

# Loyola College in Maryland

Loyola College in Maryland  
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May 31, 2005 and 2004

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**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**

(In thousands of dollars)

**Assets**

Cash and cash equivalents	\$ 23,658	\$ 18,912
Student tuition receivable, net	138	141
Contributions receivable, net	7,137	4,216
Prepaid expenses and other assets	2,505	3,120

Investments at market

Notes receivable	49	192
Student loans receivable, net	2,004	2,065
Land, buildings and equipment, net	212,000	215,854
Interests in perpetual trusts held by others	10,357	9,616
<b>Total assets</b>	<b>\$ 404,760</b>	<b>\$ 390,077</b>

**Liabilities and net assets**

Accounts payable and accrued liabilities	\$ 9,519	\$ 9,637
Deferred tuition and other refundable advances	7,419	6,925
Annuities payable	413	436
Bonds payable	83,905	85,402
Government grants refundable	2,787	2,721

<b>Total liabilities</b>	<b>104,043</b>	<b>105,121</b>
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**Net assets**

Unrestricted		
Designated for equipment and facilities	133,221	128,653
Designated for endowment	105,194	100,335

**Loyola College in Maryland**  
**Statement of Activities**  
**Year Ended May 31, 2005**

(In thousands of dollars)

Temporarily      Permanently

	Unrestricted	Restricted	Restricted	Total
<b>Revenues and gains</b>				
Tuition and fees, (net of tuition discounts of \$25,287)	\$ 85,482	\$ -	\$ -	\$ 85,482
Contributions	3,334	5,151	1,680	10,165

**Loyola College in Maryland**  
**Statement of Activities**  
**Year Ended May 31, 2004**

<i>(In thousands of dollars)</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and gains</b>				
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	<u>135,390</u>	<u>1,915</u>	<u>7,716</u>	<u>145,021</u>
Net assets released from restrictions	<u>1,067</u>	<u>(1,067)</u>	<u>-</u>	<u>-</u>

reclassifications	<u>136,457</u>	<u>848</u>	<u>7,716</u>	<u>145,021</u>
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**Expenses**

**Education and general**

Instruction	46,476	-	-	46,476
Research	909	-	-	909
Public service	1,591	-	-	1,591
Academic support	-	-	-	-

Institutional support	26,646	-	-	26,646
Student services	18,205	-	-	18,205
Fundraising	786	-	-	786
Library	2,739	-	-	2,739
Total education and general	<u>48,166</u>	<u>-</u>	<u>-</u>	<u>48,166</u>

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

*(In thousands of dollars)*

	2005	2004
<b>Cash flows from operating activities</b>		
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	<u>10,627</u>	<u>7,741</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(2,930)	(4,005)
Sales of investments	33,210	7,267
Purchase of investments	(35,639)	(3,462)
Payments on notes receivable	142	153
Net cash (for) from investing activities	<u>(5,156)</u>	<u>29</u>
<b>Cash flows from financing activities</b>		
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	<u>(725)</u>	<u>(4,769)</u>
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	<u>\$ 23,658</u>	<u>\$ 18,912</u>

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

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**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.

~~Certain amounts from the prior year have been reclassified to conform with the current year~~

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presentation.

**B. Classification of Net Assets**

The College's net assets have been grouped 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 limited by donor-imposed stipulations that either expire by passage of time or can be

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**D. Concentration of Credit Risk**

... of the College to concentrations of credit risk

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

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

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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 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

Receivables are based on management's best estimate of the amounts expected to be

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

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):

	May 31, 2005		As of May 31, 2004	
	Market	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
	<u>\$ 146,912</u>	<u>\$ 126,880</u>	<u>\$ 135,961</u>	<u>\$ 113,541</u>

**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 forgiveness by the Department of Education (ED). The College did not

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

**5. Bonds Payable**

Bonds payable are as follows (in thousands):

	As of	
	May 31, 2005	May 31, 2004
Revenue Bonds		
Series 1996A:		
5.5% term bonds due October 2016	\$ 7,620	\$ 7,620
5.375% term bonds due October 2026	29,680	29,680
3.7%-5.375% serial bonds payable through October 2011	<u>6,660</u>	<u>7,475</u>
	43,960	44,775
Series 1996 B Variable Rate Demand Bonds, payable through October 2013	9,700	10,500
Series 1999:		
5.25% term bonds due October 2029	5,915	5,915
5.00% term bonds due October 2039	<u>27,440</u>	<u>27,440</u>
	33,355	33,355
Less: Discount	<u>(3,110)</u>	<u>(3,228)</u>
Bonds Payable	<u>\$ 83,905</u>	<u>\$ 85,402</u>

Effective October 1, 1996, the College entered into a loan agreement with the Maryland Health and Higher Education Facility Authority (MHEFA) to borrow \$49,810,000 from the proceeds of

**Loyola College in Maryland**

**Annual Financial Statements**

[REDACTED]

**May 31, 2005 and 2004**

[REDACTED] *Information derived from mandatory sinking fund installments on*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

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**8. Commitments**

**Leases:**

The College leases classroom facilities and office space in Columbia, MD under a noncancelable

**Loyola College in Maryland**  
**Notes to Financial Statements**  
**May 31, 2005 and 2004**

**10. Permanently Restricted Net Assets**

... statement in perpetuity, the income from which is

expendable to support (in thousands):

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

**11. Net Assets Released from Restrictions**

Net assets were released from donor restrictions when 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

... funds for students in the freshman through senior years, specifically

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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