



"2007 FS and A-133"

LOYOLA COLLEGE IN MARYLAND
Financial Statements and Supplementary

For the Year Ended May 31, 2007

LOYOLA COLLEGE IN MARYLAND

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Independent Auditors' Report

The Board of Trustees
Loyola College in Maryland:

We have audited the balance sheet of Loyola College in Maryland as of May 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the

Balance Sheets
 May 31, 2007 and 2006
 (Dollars in thousands)

Assets	2007	2006
Cash and cash equivalents	\$ 45,544	39,393
Student tuition receivable, net	142	183
Contributions receivable, net	7,672	8,399
Prepaid expenses and other assets	4,115	5,793
Investments, at fair value	174,122	159,768
Deposits with bond trustees	39,819	58,941
Student loans receivable, net	2,043	1,867
Land, buildings and equipment, net	246,841	213,820
Interest in nernetual trust	12,259	10,783
Total assets	\$ 532,557	498,947

Accounts payable and accrued liabilities	\$ 23,095	11,353
Deferred tuition and refundable advances	7,593	7,513
Bonds payable	149,231	150,085
Other liabilities	2,833	2,730
Government grants refundable	2,811	2,808
Total liabilities	185,563	174,489

LOYOLA COLLEGE IN MARYLAND

Statement of Activities

Year ended May 31, 2006

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:				
Tuition and fees, (net of tuition discounts of \$27,776)	\$ 90,870	—	—	90,870
Contributions	3,887	3,616	1,958	9,461
Government grants and contracts	6,896	—	—	6,896
Investment income on endowment	1,412			1,412

Other investment income	1,570			1,570
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Net realized and unrealized gains on investments	20,610	—	426	21,036
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LOYOLA COLLEGE IN MARYLAND

Statements of Cash Flows

Years ended May 31, 2007 and 2006

(Dollars in thousands)

2007

2006

[REDACTED]

[REDACTED]

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

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

(a) Nature of Operations

Loyola College in Maryland (the College or Loyola) is a private, nonprofit institution of higher

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

(c) Cash Equivalents

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

of buildings and equipment is computed using the straight-line method over the estimated useful lives of the related assets.

The following estimated useful lives are used in calculating depreciation:

	<u>Estimated useful life</u>
Buildings	50 years
Equipment, furniture, fixtures, software and other	5-7 years

(i) Tuition and Fees

Tuition and fees are recorded as revenues during the year the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Student aid provided by the College for tuition and fees is reported as a reduction of such

Notes to Financial Statements
Year ended May 31, 2007 and 2006

(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) *Conditional Asset Retirement Obligations*

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

(4) Land, Buildings and Equipment

Land, buildings and equipment, net, as of May 31, 2007 and 2006 consist of the following (in thousands):

Land and land improvements	\$ 12,159	11,974
Buildings	247,565	245,581
Equipment, furniture, fixtures and other	24,075	23,384
Investment in Loyola/Notre Dame Library	6,000	600
Construction in progress	39,995	10,221
	<u>329,794</u>	<u>291,760</u>
Accumulated depreciation	<u>(82,953)</u>	<u>(77,940)</u>

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

(5) Bonds Payable and Other Debt Matters

Bonds payable as of May 31, 2007 and 2006 consist of the following (in thousands):

	<u>2007</u>	<u>2006</u>
Maryland Health and Higher Education Facility Authority: Revenue Bonds (MHHEFA):		
Series 1996 B Variable Rate Demand Bonds, payable through October 2013	7,000	8,000

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

Effective February 2, 2006, the College entered into a loan agreement with MHHFEA to borrow

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Year ended May 31, 2007 and 2006

(6) Interest in Perpetual Trust

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 is entitled to receive

LOYOLA COLLEGE IN MARYLAND

Notes to Financial Statements

Approved May 21, 2007 and 2006

(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 eligible employees, in 2007 and 2006 the College contributed to the plan an amount equal to 11% of the employee's base salary. Contributions under these plans are fully vested in the employee and retirement payments are limited to the amount of the annuities. The College's contributions were approximately \$5,050,000 and \$4,587,000 in 2007 and 2006, respectively.

(10) Commitments

Leases

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

LOYOLA COLLEGE IN MARYLAND

Student Financial Assistance Cluster:
U.S. Department of Education

Federal
CFDA
number

Pass-through
agency

Federal
award
expenditures

LOYOLA COLLEGE IN MARYLAND

Notes to Schedule of Expenditures of Federal Awards

Year ended May 31, 2007

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the expenditures of Loyola College in Maryland (the College) under programs of the federal government for the year ended May 31, 2007.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered

LOYOLA COLLEGE IN MARYLAND

Notes to Schedule of Expenditures of Federal Awards

Year ended May 31, 2007

The College is responsible only for the performance of certain administrative duties of



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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, 2007, and have issued our report thereon dated October 12, 2007. We conducted our audit 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 Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express such an opinion.

Our consideration of internal control was limited to those areas that we considered necessary to assess the risk of material misstatement in the financial statements and to design our auditing procedures. We did not audit internal control over financial reporting as a separate subject.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material

[REDACTED]



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[REDACTED]



Internal Control over Compliance

The management of the College is responsible for establishing and maintaining an internal control system that is designed to ensure compliance with applicable laws, regulations, and contractual obligations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

LOYOLA COLLEGE IN MARYLAND

Schedule of Findings and Questioned Costs

Year ended May 31, 2007

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

• Material weaknesses identified?

No

• Significant deficiencies identified?

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

• Material weaknesses identified?

No

• Significant deficiencies identified?

No

Type of auditors' report issued on compliance for major programs:

LOYOLA COLLEGE IN MARYLAND
Schedule of Findings and Questioned Costs
Year ended May 31, 2007

Section II – Findings and Questioned Costs Related to Financial Statements

Finding 2007-01

Area

Internal Control over Financial Reporting

Criteria

A control deficiency exists when the design or operation of a control does not allow management or other personnel to prevent or detect errors or irregularities in a timely manner and with sufficient regularity to permit timely correction.

[REDACTED]

LOYOLA COLLEGE IN MARYLAND

Schedule of Findings and Questioned Costs

Year ended May 31, 2007

Section III – Federal Award Findings and Questioned Costs

There are no findings to report.