

**LOYOLA UNIVERSITY MARYLAND, INC.**

Financial Statements

May 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

**LOYOLA UNIVERSITY MARYLAND, INC.**

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KPMG LLP  
750 East Pratt Street, 18th Floor  
Baltimore, MD 21202

### Independent Auditors' Report

The Board of Trustees  
Loyola University Maryland, Inc.:

#### Opinion

We have audited the financial statements of Loyola University Maryland, Inc. (the University), which comprise the balance sheets as of May 31, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial independent of the 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 to issue an opinion that is reasonable assurance on a high level of assurance, but not a guarantee that an audit conducted in accordance with GAAS will detect a material misstatement if it exists. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omission, internal control. Misstatements are considered material if there is a significant risk that, in the aggregate, they would influence the judgment made by a reasonable person reading 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 the 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 the 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.

Baltimore, Maryland  
October 18, 2024

LOYOLA UNIVERSITY MARYLAND, INC.

Balance Sheets

May 31, 2024 and 2023

(Dollars in thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 21,918	16,862
Student tuition receivables (net of allowance for doubtful accounts of \$1,150 in 2024 and \$995 in 2023)	4,947	4,642
Contributions receivable, net	4,400	6,246
Prepaid expenses and other assets	6,129	8,545
Investments	361,888	351,580
Student loan receivables, net	377	707
Land, buildings, and equipment, net	329,492	331,270
Operating lease >>BDC -0.0024		

LOYOLA UNIVERSITY MARYLAND, INC.

Statements of Activities

Year ended May 31, 2024  
(with comparative totals for 2023)

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Totals 2024	2023
Operating revenues:				
Tuition and fees (net of tuition discounts of \$145,108 in 2024 and \$134,109 in 2023)	\$ 95,102	—	95,102	97,457
Auxiliary services	59,241	—	59,241	58,570
Contributions	3,665	1,548	5,213	4,088
Government grants and contracts	21,026	—	21,026	20,829
Other sources	3,516	—	3,516	2,701
Investment income	3,200	—	3,200	1,287
Endowment income designated for current operations	7,652	6,309	13,961	12,754
Net assets released from restrictions	7,477	(7,477)	—	—
Total revenues	200,879	380	201,259	197,686
Operating expenses:				
Instruction and research	67,435	—	67,435	62,799
Student services and public service	40,876	—	40,876	39,454
Academic support and library	17,741	—	17,741	17,290
Institutional support and fundraising	41,524	—	41,524	37,848
Auxiliary enterprises	43,309	—	43,309	42,323
Total expenses	210,885	—	210,885	199,714
Change in net assets from operating activities	(10,006)	380	(9,626)	(2,028)
Nonoperating activities:				
Contributions	258	4,102	4,360	5,501
Investment return, net of endowment spending	9,916	11,480	21,396	(12,937)
Digital Transformation project expenditures	(2,219)	—	(2,219)	—
Change in value of split interest agreements	8	1,421	1,429	(789)
Change in fair value of cash surrender values	4	67	71	(7)
Net assets released from restrictions	341	(341)	—	—
Change in net assets from nonoperating activities	8,308	16,729	25,037	(8,232)
Change in net assets	(1,698)	17,109	15,411	(10,260)
Net assets at beginning of year	381,376	187,071	568,447	578,707
Net assets at end of year	\$ 379,678	204,180	583,858	568,447

LOYOLA UNIVERSITY MARYLAND, INC.

Statement of Activities

Year ended May 31, 2023

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Tuition and fees (net of tuition discounts of \$134,109 in 2023)	\$ 97,457	—	97,457
Auxiliary services	58,570	—	58,570
Contributions	3,299	789	4,088
Government grants and contracts	20,829	—	20,829
Other sources	2,701	—	2,701
Investment income	1,287	—	1,287
Endowment income designated for current			
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LOYOLA UNIVERSITY MARYLAND, INC.

Statements of Cash Flows

Years ended May 31, 2024 and 2023

(Dollars in thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 15,411	(10,260)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	12,615	12,095
Loss on disposal of assets	47	—
Contributions restricted for long-term investment	(5,572)	(4,911)
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**LOYOLA UNIVERSITY MARYLAND, INC.**

Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

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

(a) Nature of Operations

Loyola University Maryland, Inc. (the University or Loyola) is a private, nonprofit higher education institution located in Baltimore, Maryland. The University provides education and training services to approximately 4,000 undergraduate and 1,120 graduate students. The students are from approximately 45 states and 46 countries; and approximately 77% of undergraduate students lived on campus.

(b) Basis of Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

The net assets of the University are classified into two classes based on the existence of donor-imposed restriction, as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that expire through the passage of time or can be fulfilled or removed by actions pursuant to those restrictions.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited due to donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law. Expirations of anci0ct7.2 ( aos

**LOYOLA UNIVERSITY MARYLAND, INC.**

Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

(NAV) as provided by the fund managers or the general partners as a practical expedient to fair value, unless the University plans to sell an investment in the near term at a value other than NAV. These estimated values, which are evaluated for reasonableness by the University, may differ from the values that would have been used had a ready market existed and the differences could be significant. As of May 31, 2024 and 2023, the University had no plans or intentions to sell such investments.

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Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

and \$427 of assets separately reserved for the annuity payments as of May 31, 2024 and 2023, respectively, which are included in investments on the balance sheets.

(i) U.S. Government Grants Refundable

Funds provided by the United States (U.S.) government under the Federal Perkins Loan Program are loaned to qualified students. Such funds are ultimately refundable to the U.S. government.

(j) Revenue Recognition – Contracts with Customers and Accounts Receivable

Revenue from student education, and residence and dining services (auxiliary services) is reflected net of reductions from student aid (tuition discounts) and is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Aid in excess of a student's tuition and fees, if any, is reflected as a reduction of auxiliary services revenues. Disbursements made directly to students for living or other costs are reported as an expense. Payments for student services are generally received prior to the commencement of each academic term and are reported as deferred tuition to the extent services will be rendered in the following fiscal year. Student aid does not include payments made to students for services rendered to the University.

The composition of student tuition and fees revenue was as follows for the years ended May 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Undergraduate	\$ 218,062	209,181
Graduate and other	22,148	22,385
Tuition discounts	(145,108)	(134,109)
	\$ 95,102	97,457

Auxiliary services revenue consisted of the following for the years ended May 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Residence and dining services, net of student aid	\$ 56,428	55,760
Athletics	1,774	1,628
Other	1,039	



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Notes to Financial Statements

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(n) Concentration of Credit Risk

Financial instruments, which potentially subject the University to concentrations of credit risk, consist primarily of cash and cash equivalents, investments, and pledges receivable. The University has several bank accounts as of May 31, 2024 and 2023 containing balances which exceed FDIC limits. Investments are held at creditworthy financial institutions. By policy, these investments are kept within authorized limits designed to prevent risks caused by concentration. Credit risk with respect to pledges receivable is generally limited; however, the University receives support from a large number of donors and has maintained long-term relationships with these donors. Approximately 65% and 74% of net pledges receivable were from two donors and one donor at May 31, 2024 and 2023, respectively.

(o) Lease s

The University conducts certain operations in third-party facilities and determines if an arrangement contains a lease at the inception of a contract. Identified leases are measured, classified, and recognized at lease commencement.

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**LOYOLA UNIVERSITY MARYLAND, INC.**

Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

**(2) Contributions Receivable**

Contributions receivable, net, are summarized as follows as of May 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Due within one year	\$ 2,933	4,894
One to five years	1,542	2,016
More than five years	409	—
	4,884	6,910
Less:		
Discount (interest rates ranging from 1.2% to 4.7%)	(73)	(121)
Allowance for doubtful accounts	(411)	(543)
	\$ 4,400	6,246

As of May 31, 2024, the University had bequest intentions and conditional promises to give aggregating \$37,184, which have not been recognized as assets or revenues. If received, these gifts will generally be restricted for financial aid, general operations, buildings and equipment, instruction and research as stipulated by the donors.

**(3) Fair Value Measurements**

The fair value of the University's financial instruments is determined based on the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming the transaction occurs in the University's principal (or most advantageous) market. Those fair value measurements maximize the use of observable inputs.

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted or published prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

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(Dollars in thousands)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments: The fair value of fixed income securities, common stock and equity mutual and other funds are determined using quoted market prices at the reporting date multiplied by the quantity on hand. The carrying amount of money market funds approximates the fair value because of the short maturity of these investments.

Interest in perpetual trust: The fair value is determined as the University's percentage interest in the year-end fair value of the underlying investment securities of the trust, which approximates the estimated cash flows of the trust to the University.

The following tables present assets that are measured at fair value on a recurring basis as of May 31, 2024 and 2023. Certain investments that are measured at fair value using NAV as a practical expedient have not been categorized in the fair value hierarchy and are included to permit reconciliation to the balance sheets.

		2024			
	NAV or equivalent	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments:					
Money market funds	\$ —	46,035	—	—	46,035
Fixed income bond	—	23,616	—	—	23,616
Equity funds:					
Domestic and International developed	39,773	106,625	—	—	146,398
Emerging markets	12,754	—	—	—	12,754
Total equity funds	52,527	106,625	—	—	159,152

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(Dollars in thousands)

**2024**



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	2023				
	NAV or equivalent	Level 1	Level 2	Level 3	Total
Private equity:					
Direct private debt and equity	\$ 59,404	—	—	555	59,959
Real estate	6,805	—	—	—	6,805
Venture capital fund of funds	25,462	—	—	—	25,462
Total private equity	91,671	—	—	555	92,226
Other	—	—	—	710	710
Total investments	187,684	162,631	—	1,265	351,580
Other financial assets:					
Interest in perpetual trust	—	—	—	15,442	15,442
Total financial assets	\$ 187,684	162,631	—	16,707	367,022

There were no transfers between levels during fiscal years 2024 and 2023. There were no purchases of level 3 financial assets.

**(4) Investments**

Investments are professionally managed by outside investment organizations subject to direction and oversight by a committee of the Board of Trustees. The Board of Trustees has established investment policies



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May 31, 2024 and 2023

(Dollars in thousands)

property of the Library. The Library has its own Board of Trustees consisting of twelve members: three from the University, three from Notre Dame, and six other members. The University and Notre Dame are required to financially support the Library's annual operations through payments of joint and use costs. Joint costs are equally shared and use costs are based on each institution's proportionate share of adjusted semester hours. The University incurred approximately \$3,359 and \$3,195 in joint and use costs for the Library during the years ended May 31, 2024 and 2023, respectively.

**(6) Bonds Payable and Other Debt Matters**

(a) Bonds Payable

Bonds payable, net as of May 31, 2024 and 2023 consist of the following:

	<b>2024</b>	<b>2023</b>
Maryland Health and Higher Education Facility Authority (MHHEFA) revenue bonds:		
Series 2012A:		
3.00% serial due October 2024, principal beginning October 2012	\$ —	890
Series 2014:		
3.25–5.00% serial due October 2034, principal beginning October 2027	13,065	13,065
4.00–5.00% term due October 2045, principal beginning October 2035	47,300	47,300
	60,365	60,365
Series 2019A:		
5.00% serial due October 2026, principal beginning October 2020	10,670	13,945
5.00% term due October 2049, principal beginning October 2045	20,630	20,630
	31,300	34,575
Series 2019B:		
2.31–3.35% serial due October 2034, principal beginning October 2022	19,710	19,985
3.65% term due October 2039, principal beginning October 2035	14,520	14,520
	34,230	34,505
Unamortized bond premium	9,017	9,456
Unamortized debt issuance costs	(961)	(1,010)
	\$ 133,951	138,781

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(Dollars in thousands)

Certain of the proceeds of the series 2019 bonds were used to fund an escrow account that was irrevocably placed with a trustee to meet the principal and interest payments of the Series 2012A bonds until their redemption. Therefore, neither the escrow account nor the refunded bonds are included on the balance sheets as of May 31, 2024 and 2023. The portion of the Series 2012A bonds that were legally defeased and the entire Series 2012B bonds that were redeemed are no longer obligations of the University. The remaining series 2012A and the serial 2014, 2019A and 2019B outstanding bonds are subject to redemption prior to maturity at the principal amount thereof plus

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Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

**(8) Net Assets**

Net assets are comprised of the following as of May 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Without donor restrictions:		
Board designated endowments	\$ 150,687	140,772
Other funds	228,991	240,604
Total without donor restrictions	379,678	381,376
With donor restrictions:		
Donor restricted endowments:		
Financial aid	95,703	86,551
Instruction and research	74,093	66,366
General operations	101	94
Financial aid restricted	16,841	15,442
General operations	15,909	17,907
Buildings and equipment	397	173
Other, passage of time	1,136	538
Total with donor restrictions	204,180	187,071
Total	\$ 583,858	568,447

Releases from restriction were for financial aid and general operations of the University.

**(9) Endowment**

The University's endowment consists of approximately 340 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The University does not include pledges receivable, its interest in the perpetual trust, and charitable gift annuities as part of its endowment.

**(a) Interpretation of Relevant Law**

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring that donor-restricted endowment funds be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The University classifies as donor restricted endowment net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund includes the net endowment return on investments that have not been appropriated

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for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: duration and preservation of the fund, purposes of the endowment fund, general economic conditions, possible effect of inflation and deflation, expected total return from investments, other resources of the University, and investment policies.

Endowment net assets consist of the following as of May 31, 2024:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original gifts	\$ —	111,835	111,835
Accumulated gains	—	58,062	58,062
Board-designated endowment funds	150,687	—	150,687
	\$ 150,687	169,897	320,584

Endowment net assets consist of the following as of May 31, 2023:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original gifts	\$ —	106,428	106,428
Accumulated gains	—	46,583	46,583
Board-designated endowment funds	140,772	—	140,772
	\$ 140,772	15	

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Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

Changes in endowment net assets for the years ended May 31, 2024 and 2023 are as follows:

	<u>Without donor restriction</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, May 31, 2022	\$ 147,278	154,539	301,817
Investment return	(141)	(42)	(183)
Contributions and transfers	—	4,903	4,903
Appropriation for expenditure	<u>(6,365)</u>	<u>(6,389)</u>	<u>(12,754)</u>
Endowment net assets, May 31, 2023	140,772	153,011	293,783
Investment return	16,754	18,603	35,357
Contributions and transfers	10	5,395	5,405
Appropriation for expenditure	<u>(6,849)</u>	<u>(7,112)</u>	<u>(13,961)</u>
Endowment net assets, May 31, 2024	<u>\$ 150,687</u>	<u>169,897</u>	320,584



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Notes to Financial Statements

May 31, 2024 and 2023

(Dollars in thousands)

prior to the fiscal year end in which the distribution is planned. In establishing these policies, the University considered the expected return on its endowment.

**(10) Expenses**

The natural and functional classification of operating expenses for the year ended May 31, 2024 and 2023 are as follows:

	2024						Total
	Compensation and benefits	Materials, supplies, and professional development	Professional services and marketing	Plant operations and maintenance	Interest and depreciation	Other	
Instruction and research	\$ 50,810	5,854	3,987	3,832	2,485	1,475	68,443
Student services and public service	21,624	3,517	4,164	3,202	5,746	3,032	41,285
Academic support and library	8,906	1,159	4,016	1,854	1,577	372	17,884
Institutional support and fundraising	20,799	3,255	9,147	4,916	1,057	2,847	42,021
Auxiliary enterprises	8,500	920	19,936	4,007	7,567	2,541	43,471
Total expenses	\$ 110,639	14,705	41,250	17,811	18,432	10,267	213,104

Compensation	2023				Interest and
	Materials, supplies, and professional	Professional services and	Plant operations and		

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(Dollars in thousands)

University's Digital Transformation project expenditures are discussed below in footnote 13, Commitments and Contingencies.

**(11) Availability of Financial Assets for General Expenditures**

Resources available to the University to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital construction, have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and transfers from the endowment. The University actively manages its resources, utilizing a combination of short, medium, and long-term operating investment strategies, to align its cash inflows with anticipated outflows, in accordance with policies approved by the Board of Trustees. As further described in Note 6, the University may draw upon a revolving line of credit (expires December 2024) to manage cash flows.

As of May 31, 2024 and 2023, existing financial assets and liquidity resources available within one year were as follows:

**2024**

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May 31, 2024 and 2023

(Dollars in thousands)

For the years ended May 31, 2024 and 2023, the components of the lease expense are as follows:

	<b>2024</b>	<b>2023</b>
Operating lease cost	\$ 631	1,447
Variable lease cost	65	95
Short-term lease cost	89	74
Total lease cost	\$ 785	1,616

Other information related to leases after the adoption date of June 1, 2021 for the years ended May 31, 2024 and 2023 was as follows:

	<b>2024</b>	<b>2023</b>
Supplemental cash flow information:		
Operating cash flow from operating leases	\$ 1,038	1,130
ROU assets obtained in exchange for lease obligations	769	4,778
Reductions to ROU assets resulting from reductions to lease obligations	—	—
Weighted average remaining lease term (years)	7.4	7.5
Weighted average discount rate	3.11 %	2.56 %

Maturities of lease liabilities under noncancellable leases as of May 31, 2024 are \$1,046 in 2025, \$1,055 in 2026, \$1,015 in 2027, \$789 in 2028 and \$2,716 in 2029 and thereafter. Imputed interest and total operating lease liabilities are \$34 and \$5,916 as of May 31, 2024.

(b) Other

The University is subject to various claims, litigation, and other assessments in the normal course of its operations, and liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

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In April 2023, the University entered into a contract to implement their Enterprise Resource Planning software. The contract, which has a term of 10 year