



LOYOLA COLLEGE IN MARYLAND

Financial Statements and Supplementary
Information on Federal Awards Programs

For the Year Ended May 31, 2008

(With Independent Auditors' Reports Thereon)

LOYOLA COLLEGE IN MARYLAND

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

Dependent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters



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

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

May 31, 2008 and 2007

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Nature of Operations

1099-INT (2008) INSTRUCTIONS

LOYOLA COLLEGE IN MARYLAND

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	282,404	246,841
Interest in perpetual trust	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
Net assets:		
Temporarily restricted		
Permanently restricted		
Net investment in equipment and facilities	153,606	145,891
Designated for endowment	133,725	131,860
Undesignated	7,644	8,067
Total unrestricted net assets	294,975	285,818
Temporarily restricted	10,061	10,132
Permanently restricted	51,952	51,044
Total net assets	356,988	346,994
Total liabilities and net assets	\$ 546,467	532,557

See accompanying notes to financial statements.

LOYOLA COLLEGE IN MARYLAND

Statement of Activities

Year ended May 31, 2008

(with comparative totals for 2007)

(Dollars in thousands)

	Indefinitely restricted	Temporarily restricted	Permanently restricted	Totals 2008	Totals 2007
Tuition and fees, (net of tuition discounts of \$35,604 in 2008 and \$32,301 in 2007)	\$ 103,608	—	—	103,608	95,405
Contributions	4,388	2,362	1,831	8,581	10,722
Government grants and contracts	10,622	—	—	10,622	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	28,731	—	—	28,731	26,398
Other sources	4,834	—	—	4,834	5,130
Net assets released from restrictions	2,433	(2,433)	—	—	—
Total revenues	162,555	(71)	908	163,392	168,968
Expenses:					
Instruction	57,788	—	—	57,788	55,796
Research	945	—	—	945	955
Public service	2,009	—	—	2,009	1,711
Academic support	7,182	—	—	7,182	6,231
Institutional support	36,039	—	—	36,039	34,199
Student services	23,764	—	—	23,764	22,147
Fundraising	923	—	—	923	887
Library	3,201	—	—	3,201	3,046
Administrative support	21,547	—	—	21,547	21,460
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

See accompanying notes to financial statements.

LOYOLA COLLEGE IN MARYLAND

Statement of Activities

Year ended May 31, 2007

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:				
discounts of \$32,301 in 2007)	\$ 95,405	—	—	95,405
Contributions	6,233	2,716	1,773	10,722
Government grants and contracts	7,537	—	—	7,537
Investment income	6,825	—	—	6,825
Net realized and unrealized gains on investments	15,475	—	1,476	16,951
Sales and services of auxiliary enterprises	26,398	—	—	26,398
Other sources	5,130	—	—	5,130
Net assets released from restrictions	3,576	(3,576)	—	—
Total revenues	<u>166,579</u>	<u>(860)</u>	<u>3,249</u>	<u>168,968</u>
Expenses:				
Instruction	55,796	—	—	55,796
Research	955	—	—	955
Public service	1,711	—	—	1,711
Academic support	6,231	—	—	6,231
Institutional support	34,199	—	—	34,199
Fundraising	887	—	—	887
Library	3,046	—	—	3,046
Auxiliary enterprises	21,460	—	—	21,460

LOYOLA COLLEGE IN MARYLAND

Statements of Cash Flows

Years ended May 31, 2008 and 2007

(Dollars in thousands)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,994	22,536
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation and amortization	7,501	7,075
Contributions and grants restricted for long-term investment	(4,581)	(1,773)
Net realized and unrealized gains on investments	(7,019)	(16,094)
Change in fair value of interest rate swap	1,980	619
Change in assets and liabilities:		
Student tuition receivables, net	(664)	11
Prepaid expenses and other assets	(424)	995
Contribution receivables, net	526	727
Interest in perpetual trust	923	(1,476)
Accounts payable and accrued liabilities	(3,002)	5,249
Deferred tuition and refundable advances	(386)	80
Government grants refundable and other liabilities	216	157

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

**Estimated
useful life**

Buildings
Equipment, furniture, fixtures,
and other personal property

50 years

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

(2) Contributions Receivable

Contributions receivable, net, are summarized as follows as of May 31, 2008 and 2007 (in thousands):

	<u>2008</u>	<u>2007</u>
Contributions receivable, net	\$ 2,871	2,720

LOYOLA COLLEGE IN MARYLAND

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

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

Bonds payable as of May 31, 2008 and 2007 consist of the following (in thousands):

Maryland Health and Higher Education Finance Authority

Revenue Bonds (MHHEFA):

2008

2007

Series 1996B Variable Rate Demand Bonds, payable

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

Principal Repayment Schedule

Aggregates annual principal payments on the following bonds payable for the years ended May 31, 2008 and 2007:

Year	2008	2007
2008		
2009		
2010		
2011		
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LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

(9) Retirement Benefit Plans

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

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

May 31, 2008 and 2007

(11) Other Subsequent Events

Short Term Fund

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, 2008.

LOYOLA COLLEGE IN MARYLAND

Schedule of Expenditures of Federal Awards

Year ended May 31, 2008

	Federal CFDA number	Federal agency	Federal expenditures
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	84.276		40,000

Total Student Financial Assistance Cluster

Research and Development Cluster:

National Science Foundation:

Direct awards:

RUI: Amorphous Program Slicing	47.070		2,111
Women and Minorities in Computer Science	47.070		20,638
Synthesis and Optical Spectroscopy of Thulium Sensitized Potassium Lead Chloride	47.041		15,695
Loyola College in Maryland Computer Science, Engineering and Mathematics	47.076		19,560
Subtotal direct awards			58,004

Pass-through awards:

LOYOLA COLLEGE IN MARYLAND

Financial Statements

Year ended May 31, 2008

(4) Federal Family Education Loan Program

During the year ended May 31, 2008, the College processed \$31,937,069 of new loans under the Federal Family Education Loan Program (CFDA #84.032, which includes Federal Stafford Student Loans and Federal Parents' Loans for Undergraduate Students (PLUS)). These loans are not included in the accompanying schedule of expenditures of federal awards.

The College is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan program and, accordingly, these loans are not included in its basic financial statements and it is not practical to determine the balance of loans outstanding to students and



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**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***

The Board of Trustees
Loyola College in Maryland:

We have audited the financial statements of Loyola College in Maryland as of and for the year ended May 31

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 accepted in the United States of America



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and



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**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over Compliance in Accordance with**

OMB Circular A-133

The Board of Trustees

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 to express an opinion on the College's compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.



Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over

compliance with requirements of laws, regulations, contracts, and grant or loan agreements. In addition,

and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for

LOYOLA COLLEGE IN MARYLAND
Schedule of Findings and Questioned Costs
Year ended May 31, 2008

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over major programs

- Material weaknesses identified? None Reported
- Significant deficiencies identified? None Reported
- Noncompliance material to financial statements noted? None Reported

Federal Awards

Internal control over major programs

- Material weaknesses identified? None Reported
- Significant deficiencies identified? None Reported
- Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with
