,177	4,879,965
Accrued Interest	69,148	61,776
Subtotal	6,108,588	6,274,380
Total	\$ 130,887,959	\$ 121,955,896

Real estate consists of residential real estate currently being rented to students, faculty, and staff. Real estate is recorded net of accumulated depreciation of \$1,520,490 and \$1,395,254 at July 31, 2025 and 2024, respectively.

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**NOTE 8 OTHER INVESTMENTS**

The following summarizes the carrying values of Augustana's other investments at July 31:

	2025	2024
Investments Carried at Fair Value:		
Marketable Securities:		
Money Market Funds	\$ 5,011,028	\$ 8,285,278
Fixed Income Securities	53,026	-
Mutual Funds - Equity Securities	2,362,038	2,767,989
Mutual Funds - Debt Securities	1,010,867	1,185,369
Subtotal	8,436,959	12,238,636
Investments Carried at Cost:		
Funds Held by Outside Parties	276,735	145,380
Funds Held for Outside Parties	98,089	-
Certificates of Deposit	11,483	11,263
Cash Surrender Value of Life Insurance Policies	20,119	19,347
Subtotal	406,426	175,990
Total	\$ 8,843,385	\$ 12,414,626

Augustana has arrangements with donors classified as charitable annuity trusts and charitable remainder trusts. Total assets held by Augustana under deferred gift agreements totaled approximately \$2,080,000 and \$2,276,000 at July 31, 2025 and 2024, respectively.

**NOTE 9 FAIR VALUE MEASUREMENTS**

Augustana uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Augustana measures fair value, refer to Note 1 – Significant Accounting Policies. The following tables represent Augustana's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of July 31:

	Investments					Total
	2025	Level 1	Level 2	Level 3	Measured at NAV	
Endowment Investments:						
Money Market Funds	\$ 192,439	\$ -	\$ -	\$ -	\$ -	\$ 192,439
Mutual Funds - U.S. Equity Securities	24,157,196	-	-	-	-	24,157,196
Mutual Funds - International Equity Securities	15,899,022	-	-	-	-	15,899,022
Mutual Funds - Global Securities	18,362,541	-	-	-	-	18,362,541
Mutual Funds - U.S. Debt Securities	9,637,049	-	-	-	-	9,637,049
Mutual Funds - International Debt Securities	8,833,125	-	-	-	-	8,833,125
Long/Short Equity	-	-	-	-	10,540,193	10,540,193
Equity	-	-	-	-	24,900,914	24,900,914
Fixed Income Securities	-	4,330,367	-	-	3,354,781	7,685,148
Hedge Funds	-	-	-	-	797,106	797,106
Limited Partnerships	-	-	-	-	887,374	887,374
Real Estate Fund	-	-	-	-	2,887,264	2,887,264
Total Endowment Investments	77,081,372	4,330,367	-	-	43,367,632	124,779,371
Other Investments:						
Money Market Funds	5,011,028	-	-	-	-	5,011,028
Fixed Income Securities	-	53,026	-	-	-	53,026
Mutual Funds - Equity Securities	2,362,038	-	-	-	-	2,362,038
Mutual Funds - Debt Securities	1,010,867	-	-	-	-	1,010,867
Total Other Investments	8,383,933	53,026	-	-	-	8,436,959
Total Investments Valued at Fair Value	\$ 85,465,305	\$ 4,383,393	\$ -	\$ -	\$ 43,367,632	\$ 133,216,330

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**NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)**

2024	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Endowment Investments:					
Money Market Funds	\$ 247,884	\$ -	\$ -	\$ -	\$ 247,884
Mutual Funds - U.S. Equity Securities	21,645,081	-	-	-	21,645,081
Mutual Funds - International Equity Securities	14,504,279	-	-	-	14,504,279
Mutual Funds - Global Securities	16,766,081	-	-	-	16,766,081
Mutual Funds - U.S. Debt Securities	9,296,719	-	-	-	9,296,719
Mutual Funds - International Debt Securities	8,284,504	-	-	-	8,284,504
Long/Short Equity	-	-	-	12,037,514	12,037,514
Equity	-	-	-	16,160,468	16,160,468
Fixed Income Securities	-	3,883,819	-	2,980,126	6,863,945
Hedge Funds	-	-	-	2,492,740	2,492,740
Limited Partnerships	-	-	-	3,353,286	3,353,286
Real Estate Fund	-	-	-	4,029,015	4,029,015
Total Endowment Investments	<u>70,744,548</u>	<u>3,883,819</u>	<u>-</u>	<u>41,053,149</u>	<u>115,681,516</u>
Other Investments:					
Money Market Funds	8,285,278	-	-	-	8,285,278
Mutual Funds - Equity Securities	2,767,989	-	-	-	2,767,989
Mutual Funds - Debt Securities	1,185,369	-	-	-	1,185,369
Total Other Investments	<u>12,238,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,238,636</u>
Total Investments Valued at Fair Value	<u>\$ 82,983,184</u>	<u>\$ 3,883,819</u>	<u>\$ -</u>	<u>\$ 41,053,149</u>	<u>\$ 127,920,152</u>

The following table provides a summary of redemption restrictions of alternative investments at July 31:

	2025	2024	Unfunded Commitments at July 31, 2025	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Long/Short Equity	\$ 10,540,193	\$ 12,037,514	\$ 502,050	Daily	100 days
Fixed Income Securities	3,354,781	2,980,126	1,985,491	Daily	90 days
Hedge Funds	797,106	2,492,740	-	Daily-Monthly	45 days
Limited Partnerships	887,374	3,353,286	2,553,582	Limited	n/a
Equity	24,900,914	16,160,468	2,459,884	Monthly	10 days
Real Estate Fund	2,887,264	4,029,015	2,487,983	Monthly	35 days
Total	<u>\$ 43,367,632</u>	<u>\$ 41,053,149</u>	<u>\$ 9,988,990</u>		

Long/short equity contains investments in multiple hedge funds with separate managers using long and short strategies. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Equity investments reflect long position investments in mutual funds, exchange-traded funds, or index funds that invest in high-quality domestic and international markets. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Fixed income securities consist of interest rate and credit-sensitive investments. The fair value of these investments is based on quoted market prices for the underlying securities which comprise the fund.

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**NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)**

Hedge Funds provide capital appreciation through the use of fund of funds, multi-manager investment strategy. The Hedge Funds allocate their assets among several private partnerships and limited liability companies. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Limited Partnerships (LPs) reflect investments in LPs which in turn invest in other LPs, early and growth stage companies. The fair value of the funds in this category have been estimated using the net asset value of the investments, which are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values.

Real Estate attempts to achieve long-term returns through the use of a global portfolio consisting of publicly traded real estate equity securities. The fair value of the fund in this category has been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

**NOTE 10 PROPERTY AND EQUIPMENT**

The following summarizes Augustana's property and equipment at July 31:

	2025	2024
Campus Land	\$ 985,377	\$ 985,377
Buildings and Building Improvements	240,704,291	235,912,285
Equipment	18,767,948	17,513,384
Improvements Other than Buildings	16,508,303	15,704,351
Library Books	681,767	744,101
Artwork	161,138	161,138
Construction in Progress	3,484,601	3,140,878
Subtotal	281,293,425	274,161,514
Less: Accumulated Depreciation	(91,544,438)	(82,952,238)
Total	\$ 189,748,987	\$ 191,209,276

In 2021, Augustana entered into construction contracts amounting to approximately \$46.3M for multiple housing, infrastructure, and accessibility projects and an athletic field improvement, which will be completed in subsequent periods. These projects are being financed with contributions and bond financing.

**NOTE 11 LINE OF CREDIT**

Augustana has an unsecured \$3 million line of credit agreement with a bank. Interest on the line of credit is variable and set at 1.25 percentage points above prime rate, which was 7.50% at July 31, 2025, resulting in an effective rate of 8.75% at that date. The line of credit expires on December 15, 2026. Collateral for the agreement includes any funds or securities held by the lender and a collateral real estate mortgage. The outstanding borrowing under the line of credit at July 31, 2025 and 2024 was \$-0-.

**AUGUSTANA UNIVERSITY  
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**NOTE 11 LINE OF CREDIT (CONTINUED)**

Augustana has an additional unsecured \$7 million line of credit agreement with a bank. Interest on the line of credit is variable and set at 0.75 percentage points below the prime rate, which was 7.50% at July 31, 2025, resulting in an effective rate of 6.75% at that date. The line of credit expires on May 1, 2027. Collateral for the agreement includes any funds or securities held by the lender and a collateral real estate mortgage. The outstanding borrowing under the line of credit at July 31, 2025 and 2024 was \$-0-

**NOTE 12 BONDS AND LOANS PAYABLE**

The following summarizes Augustana's bonds and loans payable at July 31:

	<u>2025</u>	<u>2024</u>
Reliabank - Loan Payable Hockey Arena	\$ 9,343,912	\$ 9,621,429
Reliabank - Loan Payable Hockey Area Loan Origination Fee	(8,333)	(9,000)
Reliabank - Credit Facility Origination Fee	(24,694)	-
Note Payable to an Individual	1,900,000	3,800,000
Less: Discount on Note Payable	(298,888)	(549,655)
KS StateBank - Note Payable	238,144	317,483
CapFirst Finance Note Payable	36,042	46,267
Lincoln County 2021A Bond Issue	70,465,000	70,465,000
Lincoln County 2021A Bond Issue - Bond Premium	4,919,594	5,057,205
Lincoln County 2021B Bond Issue	12,030,000	12,030,000
Less: Unamortized Bond Issuance Costs	<u>(1,829,549)</u>	<u>(1,922,509)</u>
Total	<u>\$ 96,771,228</u>	<u>\$ 98,856,220</u>

The Reliabank – Loan Payable Hockey Arena requires annual payments of \$1,157,877 beginning January 2024, with an initial interest rate of 7.75%. Final payment will be due on January 20, 2038, and will be for all principal and all accrued interest not yet paid. The interest rate on this note is subject to change from time to time based on changes in an index which is the lender's prime rate.

The Lincoln County 2021A Bond Issue (2021A Bond) requires annual payments consisting of fixed interest (4%) and variable principal payments of \$30,000 to \$4,145,000 and matures on August 1, 2061. The 2021A Bond requires that Augustana meet certain financial covenants including a debt service ratio for Unrestricted Funds, as defined in the agreement, of not less than 1.20 or a debt service ratio for Restricted Funds, as defined in the agreement, of not less than 3.

The Lincoln County 2021B Bond Issue (2021B Bond) requires annual payments consisting of fixed interest (4%) and variable principal payments of \$1,005,000 to \$1,405,000 and matures on August 1, 2034. The 2021B Bond requires that Augustana meet certain financial covenants including a debt service ratio, as defined in the agreement, of not less than 1.20 or a debt service ratio for Restricted Funds, as defined in the agreement, of not less than 3.

The KS StateBank – Note Payable requires annual \$100,000 payments consisting of a fixed interest rate at 6.5% and variable principal payments. The note matures on January 18, 2028 with a final payment of \$67,784.

**AUGUSTANA UNIVERSITY**  
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**NOTE 12 BONDS AND LOANS PAYABLE (CONTINUED)**

The Note Payable to an Individual is an interest-free bearing note with \$760,000 annual payments beginning on October 1, 2024. The note was subsequently amended on September 12, 2024 restating the principal amount to \$1,900,000. The remaining principal amount of \$1,900,000 under the original \$3,800,000 note was deemed to be repaid and discharged under the new agreement. Payments on the amended note will begin on October 1, 2026 with a payment of \$380,000 and two annual payments of \$760,000 thereafter.

The CapFirst Finance note payable requires annual payments of \$13,983 consisting of a fixed interest rate of 8% and variable principal payments. The note matures on July 15, 2028.

The following summarizes Augustana's scheduled principal payments on bonds and loans payable at July 31, 2025:

<u>Year Ending July 31,</u>	<u>Amount</u>
2026	\$ 1,500,587
2027	1,959,416
2028	2,389,090
2029	2,393,631
2030	1,721,269
Subsequent Years	84,049,105
Total	<u>\$ 94,013,098</u>

**NOTE 13 LEASES**

Augustana accounts for leases in accordance with FASB ASC 842 and is a lessee in several operating leases for office space, vehicles, and other equipment. Leases for equipment and vehicles are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Augustana determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The organization determines if an arrangement conveys the right to use an identified asset and whether it obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Augustana recognizes a lease liability and ROU asset at the commencement date of the lease.

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**NOTE 13 LEASES (CONTINUED)**

*Lease liabilities* A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, Augustana uses its incremental borrowing rate.

*ROU assets* A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid accrued lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

*Accounting policy election for short-term leases* Augustana has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset it is reasonably certain to exercise. Augustana recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

*Leases* Augustana has obligations as a lessee for office space, vehicles, and other equipment with initial noncancelable terms in excess of one year. Generally, the office space leases have an initial term of 4 years or less and the vehicle leases have a 3-year term. Other equipment leases are generally 5 years. Augustana classifies these leases as operating leases, except for any equipment leases that meet the FASB ASC 842 criteria to be classified as a finance lease. Optional periods are included in determining the lease term if it is reasonably certain the renewal option will be exercised and associated payments under these renewal options are included in the lease payments used to determine the lease liabilities. Augustana's leases do not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. Payments due under lease contracts are fixed payments.

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**NOTE 13 LEASES (CONTINUED)**

Other information related to leases as of or for the year ended July 31, 2025 is as follows:

	2025	2024
Operating Lease Costs	\$ 216,798	\$ 239,125
Financing Lease Costs		
Amortization of Right of Use Assets	42,702	59,401
Interest on Lease Liabilities	1,491	2,234
Short-Term Lease Costs	124,290	187,739
Variable Lease Costs	48,866	47,610
Total Lease Cost	\$ 434,147	\$ 536,109
Other Information		
Cash Paid for Amounts Included in the Measuring of Lease Liabilities		
Operating Cash Flow from Operating Leases	\$ 216,798	\$ 239,125
Operating Cash Flow from Financing Leases	1,491	2,234
Financing Cash Flow from Finance Leases	42,333	41,591
Weighted-Average Remaining Lease Term (Years):		
Operating Leases	2.47	1.96
Finance Leases	1.42	2.42
Weighted-Average Discount Rate:		
Operating Leases	5.83%	5.46%
Finance Leases	1.77%	1.77%

Maturities of operating and finance lease liabilities as of July 31, 2025, were as follows:

Year Ending July 31,	Operating	Finance
2026	\$ 198,710	\$ 43,824
2027	157,188	18,260
2028	22,640	-
2029	22,640	-
2029+	16,555	-
Total Lease Payments	417,733	62,084
Less: Present Value Adjustments	32,533	817
Present Value of Lease Payments	\$ 385,200	\$ 61,267

**NOTE 14 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Augustana to concentrations of credit risk consist principally of marketable securities and student loans receivable. Marketable securities are generally placed in a variety of managed funds administered by different investment managers in order to limit credit risk. Investments with a market value of approximately \$80,000,000 and \$74,000,000 were in custody of Augustana's investment manager at July 31, 2025 and 2024, respectively, and were primarily invested in mutual funds.

**AUGUSTANA UNIVERSITY**  
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**NOTE 14 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

Student loans receivable are due from individuals concentrated primarily in the Midwest. In addition, Augustana's students receive a substantial amount of support from federal student financial assistance programs, which are subject to audit by governmental agencies. A significant reduction in the level of this support could have an adverse effect on Augustana's programs and activities.

Augustana maintains the majority of its cash in bank deposit accounts at two banks that generally exceed federally insured limits. Augustana has not experienced any losses in such accounts. Augustana believes it is not exposed to any significant credit risk on cash.

**NOTE 15 DEFERRED REVENUE**

Sanford Health has exclusive naming rights of Augustana's practice gymnasium through 2026. Revenue from the agreement is recognized over its term. Augustana received a total of \$2,250,000, of which \$150,000 and \$262,500 was included in Deferred Revenue on the statements of financial position for the years ended July 31, 2025 and 2024, respectively.

**NOTE 16 CONDITIONAL ASSET RETIREMENT OBLIGATION**

Costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets are accrued when the obligation to perform the asset retirement activity is not conditional, even though the timing or method may be conditional. The fair value of a liability for a legal obligation associated with an asset retirement is required to be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

Substantially all of the costs accrued relate to the estimated cost to remove asbestos from campus facilities. The future value of the asset retirement obligation at July 31, 2025 and 2024 is estimated to be approximately \$59,000 and \$112,000, respectively. The liability was estimated using an inflation rate of 3.8%. The initial asset retirement obligation was calculated using a discount rate ranging from 5.8% to 6.2%. Changes in the accrual for asset retirement obligation for the years ended July 31 are as follows:

	2025	2024
Beginning Accrual	\$ 111,923	\$ 105,700
Abatement of Asset Retirement Liability	(59,913)	-
Accretion of Asset Retirement Liability	6,607	6,223
Ending Accrual	<u>\$ 58,617</u>	<u>\$ 111,923</u>

The accruals for the asset retirement obligation are included in accrued liabilities on the statements of financial position.

**AUGUSTANA UNIVERSITY**  
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**NOTE 17 CREDIT QUALITY OF STUDENT LOANS RECEIVABLE**

Augustana issues uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. No allowance was deemed necessary at July 31, 2025 and 2024, since the federal government program loans can be assigned to the federal government if Augustana follows required due diligence and collection procedures. Student loans represented approximately 0.34% of total assets as of July 31.

At July 31, student loans consisted of the following:

	<u>2025</u>	<u>2024</u>
Federal Government Programs	\$ 1,192,810	\$ 1,266,519
Institutional Loan Programs	55,838	58,675
Student Loans Receivable, Net	<u>\$ 1,248,648</u>	<u>\$ 1,325,194</u>

Funds advanced by the federal government of \$3,051,291 and \$3,214,485 at July 31, 2025 and 2024, respectively, are ultimately refundable to the government and are classified as liabilities on the statements of financial position.

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

	<u>2025</u>	<u>2024</u>
Current Notes Receivable	\$ 795,272	\$ 866,783
Past Due Note Receivables:		
0-240 Days Past Due	61,585	75,046
240 Days - 2 Years Past Due	100,033	116,965
2-5 Years Past Due	136,562	108,675
5+ Years Past Due	155,196	157,725
Total Past Due	<u>453,376</u>	<u>458,411</u>
Total Notes Receivable, Net	<u>\$ 1,248,648</u>	<u>\$ 1,325,194</u>

**NOTE 18 COMMITMENTS AND CONTINGENCIES**

Augustana is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of Augustana.

**NOTE 19 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Augustana regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Augustana has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit.

**AUGUSTANA UNIVERSITY**  
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**NOTE 19 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Augustana considers all expenditures related to its ongoing activities of teaching, research, and public service as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are used solely to make new loans and are, therefore, not available to meet current operating needs.

As of July 31, 2025 and 2024, the following tables show the total financial assets held by Augustana and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial Assets:	2025	2024
Cash and Cash Equivalents	\$ 1,997,879	\$ 6,541,404
Student Accounts Receivable, Net	3,253,461	1,475,586
Government Grants Receivable	1,027,561	941,688
Contributions Receivable, Net	24,166,723	22,262,261
Other Receivables	1,915,408	2,041,602
Endowment Investments	130,887,959	121,955,896
Other Investments	8,843,385	12,414,626
Total	\$ 172,092,376	\$ 167,633,063

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:		
Cash and Cash Equivalents	\$ 1,997,879	\$ 6,541,404
Student Accounts Receivable, Net	3,253,461	1,475,586
Government Grants Receivable	1,027,561	941,688
Current Portion of Contributions For General Expenditures	2,939,605	1,975,217
Endowment Payout for Use Over the Next 12 Months	140,867	158,000
Other Investments	-	7,578
Total	\$ 9,359,373	\$ 11,099,473

**AUGUSTANA UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2025 AND 2024**

**NOTE 20 FUNCTIONAL EXPENSES**

	Program				Supporting					Total 2025
	Educational Activities	Academic Support	Student Services	Auxiliary	Total Program Activities	Management and General	Fundraising	Facilities	Total	
								Operation and Maintenance	Supporting Activities	
Compensation	\$ 21,166,289	\$ 1,906,551	\$ 3,845,851	\$ 559,106	\$ 27,477,797	\$ 2,885,657	\$ 973,039	\$ 2,264,999	\$ 6,123,695	\$ 33,601,492
Employee benefits	6,175,061	571,364	975,850	173,306	7,895,581	1,070,012	290,743	704,503	2,065,258	9,960,839
Services and professional fees	3,775,282	127,307	430,173	316,303	4,649,065	1,247,471	37,927	729,402	2,014,800	6,663,865
Advertising	49,116	-	55,192	-	104,308	288,428	49,750	-	338,178	442,486
Office expenses	70,794	46,967	197,754	1,726	317,241	131,037	99,598	3,643	234,278	551,519
Information technology	357,221	259,543	366,954	-	983,718	227,066	100,663	17,613	345,342	1,329,060
Office and occupancy	307,813	37,516	97,648	980,177	1,423,154	120,839	31,107	1,750,359	1,902,305	3,325,459
Travel	2,246,665	128	230,076	493	2,477,362	42,057	33,665	31,762	107,484	2,584,846
Conferences and meetings	662,087	26,591	56,821	-	745,499	49,348	18,094	1,911	69,353	814,852
Insurance	6,210	-	-	-	6,210	1,081,012	-	-	1,081,012	1,087,222
Food and provisions	384,944	13,884	207,837	6,044,661	6,651,326	85,304	85,372	2,912	173,588	6,824,914
Supplies	1,639,028	477,697	290,992	144,699	2,552,416	95,084	48,123	379,771	522,978	3,075,394
Equipment Technical	74,128	129,252	2,747	197	206,324	8,164	-	-	8,164	214,488
Equipment Maintenance	72,215	4,950	190	41,361	118,716	-	-	62,195	62,195	180,911
Miscellaneous	430,679	(7,337)	51,980	43,152	518,474	331,490	117,798	127,171	576,459	1,094,933
Depreciation	-	-	-	-	-	-	-	8,865,092	8,865,092	8,865,092
Interest	-	-	-	-	-	-	-	4,000,400	4,000,400	4,000,400
Actuarial Adjustment	-	-	-	-	-	53,828	-	-	53,828	53,828
Allocation of Operation and Maintenance	9,572,891	815,593	1,888,703	4,999,052	17,276,239	1,665,494	-	(18,941,733)	(17,276,239)	-
<b>Total Expenses</b>	<b>\$ 46,990,423</b>	<b>\$ 4,410,006</b>	<b>\$ 8,698,768</b>	<b>\$ 13,304,233</b>	<b>\$ 73,403,430</b>	<b>\$ 9,382,291</b>	<b>\$ 1,885,879</b>	<b>\$ -</b>	<b>\$ 11,268,170</b>	<b>\$ 84,671,600</b>

  

	Program				Supporting					Total 2024
	Educational Activities	Academic Support	Student Services	Auxiliary	Total Program Activities	Management and General	Fundraising	Facilities	Total	
								Operation and Maintenance	Supporting Activities	
Compensation	\$ 19,700,783	\$ 1,982,013	\$ 3,682,517	\$ 528,571	\$ 25,893,884	\$ 2,834,048	\$ 1,161,157	\$ 2,164,230	\$ 6,159,435	\$ 32,053,319
Employee Benefits	5,633,224	558,926	935,546	166,646	7,294,342	994,578	360,163	674,641	2,029,382	9,323,724
Services and Professional Fees	1,561,527	154,202	517,253	152,664	2,385,646	530,854	158,476	896,358	1,585,688	3,971,334
Advertising	52,569	766	45,814	-	99,149	317,219	56,600	-	373,819	472,968
Office Expenses	84,915	53,827	202,555	2,752	344,049	145,020	143,575	2,486	291,081	635,130
Information Technology	265,976	243,590	349,552	5,420	864,538	124,807	111,412	22,878	259,097	1,123,635
Office and Occupancy	429,134	35,274	90,182	913,850	1,468,440	99,640	19,598	1,520,139	1,639,377	3,107,817
Travel	2,408,164	110,082	224,954	-	2,743,200	70,943	38,359	47,140	156,442	2,899,642
Conferences and Meetings	526,149	31,699	52,645	-	610,493	53,662	18,298	3,130	75,090	685,583
Insurance	15,267	-	-	-	15,267	931,335	-	-	931,335	946,602
Food and Provisions	412,924	18,900	271,926	5,143,655	5,847,405	96,547	112,862	2,145	211,554	6,058,959
Supplies	1,837,340	475,994	225,900	137,737	2,676,971	78,370	84,092	398,232	560,694	3,237,665
Equipment Technical	269,462	136,188	985	488	407,123	225,715	3,123	1,650	230,488	637,611
Equipment Maintenance	74,003	6,265	-	33,717	113,985	-	-	189,528	189,528	303,513
Miscellaneous	1,427,855	(38,009)	49,367	40,087	1,479,300	61,224	72,585	247,951	381,760	1,861,060
Depreciation	-	-	-	-	-	-	-	7,526,406	7,526,406	7,526,406
Interest	-	-	-	-	-	-	-	4,236,188	4,236,188	4,236,188
Actuarial Adjustment	-	-	-	-	-	350,498	-	-	350,498	350,498
Allocation of Operation and Maintenance	8,948,750	830,842	1,518,724	4,940,048	16,238,364	1,694,738	-	(17,933,102)	(16,238,364)	-
<b>Total Expenses</b>	<b>\$ 43,648,042</b>	<b>\$ 4,600,559</b>	<b>\$ 8,167,920</b>	<b>\$ 12,065,658</b>	<b>\$ 68,482,156</b>	<b>\$ 8,609,198</b>	<b>\$ 2,340,300</b>	<b>\$ -</b>	<b>\$ 10,949,498</b>	<b>\$ 79,431,654</b>

**AUGUSTANA UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2025 AND 2024**

**NOTE 21 SUBSEQUENT EVENTS**

Management has considered subsequent events through January 28, 2026, the date the financial statements were available to be issued, in preparing these financial statements and notes and no additional disclosures or adjustments were deemed necessary by management.

**NOTE 22 COMPOSITE SCORE**

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

The composite score for the year ended July 31, 2025 is as follows:

<u>RATIO</u>	<u>Ratio</u>	<u>Strength Factor</u>	<u>Weight</u>	<u>Composite Score</u>
Primary Reserve Ratio	0.2697	2.6966	40%	1.1
Equity Ratio	0.6733	3.0000	40%	1.2
Net Income Ratio	-0.1412	(1.0000)	20%	(0.2)
				<u>2.1</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2025 AND 2024**

**NOTE 22 COMPOSITE SCORE (CONTINUED)**

<b>Net Assets</b>		
1	Net assets with donor restrictions: restricted in perpetuity	\$ 93,363,848
2	Other net assets with donor restrictions (not restricted in perpetuity):	
	a. Annuities with donor restrictions	2,049,128
	b. Term endowments	-
	c. Life income funds (trusts)	-
	d. Total annuities, term endowments, and life income funds with donor restrictions	<u>\$ 2,049,128</u>
<b>Property, Plant, and Equipment, net</b>		
3	Pre-implementation property, plant, and equipment, net	
	a. Ending balance of pre-implementation as of July 31, 2024	\$ 53,848,118
	b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	
	c. Less subsequent depreciation and disposals (net of accumulated depreciation)	<u>(8,717,493)</u>
	d. Balance pre-implementation property, plant, and equipment, net	\$ 45,130,625
4	Debt financed post-implementation property, plant, and equipment, net	
	Long-lived assets acquired with debt subsequent to July 31, 2019:	
	a. Equipment	\$ 2,155,113
	b. Land improvements	6,087,213
	c. Building	<u>54,958,373</u>
	d. Total property, plant, and equipment, net acquired with debt exceeding 12 months	\$ 63,200,699
5	Construction in progress - acquired subsequent to July 31, 2019	\$ 3,484,601
6	Post-implementation property, plant, and equipment, net, acquired without debt:	
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2019	<u>\$ 77,933,062</u>
7	Total Property, Plant, and Equipment, net - July 31, 2025	<u>\$ 189,748,987</u>
<b>Debt to be excluded from expendable net assets</b>		
8	Pre-implementation debt:	
	a. Ending balance of pre-implementation as of July 31, 2024	\$ -
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
	c. Less subsequent debt repayments	-
	d. Balance Pre-implementation Debt	<u>\$ -</u>
9	Allowable post-implementation debt used for capitalized long-lived assets:	
	a. Equipment - all capitalized	\$ 2,155,113
	b. Land improvements	6,087,213
	c. Buildings	<u>54,958,373</u>
	d. Balance Post-implementation Debt	\$ 63,200,699
10	Construction in progress (CIP) financed with debt or line of credit	\$ 965,540
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	<u>32,604,989</u>
		<u>\$ 96,771,228</u>

**AUGUSTANA UNIVERSITY**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTARY SCHEDULE**  
**JULY 31, 2025 AND 2024**

<b>Primary Reserve Ratio:</b>		<b>Expendable Net Assets:</b>	
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 71,415,197
2	SFP	Net assets with donor restrictions	\$ 175,660,235
3	Note 2	Net assets restricted in perpetuity	\$ 93,363,848
4	Note 5	Unsecured related-party receivable	\$ 3,236,800
5	Note 2	Donor restricted annuities, term endowments, life income funds	\$ 2,049,128
6	Note 22 Line 3d	Property, plant, and equipment pre-implementation	\$ 45,130,625
7	Note 22 Line 4d	Property, plant, and equipment post-implementation with outstanding debt for original purchase	\$ 63,200,699
8	Note 22 Line 5	Construction in progress purchased with long-term debt	\$ 3,484,601
9	Note 22 Line 6a	Post-implementation property, plant, and equipment, net, acquired without debt	\$ 77,933,062
10		Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	\$ -
11		Lease right-of-use asset, post-implementation	\$ -
12		Intangible assets	\$ -
13		Post-employment and pension liabilities	\$ -
14	Note 22 Line 8d	Long-term debt - for long-term purposes pre-implementation	\$ -
15	Note 22 Line 9d	Long-term debt - for long-term purposes post-implementation	\$ 63,200,699
16	Note 22 Line 10	Line of credit for construction in progress	\$ 965,540
17		Pre-implementation right-of-use asset liability	\$ -
18		Post-implementation right-of-use asset liability	\$ -
		<b>Total Expenses and Losses:</b>	
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	\$ 84,710,834
20		Non-service component of pension/postemployment (nonoperating) cost, (if loss)	\$ -
21		Sale of fixed assets (if loss)	\$ -
22		Change in value of interest-rate swap agreements (if loss)	\$ -
<b>Equity Ratio:</b>		<b>Modified Net Assets:</b>	
23	SFP	Net assets without donor restrictions	\$ 71,415,197
24	SFP	Net assets with donor restrictions	\$ 175,660,235
25		Lease Right-of-use asset - Pre-implementation	\$ -
26		Lease Right-of-use liability - Pre-implementation	\$ -
27		Intangible assets	\$ -
28	Note 5	Unsecured related-party receivables	\$ 3,236,800
		<b>Modified Assets:</b>	
29	SFP	Total assets	\$ 365,381,914
30		Lease right-of-use asset pre-implementation	\$ -
31		Intangible assets	\$ -
32	Note 5	Unsecured related-party receivables	\$ 3,236,800
<b>Net Income Ratio:</b>		<b>Change in Net Assets Without Donor Restrictions</b>	\$ (9,550,783)
33	SOA		
		<b>Total Revenues and Gains Without Donor Restriction:</b>	
34	SOA	Total operating revenue (including net assets released from restrictions)	\$ 67,619,884
35	SOA	Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)	\$ 848,802
36		Non-service component of pension/postemployment (nonoperating) cost (if gain)	\$ -
37		Pension-related changes other than net periodic pension costs (if gain)	\$ -
38		Change in value of annuity agreement (typically in nonoperating)	\$ -
39		Change in value of interest-rate swap agreements (if gain)	\$ -
40	Note 22 Line 25	Sale of fixed assets (if gain)	\$ -
41		Other gains	\$ -



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## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LOAN AGREEMENT

The following is a summary of certain provisions of the Indenture and the Loan Agreement. The summaries do not purport to be complete and reference is made to the full text of the Indenture and the Loan Agreement for complete descriptions. Copies of the Indenture and the Loan Agreement are available from the sources listed in “INTRODUCTION—Additional Information.”

#### DEFINITIONS

The following are definitions of certain terms used in the Indenture, the Loan Agreement and this Official Statement:

“*Accountant*” means any independent public accounting firm licensed to practice in the State (which may be the firm of accountants who regularly audit the books and accounts of the Corporation) from time to time selected by the Corporation.

“*Additional Parity Indebtedness*” means the obligations of the Corporation with respect to any other Indebtedness incurred in accordance with this Agreement (other than the Loan) secured on a parity with the obligations of the Corporation under this Agreement (except that the owners of such Indebtedness shall have no interest in the Funds and other accounts created in the Indenture or in the Agreement and shall have no interest in moneys provided by any credit enhancement device for the Series 2026 Bonds).

“*Amortized Cost*” means the value of the securities purchased at a premium above or discount below par, obtained as of a given date, determined by dividing the total dollar amount of the premium or discount at which securities are purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase, and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price; and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

“*Authorized Denominations*” means denominations of \$5,000 and any integral multiples thereof.

“*Authorized Representative*” means, in the case of the County, the Chair of the County, the County Auditor, the Deputy Auditor and the State’s Attorney for the County and any other officers or representatives of the County authorized by the County Board of Commissioners to perform the act or sign the document in question, or in the case of the Corporation, the President or Vice President of Finance & Administration of the Corporation, and any other officers or representatives of the Corporation authorized by the Corporation to perform the act or sign the document in question, and, when used with reference to the performance of any other act, the discharge of any other duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“*Bond Year*” means each one-year period commencing on August 2 and ending on the following August 1, until final maturity of the Series 2026 Bonds, except that the first Bond Year shall commence on the Date of Issuance and end on August 1, 2026.

“*Business Day*” means any day other than (a) a Saturday or Sunday or a day on which banking institutions in the State or New York are authorized to close; or (b) a day on which the New York Stock Exchange is closed.

“*Capitalized Lease Obligations*” means any lease of property (whether real, personal or mixed) by the Corporation which, in conformity with generally accepted accounting principles is, or is required to be, accounted for as a capital lease as reflected in the audited financial statements of the Corporation.

“*Change in Restricted Net Assets*” means the difference in Temporarily Restricted Net Assets and Permanently Restricted Net Assets from the prior Fiscal Year to the current Fiscal Year as reflected in the audited financial statements of the Corporation.

“*Change in Unrestricted Net Assets*” means the difference in Unrestricted Net Assets from the prior Fiscal Year to the current Fiscal Year as reflected in the audited financial statements of the Corporation.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement, dated as of March 1, 2026, between the Corporation and the Trustee, as may be amended from time to time in accordance with the terms thereof.

“*Costs*” means the sum total of all reasonable or necessary costs incidental to the Series 2026 Project which may be financed pursuant to the Act, including the fees and expenses of the Corporation.

“*County*” means Lincoln County, South Dakota, a body politic and corporate of the State, organized and existing under the Constitution and laws thereunder, including the Act, or any successor to its rights and obligations under the Loan Agreement.

“*Date of Issuance*” means March 31, 2026.

“*Debt Service Coverage Ratio for Restricted Funds*” means, for any Fiscal Year, (a) the Change in Restricted Net Assets for such Fiscal Year, plus (i) depreciation, amortization and Interest Expense for such Fiscal Year, minus (ii) net gain (or loss) on Restricted Investments for such Fiscal Year, plus (iii) Net Assets Released from Restrictions for Facility Expansion, plus (iv) Temporarily Restricted Investment Income, divided by (b) the sum of Principal Reductions on Long Term Debt, annualized Interest Expense and payments and prepayments of Capitalized Lease Obligations for such Fiscal Year.

“*Debt Service Coverage Ratio for Unrestricted Funds*” means, for any Fiscal Year, (a) the Change in Unrestricted Net Assets for such Fiscal Year, plus (i) depreciation, amortization and Interest Expense for such Fiscal Year, minus (ii) net gain (or loss) on Unrestricted Investments for such Fiscal Year, minus (iii) Net Assets Released from Restrictions for Facility Expansion, plus (iv) Temporarily Restricted Investment Income, divided by (b) the sum of Principal Reductions on Long Term Debt, annualized Interest Expense and payments and prepayments of Capitalized Lease Obligations for such Fiscal Year.

“*Debt Service Reserve Fund Requirement*” means (a) initially, an amount equal to \$1,753,187.50 and (b) thereafter, as of any date of calculation, an amount which shall be equal to the Maximum Annual Interest due on the Bonds. The Debt Service Reserve Fund Requirement for the Bonds as of any date shall be the sum of the Debt Service Reserve Fund Requirements for the Bonds then Outstanding.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access system for municipal securities disclosure or any other electronic format or system prescribed by the MSRB for purposes of SEC Rule 15c2-12.

“*Financed Facilities*” means the facilities financed or refinanced with the proceeds of the Series 2026 Bonds.

“*Fiscal Year*” means the Corporation’s fiscal year, which currently begins on August 1 and ends on July 31 of the following calendar year.

“*Funds*” means the Bond Principal Fund, the Bond Interest Fund, the Issuance Expenses Fund, the Project Fund, the Rebate Fund and the Debt Service Reserve Fund.

“*Government Obligations*” means the Permitted Investments specified in clauses (a), (c), (f)(ii), and (j) of the definition of Permitted Investments.

“*Indebtedness*” means all indebtedness of the Corporation for borrowed money, or which has been incurred or assumed in connection with the acquisition of Property, all indebtedness, no matter how created, secured by Property, whether or not such indebtedness is assumed by the Corporation, any leases required to be capitalized in accordance with generally accepted accounting principles and installment purchase obligations.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2026, between the County and the Trustee pursuant to which the Series 2026 Bonds are authorized to be issued.

“*Independent Consultant*” means any professional consulting, accounting, engineering, financial advisory firm or commercial banking firm or individual selected by the Corporation, having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, and which firm is either licensed by, or permitted to practice in, the State and which is reputable and has over 5 years of operating history, and which firm or individual does not control the Corporation and is not controlled by or under common control with the Corporation.

“*Insurance Consultant*” means an insurance consultant and/or risk management firm or an insurance broker or an insurance agent (which may be a consultant, firm, broker or agent with whom the Corporation regularly transacts business) selected by the Corporation.

“*Interest Expense*” means, for any period, all interest expense on Indebtedness of the Corporation, the net costs associated with interest rate swaps or similar arrangements and the interest portion of any Capitalized Lease Obligations to the extent determinable and calculated as such in accordance with generally accepted accounting principles.

“*Interest Payment Date*” means each February 1 and August 1, commencing August 1, 2026.

“*Loan*” means the loan by the County to the Corporation of the proceeds from the sale of the Series 2026 Bonds pursuant to the Loan Agreement.

“*Loan Agreement*” means the Loan Agreement, dated as of March 1, 2026, between the County and the Corporation executed in connection with the issuance of the Series 2026 Bonds.

“*Loan Payments*” means the payments required to be paid by the Corporation pursuant to the Loan Agreement.

“*Long Term Debt*” means Indebtedness which has a maturity of greater than 12 months.

“*Maximum Annual Interest*” means, as of the date of calculation, an amount equal to the maximum annual interest due on the Bonds during the then current or any succeeding Bond Year, whether at maturity or upon mandatory sinking fund redemption.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Net Assets*” means, as reflected as the audited financial statements of the Corporation for the Fiscal Year of determination thereof, the excess of deficiency of assets over liabilities, classified as Unrestricted Net Assets, Temporarily Restricted Net Assets or Permanently Restricted Net Assets, according to the existence or absence of donor-imposed restrictions.

“*Net Assets Released from Restrictions for Facility Expansion*” means Net Assets that are released from any donor-imposed restrictions, whether to satisfaction of such conditions or the lapse of time or otherwise, and are used or earmarked for facility expansion, as set forth on the audited financial statements of the Corporation for the Fiscal Year of determination thereof.

“*Net Proceeds*” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“*Note*” means that certain promissory note of the Corporation dated the date of delivery of the Series 2026 Bonds in an amount equal to the aggregate principal amount of the Series 2026 Bonds.

“*Outstanding*” means, when used with referred to Indebtedness under the Loan Agreement, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (a) Indebtedness theretofore canceled by the Trustee or the holder of such Indebtedness or delivered to the Trustee or the holder for cancellation; (b) Indebtedness deemed paid and no longer outstanding as provided in the Indebtedness instrument; (c) any evidence of Indebtedness held by the Corporation; and (d) evidence of Indebtedness and any coupons appurtenant thereto in lieu of which other evidence of Indebtedness has been authenticated and delivered or has been paid pursuant to the provisions of the documents pursuant to which it was issued regarding mutilated, destroyed, lost or stolen evidence of Indebtedness unless proof satisfactory to the Trustee has been received that any such evidence of Indebtedness is held by a bona fide purchaser.

“*Outstanding*” means, when used with respect to the Series 2026 Bonds, as of any particular time, all Series 2026 Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

- (a) Series 2026 Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Series 2026 Bonds deemed to be paid within the meaning of the Indenture; and
- (c) Series 2026 Bonds in lieu of which other Series 2026 Bonds have been authenticated under the Indenture.

“*Permanently Restricted Net Assets*” means, as reflected on the audited financial statements of the Corporation for the Fiscal Year of determination thereof, the Net Assets of the Corporation with donor-imposed restrictions stipulating that such assets be maintained permanently but permits the Corporation to use up or expend all or part of the income (or other economic benefits) derived from the donated assets.

“*Permitted Investments*” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America;
- (b) Federal Housing Administration Debentures;
- (c) the following obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States government:
  - (i) Federal Home Loan Mortgage Corp. (“FHLMC”)
    - (A) participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); and
    - (B) senior debt obligations;
  - (ii) Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes;
  - (iii) Federal Home Loan Banks (“FHL Banks”) consolidated debt obligations;
  - (iv) Federal National Mortgage Association (“FNMA”)
    - (A) senior debt obligations; and
    - (B) mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
  - (v) Student Loan Marketing Association (“SLMA”) senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);
  - (vi) Financing Corp. (“FICO”) debt obligations; and
  - (vii) Resolution Funding Corp. (“REFCORP”) debt obligations.
- (d) federal funds, unsecured certificates of deposit, time deposits, and banker’s acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated “A-1” or higher by S&P Global Ratings or “P-1” or higher by Moody’s Investors Service;
- (e) deposits that are fully insured by the Federal Deposit Insurance Corp. (“FDIC”), including Bank Insurance Fund (“BIF”) and Savings Association Insurance Fund (“SAIF”);
- (f) (i) debt obligations rated “A” or higher by S&P Global Ratings and “A” or higher by Moody’s Investors Service. Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date; and

- (ii) pre-refunded municipal obligations rated “AAA” by S&P Global Ratings and “Aaa” by Moody’s Investors Service;
- (g) commercial paper rated “A-1” or higher by S&P Global Ratings and “P-1” or higher by Moody’s Investors Service maturing in not more than 365 days;
- (h) Investment in money market funds rated “Am” or “Am-G” or higher by S&P Global Ratings, including those of the Trustee or its affiliates;
- (i) repurchase agreements with any transferor with debt rated “A” or higher or commercial paper rated “A-1” or higher by S&P Global Ratings or “A” or “P-1” or higher by Moody’s Investors Service; and
- (j) the following stripped securities:
  - (i) United States Treasury STRIPS;
  - (ii) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York);
  - (iii) Financing Corp. (“FICO”) Strips (stripped by Federal Reserve Bank of New York which have CUSIP prefixes 317705, 31771J and 31771K); and
  - (iv) any stripped securities assessed or rated “A” or higher by S&P Global Ratings and “A” or higher by Moody’s Investors Service.
- (k) Investment agreements, including guaranteed investment contracts (“GICs”) forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, at the time of entrance into such agreement by S&P or Moody’s, A+/A3 or above.

The Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent actual receipt of written notice to the contrary. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments.

“*Principal Reductions on Long Term Debt*” means, as reflected on the audited financial statements of the Corporation for the Fiscal Year of determination thereof, the sum of the scheduled payments and prepayments of principal on Long Term Debt.

“*Project Fund*” means the Project Fund created in the Indenture.

“*Property*” means any and all rights, title and interest in and to any and all property of the Corporation whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired.

“*Restricted Investments*” means funds received by the Corporation which are subject to permanent or temporary restrictions by donors as to their use, which funds have been designated by the Corporation’s Board of Trustees for investment and the income from such investments, which income may be used solely for such restricted purposes, as set forth in the audited financial statements of the Corporation for the Fiscal Year of determination thereof.

“*Revenues*” means all payments received by the Trustee in cash for the account of the County pursuant to the Loan Agreement, the Note and the Indenture.

“*Series 2026 Bonds*” means the “Lincoln County, South Dakota, Economic Development Revenue Bonds (Augustana University Association Project), Series 2026” to be authenticated and delivered under the Indenture.

“*Series 2026 Improvements*” means the cost of the acquisition, construction, renovation, expansion, improvement and equipping of various capital projects located on the Corporation’s campus.

“*Tax Certificate*” means the Tax Certificate and Agreement relating to the Series 2026 Bonds, by and between the County and the Corporation.

“*Temporarily Restricted Investment Income*” means the account designated as the Temporarily Restricted Investment Income account on the audited financial statements of the Corporation.

“*Temporarily Restricted Net Assets*” means, as reflected on the audited financial statements of the Corporation for the Fiscal Year of determination thereof, the Net Assets consisting of assets with donor-imposed restrictions stipulating that such assets be maintained temporarily, but otherwise permits the Corporation to use up or expend all or part of the income (or other economic benefit) derived from the donated assets.

“*Trustee*” means BOKF, NA, being the trustee under the Indenture, or any successor corporate trustee.

“*Trust Estate*” means the property pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“*Unrestricted Investments*” means funds received by the Corporation which are not subject to any permanent or temporary restrictions by donors as to their use, which funds have been designated by the Corporation’s Board of Trustees for investment and the income from such investments, which income may be used for unrestricted purposes, as set forth in the audited financial statements of the Corporation for the Fiscal Year of determination thereof.

“*Unrestricted Net Assets*” means, as reflected on the audited financial statements of the Corporation for the Fiscal Year of determination thereof, the Net Assets of the Corporation that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations that specifies a use for the contributed funds that is more specific than broad limits resulting from the nature of the Corporation, the environment in which it operates and the purposes specified in its Articles of Incorporation or Bylaws.

## **THE INDENTURE**

### **General**

The Indenture is a contract between the County and the Trustee for the benefit of the owners of the Series 2026 Bonds issued pursuant to the Indenture.

## **Establishment of Funds**

The Indenture creates the Bond Principal Fund, the Bond Interest Fund, the Issuance Expense Fund, the Project Fund, the Rebate Fund, and the Debt Service Reserve Fund, all of which are to be held by the Trustee.

### **Payments Into the Bond Principal Fund and the Bond Interest Fund**

There shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate, and as and when received (a) all payments by the Corporation pursuant to Section 5.01(a)(i) and (ii) of the Loan Agreement; (b) all other moneys deposited into the Bond Principal Fund or Bond Interest Fund pursuant to the Loan Agreement or the Indenture; and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or the Indenture that such moneys are to be paid into the Bond Principal Fund or Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of moneys in the Bond Principal Fund and Bond Interest Fund to the extent provided in Section 6.03 of the Indenture. If the Trustee has not received payments from the Corporation pursuant to Section 5.01(a)(i) and (ii) of the Loan Agreement by the day any required payment is due pursuant to Section 5.01(a) of the Loan Agreement, the Trustee will immediately in writing notify the County and the Corporation of such nonpayment.

### **Project Fund**

Pursuant to the Indenture, certain of the proceeds of the Series 2026 Bonds will be deposited into the Project Fund. The Trustee is authorized and directed to disburse moneys in the Project Fund to or on behalf of the Corporation for Costs of the Series 2026 Improvements and certain other fees and expenses related to the Financed Facilities as provided in the Indenture and Loan Agreement upon receipt of a requisition from the Corporation.

### **Issuance Expense Fund**

The Indenture creates an Issuance Expense Fund which will be held by the Trustee. Pursuant to the Indenture, certain of the proceeds of the Series 2026 Bonds will be deposited into the Issuance Expense Fund. Moneys in the Issuance Expense Fund will be used to pay expenses incurred by the County or the Corporation in connection with this financing. Any moneys received as investment income on the moneys in the Issuance Expense Fund will be retained in the Issuance Expense Fund, except as may be required to be deposited into the Rebate Fund to allow the Corporation to comply with its tax covenant in the Loan Agreement. Any moneys remaining in the Issuance Expense Fund on December 1, 2026 will be transferred to the Bond Interest Fund.

### **Debt Service Reserve Fund**

Pursuant to the Indenture, certain of the proceeds of the Series 2026 Bonds will be deposited into the Debt Service Reserve Fund. There will also be deposited into the Debt Service Reserve Fund, as appropriate, and as and when received, all payments by the Corporation pursuant to Section 5.01(a)(iii) of the Loan Agreement. The total amount required to be maintained in the Debt Service Reserve Fund shall equal the Debt Service Reserve Fund Requirement. On any Interest Payment Date immediately following the incurrence of any deficiency in the amount required to be maintained in the Debt Service Reserve Fund as a result of a withdrawal from such Debt Service Reserve Fund or after first having made the transfers provided for in Section 3.03 of the Indenture (but prior to a transfer in the case of an optional redemption

of the Series 2026 Bonds), the Trustee will, not later than five (5) days after the deficiency, give notice of such deficiency to the County and the Corporation.

On the date of each permitted or required payment from the Bond Principal Fund and Bond Interest Fund with respect to the Series 2026 Bonds, moneys in the Debt Service Reserve Fund shall be applied, after use of all available funds in the Bond Principal Fund and Bond Interest Fund, to cure any deficiency in the Bond Principal Fund and Bond Interest Fund, as applicable, for the payment of the Series 2026 Bonds.

Notwithstanding the foregoing, upon the occurrence and during the continuation of any Event of Default under the Indenture, moneys on deposit in the Debt Service Reserve Fund shall be applied in accordance with the Indenture.

On the final maturity date of the Series 2026 Bonds, any money in the Debt Service Reserve Fund may be used on receipt of written instruction from the Corporation to pay debt service on the Series 2026 Bonds on such final maturity date. In the event of the redemption of the Series 2026 Bonds in whole, any money in the Debt Service Reserve Fund will be transferred on receipt of written instruction from the Corporation to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Series 2026 Bonds.

### **Investment of Moneys in Funds**

On instructions signed by an Authorized Representative of the Corporation, any moneys held as part of the Funds will be invested by the Trustee in Permitted Investments (a) with respect to the Issuance Expense Fund, the Project Fund, and the Debt Service Reserve Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as estimated by an Authorized Representative of the Corporation filed with the Trustee; and (b) with respect to the Bond Principal Fund, the Bond Interest Fund and the Rebate Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable. All such Permitted Investments purchased will mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure. In computing for any purpose under the Indenture, the amount in any such fund on any date, Permitted Investments purchased will be valued at Amortized Cost. The Trustee will sell and reduce to cash a sufficient portion of such investments whenever the cash balance in such fund is insufficient for the purposes of such fund. The Trustee may make any and all investments permitted by the provisions of this paragraph through its trust or bond departments.

### **Allocation and Transfers of Investment Income**

Any investment of moneys in the Bond Principal Fund, Bond Interest Fund, and Rebate Fund shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund from which the investment was made. Any loss resulting from such investments shall be charged to such fund. Any interest or other gain from the investment of moneys in the Debt Service Reserve Fund shall be deposited into the Bond Interest Fund. Any interest or other gain from any fund from any investment or reinvestment pursuant to the Indenture shall be retained therein.

Notwithstanding the provisions of the immediately preceding paragraph, any interest or other gain from any fund shall be transferred to the Rebate Fund to the extent required by the direction of the Corporation pursuant to the Loan Agreement, except that no such transfer shall be made from any fund if such transfer would cause the amount then on deposit in such fund to be less than required by the provisions of the Indenture.

## **Supplemental Indentures of Trust**

Without the consent of or notice to the Bondholders, the County and the Trustee may enter into supplemental indentures for any one or more or all of the following purposes: (a) to add to the covenants and agreements contained in the Indenture other covenants and agreements thereafter to be observed for the protection or benefit of the Bondholders; (b) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the owners of the Series 2026 Bonds; or (c) to subject to the Indenture additional revenues, properties or collateral.

Exclusive of the supplemental indentures covered above, the owners of not less than 66-2/3% in aggregate principal amount of the Series 2026 Bonds then Outstanding will have the right, from time to time, to consent to and approve any supplemental indentures as deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture (other than those modifications described in the preceding paragraph); provided, however, that without the consent of the owners of all the Series 2026 Bonds then Outstanding nothing herein contained will permit, or be construed as permitting: (a) an extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Series 2026 Bond; (b) the deprivation of the owner of any Series 2026 Bond Outstanding of the lien created by the Indenture (other than as permitted in the Indenture when such Series 2026 Bond was initially issued); (c) a privilege or priority of any Series 2026 Bond or Bonds over any other Bond or Bonds; (d) a reduction in the aggregate principal amount of the Series 2026 Bonds required for consent to such supplemental indenture or amendment to the Loan Agreement; or (e) a reduction in the rights granted under the Indenture to the holders of Additional Parity Indebtedness, unless consent to such reduction will have been obtained as required under the instrument creating such Additional Parity Indebtedness.

The Indenture describes the procedures to be used to give notice to and to obtain the consent of the owners of any Series 2026 Bonds whenever the County and the Trustee propose to enter into a supplemental indenture requiring such consents.

Notwithstanding the foregoing, no supplemental indenture will become effective unless and until the Corporation consents to its execution and delivery (unless an Event of Default has occurred and is continuing), and no supplemental indenture which would adversely affect the owners of Additional Parity Indebtedness may be entered into without complying with the terms of the relevant instrument authorizing the issuance of such Additional Parity Indebtedness.

## **Events of Default**

Each of the following is an “Event of Default” pursuant to the Indenture: (a) a default in the payment by the County of principal, of premium, if any, or interest on any Series 2026 Bond when due; (b) the occurrence of any “Event of Default” under the Loan Agreement; and (c) any default in the observance or performance of any covenant, agreement or other provision in the Series 2026 Bonds or the Indenture (other than payment defaults described in clause (a) of this paragraph) which continues for 30 days after written notice from the owners and holders of at least 25% in aggregate principal amount of the Series 2026 Bonds and Additional Parity Indebtedness then Outstanding or from the Trustee specifying such default; provided, with respect to any such failure, no Event of Default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 30-day period and will thereafter be diligently prosecuted to completion.

## **Remedies on Default**

Under the Indenture, upon the occurrence of an Event of Default the Trustee may, or upon the written request of the owners of not less than a majority in aggregate principal amount of the Series 2026 Bonds and Additional Parity Indebtedness then Outstanding, shall, by written notice to the County and the Corporation, declare the principal amount of all Series 2026 Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest will be immediately due and payable. Upon any such declaration of acceleration, the County and the Trustee shall immediately declare all Loan Payments under the Loan Agreement to be immediately due and payable.

In addition, upon the occurrence of an Event of Default the Trustee may seek the appointment of a receiver or sue to recover a judgment. The remedies specified in the Indenture are cumulative and are not intended to be exclusive.

If an Event of Default has occurred, and if requested by the owners of not less than a majority in aggregate principal amount of the Series 2026 Bonds and Additional Parity Indebtedness then Outstanding, the Trustee must exercise one or more of the remedies specified in the Indenture. However, the Trustee is not required to act on any direction unless indemnified as provided in the Indenture.

The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and may rescind any declaration of acceleration of maturity of principal of and interest on the Series 2026 Bonds and Additional Parity Indebtedness and will do so upon the written request of the owners of a majority in aggregate principal amount of all Series 2026 Bonds and Additional Parity Indebtedness then Outstanding in respect of which default exists. However, the Trustee may not waive (a) any Event of Default in the payment of the principal of, or premium on, any Series 2026 Bonds or Additional Parity Indebtedness then Outstanding at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Series 2026 Bonds or Additional Parity Indebtedness, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any (with interest to the extent provided in the Indenture), and all amounts to be paid to the County and the Trustee under the Indenture and under the Loan Agreement, in connection with such default, will have been paid or provided for; or (b) any default in the payment of amounts set forth in Section 5.01(c) of the Loan Agreement.

No owner of any Series 2026 Bond or any Additional Parity Indebtedness will have the right to institute any suit, action or proceeding for the enforcement of the Indenture unless, as more specifically provided in the Indenture, the Trustee has failed to proceed within a reasonable time after having been requested to institute such suit, action or proceeding by owners of not less than a majority in aggregate principal amount of Series 2026 Bonds and Additional Parity Indebtedness then Outstanding and has been offered reasonable indemnity against the costs and liabilities to be incurred. The owners of at least a majority in aggregate principal amount of Series 2026 Bonds and Additional Parity Indebtedness then Outstanding will have the right, at any time and to the extent permitted by law, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, provided such directions are in accordance with the provisions of the Indenture and provided satisfactory indemnity is furnished to the Trustee.

The Indenture provides that all moneys collected by the Trustee pursuant to its provisions concerning remedies on default, after payment of the expenses of the collection proceedings, will be deposited into a separate trust account and pro rata applied to the Series 2026 Bonds and Additional Parity Indebtedness in the order and manner set forth in the Indenture. Notwithstanding any other provisions, all moneys held as described in the Indenture which relate to moneys in any of the Funds will be applied only to payment of principal, premium, if any, and interest on the Series 2026 Bonds. All other moneys held as

described in the Indenture will be applied to the payment of all Series 2026 Bonds and any Additional Parity Indebtedness specifically secured thereby.

### **Application of Moneys**

All moneys received by the Trustee pursuant to any right given or action taken upon an Event of Default as set forth in the Indenture, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and any outstanding fees, expenses, liabilities and advances incurred or made by the Trustee, be deposited into a separate trust account to be applied pro rata to the payment of the Series 2026 Bonds and Additional Parity Indebtedness based on the then Outstanding principal amounts of such obligations. Any moneys allocated to payment of the Series 2026 Bonds will be transferred by the Trustee from such separate trust account and held or deposited into the Bond Principal Fund and the Bond Interest Fund during the continuance of an Event of Default and will be applied as set forth in the Indenture.

### **Discharge of Indenture**

When the Series 2026 Bonds secured by the Indenture are paid in accordance with their terms (or payment of the Series 2026 Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable under the Indenture, then the Indenture and the Trust Estate and all rights granted under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied. Also if all Series 2026 Bonds then Outstanding secured by the Indenture will have been purchased by the Corporation and delivered to the Trustee for cancellation, and all other sums payable under the Indenture have been paid, or provision will have been made for the payment of the same, then the Indenture and the Trust Estate and all rights granted under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied, except as further provided in the Indenture. In such events, upon the request of the Corporation, the Trustee will assign and transfer to the Corporation all property then held by the Trustee under the Indenture and will execute such documents as may be reasonably required by the Corporation and will turn over to the Corporation any surplus in any Fund pursuant to the Indenture, except to the extent otherwise required by the Loan Agreement.

Payment of any Series 2026 Bonds then Outstanding prior to the maturity or redemption date thereof will be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case said Series 2026 Bonds are to be redeemed on any date prior to their maturity, the Corporation will have given to the Trustee, in form satisfactory to it, irrevocable instructions to give, on a date in accordance with the provisions of the Indenture, notice of redemption of such Series 2026 Bonds on said redemption date, such notice to be given in accordance with the provisions of the Indenture; (b) there will have been deposited with the Trustee Government Obligations which will not contain provisions permitting the redemption thereof at the option of the issuer before the date the principal thereof will be required, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with any other available moneys, if any, deposited with or held by the Trustee at the same time, will be sufficient to pay when due the principal of, and premium, if any, and interest due and to become due on said Series 2026 Bonds on and prior to the redemption date or maturity date thereof, as the case may be (and if on the date of such deposit, the Series 2026 Bonds are not actually paid in full, then there will be provided to the Trustee and the County (i) a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the Series 2026 Bonds in full, and (ii) an opinion of bond counsel to the effect that the Series 2026 Bonds are no longer Outstanding under the Indenture and that the defeasance was in accordance with the requirements of the Indenture and will not adversely affect the tax-exempt status of the Series 2026 Bonds); and (c) in the event said Series 2026 Bonds are not by their terms subject to redemption within the next 45 days, the Corporation will have given the Trustee in form satisfactory to it, irrevocable instructions to

give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the Indenture, a notice to the owners of such Series 2026 Bonds that the deposit required by clause (b) above has been made with the Trustee and that payment of said Series 2026 Bonds has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on said Series 2026 Bonds and further stating whether any other redemption rights remain outstanding after such defeasance. At such time as payment of any Series 2026 Bonds has been provided for as aforesaid, such Series 2026 Bonds will no longer be secured by or entitled to the benefits of the Indenture, except for the purpose of any payment from such moneys or securities deposited with the Trustee.

The release of the obligations of the County and the Corporation under this Section will be without prejudice to the right of the Trustee or the County to be paid reasonable compensation for all services rendered by it under the Indenture and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust created by the Indenture and the performance of its powers and duties under the Indenture.

Upon compliance with the provisions of this Section with respect to all Series 2026 Bonds then Outstanding, the Indenture may be discharged in accordance with the provisions thereof, but the liability of the County in respect of such Series 2026 Bonds shall continue; provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or securities deposited with the Trustee as provided in this Section.

### **Trustee**

Under the Indenture, in connection with actions to be taken with respect to defaults, the Trustee will be entitled to require indemnification against any liabilities which it may incur in the exercise and performance of its power and duties under the Indenture and which are not due to its negligence or willful default. The Indenture establishes procedures and conditions for the resignation or removal of the Trustee and for the appointment of successors by the Corporation or the owners of at least a majority in aggregate principal amount of the Series 2026 Bonds then Outstanding.

## **THE LOAN AGREEMENT**

### **General**

The Loan Agreement provides for the Loan from the County to the Corporation, as evidenced by the Note. The Corporation is obligated to repay the Loan by making Loan Payments of principal, interest and premium, if any, to the Trustee for the account of the County for deposit into the Bond Principal Fund, the Bond Interest Fund and the Debt Service Reserve Fund created under the Indenture. See “THE INDENTURE—Bond Interest Fund and the Bond Principal Fund” and “—Debt Service Reserve Fund” above. The Corporation is also required to make Loan Payments equal to the redemption price of any Series 2026 Bonds called for prior redemption on or before the forty-fifth day prior to the redemption date.

The Corporation is obligated to operate and maintain the Financed Facilities in substantial compliance with all governmental laws, building codes, ordinances, regulations and zoning laws and keep the Financed Facilities reasonably safe and in good operating condition and in good repair.

The Loan Agreement will remain in full force and effect from the date of its delivery until all of the Series 2026 Bonds have been fully paid or provision for such payment has been made pursuant to the Indenture, and all reasonable and necessary fees and expenses of the Trustee and the County, and all other

liabilities of the Corporation, accrued and to accrue through final payment of the Series 2026 Bonds, have been paid or provision for such payment has been made pursuant to the Indenture.

The Loan Agreement provides that the obligations of the Corporation are absolute and unconditional and is a general obligation of the Corporation payable from all available resources of the Corporation.

### **Loan Payments and Other Amounts Payable**

Throughout the term of the Loan Agreement, the Corporation will pay as repayment of the Loan, as evidenced by the Note, until the principal of, premium, if any, and interest on the Series 2026 Bonds shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture, (i) into the Bond Interest Fund on or before five days prior to the next succeeding Interest Payment Date (or one day prior to the next succeeding Interest Payment Date if the payment is made by wire transfer), the amount required to pay the amount of interest which will become due on the Series 2026 Bonds on such Interest Payment Date; and (ii) into the Bond Principal Fund on or before five days prior to the next succeeding principal payment date (or one day prior to the next succeeding principal payment date if the payment is made by wire transfer), the amount required to pay the principal which will become due on the Series 2026 Bonds on such principal payment date (whether at maturity, mandatory sinking fund redemption, or otherwise); and (iii) into the Debt Service Reserve Fund, any amounts required to replenish the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement, which the Corporation shall replenish within 12 months of receiving notice from the Trustee of any deficiency pursuant to Section 3.16 of the Indenture; provided, however, that any amount on deposit in the Bond Interest Fund or the Bond Principal Fund on a Loan Payment date shall be credited against the Loan Payment due on such date. On or before any redemption date for which request for redemption has been given by the Corporation, the Corporation shall pay as repayment of the Loan for deposit into the Bond Principal Fund an amount of money which, together with other moneys available therefor in the Bond Principal Fund, is sufficient to pay the principal of and premium, if any, on the Series 2026 Bonds called for optional redemption and for deposit into the Bond Interest Fund an amount of money which, together with other moneys available therefor in the Bond Interest Fund, is sufficient to pay the interest accrued to the redemption date on the Series 2026 Bonds called for optional redemption. If by the day on which the Corporation is required to make a payment pursuant to clause (i) or (ii) or (iii) of the first sentence of this paragraph, the amount held by the Trustee in the Bond Principal Fund and the Bond Interest Fund is insufficient to make the required payments of principal of and interest on the Series 2026 Bonds, the Corporation shall forthwith pay such deficiency as repayment of the Loan for deposit into the Bond Principal Fund or the Bond Interest Fund, as the case may be.

Under the Loan Agreement, the Corporation has also agreed to pay or provide for the payment of all taxes concerning or in any way related to the Property of the Corporation, including the Financed Facilities, any other governmental charges and impositions whatsoever, and all utility and other charges and assessments. The Corporation is also responsible for paying the fees and expenses of the Trustee and the County as provided in the Loan Agreement.

### **Insurance Required**

Throughout the term of the Loan Agreement, the Corporation agrees to maintain the following insurance: casualty insurance on the Property, liability insurance, fidelity insurance, worker's compensation insurance and business interruption insurance.

The insurance may be evidenced by individual policies or by an umbrella policy. At least every three years from March 1, 2026, the Corporation will employ an Insurance Consultant to review its

insurance coverage and to render a report as to the adequacy of such coverage and as to its recommendations, if any, for adjustments thereto. Such insurance coverage must be increased or otherwise adjusted by the Corporation if as a result of such review the Insurance Consultant finds that the existing coverage is inadequate, taking into account the availability, terms, cost of such insurance, and the effect of such terms and such cost upon the Corporation's costs and charges for the services. The insurance coverage required by the Loan Agreement may be reduced or otherwise adjusted by the Corporation without the consent of the Trustee; provided that all coverages after such reduction or other adjustment are certified by the Insurance Consultant to be adequate and appropriate for facilities of like size and type, taking into account the aforementioned factors.

The Corporation may become self-insured for all or any part of the foregoing requirements if the Trustee has received a written evaluation with respect to such self-insurance programs from an Insurance Consultant.

### **Damage, Destruction and Condemnation**

In the event damage or destruction to the Financed Facilities occurs such that claims for loss are less than \$250,000 or in the event title to the temporary use of the Financed Facilities or any portion thereof will be taken under the exercise of the power of eminent domain and the Net Proceeds from any condemnation award are less than \$250,000, the Net Proceeds of insurance resulting from such claims or from any such condemnation award will be paid to the Corporation and will be used by the Corporation for such purposes as the Corporation deems appropriate. In the event any damage or destruction is such that claims for loss are \$250,000 or more or the Net Proceeds from any condemnation award are \$250,000 or more, all Net Proceeds of insurance resulting from such claims or from any such condemnation award will be held by the Corporation and the Corporation is required to elect either to have the Net Proceeds received applied to the redemption of the Series 2026 Bonds and the payment of Additional Parity Indebtedness on a pro rata basis as provided in the Loan Agreement, or to repair, rebuild, restore or replace the Financed Facilities. Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be applied on a pro rata basis to redeem Series 2026 Bonds and pay Additional Parity Indebtedness. In the event such Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Corporation will nonetheless complete the work thereof and will pay any costs thereof in excess of the amount of said Net Proceeds. The Corporation shall not by reason of the payment of such excess costs be entitled to any reimbursement from the County, the Trustee or the owners of the Series 2026 Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under the Loan Agreement.

All Net Proceeds of insurance resulting from claims for losses specified in this Section may be used to redeem Series 2026 Bonds and pay Additional Parity Indebtedness on a pro rata basis in accordance with the Indenture upon exercise of the option to prepay the Loan and all Additional Parity Indebtedness in full pursuant to the Loan Agreement. However, in the event that less than all of the Series 2026 Bonds are to be redeemed and less than all Additional Parity Indebtedness is to be paid, the Corporation will furnish to the Trustee a certificate stating (a) that the Financed Facilities damaged or destroyed are not essential to the Corporation's use or occupancy of the Financed Facilities; (b) that the Financed Facilities damaged or destroyed have been restored to a condition substantially equivalent to its condition prior to the damage or destruction; or (c) that improvements have been acquired which are suitable for operation as part of a private institution of higher education.

### **Consolidation, Merger, Sale or Conveyance**

The Corporation agrees that it will maintain its corporate existence and continue to be a not-for-profit corporation duly qualified to do business in the State, and will not merge or consolidate with, or sell

or convey all or substantially all of the Property to, any Person, unless the requirements specified in the Loan Agreement have been satisfied. Among the requirements are those specifying that the acquirer of the Property or the corporation with which the Corporation shall be consolidated or the resulting corporation in the case of a merger will: (a) assume in writing the performance and observance of all covenants and conditions of the Loan Agreement; (b) provide the Trustee with an opinion acceptable to the Trustee of nationally recognized municipal bond counsel acceptable to the Trustee and the County to the effect that such merger, consolidation, sale or conveyance would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2026 Bonds; (c) provide the County and the Trustee with an Opinion of Counsel to the Corporation (which may be rendered in reliance upon the Opinion of Counsel to such other corporation), stating that none of the other corporations which are a party to such consolidation, merger or transfer has any pending litigation which might reasonably result in a judgment in an amount which exceeds the insurance or reserves therefor by a sum which is more than 2% of the aggregate net assets of the resulting, surviving or transferee corporation immediately after the consummation of such consolidation, merger or transfer and after giving effect thereto; and (d) have unrestricted net assets after giving effect to such merger, consolidation or acquisition of assets at least equal to the unrestricted net assets of the Corporation immediately prior to such merger, consolidation or acquisition of assets.

### **Annual Audit and Other Financial Statements**

In the Loan Agreement, the Corporation agrees that it will have its books and records audited annually by an Accountant as soon as practicable after the close of each Fiscal Year, and shall furnish within 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ended July 31, 2026, to the Trustee and any rating agency which has rated the Series 2026 Bonds a copy of the audit report.

The Corporation agrees that it will maintain proper books of records and accounts with full, true and correct entries of all of its dealings substantially in accordance with generally accepted accounting principles.

### **Continuing Disclosure**

The Corporation shall comply with its obligations under the Continuing Disclosure Agreement; provided however that failure to comply is not an “event of default” under the Loan Agreement.

### **Assignment**

The Corporation may assign the Loan Agreement without the prior consent of the County and the Trustee, subject to each of the following conditions: (a) no assignment (other than pursuant to Section 8.02 of the Loan Agreement) will relieve the Corporation from primary liability for any of its obligations under the Loan Agreement and the Note and in the event of any such assignment, the Corporation shall continue to remain primarily liable for payment of the Loan Payments and other payments required to be made under the Loan Agreement and the Note and for performance and observance of the other covenants and agreements on its part provided in the Loan Agreement; (b) the Corporation will deliver to the Trustee an opinion of nationally recognized municipal bond counsel acceptable to the County and the Trustee to the effect that such assignment will not adversely affect the exclusion from gross income of interest on the Series 2026 Bonds for federal income tax purposes; (c) the assignee will assume in writing the obligations of the Corporation made under the Loan Agreement to the extent of the interest assigned; and (d) the Corporation will, within 10 days prior to delivery thereof, furnish or cause to be furnished to the Trustee a true and complete copy of each such assumption of obligations and assignment.

## **Options To Prepay**

The Corporation will have and is hereby granted the option exercisable at any time to prepay all or any portion of the Loan, as evidenced by the Note, by paying to the Trustee an amount of money or securities sufficient to pay the principal of (in Authorized Denominations), premium, if any, and interest on any portion of the Series 2026 Bonds then Outstanding under the Indenture. The exercise of such option will not be cause for redemption of Series 2026 Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Corporation specifies the date for such redemption. In the event the Corporation prepays all of the Loan and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Series 2026 Bonds and all of its liabilities accrue and to accrue under the Loan Agreement to the County through final payment of the Series 2026 Bonds, the Loan Agreement will terminate. Any such prepayment of the Loan will constitute a prepayment in the same amount of the Note.

In the event of prepayment by the Corporation of the Loan and the Note in whole, the Corporation will ensure that the Rebate Fund is fully funded. The amounts then contained in the Bond Principal Fund, Bond Interest Fund, the Project Fund, the Debt Service Reserve Fund and the Issuance Expense Fund will be credited against the Corporation's prepayment obligation.

If the Financed Facilities are damaged or condemned to the extent described in the Loan Agreement and the Corporation exercises its option to prepay the Loan, the Series 2026 Bonds will be redeemed in whole in accordance with the Indenture.

## **Events of Default**

Under the Loan Agreement an "event of default" is defined to include, in general terms, any one or more of the following events: (a) any failure by the Corporation to make any Loan Payment required to be made under the Loan Agreement or the Note within five days after it is due and payable; (b) failure by the Corporation to observe and perform any covenant, condition or agreement of the Corporation under the Loan Agreement (other than the failure referred to in (a) of this Section) within 30 days after receiving written notice thereof from the County or the Trustee; provided, that no event of default shall be deemed to have occurred so long as a reasonable course of action to remedy such failure is commenced within such 30-day period and is thereafter diligently prosecuted to completion; (c) default by the Corporation in the payment of any Additional Parity Indebtedness in any amount whether such Additional Parity Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any indenture or instrument under which there may be issued or by which there may be secured or evidenced any Additional Parity Indebtedness, whether such Additional Parity Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall result in such Additional Parity Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; (d) the dissolution or liquidation of the Corporation, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at its Property or to make any payments under the Loan Agreement; (e) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Corporation in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or for any substantial part of its Property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; and (f) the commencement by the Corporation of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator,

assignee, trustee, custodian, sequestrator (or other similar official) of the Corporation or for any substantial part of its Property, or the making by it of any assignment for the benefit of creditors, or the failure of the Corporation generally to pay its debts as such debts become due, or the taking of corporate action by the Corporation in furtherance of any of the foregoing.

The foregoing provisions are subject to the following limitations: If by reason of force majeure the Corporation is unable in whole or in part to carry out its agreements contained in the Loan Agreement (with certain exceptions), the Corporation will not be deemed in default during the continuance of such inability. The term "force majeure" as used herein means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority, including, without limitation, orders, rules or regulations of any such entities having jurisdiction over the rates and fees charged by the Corporation for its facilities and services; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; 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 Corporation. The Corporation agrees, however, if possible, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the Corporation, and the Corporation will not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation.

Within 120 days after the end of each Fiscal Year, the Corporation will furnish to the County and the Trustee a certificate of an Authorized Representative of the Corporation which provides, inter alia, that no event of default under the Loan Agreement has occurred and is continuing and that such Authorized Representative has no knowledge of an event, which, with the passage of time or giving of notice, or both, would constitute any such event, or describing any such event of default or event known to such Authorized Representative.

### **Remedies on Default**

Whenever an event of default as defined in the Loan Agreement has occurred and is continuing, the Trustee (acting as assignee of the County) or the County (in the event of a failure of the Trustee to act under this paragraph), as and to the extent provided in the Indenture, may take any one or more of the following remedial steps: (a) declare the Loan Payments payable for the remainder of the term of the Loan Agreement to be immediately due and payable; and (b) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due or to enforce the performance or observance of any obligations, agreements or covenants of the Corporation under the Loan Agreement. In addition, the Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder. No remedy specified in the Loan Agreement is intended to be exclusive, and each and every remedy is cumulative.

### **Amendments to the Loan Agreement and the Note**

Without the consent of or notice to the Bondholders, the County and the Trustee may consent to any amendment, change or modification of the Loan Agreement or the Note as may be required or permitted (a) by the provisions of the Loan Agreement or the Indenture; (b) to cure any ambiguity or formal defect or omission; or (c) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the owners of the Series 2026 Bonds.

Other than the amendments, changes or modifications set forth above, the County and the Trustee shall not consent to any other amendment, change or modification of the Loan Agreement or the Note without the giving of notice and the written approval or consent of the owners of not less than 66-2/3% in aggregate principal amount of the Series 2026 Bonds then Outstanding. The Indenture describes the procedures to be used to give such notice and to obtain such consent of the owners of the Series 2026 Bonds.

Notwithstanding the foregoing, no amendment to the Loan Agreement or the Note which would adversely affect the owners of Additional Parity Indebtedness may be entered into without complying with the terms of the relevant instrument authorizing the issuance of such Additional Parity Indebtedness.

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## APPENDIX D

### BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Lincoln County, South Dakota, Economic Development Revenue Bonds (Augustana University Association Project) Series 2026 (the “Series 2026 Bonds”). The Series 2026 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 Series 2026 Bond certificate will be issued for each maturity of the Series 2026 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 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 Series 2026 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 Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 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 Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 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 Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 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 County or Trustee, on 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, Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants, nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be.

**NEITHER THE COUNTY, THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT**

OR ANY BENEFICIAL OWNERS OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE SERIES 2026 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2026 BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO REGISTERED OWNERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVED PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2026 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

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## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** dated as of March 31, 2026, by and between **AUGUSTANA UNIVERSITY ASSOCIATION D/B/A AUGUSTANA UNIVERSITY** (the “University”) and **BOKF, NA** (the “Dissemination Agent”).

#### RECITALS:

WHEREAS, the Lincoln County, South Dakota, Economic Development Revenue Bonds (Augustana University Association Project) Series 2026 (the “Series 2026 Bonds”) are being issued under the Indenture of Trust, dated as of March 1, 2026 (as amended and supplemented from time to time, the “Indenture”), by and between Lincoln County, South Dakota (the “County”) and BOKF, NA, as trustee (the “Trustee”) to finance and refinance certain costs of (i) the construction, reconstruction, renovation, and equipping of student housing and other University facilities; (ii) the funding of a debt service reserve for the Series 2026 Bonds; and (iii) the payment of costs incidental to the issuance of the Series 2026 Bonds (collectively, the “Series 2026 Project”); and

WHEREAS, the University will borrow the proceeds of the Series 2026 Bonds from the County pursuant to a Loan Agreement, dated as of March 1, 2026 (as amended and supplemented from time to time, the “Loan Agreement”), by and between the University and the County; and

WHEREAS, in order to allow the underwriter of the Series 2026 Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the University is required to make certain continuing disclosure undertakings for the benefit of holders of the Series 2026 Bonds; and

WHEREAS, this Continuing Disclosure Agreement (this “Agreement”) is intended to satisfy the requirements of the Rule;

NOW THEREFORE, the parties hereto agree as follows:

**Section 1. Definitions.** Capitalized terms used herein but not defined herein shall have the meanings given to them in the Indenture and the Loan Agreement. In addition, the following terms shall have the following meanings:

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Audited Financial Statements*” means the University’s audited consolidated financial statements, prepared pursuant to the standards and as described in Exhibit I.

“*EMMA*” shall mean the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB ([www.emma.msrb.org](http://www.emma.msrb.org)).

“*Financial Obligation*” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as

defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Material Event*” means any of the following events, if material, with respect to the Series 2026 Bonds:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (g) modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Series 2026 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the University\*;
- (m) the consummation of a merger, consolidation or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

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\*This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University.

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

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

“*Material Event Notice*” means written or electronic notice of a Material Event.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, telephone: (703) 797-6600, Attention: CDI System.

“*Official Statement*” means the Official Statement delivered in connection with the original issue and sale of the Series 2026 Bonds.

“*SEC*” means the Securities and Exchange Commission.

## **Section 2. Continuing Disclosure Undertaking.**

(a) The University, as an “obligated person” within the meaning of the Rule, undertakes to provide the following information:

- (i) Annual Financial Information; and
- (ii) Material Event Notices.

(b) The University shall while any Series 2026 Bonds are Outstanding provide Annual Financial Information to the Dissemination Agent within 180 days after the end of the University’s fiscal year (the “Submission Date”), beginning with respect to the University’s fiscal year ending July 31, 2026, and the Dissemination Agent shall provide to the County and to EMMA such Annual Financial Information within 10 days of the day it receives it (the “Report Date”) while any Series 2026 Bonds are Outstanding. The University shall include with each submission of Annual Financial Information to the Dissemination Agent a written representation addressed to the Dissemination Agent and the County to the effect that the Annual Financial Information is the Annual Financial Information required by this Agreement and that it complies with the applicable requirements of this Agreement. It shall be sufficient if the University provides to the Dissemination Agent and the County and the Dissemination Agent provides to EMMA the Annual Financial Information by specific reference to documents previously provided to EMMA or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available on EMMA.

(c) While any Series 2026 Bonds are Outstanding, the University shall provide to the Dissemination Agent by December 1 of each year a certificate stating that it has satisfied the Coverage Requirement (as defined in Section 8.16 of the Loan Agreement) and the Dissemination Agent shall provide such certificate to EMMA within 10 days of the day it receives it.

(d) While any Series 2026 Bonds are Outstanding, the University shall provide an Annual Budget Certificate (as defined in Section 8.17 of the Loan Agreement) to the Dissemination

Agent by July 1 of each year and the Dissemination Agent shall provide such Annual Budget Certificate to EMMA within 10 days of the day it receives it.

(e) Additionally, the Dissemination Agent shall provide to EMMA, no later than 10 days after the receipt thereof by the Dissemination Agent, any reports from an Independent Consultant received in connection with the Coverage Requirement or the Annual Budget Certificate as described in the Loan Agreement.

(f) While any Series 2026 Bonds are Outstanding, the University shall hold an investor conference call on each December 1 following the release of its audited financial statements for the immediately preceding Fiscal Year for the purpose of reviewing financial and operating results of such Fiscal Year. The University shall provide the time and dial-in number for each such investor call via EMMA at least 10 days prior to each December 1.

(g) If a Material Event occurs while any Series 2026 Bonds are outstanding, the University shall provide a Material Event Notice to the Dissemination Agent in a timely manner, not in excess of 10 business days, and the Dissemination Agent shall promptly provide to EMMA and to the County, such Material Event Notice. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Series 2026 Bonds.

(h) The Dissemination Agent shall promptly advise the University whenever in the course of performing its duties as Dissemination Agent under the Indenture, the Dissemination Agent identifies an occurrence which, if material, would require the University to provide a Material Event Notice pursuant to Section 2(c) above; provided that the failure of the Dissemination Agent so to advise the University of such occurrence shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities hereunder.

(i) The Dissemination Agent shall, without further direction or instruction from the University, provide in a timely manner to the County and EMMA, notice of any failure while any Series 2026 Bonds are Outstanding by the Dissemination Agent to provide to EMMA, Annual Financial Information on or before the Report Date (whether caused by failure of the University to provide such information to the Dissemination Agent by the Submission Date or for any other reason). For the purposes of determining whether information received from the University is Annual Financial Information, the Dissemination Agent shall be entitled conclusively to rely on the University's written representation made pursuant to Section 2(b) hereof.

(j) If the University provides to the Dissemination Agent information relating to the University or the Series 2026 Bonds, which information is not designated as a Material Event Notice, and directs the Dissemination Agent to provide such information to EMMA, the Dissemination Agent shall provide such information in a timely manner to the County and EMMA.

(k) Unless otherwise required by law and subject to technical and economic feasibility, the University and the Dissemination Agent shall employ such methods of information transmission as shall be reasonably requested or recommended by the designated recipients of the University's information.

(l) The continuing obligation hereunder of the University to provide Annual Financial Information and Material Event Notices and the Dissemination Agent's obligations under this Agreement shall terminate immediately once the Series 2026 Bonds are no longer Outstanding. The University's obligations under this Agreement shall also terminate once the University is no longer an "obligated person" within the meaning of the Rule. This Agreement, or any provision

hereof, shall be null and void in the event that the University delivers to the Dissemination Agent and the County an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking contained in this Agreement, or any such provisions, are invalid, have been repealed retroactively or otherwise do not apply to the Series 2026 Bonds; provided that the Dissemination Agent shall have provided notice of such delivery and the cancellation of the undertaking contained in this Agreement to EMMA. This Agreement may be amended and any provision may be waived, without the consent of the Bondholders, but only upon the delivery by the University to the Dissemination Agent and the County of the proposed amendment or waiver and an opinion of nationally recognized bond counsel to the effect that such amendment or waiver, after giving effect thereto, will not adversely affect the compliance of the undertaking contained in this Agreement with the Rule; provided that the Dissemination Agent shall have provided notice of such delivery and of the amendment or waiver on EMMA.

(m) Any failure by the University to perform in accordance with this Agreement shall not constitute an “event of default” under Article X of the Loan Agreement, and the rights and remedies provided by Article X of the Loan Agreement upon the occurrence of an “event of default” (as defined in Article X of the Loan Agreement) shall not apply to any such failure. Neither the County nor the Dissemination Agent shall have any power or duty to enforce this Agreement. The Bondholders (including for this purpose the beneficial owners of the Series 2026 Bonds) may enforce specific performance of the obligations contained in this Agreement by any judicial proceeding available.

(n) Neither the County nor the Dissemination Agent shall have any obligation to examine or review the Annual Financial Information and neither shall have a duty to verify the accuracy or completeness of the Annual Financial Information.

**Section 3. Termination Provisions.** Either the Dissemination Agent or the University may terminate this Agreement upon 90 days’ notice to the other party and the County; provided, however, upon such termination the University shall either (a) enter into a new Continuing Disclosure Agreement (with substantially similar terms to this Agreement unless the amendment provisions hereof would permit changes which are made) with a different dissemination agent (which may be, but is not required to be, the Trustee or a successor trustee under the Indenture); or (b) agree to provide continuing disclosure in accordance with the Rule itself without the assistance of a dissemination agent. Any such agreement that the University shall provide continuing disclosure itself shall be evidenced by a continuing disclosure agreement which shall replace this Agreement and shall comply with the Rule.

**Section 4. Fees of Dissemination Agent.** As compensation for its services under this Agreement, the Dissemination Agent shall be compensated or reimbursed by the University for its reasonable fees and expenses in performing the services specified under this Agreement.

IN WITNESS WHEREOF, the University and the Dissemination Agent have caused this Agreement to be executed in their respective names, all as of the date first above written.

AUGUSTANA UNIVERSITY ASSOCIATION

By \_\_\_\_\_  
Shannan Nelson  
Chief Financial Officer & Executive Vice  
President

BOKF, NA, as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means annual financial information and operating data of the type set forth in the Official Statement, including, but not limited to, such financial information and operating data related to the University set forth in Appendix A to the Official Statement; provided, however that the “Peer Institution Total Cost of Education Comparison” table in Appendix A to the Official Statement shall not be included in the Annual Financial Information.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The University shall clearly identify each such item of information included by reference.

The University shall provide Annual Financial Information to the Dissemination Agent within 180 days after the end of the University’s fiscal year (the “Submission Date”), beginning with respect to the University’s fiscal year ending July 31, 2026, and the Dissemination Agent shall provide to the County and to EMMA such Annual Financial Information within 10 days of the day it receives it (the “Report Date”) while any Series 2026 Bonds are Outstanding.

Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Board.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 2 of the Disclosure Agreement, including for this purpose a change made to the fiscal year end of the Obligated Person, the University will disseminate a notice on EMMA of such change in prescribed form as required by such Section 2.

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## APPENDIX F

### FORM OF BOND COUNSEL OPINION

March 31, 2026

Lincoln County, South Dakota  
104 North Main Street  
Canton, South Dakota 57103

BOKF, NA, as trustee  
1248 'O' Street, Suite 764  
Lincoln, Nebraska 68508

RBC Capital Markets, LLC  
100 Light Street, Suite 2410,  
Baltimore, Maryland 21202

Re: \$33,905,000 Lincoln County, South Dakota, Economic Development Revenue Bonds  
(Augustana University Association Project), Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Lincoln County, South Dakota (the "County") of its \$33,905,000 aggregate principal amount of its Economic Development Revenue Bonds (Augustana University Association Project), Series 2026 (the "Bonds"). The Bonds are being issued under and pursuant to Chapter 9-54 of the South Dakota Codified Laws, as amended (the "Act"), and a Trust Indenture dated as of March 1, 2026 (the "Indenture") between the County and BOKF, NA, as trustee (the "Trustee"). All capitalized terms used herein and not otherwise defined shall have the same meanings as set forth in the Indenture.

The County is issuing the Bonds at the request of Augustana University Association d/b/a Augustana University (the "Corporation"), which is an organization exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), to finance and refinance certain costs of (i) the construction, reconstruction, renovation, and equipping of student housing and other university facilities of the Corporation; (ii) the funding of a debt service reserve fund for the Bonds; and (iii) the payment of costs incidental to the issuance of the Bonds (collectively, the "Project").

The proceeds of the Bonds will be loaned to the Corporation pursuant to a Loan Agreement dated as of March 1, 2026 (the "Loan Agreement") between the County and the Corporation. The Corporation is required to make payments under the Loan Agreement in amounts in the aggregate sufficient to pay the principal or redemption price of and interest on the Bonds.

The Bonds are secured under the Indenture by an assignment of loan payments under the Loan Agreement to the Trustee and by a promissory note for the Bonds (the "Note") dated the date hereof issued by the Corporation in favor of the County and assigned to the Trustee for the benefit of the holders of the Bonds. Payments under the Note will be credited against the loan payments of the Corporation under the Loan Agreement and applied to the principal or redemption price of and interest on the Bonds.

The Corporation has represented in the Loan Agreement that it is an organization described in Section 501(c)(3) of the Code which is not a "private foundation" as defined in Section 509(a) of the Code. The Corporation has covenanted that, throughout the term of the Loan Agreement, it will not perform any acts or enter into any agreements which shall adversely affect such federal income tax status nor shall it

carry on or permit to be carried on or at the facilities financed and refinanced with the proceeds of the Bonds, or permit such facilities to be used in or for any trade or business if such activity would adversely affect the excludability from gross income of the interest on any of the Bonds for federal income tax purposes, or carry on or permit to be carried on at such facilities any activity which would adversely affect the Corporation's federal income tax status under Section 501(c)(3) of the Code.

Under the Indenture and the Loan Agreement, respectively, the County and the Corporation have covenanted that they will comply with the requirements of Section 148 of the Code pertaining to arbitrage bonds. In addition, an authorized official of the County responsible for issuing the Bonds and a representative of the Corporation have executed a certificate stating the reasonable expectations of the County and the Corporation on the date of issue of the Bonds as to future events that are applicable for the purposes of such requirements of the Code.

In our capacity as bond counsel, we have examined such documents, records of the County and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement, the Note and the other documents listed in the closing memorandum in respect of the Bonds filed with the Trustee. We also have examined an executed Bond of each maturity, and we assume that all other Bonds have been similarly executed and have been authenticated and delivered.

Based on the foregoing, it is our opinion that:

1. The County is a body corporate and politic validly existing under the Act with full power and authority to finance the Project, to execute and deliver the Indenture and the Loan Agreement and to issue and sell the Bonds.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the County and the covenants of the County therein are valid and binding obligations of the County enforceable in accordance with their terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. The issuance and sale of the Bonds have been duly authorized by the County and, on the assumption as to execution, authentication and delivery stated above, the Bonds have been duly executed and delivered by the County and authenticated by the Trustee, are valid and binding obligations of the County and are entitled to the benefit and security of the Indenture, except as the rights created thereunder and the enforcement thereof may be limited as described in paragraph 2 above.

4. Interest on the Bonds (including original issue discount) is excludable from gross income for purposes of federal income taxation under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the County and the Corporation and continuing compliance by the County and the Corporation with the requirements of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the "adjusted financial statement income" (as defined in Section 56A of the Code) of "applicable corporations" (as defined in Section 59 of the Code) for purposes of computing the alternative minimum tax imposed on such corporations.

5. Under the laws of the State of South Dakota (the “State”) as presently enacted and construed, interest on the Bonds is includable in gross income for South Dakota franchise tax purposes when the holder is a “financial institution” as defined in South Dakota Codified Laws, Chapter 10-43.

Except as set forth in paragraphs 4 and 5 above, Bond Counsel expresses no opinion regarding any federal, state, or local tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

We express no opinion herein with respect to the adequacy of the security or sources of payment for the Bonds or the accuracy or completeness of any offering document used in connection with the sale of the Bonds.

We call your attention to the fact that the Bonds are limited obligations of the County, payable solely out of the revenues and receipts pledged to the payment thereof under the Indenture. The Bonds do not constitute a pledge of the faith and credit of the County, and the issuance of the Bonds under the provisions of the Act does not, directly or indirectly, or contingently, obligate the County to levy any form of taxation for the payment thereof or to make any appropriation for its payment, and such Bonds and interest thereon do not now and shall not constitute a debt of the County within the meaning of the constitution or the statutes of the State and shall not constitute a charge against the credit or taxing power of the County or the State or any political subdivision thereof.

We render this opinion as of the date hereof on the basis of federal law and the laws of the State as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs herein, including, without limitation, the accuracy or completeness of the preliminary or final official statement or other documents prepared or statements made in connection with the offering and sale of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

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