

Loyola College in Maryland Index May 31, 2005 and 2004

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PricewaterhouseCoopers LLP

Report of Independent Auditors

To the Board of Trustees Loyola College in Maryland

In our opinion, the accompanying statements of financial position and the related statements of activities and of cash flows present fairly, in all material respects, the financial position of Loyola College in Maryland (the College) at May 31, 2005 and 2004. and changes in its net assets and its cash flows for the

years then ended in conformity with accounting principles generally accepted in the United States of

Loyola College in Maryland Statements of Financial Position May 31, 2005 and 2004

Designated for endowment

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Assets		
Cash and cash equivalents	\$ 23,658	\$ 18,912
Student tuition receivable, net	138	141
Contributions receivable, net Prenaid expenses and other assets.	7,137	4,216
TWIGHT STEELS CONTINUES ASSETS.	2_505_	3 120
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Notes receivable	49	192
Student loans receivable, net	2,004	192 2,065
Student loans receivable, net Land, buildings and equipment, net	2,004 212,000	192 2,065 215,854
Student loans receivable, net	2,004	192
Student loans receivable, net Land, buildings and equipment, net	2,004 212,000	192 2,065 215,854
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets	2,004 212,000 10,357	192 2,065 215,854 9,616
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities	2,004 212,000 10,357	192 2,065 215,854 9,616
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable Bonds payable	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413 83,905	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436 85,402
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable Bonds payable	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413 83,905	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436 85,402
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable Bonds payable Government grants refundable Total liabilities Net assets	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413 83,905 2,787	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436 85,402 2,721
Student loans receivable, net Land, buildings and equipment, net Interests in perpetual trusts held by others Total assets Liabilities and net assets Accounts payable and accrued liabilities Deferred tuition and other refundable advances Annuities payable Bonds payable Government grants refundable Total liabilities	2,004 212,000 10,357 \$ 404,760 \$ 9,519 7,419 413 83,905 2,787	192 2,065 215,854 9,616 \$ 390,077 \$ 9,637 6,925 436 85,402 2,721

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	Revenues and gains Tuition and fees, (net of tuition discounts of \$25,287) Contributions	\$ 85,482 3,334	\$ - 5,151	\$ - \$ 1,680	85,482 10,165	
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Loyola College in Maryland Statement of Activities Year Ended May 31, 2004

(In thousands of dollars)	Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Revenues and gains							
Tuition and fees, (net of tuition							
discounts of \$22,803)	\$	79,901	\$	_	\$ -	\$	79,901
Contributions		3,283		1,915	7.117	-	12.315
Government grants and contracts		5,894		-	-		5,894
Investment income on endowment		2,526		_	-		2,526
Other investment income		309		-	-		309
Net unrealized gains on investments		13,731		-	599		14,330
Net realized gains on investments		3,556		_	-		3,556
Sales and services of auxiliary enterprises		22,683		_	-		22,683
Other sources		3,507			-		3,507
Total revenues and gains		135,390		1,915	7,716	_	145,021
Net assets released from restrictions		1,067		(1,067)			

reclassifications	136,457	848	7,716	145,021
Expenses				
Education and general				
Instruction	46,476	-	-	46,476
Research	909	-	-	909
Public service	1,591	_	-	1,591
Acadomic our out				1,371

Institutional support	26,646	-	•	26,646
Student services	18,205	-	-	18,205
Fundraising	786	-	-	786
Library	2,739	-	-	2,739
Takel advant 1 1				

Total education and general

Loyola College in Maryland Statements of Cash Flows Years Ended May 31, 2005 and 2004

(In thousands of dollars)	2005		2004
Cash flows from operating activities			
Change in net assets	\$ 15,761	\$	24,723
Adjustments to reconcile change in net assets to net cash from operating activities			
Depreciation	6,784		6,561
Amortization and bond discounts	119		119
Contributions restricted for long-term investment	(1,680)		(2,309)
Net realized and unrealized gains on investments	(8,592)		(17,287)
Change in actuarial liability	26		(13)
Decrease (increase) in cash-surrender value of investments	69		(48)
Decrease (increase) in student tuition receivable, net	3		(6)
Increase in contributions receivable, net	(2,921)		(513)
(Increase) decrease in prepaid expenses and other assets	615		(633)
Decrease in accounts payable and accrued liabilities	(118)		(3,026)
Increase in deferred tuition and other refundable advances	495		98
Increase in government grants refundable	 66		75_
Net cash from operating activities	 10,627	_	7,741
Cash flows from investing activities			
Purchase of property and equipment	(2,930)		(4,005)
Sales of investments	33,210		7,267
Purchase of investments	(35,639)		(3,462)
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Payments on student loans	448	474
Issuance of student loans	(388)	(398)
Net cash (for) from investing activities	(5,156)	29
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investment	1,680	2,309
Payments on bonds payable	(1,615)	(1,621)
Payments under annuities	(49)	(50)
Interest in perpetual trust held by others	(741)	(5,407)
Net cash for financing activities	(725)	(4,769)
Net increase in cash and cash equivalents	4,746	3,001
Cash and cash equivalents at beginning of year	18,912	15,911
Cash and cash equivalents at end of year	\$ 23.658	\$ 18.912

- 1. Summary of Significant Accounting Policies
 - A. Basis of Financial Presentation
 The accompanying financial statements of Loyola College in Maryland (the College) have been prepared on the accrual basis of accounting.

Charles and the prior year have been reclassified to conform with the current year

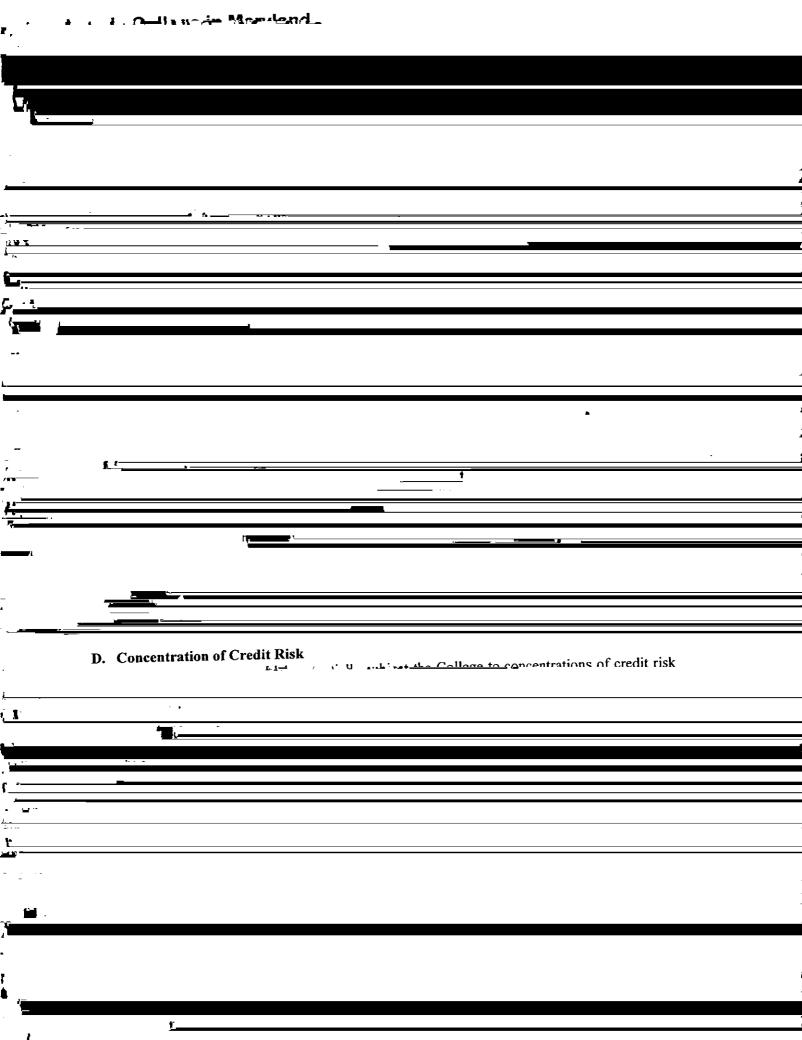
presentation.

B. Classification of Net Assets

The Callago's not accest have been grouned into the following three classes:

Unrestricted Net Assets - Unrestricted net assets generally result from revenues derived from providing services, receiving unrestricted contributions, unrealized and realized gains and losses, and receiving dividends and interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions.

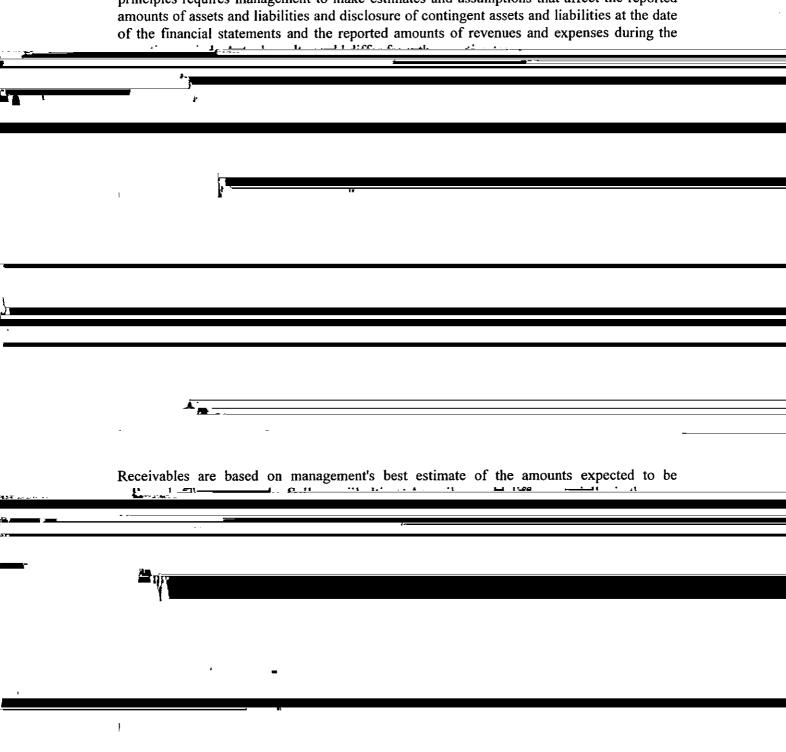
Temporarily Restricted Net Assets - Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the College is



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	2005 and 2004, the College's total endowments were \$140,045,000 and \$133,332,000,	
	respectively. These totals consist of annuity agreements of \$781,000 and \$784,000; board	
	designations of \$93,853,000 and \$89,558,000; and permanently restricted endowment funds of \$45,411,000 and \$42,990,000, as of May 31, 2005 and 2004, respectively.	
	In accordance with Financial Accounting Standard (FAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," deficiencies of \$2,044,000 and	
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M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported



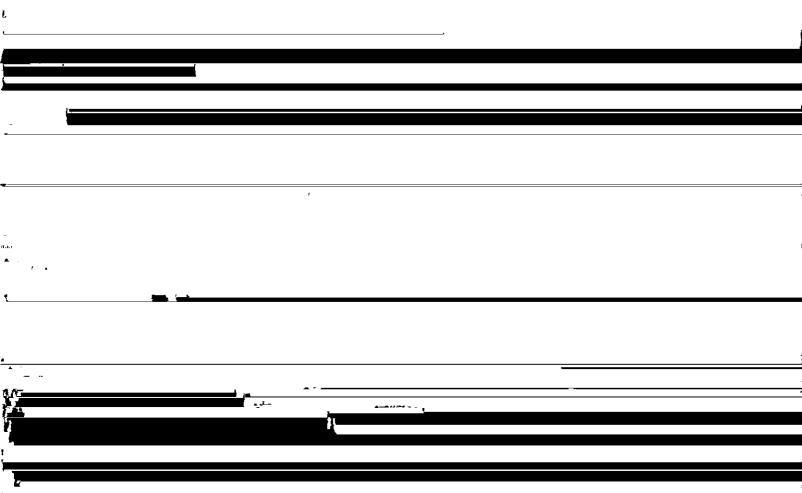
subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs.

A summary of investments held by the College is as follows (in thousands):

	As of							
	May 31, 2005				May 3	1, 20	2004	
	Market		t Cost		Market			Cost
Short-term investments	\$	10,319	\$	10,319	\$	962	\$	962
Fixed income investments		9,048		7,408		8,897		7,408
Bonds and notes		3,530		3,566		2,628		2,678
Common stocks		53,018		38,417		76,311		55,757
Hedge funds		48,471		41,500		32,457		28,500
Alternative investments		21,942		25,086		14,053		17,583
Other		584		584		653		653
	\$	146,912	\$	126,880	\$	135,961	\$	113,541

3. Student Loans Receivable

As of May 31, 2005 and 2004, Perkins Loans receivable are stated net of an allowance for doubtful loans of approximately \$161,000. Uncollectible Perkins Loans are not charged off until approved for the College did not.



5. Bonds Payable

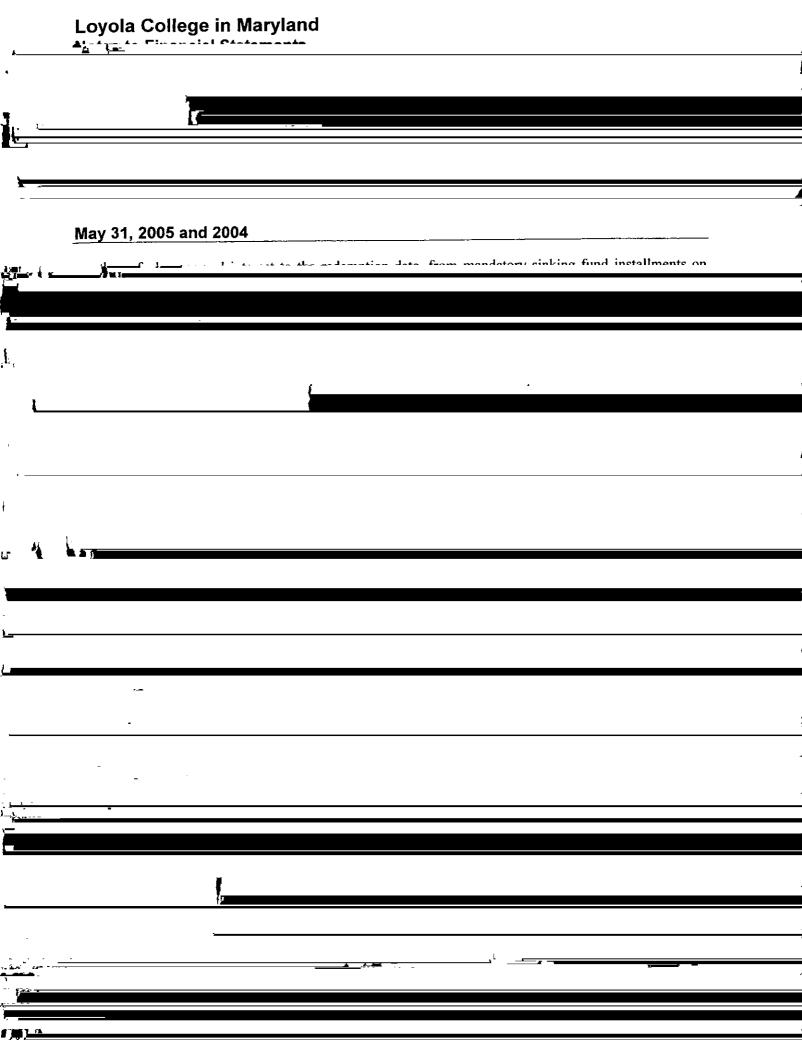
Bonds payable are as follows (in thousands):

As of May 31, 2005 2004

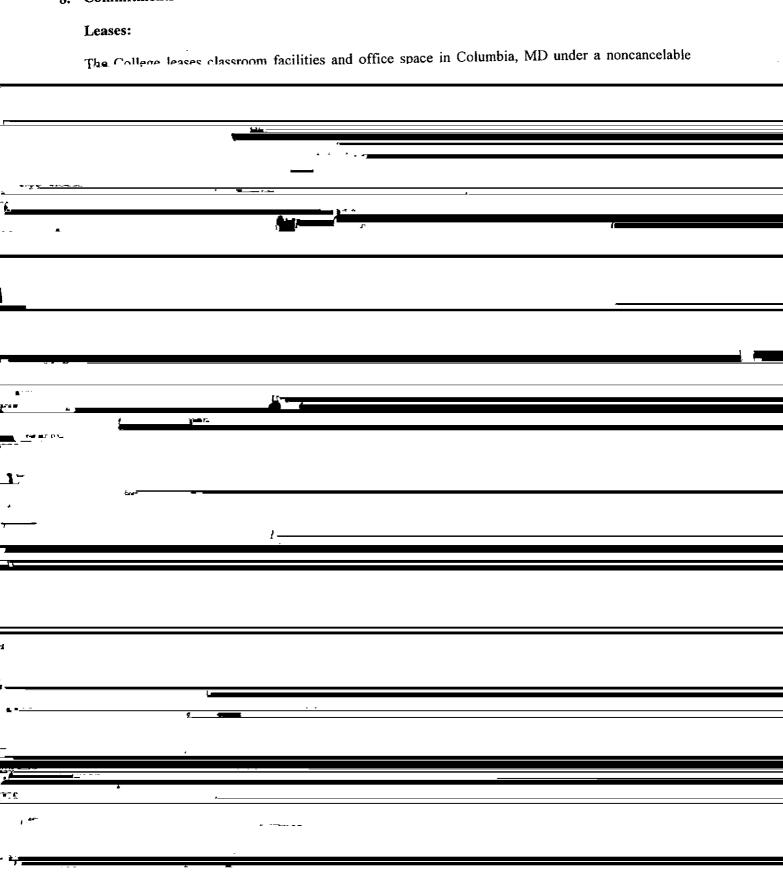
Manuard Uselth and Higher Education Facility Authority

Revenue Bonds				
Series 1996A:	Φ.	7.620	o	7,620
5.5% term bonds due October 2016	\$	7,620	\$	•
5.375% term bonds due October 2026		29,680		29,680
3.7%-5.375% serial bonds payable through October 2011		6,660		7,475
		43,960		44,775
Series 1996 B Variable Rate Demand Bonds, payable through October 2013		9,700		10,500
Series 1999:		5015		5.015
5,25% term bonds due October 2029		5,915		5,915
5.00% term bonds due October 2039		27,440		27,440
		33,355		33,355
Less: Discount		(3,110)		(3,228)
Bonds Payable	<u>\$</u>	83,905	\$	85,402
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Effective October 1, 1996, the College entered into a loan agreement with the Maryland Health and



8. Commitments



10. Permanently Restricted Net Assets

iv. ret	manentry Restricted 1991	Tratement in perpetuity the income from which is
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exp	endable to support (in thousands):	

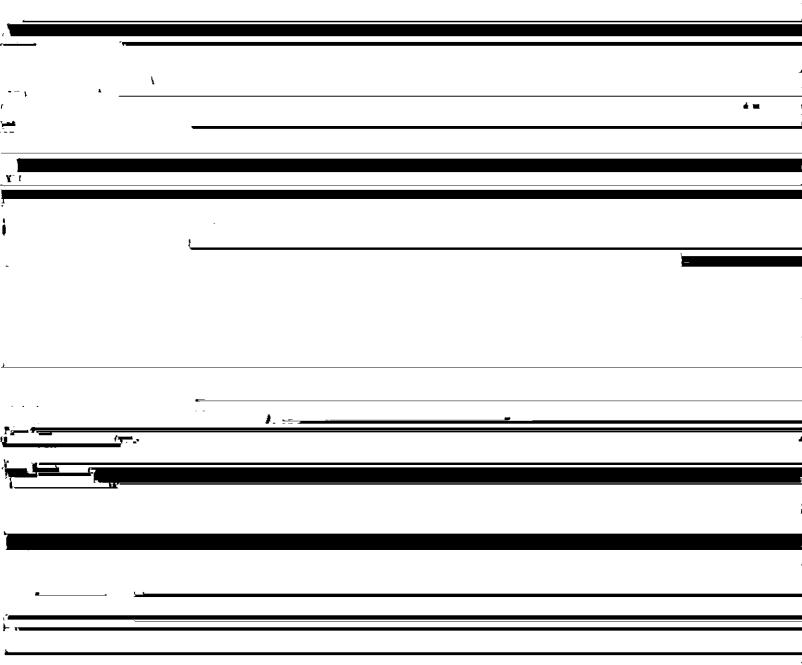
	As of			
	May 31, 2005		May 31, 2004	
Financial aid General operations Instruction and research	\$	27,912 1,032 16,467	\$	25,392 1,012 16,586
Total	\$	45,411	\$	42,990

11. Net Assets Released from Restrictions

The restricted to satisfy the restricted expenses were incurred to satisfy the restricted

13. Interests in Perpetual Trusts Held by Others

In June 1996, the College received a split interest agreement in the Marion I. & Henry J. Knott Scholarship Fund, Inc., an irrevocable perpetual trust held by Mercantile Safe Deposit and Trust Company. Under the terms of the agreement, the College received 10.5% of interest income earned on the fund until payments of one million dollars were made to the separate funds of each of the named Baltimore Archdiocese Hospitals, at which time the College was to receive 21% of interest income earned on the fund into perpetuity. During fiscal year 2004, the College became aware that this clause was met, and recognized approximately \$4,808,000 as permanently restricted contribution revenue for the additional assets received. The College is to use the interest income distributed from



All assets of the perpetual trust are recorded by the College at fair market value. The College received interest income from the scholarship fund of approximately \$260,000 during fiscal years 2005 and 2004. The College recognized gains on interests in perpetual trusts held by others of