

Financial Statements and Supplementary Information on Federal Awards Programs

For the Year Ended May 31, 2008

(With Independent Auditors' Reports Thereon)

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	Report on Internal Control over Financial Reporting and on Compliance and Other Matters		
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KPMG LLP

1 East Pratt Street Baltimore, MD 21202-1128

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	We have audited the accompanying statements of financial position of Loyola College in Maryland as of May 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.
	We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the
ews a s	Section France

Statements of Financial Position

May 31, 2008 and 2007

(Dollars in thousands)

Assets		2008	2007
Cash	\$	2,124	611
Short-term investment		47,878	44,933
Student tuition receivables, net		706	142
Contributions receivable, net		7,146	7,672
Prepaid expenses and other assets		2,662	4,115
Investments, at fair value		178,297	174,122
Deposits with bond trustees		11,857	39,819
Student loans receivable, net		2,056	2,043
Land, buildings and equipment, net Interest in perpetual trust		282,404	246,841
• •		11,337	12,259
Total assets	\$ —	546,467	532,557
Liabilities and Net Assets			
Accounts payable and accrued liabilities	\$	16,616	23,095
Deferred tuition and refundable advances		7,207	7,593
Bonds payable		159,348	149,231
Other liabilities		3,481	2,833
Government grants refundable		2,827	2,811
Total liabilities		189,479	185,563
Total liabilities Net assets:	_	189,479	185,563
Net assets:		153,606 133,725 7 644	145,891 131,860 8 067
Net assets: Net investment in equipment and facilities Designated for endowment		153,606 133,725	145,891 131,860
Net assets: Net investment in equipment and facilities Designated for endowment Undesignated		153,606 133,725 7 644	145,891 131,860 8 067
Net assets: Net investment in equipment and facilities Designated for endowment Undesignated Total unrestricted net assets Temporarily restricted		153,606 133,725 7 644 294,975 10,061	145,891 131,860 8 067 285,818 10,132

See accompanying notes to financial statements.

Statement of Activities

Year ended May 31, 2008

(with comparative totals for 2007)

(Dollars in thousands)

Temporarily

Permanently

Totals

<u></u>	<u></u>		<u> </u>		
Tuition and fees, (net of tuition discounts of \$35,604 in 2008 and \$32,301 in 2007)	\$ 103,608			103,608	95,405
Contributions Government grants and contracts	4,388 10,622	2,362	1,831	8,581 10,622	10,722 7,537
Investment income	2,919	_	_	2,919	6,825
Net realized and unrealized gains (losses) on investments	5,020		(923)	4,097	16,951
Sales and services of auxiliary	•		(, -+ /	•	
enterprises Other sources	28,731 4,834	_	_	28,731 4,834	26,398 5,130
Net assets released from restrictions	 2,433	(2,433)	<u> </u>		
Total revenues	162,555	(71)	908	163,392	168,96
Expenses: Instruction	57,788			57,788	55,796
Research	945	_	_	945	95:
<u>Public service</u>	2 <u>0</u> 09	_	_	? 0.09	1 711
Academic support	7,182		_	7,182	6,23
Institutional support Student services	36,039 23,764	_		36,039 23,764	34,199 22,14
Fundraising	923	_	_	923	88
Library	3,201	_		3,201	3,040
· milate					

Total expenses		153,398			153,398	146,432
Change in net assets		9,157	(71)	908	9,994	22,536
Net assets at beginning of year		285,818	10,132	51,044	346,994	324,458
Net assets at end of year	\$	294,975	10,061	51,952	356,988	346,994

Statement of Activities

Year ended May 31, 2007

(Dollars in thousands)

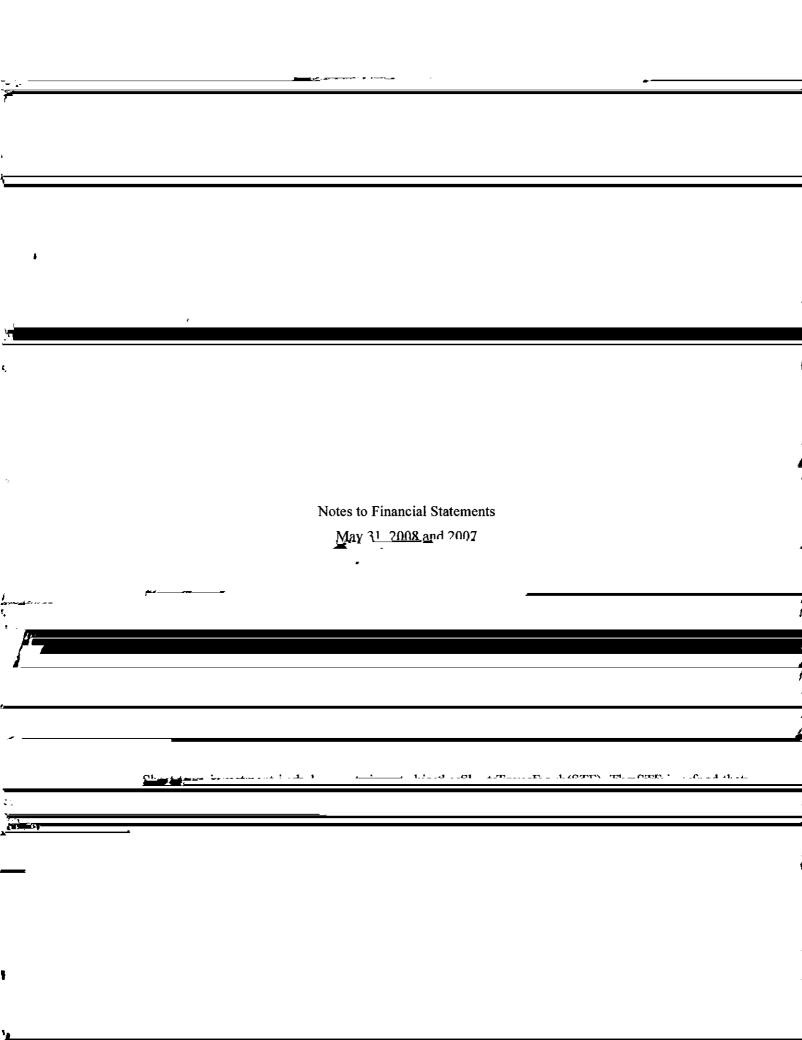
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Reveniles.	, 			
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•				
discounts of \$32,301 in 2007)	\$ 95,405			95,40
Contributions	6,233	2,716	1,773	10,72
Government grants and contracts	7,537	2,710	1,775 —	7,53
Investment income	6,825	_	_	6,82
Net realized and unrealized gains on				,
investments	15,475	_	1,476	16,95
Sales and services of auxiliary				
enterprises	26,398	_	_	26,39
Other sources Net assets released from restrictions	5,130	(2.57()	_	5,13
	3,576	(3,576)		-
Total revenues	166,579	(860)	3,249	168,96
Expenses:				
Instruction	55,796	_	_	55,79
Research	955	_		95
Public service	1,711	_	_	1,71
Academic support Institutional support	6,231	*****		6,23
Gant - American	34,199	_		34,19
•				
_				
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Fundraising	887	_	******	88
Library	3,046	_		3,04
Auxiliary enterprises	21,460			21,46

Statements of Cash Flows

Years ended May 31, 2008 and 2007

(Dollars in thousands)

Cash flows from operating activities: Change in net assets	 -	9,994	2007 22,536	
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provided by operating activities: Depreciation and amortization Contributions and grants restricted for long-term investment Net realized and unrealized gains on investments Change in fair value of interest rate swap Change in assets and liabilities:		7,501 (4,581) (7,019) 1,980	7,075 (1,773) (16,094) 619	
Student tuitien vessistekles met		(ECA)	A1	
Prepaid expenses and other assets Contribution receivables, net Interest in perpetual trust Accounts payable and accrued liabilities Deferred tuition and refundable advances		(424) 526 923 (3,002) (386)	995 727 (1,476) 5,249 80	



Notes to Financial Statements
May 31, 2008 and 2007

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		Estimated	
		useful life	
	Duildings	50 years	
	Faviament furniture fixtures	30 years	
_	Buildings Equipment, furniture, fixtures,	£ 7	
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Notes to Financial Statements May 31, 2008 and 2007

(m) Concentration of Credit Risk

Financial instruments, which potentially subject the College to concentrations of credit risk consist primarily of cash, cash equivalents, and investments. The College maintains cash and cash equivalents and short and long-term investments with high quality institutions and has established guidelines relative to diversification and maturities that maintain safety and liquidity. As of May 31, 2008 and 2007, a majority of the balances were in excess of the Federal Deposit Insurance Corporation insurance limit.

(n) Fair Values of Financial Instruments

Fair values of financial instruments, including debt (as interest rates are commensurate with prevailing market rates) approximate their carrying values in the financial statements.

(o) Derivative Financial Instruments

Derivative financial instruments (interest rate swaps) are measured at fair value and recognized in the balance sheets as assets or liabilities, with the change in fair value included in unrealized gains and losses in the statement of activities. The fair value of the derivatives is based upon values provided by third party financial institutions.

(p) Recently Issued Accounting Pronouncements

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements (SFAS No. 157).

Notes to Financial Statements
May 31, 2008 and 2007

(2)	Contributions Receivable		

2008 2007		Contributions receivable, net, are summarized as follows as of May 31, 2008 and 2007 (in thousands):					housands):	
						2008	2007	
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Notes to Financial Statements
May 31, 2008 and 2007

Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities 1,,

Notes to Financial Statements

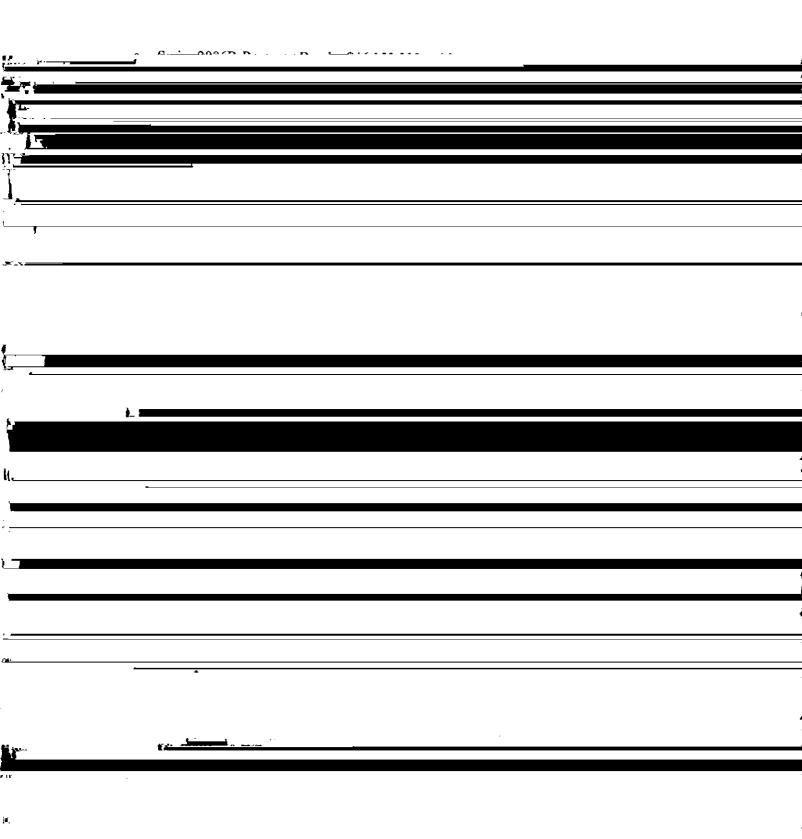
May 31, 2008 and 2007

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·,	Bonds payable as of May 31, 2008 and 20			
(10 (^	Maruland Haaldh and III.h. 191 of 19	Min had to		
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	Revenue Bonds (MHHEFA):		2008	2007

Series 1996B Variable Rate Demand Bonds, payable

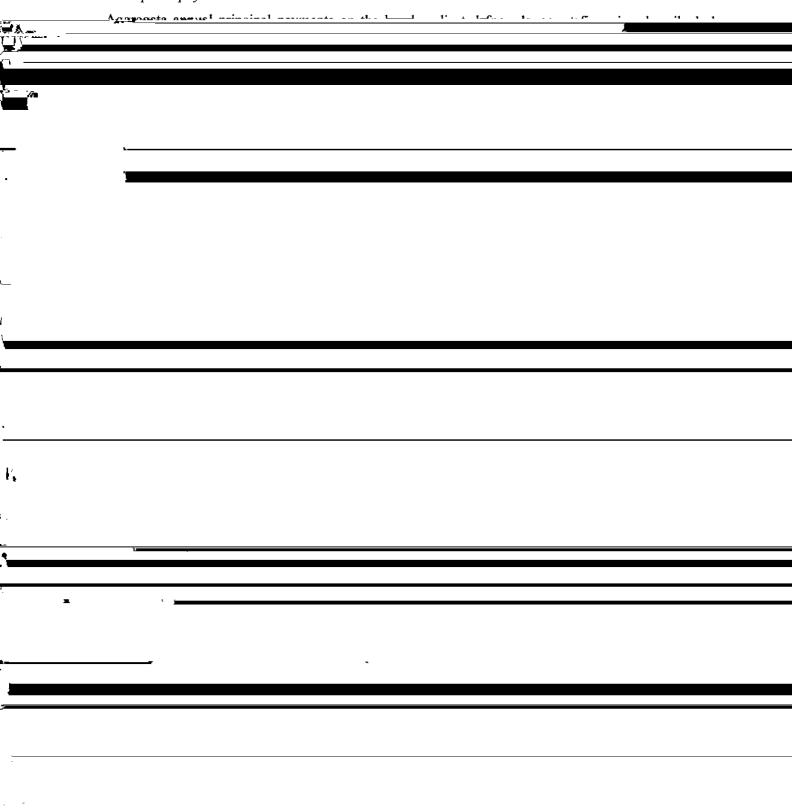
Notes to Financial Statements

May 31, 2008 and 2007



Notes to Financial Statements
May 31, 2008 and 2007

Principal Repayment Schedule



Notes to Financial Statements
May 31, 2008 and 2007

(9)	Retirement Benefit	Plans
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The College participates in retirement annuity plans sponsored by the Teacher's Insurance and Annuity Association and the College Retirement Equity Fund, and Fidelity Investments. Retirement benefits are provided for faculty, administrators and hourly employees, through direct payments to these plans. For

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Notes to Financial Statements
May 31, 2008 and 2007

Short Term Fund

	Short Term Puna
	The College received notice on September 29, 2008 from the Trustee of the STF of its decision to initiate the termination of the STF, to establish procedures for an orderly liquidation and distribution of the fund's assets, and to resign their role as Trustee. As permitted, the College has already withdrawn \$18,100,000 through October 2, 2008. Further additional withdrawals are limited to \$16,897,000 through December 31,
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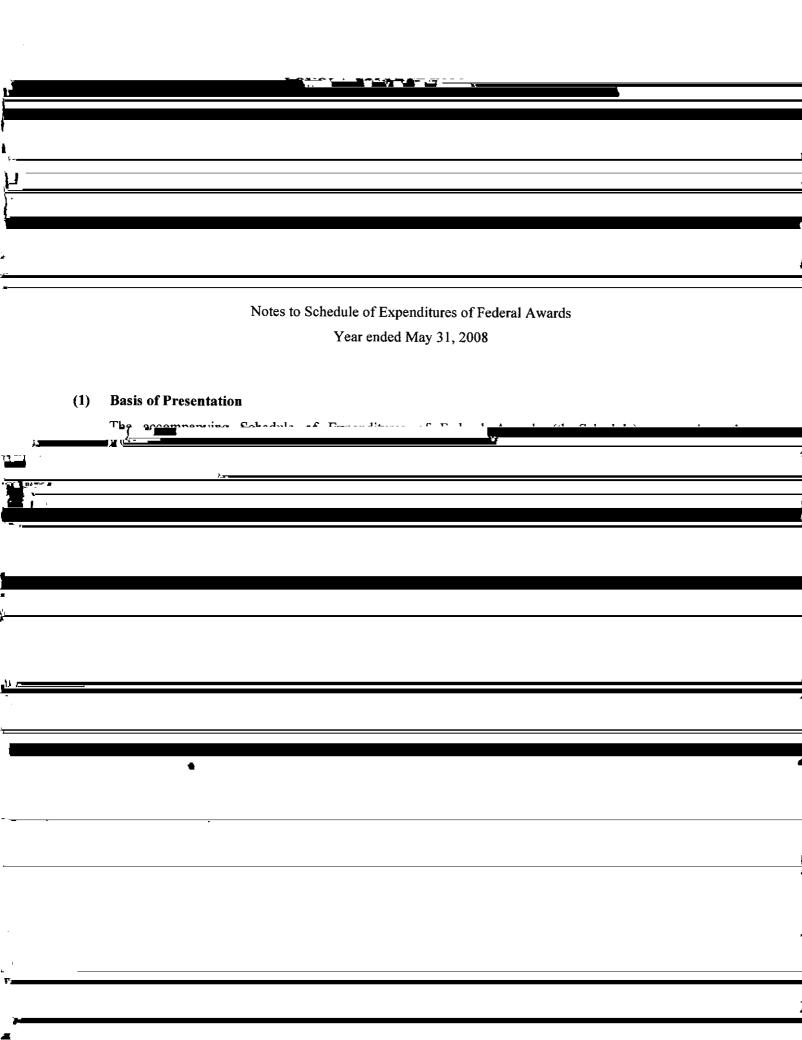
	<u>number</u>	agency	е	xpenditures
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Pell Grants	84.063		\$	877,244
Federal Work-Study	84.033		-	515,955
Federal Supplemental Educational Opportunity Grants	84.007			287,854
Academic Competitiveness Grant	84.375			105,900
National Science and Math	9/ 276			40,000

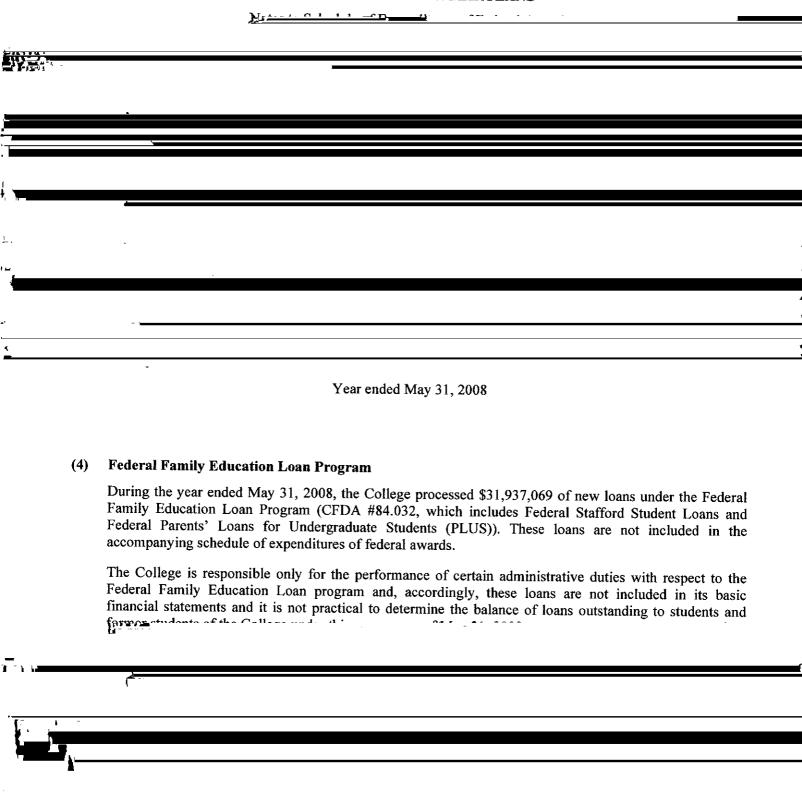
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National Science Foundation:
Direct awards:
RUI: Amorphous Program Slicing
Women and Minorities in Computer Science
Synthesis and Optical Spectroscopy of Thilium Sensitized
Potassium Lead Chloride
Loyola College in Maryland Computer Science, Engineering
and Mathematics 2,111 20,638 47.070 47.070 47.041 15,695 47.076 19,560

Subtotal direct awards 58,004

Pass-through awards:







The Board of Trustees

KPMG LLP 1 East Pratt Street Baltimore, MD 21202-1128

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

2008, and have issued our report thereon dated October 2, 2008, except for note 11 which is as of October 20, 2008.

We conducted our audit in accordance with auditing standards generally accented in the United States of America



Compliance and Other Matters

4	nisstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and
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KPMG LLP 1 East Pratt Street Baltimore, MD 21202-1128

Report on Compliance with Requirements Applicable to Each Maior Program and on Internal Control over Compliance in Assessed

OMB Circular A-133

The Board of Trustees

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Compliance

We have audited the compliance of Loyola College in Maryland (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (the Compliance Supplement) that are applicable to its major federal programs for the year ended May 31, 2008, except the requirements discussed in the second paragraph of this report. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the College's management. Our responsibility is



Internal Control over Compliance

	he management of the College is responsible for establishing and maintaining effective internal control over
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and performing our audit, we considered the College's internal control over compliance with requirements that

Schedule of Findings and Questioned Costs Year ended May 31, 2008

Section I – Summary of Auditors' Re	sults
Financial Statements	
Type of auditors' report issued:	Unqualified
Testoman Loganhort 6 1 . A.	
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 Material weaknesses identified? 	None Reported
 Significant deficiencies identified? 	None Reported
Noncompliance material to financial statements noted?	None Reported
Federal Awards	•
Internal sentral prier main- and mariner	

None Reported

None Reported

Unqualified

Material weaknesses identified?

Significant deficiencies identified?

Type of auditors' report issued on compliance for major programs

Any purit findings disclosed that are required to be reported in accordance