Loyola University
New Orleans

FINANCIAL STATEMENTS

July 31, 2017 and 2016

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Report

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INDEPENDENT AUDITORS' REPORT

President and Board of Trustees
Loyola University New Orleans
New Orleans, Louisiana

We have audited the accompanying financial statements of Loyola University New Orleans (the "University"), which comprise the statements of financial position as of July 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loyola University New Orleans as of July 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the University as a whole. The supplemental schedule listed in the table of contents on page 27 is presented for the purpose of additional analysis and is not a required part of the financial statements. This schedule is the responsibility of the University's management. Such schedule has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the University as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Cain, Riggs & Ingram, L.L.C.

October 18, 2017

Financial Statements

As of July 31,		***2017***		*2016*
ASSETS				
ASSETS				
CASH	**$**	**12,603**	$	4,265
RECEIVABLES				
Student accounts - net of allowance of $1,598 in 2017 and $1,731 in 2016		**2,544**		3,854
Contributions - net of allowance and discount of $167 in 2017 and $246 in 2016		**6,500**		10,276
Loans receivable - net of allowance of $2,068 in 2017 and $1,799 in 2016		**4,178**		5,263
Other		**532**		615
Total Receivables		**13,754**		20,008
INVESTMENTS		**249,555**		286,051
PREPAID EXPENSES AND OTHER		**3,256**		4,262
PROPERTY, PLANT, AND EQUIPMENT - Net		**247,391**		250,687
TOTAL ASSETS	**$**	**526,559**	$	565,273
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued liabilities	**$**	**5,053**	$	5,460
Bonds payable		**169,614**		177,702
Line of credit		**9,616**		10,433
Government loan program		**5,277**		5,647
Pension benefits payable		**1,329**		1,329
Other liabilities		**19,267**		14,679
Total Liabilities		**210,156**		215,250
COMMITMENTS AND CONTINGENCIES		**-**		-
NET ASSETS				
Unrestricted		**176,995**		212,646
Temporarily restricted		**61,662**		61,328
Permanently restricted		**77,746**		76,049
Total Net Assets		**316,403**		350,023
TOTAL LIABILITIES AND NET ASSETS	**$**	**526,559**	$	565,273

The accompanying notes are an integral part of these financial statements.

For the year ended July 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
REVENUE				
Tuition and fees	$ 110,815	$ -	$ -	**$ 110,815**
Less scholarships and fellowships	(53,581)	-	-	**(53,581)**
Tuition and fees - net	57,234	-	-	**57,234**
Endowment income	23,037	-	-	**23,037**
Other investment income	228	8,777	-	**9,005**
Gifts, grants, and contracts	3,425	2,634	1,697	**7,756**
Sales and services of educational departments	11	-	-	**11**
Auxiliary enterprises	12,589	-	-	**12,589**
Other sources	6,450	-	-	**6,450**
	102,974	11,411	1,697	116,082
Net assets released from restrictions - instructional programs	11,080	(11,080)		**-**
Total Revenue	114,054	331	1,697	116,082
EXPENSES				
Instructional	48,246	-	-	**48,246**
Research	911	-	-	**911**
Public service	2,940	-	-	**2,940**
Academic support	9,547	-	-	**9,547**
Scholarships and fellowships	5,565	-	-	**5,565**
Student services	13,165	-	-	**13,165**
Institutional support	27,333	-	-	**27,333**
Auxiliary enterprises	10,815	-	-	**10,815**
Total Expenses	118,522	-	-	**118,522**
(DECREASE) INCREASE IN NET ASSETS FROM OPERATING ACTIVITIES	(4,468)	331	1,697	(2,440)
NONOPERATING ACTIVITIES				
Non-recurring income (expense) - net	(10,884)	3	-	**(10,881)**
Loss on early extinguishment of debt	(8,950)	-	-	**(8,950)**
Investment return decreased by the portion of cumulative net depreciation designated for operations	(11,349)	-	-	**(11,349)**
Total nonoperating activities	(31,183)	3	-	(31,180)
CHANGE IN NET ASSETS	(35,651)	334	1,697	(33,620)
NET ASSETS - Beginning of year	212,646	61,328	76,049	**350,023**
NET ASSETS - End of year	$ 176,995	$ 61,662	$ 77,746	**$ 316,403**

The accompanying notes are an integral part of these financial statements.

Loyola University New Orleans
Statement of Activities (in thousands)

For the year ended July 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
REVENUE				
Tuition and fees	$ 119,556	$ -	$ -	**$ 119,556**
Less scholarships and fellowships	(55,500)	-	-	**(55,500)**
Tuition and fees - net	64,056	-	-	**64,056**
Endowment income	17,156	-	-	**17,156**
Other investment income	56	197	-	**253**
Gifts, grants, and contracts	5,030	5,209	1,904	**12,143**
Sales and services of educational departments	12	-	-	**12**
Auxiliary enterprises	12,304	-	-	**12,304**
Other sources	6,344	-	-	**6,344**
	104,958	5,406	1,904	**112,268**
Net assets released from restrictions - instructional programs	9,187	(9,187)	-	**-**
Total Revenue	114,145	(3,781)	1,904	**112,268**
EXPENSES				
Instructional	50,294	-	-	**50,294**
Research	1,076	-	-	**1,076**
Public service	3,437	-	-	**3,437**
Academic support	9,002	-	-	**9,002**
Scholarships and fellowships	3,632	-	-	**3,632**
Student services	12,139	-	-	**12,139**
Institutional support	29,188	-	-	**29,188**
Auxiliary enterprises	12,134	-	-	**12,134**
Total Expenses	120,902	-	-	**120,902**
(DECREASE) INCREASE IN NET ASSETS FROM OPERATING ACTIVITIES	(6,757)	(3,781)	1,904	**(8,634)**
NONOPERATING ACTIVITIES				
Non-recurring income (expense) - net	(5,208)	219	-	**(4,989)**
Investment return decreased by the portion of cumulative net depreciation designated for operations	(17,956)	-	-	**(17,956)**
Total nonoperating activities	(23,164)	219	-	**(22,945)**
CHANGE IN NET ASSETS	(29,921)	(3,562)	1,904	**(31,579)**
NET ASSETS - Beginning of year	242,567	64,890	74,145	**381,602**
NET ASSETS - End of year	$ 212,646	$ 61,328	$ 76,049	**$ 350,023**

The accompanying notes are an integral part of these financial statements.

For the Years Ended July 31,		***2017***		*2016*
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**(33,620)**	$	(31,579)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization		**5,001**		5,269
Accreted interest on bonds payable		**1,954**		-
Net realized and unrealized (gains) losses on investments		**(18,830)**		1,977
Restricted contributions		**(1,697)**		(1,904)
Loss on asset disposals		**-**		58
Loss on early extinquishment of debt		**8,950**		-
Changes in operating assets and liabilities:				
Student accounts and other receivables		**1,149**		(210)
Contributions receivables		**4,021**		333
Prepaid expenses and other current assets		**1,006**		292
Accounts payable		**(407)**		481
Other liabilities		**3,771**		7,700
Government loan program		**(370)**		(393)
Pension benefit payable		**-**		(45)
Net cash used in operating activities		**(29,072)**		(18,021)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments		**801,234**		303,139
Purchases of investments		**(745,909)**		(279,314)
Purchases of property and equipment		**(1,812)**		(2,392)
Loans issued		**(543)**		(356)
Proceeds from loan collections		**1,628**		1,399
Net cash provided by investing activities		**54,598**		22,476
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from contributions restricted for investment in endowment		**1,697**		1,904
Principal payments on bonds and escrow deposits		**(18,895)**		(4,500)
Escrow deposit for extinguishment of debt		**(85,434)**		-
Proceeds from issuance of long term debt		**86,635**		-
Payment of bond issuance costs		**(1,191)**		-
Net cash used in financing activities		**(17,188)**		(2,596)
Net change in cash and cash equivalents		**8,338**		1,859
Cash and cash equivalents, at the beginning of year		**4,265**		2,406
Cash and cash equivalents, at the end of year	**$**	**12,603**	$	4,265
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES				
Interest paid - net of amounts capitalized	**$**	**8,409**	$	8,897
Write-off of unamortized debt issuance costs and premiums for early extinguishment of debt	**$**	**1,459**	$	-

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION

Loyola University New Orleans (the "University") was founded as a college by the Society of Jesus in the year 1904, was officially established and chartered as a university on April 15, 1912, and has been operated by the Jesuit Fathers on St. Charles Avenue in New Orleans, Louisiana since that date. The University was first authorized to grant degrees by The General Assembly of Louisiana in 1912 and is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. The University was first accredited by the Southern Association of Colleges and Schools in 1929 and most recently was reaccredited in 2016.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 reporting period. Actual results could differ from those estimates.

Investments

The University records investments in accordance with the provision of the *Not-for Profit Entities – Investments – Debt and Equity Securities* section of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958. This statement establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statement of activities. Purchases and sales of investments are recorded on the trade date. The University records investments at fair value. The estimated fair value of its investments is based on quoted market prices, except for certain investments for which quoted market prices are not available. Where fair values are not determinable through market quotations estimates are supplied by external investment managers and a valuation review is conducted by management. Such review includes obtaining and reviewing audited and unaudited financial information from investment managers, holding discussions with external managers and general partners, and evaluating investment returns in light of current conditions. In addition, generally accepted accounting principles provides guidance for estimating the fair value of investments in certain entities that calculate net asset value per share (or its equivalent). As such, the University utilizes net asset value as a practical valuation of fair value and other available information to determine fair value for investments meeting the prescribed requirements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The University's investments are managed to achieve the maximum long-term total return. The University's Board of Trustees (the "Board") authorized a policy permitting the use of total return at a spending rate limited to a maximum of 6% of the prior three-year average market value of the unrestricted endowment fund. The amount calculated under the endowment spending policy is used to support current operations. Additional unrestricted spending amounts may be approved by the Board if necessary to fund University operations.

Property, Plant, and Equipment

Land, buildings and equipment are stated at cost or fair value when acquired. Depreciation is provided on all assets, except land. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years for equipment and 10 to 75 years for buildings and related improvements. Additions and major improvements are capitalized while expenditures for maintenance, repairs and minor renewals are charged to operations as incurred.

The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value might not be recoverable through future utilization. An impairment charge is recognized when the fair value of an asset is less than its carrying value. There were no impairment losses recorded for the years ended July 31, 2017 and 2016.

Contributed Services

The University pays salaries to its religious faculty and staff based on comparable rates paid to lay employees in similar capacities. Amounts remitted back to the University in cash are recorded in the financial statements as gifts in the respective financial statement line items.

Deferred Financing Costs

Deferred financing costs are capitalized and amortized over the respective lives of the bonds using a method that approximates the effective interest method. During 2017, the 2006 deferred financing costs were fully amortized and the corresponding debt was paid off resulting in an adjustment to remove the related accumulated amortization on deferred financing costs of $870,000. In addition, in connection with the 2017 bond issue, the 2011 bond issue was partially refunded which resulted in the removal of accumulated amortization on deferred financing costs of $78,000 and the removal of accumulated amortization on deferred financing costs of $125,000 in connection with the 2010 bond issue which was fully refunded. Coincident therewith, deferred financing costs related to the 2017 bond issue were $1,191,000 (see Note 7). Amortization of deferred financing costs totaled $94,408 and $244,000 for the years ended July 31, 2017 and 2016, respectively. Accumulated amortization of deferred financing costs totaled $182,000 and $1,158,000, as of July 31, 2017 and 2016, respectively.

For the year ended July 31, 2017, the University adopted, ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which was issued by FASB as part of its simplification initiative.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The ASU changes the presentation of debt issuance costs in the balance sheet whereby such costs are recorded as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The adoption of this ASU required the application to be applied retrospectively to all prior periods. The effect of this adoption resulted in a reclassification of debt issuance costs, net of accumulated amortization previously reported in prepaid and other assets of $1,827,000 and $1,523,000, now reported as a reduction in bonds payable as of July 31, 2017 and 2016, respectively.

Capitalized Interest

During the period of construction, the University capitalizes the net interest expense on the bond issues and related investment accounts that are restricted to the financing of specific construction projects. There was no capitalized interest recorded for the years ended July 31, 2017 and 2016, respectively.

Income Taxes

The University qualifies as an organization exempt from federal and state income taxes.

Contributions

Unconditional promises to give are recorded as revenue in the period in which the promise is made and requires the University to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. When an externally imposed restriction expires or unrestricted contributions are realized, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions for which restrictions are met in the same period in which the unconditional promise to give is received are recorded as temporarily restricted revenue released in the same year. Contributions receivable are recorded at the present value of expected future cash flows, based on both the time value of money and expectations about possible variations in the amounts and timing of the cash flows. The University considers rates on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the expected contributions receivable and historical experience with uncollectible contributions to determine the present value factor to apply, which was 2% as of July 31, 2017 and 2016.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions are expected to be realized in the following periods (in thousands):

As of July 31,		**2017**		2016
In one year or less	**$**	**2,430**	$	3,825
Between year two and six years		**4,197**		6,484
More than six years		**40**		213
Contributions, gross		**6,667**		10,522
Less discount and allowance		**(167)**		(246)
Contributions, net	**$**	**6,500**	$	10,276

As of July 31, 2017 and 2016, the University has conditional pledges totaling $20,765,000 and $11,157,000, respectively. These conditional pledges are not included in the accompanying statements of financial position as of July 31, 2017 and 2016.

Statement of Activities

Transactions deemed to be ongoing, major, or central to the provision of its educational mission are reported as operating revenues and expenses. Investment return net of amounts designated for current operations is reported in non-operating activities. Peripheral and incidental transactions are reported as non-operating activities. These activities include gains and losses on disposals of assets and certain expenses considered non-recurring in nature, including costs of severance programs (see Note 8) and certain consulting fees (see Note 9).

Tuition and fees, net

Student tuition and fees are recorded as revenues during the year the related services are rendered. Advance payments are recorded as deferred revenue. Financial aid provided by the University is recorded as a reduction to tuition and fees.

Grants and contracts

Revenues are recognized when allowable expenditures are incurred under such agreements and contracts. Advance payments are recorded as deferred revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Certain Expenses

The financial statements present expenses by functional classification in accordance with the overall mission of the University. Certain natural expenses are allocated to the respective functional classifications based on certain criteria. Depreciation expense, plant operations and maintenance, and interest on indebtedness are allocated based on the square footage occupancy. The expenses allocated are as follows (in thousands):

For the years ended July 31,	**2017**	2016
Depreciation	**$ 5,109**	$ 5,600
Plant operations and maintenance	**9,958**	11,023
Interest on indebtedness	**6,804**	8,745

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In applying the revenue model to contracts within its scope, an entity:

- Identifies the contract(s) with a customer (step 1)
- Identifies the performance obligations in the contract (step 2)
- Determines the transaction price (step 3)
- Allocates the transaction price to the performance obligations in the contract (step 4)
- Recognizes revenue when (or as) the entity satisfies a performance obligation (step 5)

ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017. Subsequent to the issuance of ASU No. 2014-09, various ASU amendments to the revenue guidance have been issued. These updates address 1) Principal versus Agent Considerations (Reporting Revenue Gross versus Net); 2) Identifying Performance Obligations and Licensing; 3) Rescission of Certain SEC Staff Observer Comments upon Adoption of Topic 606; and 4) Narrow-Scope Improvements and Practical Expedients. The effective date for each of these revenue amendments is concurrent with the effective date of ASU 2014-09, as referenced above. Management is still evaluating the impact that implementation of these ASUs will have on the University's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires lease obligations to be recognized on the balance sheet. ASU No. 2016-02 is effective for the year beginning August 1, 2021. Management has not yet determined the impact, if any, that implementation of ASU No. 2016-02 will have on the University's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* which amends the financial reporting and disclosure of net assets for not-for-profit entities. The main provisions include presenting nets assets in two classes, net assets with donor restrictions and net assets without donor restrictions, on the statement of financial position; present on the face of the statement of activities the amount of change in each of the two classes; and provide enhanced disclosures over the amounts and purposes of governing board designations, composition of net assets with donor restrictions, and qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date. ASU No. 2016-14 is effective for the year beginning August 1, 2018, with early adoption permitted. Management is still evaluating the impact implementation of ASU 2016-14 will have on the University's financial statements.

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations. Because of the tentative and preliminary nature of such proposed standards, the University has not yet determined the effect, if any, that the implementation of such proposed standards would have on the financial statements.

Reclassification

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. See discussion of the adoption of ASU 2015-03 related to the presentation of deferred financing costs above.

NOTE 3 – FINANCING RECEIVABLES

Student Loans

Student loans are funded through Federal government loan programs. As of July 31, 2017 and 2016, student loans represented .80% and 1.0% of total assets, respectively.

NOTE 3 – FINANCING RECEIVABLES (Continued)

As of July 31, student loans consisted of the following (in thousands):

As of July 31,	**2017**	2016
Federal government programs	**$ 6,246**	$ 7,062
Less allowance for doubtful accounts:		
Beginning of year	**(1,799)**	(1,494)
Decrease/(increase)	**(269)**	(305)
End of year	**(2,068)**	(1,799)
Student loans receivable, net	**$ 4,178**	$ 5,263

The University participates in the Perkins, Nurse Faculty and ARRA-Nurse Faculty federal revolving loan programs. The availability of funds for loans under the programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $5,277,000 and $5,647,000 as of July 31, 2017 and 2016, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans cancelled under the programs result in a reduction of the funds available for loan and a decrease in the liability to the government. As of July 31, 2017 and 2016, the following amounts were past due under student loan programs (in thousands):

July 31	**1-240 Days Past Due**	**240 days-2 Yrs Past Due**	**2-5 Yrs Past Due**	**5+ Yrs Past Due**	**Total Past Due**
2017	**$ 477**	**$ 223**	**$ 393**	**$ 569**	**$ 1,662**
2016	379	422	297	497	1,595

Allowances for Credit Losses

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS

Investments are carried at fair value in the financial statements. Unrealized gains or losses on investments are reflected in the statement of activities. The University applies fair value guidance to all assets and liabilities that are being measured and reported on a fair value basis. This guidance establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. This guidance requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets or liabilities.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

ASC 820-10 adopts a hierarchy approach for ranking the quality and reliability of the information used to determine fair values in one of three categories to increase consistency and comparability in fair value measurements and disclosures. ASU No. 2015-07 exempts assets measured using the NAV expedient from this hierarchy, as described in Note 1. The adoption of ASU No. 2015-07 during the year ended July 31, 2017, resulted in the reclassification of investment assets measured using the net asset value expedient and previously reported as Tier 2 and Tier 3 assets as of July 31, 2016. For all other assets measured at fair value, the highest priority (Tier 1) is given to quoted prices in active markets for identical assets. Tier 2 assets are valued based on inputs other than quoted prices that are "observable." For example, quoted prices for similar securities or quoted prices in inactive markets would both be observable. In Tier 3, the inputs used for valuation are not observable or transparent and assumptions have to be made about how market participants would price the underlying assets. The University does not have any Tier 3 assets. Investments are classified based on the lowest level of input that is significant to the fair value measurement.

The following tables summarize the valuation of the University's investments and financial instruments according to the aforementioned descriptions as of July 31 (in thousands):

Description	Level 1	Level 2	Investments Measured at NAV	Total
July 31, 2017				
Cash and cash equivalents	$ 24,590	$ -	$ -	**$ 24,590**
Marketable equity securities	94,520	-	-	**94,520**
U.S. Treasury securities	-	-	-	**-**
Mutual funds – equity securities	31,702	-	-	**31,702**
Mutual funds – fixed income	8,858	-	-	**8,858**
Commingled funds – equity securities	-	18,964	-	**18,964**
Commingled funds – fixed income	-	22,491	-	**22,491**
Alternative assets:				
Hedge funds	-	-	16,854	**16,854**
Private equity	-	-	18,526	**18,526**
Real assets	-	-	13,050	**13,050**
Total investments	$ 159,670	$ 41,455	$ 48,430	**$ 249,555**

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

Description	Level 1	Level 2	Investments Measured at NAV	Total
July 31, 2016				
Cash and cash equivalents	$ 38,588	$ -	$ -	$ 38,588
Marketable equity securities	95,146	-	-	95,146
U.S. Treasury securities	-	11,499	-	11,499
Mutual funds – equity securities	30,550	-	-	30,550
Mutual funds – fixed income	12,595	-	-	12,595
Commingled funds – equity securities	-	17,228	-	17,228
Commingled funds – fixed income	-	30,283	-	30,283
Alternative assets:				
Hedge funds	-	-	25,116	25,116
Private equity	-	-	13,931	13,931
Real assets	-	-	11,115	11,115
Total investments	$ 176,879	$ 59,010	$ 50,162	$286,051

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. These items are traded with sufficient frequency and volume to provide pricing on an ongoing basis. The fair values of the shares of these funds are based on observable market prices, and therefore, have been categorized in Level 1 in the fair value hierarchy. Level 2 inputs reflect quoted prices for identical assets or liabilities that are not active. These items may not be traded daily; examples include corporate bonds and U.S. government agencies. Assets are valued based on prices derived by independent third parties that use inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. Prices are reviewed and can be challenged with the independent parties and/or overridden by management if it is believed such would be more reflective of fair value. Investments measured at net asset value include funds that are invested in hedge fund and private equity investments that provide little or no price transparency due to the infrequency with which the underlying assets trade and generally require additional time to liquidate. Accordingly, the values of these alternative asset classes are based on inputs that cannot be readily derived from or corroborated by observable market data and are based on investment balances provided by fund managers and adjusted for contributions and distributions in the event such balances pertain to an interim date. The investment return for the period in question is benchmarked against investment vehicles which management determines reasonably approximates the composition/nature of these investments.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

For purposes intended within this footnote, commingled funds are considered to be open-end investment vehicles not registered with the SEC that are not daily-traded and are primarily structured as either a limited partnership, limited liability corporation, or a Delaware business trust. Unlike the hedge fund and private equity, which may utilize similar organizational structures, commingled funds hold assets that can be priced at least on a weekly basis and are of a nature not considered classical hedging activities by the University, including investments strategies focused in foreign equity, foreign government debt, and commodity securities.

Alternative Assets

The FASB issued a standards update pertaining to F*air Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share* in September 2009. Fair values are determined by the use of calculated net asset value per ownership share. In complying with the update, the following disclosures provide information regarding the University's investments as of July 31, 2017 and 2016 that feature net asset value per share (in thousands):

2017	**Fair Value**	**Unfunded Commitments**	**Redemption frequency if currently eligible**	**Redemption Notice Period**
Hedge funds (a)	**$ 16,854**	$ -	(a)	(a)
Private equity (b)	**18,526**	5,872	not eligible	not eligible
Real assets (c)	**13,050**	3,274	not eligible	not eligible
Total	**$ 48,430**	$ 9,146		

2016	**Fair Value**	**Unfunded Commitments**	**Redemption frequency if currently eligible**	**Redemption Notice Period**
Hedge funds (a)	$ 25,116	$ -	(a)	(a)
Private equity (b)	13,931	9,460	not eligible	not eligible
Real assets (c)	11,115	3,486	not eligible	not eligible
Total	$ 50,162	$ 12,946		

(a) This category in 2016 includes an amount invested in a Special Purpose Vehicle that was liquidating and therefore not readily redeemable. The investment invested in funds that were audited on an annual basis; the investment strategy within these funds consisted of multi-strategy, credit, event driven, opportunistic, and fixed income macro driven. These funds may have also engaged in the speculative trading of commodity interests, including commodity and financial futures, forwards, options on futures, and other financial instruments. In 2017, the Special Purpose Vehicle completed the liquidation process.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

(b) This category includes investments in private capital limited partnerships that directly invest in non-public equity and debt. These investments are not immediately redeemable and have a primary term of up to twelve years from each fund's inception date. Capital will be called from the funds as investment opportunities present themselves and distributions will be received as the underlying investments are liquidated.

(c) This category includes investments in private capital limited partnerships that invest directly in non-public real estate or energy-related companies. These investments are not immediately redeemable and have a primary term of up to twelve years from each fund's inception date. Capital will be called from the funds as investment opportunities present themselves and distributions will be received as the underlying investments are liquidated.

As stated in Note 2, the Board appropriates a certain amount of net cumulative appreciation in the investment portfolio for use in operations each year. As of July 31, 2017 and 2016, the following schedule summarizes the investment return and its classification in the statements of activities (in thousands):

For the years ended July 31,		**2017**		2016
Dividends and interest (net of investment management fees of $963,000 and $1,094,000, in 2017 and 2016, respectively)	**$**	**1,950**	$	1,556
Realized and unrealized gains – net		**18,830**		(1,977)
Total gains from investments		**20,780**		(421)
Less cumulative investment returns distributed for current operations		**(23,037)**		(17,156)
Investment return reinvested	**$**	**(2,257)**	$	(17,577)

Reinvested amounts as of July 31, 2017 and 2016 consisted of the following (in thousands):

For the years ended July 31,		**2017**		2016
Operating	**$**	**9,092**	$	379
Nonoperating		**(11,349)**		(17,956)
Total	**$**	**(2,257)**	$	(17,577)

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

Investments by Function

As of July 31, 2017 and 2016, the following schedule classifies the University's investments by function (in thousands):

For the years ended July 31,		**2017**		2016
Operations	**$**	**13,430**	$	17,450
Loan programs		**1,548**		782
Endowment		**230,268**		251,024
Bond proceeds		**11**		1,255
Debt payment reserve		**-**		11,538
Plant reserve		**4,298**		4,002
Total	**$**	**249,555**	$	286,051

Endowment

The University's endowment consists of approximately 465 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University complies with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

Interpretation of Relevant Law

The Board of the University has established policy consistent with UPMIFA as adopted by the state of Louisiana. The University seeks to preserve the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. Accordingly, the University classified as permanently restricted 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 direction of the applicable donor agreement at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated for expenditure by the University 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:

(1) The duration and preservation of the fund
(2) The purposes of the University and the donor restricted endowment fund
(3) General economic conditions

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the University
(7) The investment policies of the University

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Russell 3000 Index, Barclays Aggregate Index, MSCI EAFE Index, Libor and 3-month Treasury Bill yield while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an annual average rate of return that will allow for a 5% to 6% spending rate, approximately 3% debt service, and meet or exceed the annual rate of inflation. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University's Board authorized a policy of appropriating for distribution each year (spending rate) a maximum of 6% of the prior three-year average market value of the board-designated funds (unrestricted endowment funds) and, for donor-restricted funds, a policy of appropriating for distribution each year (spending rate) 5% of the average market value over the three months ending March 31st preceding the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its endowment. This is consistent with the University's objective to maintain the purchasing power of donor-restricted funds and board designated funds as well as to provide additional real growth through new gifts and investment return.

During the fiscal year ending July 31, 2017, the Board approved an additional unrestricted endowment spending amount above the policy distribution of $17,500,000. The total spending amount authorized both by policy and the additional amount above policy was $25,272,000. The actual total spending amount was $23,036,600, $2,235,400 less than authorized.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS (Continued)

During the fiscal year ending July 31, 2016, the Board approved an additional unrestricted endowment spending amount above the policy distribution of $12,000,000. The total spending amount authorized both by policy and the additional amount above policy was $20,406,000. The actual total spending amount was $17,156,000, $3,250,000 less than authorized.

Changes in Endowment Net Assets for the Fiscal Year Ended July 31, 2017 (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – beginning of year	$ 129,800	$ 40,003	$ 76,049	**$ 245,852**
Investment return:				
Investment income	709	1,143	-	**1,852**
Net appreciation (realized and unrealized)	10,979	7,850	-	**18,829**
Total investment return	11,688	8,993	-	**20,681**
Contributions	7	54	1,697	**1,758**
Other changes	(14,654)	3	-	**(14,651)**
Appropriation of endowment assets for expenditure	(23,037)	(4,770)	-	**(27,807)**
Endowment net assets- end of year	$ 103,804	$ 44,283	$ 77,746	**$ 225,833**

Changes in Endowment Net Assets for the Fiscal Year Ended July 31, 2016 (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – beginning of year	$ 158,468	$ 44,563	$ 74,145	$ 277,176
Investment return:				
Investment income	466	921	-	1,387
Net appreciation (realized and unrealized)	(1,302)	(724)	-	(2,026)
Total investment return	(836)	197	-	(639)
Contributions	3	90	1,904	1,997
Other changes	(10,714)	220	-	(10,494)
Appropriation of endowment assets for expenditure	(17,121)	(5,067)	-	(22,188)
Endowment net assets- end of year	$ 129,800	$ 40,003	$ 76,049	$ 245,852

NOTE 5 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily and permanently restricted net assets as of July 31, 2017 and 2016 benefit the following functions (in thousands):

Restricted Net Assets as of July 31, 2017 by Purpose

	Temporarily Restricted	Permanently Restricted	Total
Academic departments and instruction	$ 40,605	$ 27,252	**$ 67,857**
Student financial aid, scholarship, and other	21,057	50,494	**71,551**
Total	$ 61,662	$ 77,746	**$ 139,408**

Restricted Net Assets as of July 31, 2016 by Purpose

	Temporarily Restricted	Permanently Restricted	Total
Academic departments and instruction	$ 41,179	$ 27,334	$ 68,513
Student financial aid, scholarship, and other	20,149	48,715	68,864
Total	$ 61,328	$ 76,049	$ 137,377

NOTE 6 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of July 31, 2017 and 2016 consisted of the following (in thousands):

For the year ended July 31,	**2017**	2016
Land	**$ 9,137**	$ 9,137
Buildings	**306,463**	305,595
Equipment	**9,081**	8,838
Construction in progress	**3,083**	2,403
	327,764	325,973
Less accumulated depreciation	**(80,373)**	(75,286)
Property, plant, and equipment - net	**$ 247,391**	$ 250,687

NOTE 7 – BONDS PAYABLE

The University had bonds outstanding as of July 31, 2017 and 2016 as follows (in thousands):

For the year ended July 31,	**2017**	2016
Loyola University Building Bonds of 1967, interest at 3% per annum, payable semi-annually, principal installments due annually through October 1, 2017; secured by a first mortgage on Cabra Hall, with a cost basis of $14,435,000 at July 31, 2016; these bonds were assumed in the purchase of St. Mary's Dominican College (Broadway Campus)	**$ 27**	$ 62
LPFA Revenue Bonds (Loyola University Project) Series 2006, interest at rates ranging from 4.0% to 5.25%, payable semi-annually, principal installments due through October 1, 2016; these bonds are unsecured and were issued to refund $28,690,000 of the 1997 LPFA Revenue Bonds and to pay a line of credit of $13,496,000 in 2006	**-**	18,145
LPFA Revenue Bonds (Loyola University Project) Series 2010, interest at rates ranging from 2% to 5%, payable semi-annually. These bonds are unsecured and were issued to finance various campus renovations and additions. These bonds were refunded in 2017	**-**	31,795
LPFA Revenue Bonds (Loyola University Project) Series 2011, interest at rates ranging from 3.25% to 5.25%, payable semi-annually, principal installments due from 2018 through October 1, 2041; these bonds are unsecured and were issued to finance various campus renovations and additions. $43,945,000 of these bonds were refunded in 2017	**81,055**	125,000
LPFA Revenue Refunding Bonds (Loyola University Project) Series 2017, interest at rates ranging from 5.00% to 5.25%, payable semi-annually, principal installments due from October 1, 2018 through October 1, 2046; these bonds are unsecured and were issued to refinance the LPFA 2010 bonds and a portion of the LPFA 2011 bonds	**84,880**	-
	165,862	175,002
Unamortized premium on bonds	**3,625**	4,223
Accreted interest Series 2017 bonds	**1,954**	-
Unamortized deferred financing costs	**(1,827)**	(1,523)
Total:	**$ 169,614**	$ 177,702

Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2017

On January 24, 2017, Loyola issued $84,779,493 of Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2017 ("Series 2017") consisting of $13,577,673 capital appreciation bonds and $71,201,859 convertible capital appreciation bonds. The proceeds of the bonds will be used for the purpose of providing funds to (1) restructure debt service by deferring approximately

NOTE 7 – BONDS PAYABLE (Continued)

$24,000,000 of debt service payments over an eight-year period by advance refunding the Refunded Series 2010 in the aggregate principal amount of $31,080,000 and the Refunded Series 2011 in the aggregate principal amount of $43,945,000 and (2) to pay the costs of issuance of the bonds of $1,190,579. The Series 2017 bonds were issued at a premium of $1,845,092. The advance refunding included escrowing $85,434,006 into an irrevocable trust to provide for future debt service on the defeased bonds. The advance refunding resulted in an economic loss on refunding of ($8,949,714) (difference between the present value of the old debt and the new debt service payments). Accreted interest on the bonds as of July 31, 2017 totaled $1,954,312.

The principal obligations on indebtedness will mature as follows (in thousands):

Years Ending July 31:		
2018	$	27
2019		1,933
2020		2,805
2021		3,604
2022		4,817
Thereafter		152,676
Total	$	165,862

The University is required to comply with certain covenants that, if not met, limit the incurrence of additional certain long-term indebtedness. Management believes the University is in compliance with these covenants as of July 31, 2017 and 2016.

NOTE 8 – EMPLOYEE BENEFIT AND VOLUNTARY SEVERANCE PROGRAM

The University participates in a defined contribution plan (Plan) which qualifies as a deferred arrangement under Section 403(b) of the Internal Revenue Code. Enrollment in the defined contribution plan is mandatory after one year of employment. The University reduced the employer's contribution to the University Retirement Plan from 8% to 4% during the Plan's two years ending December 31, 2016. Effective January 1, 2017, the University's contribution returned to 8%. The University's contribution to this plan was approximately $2,868,000 and $1,881,000 during fiscal years ended 2017 and 2016, respectively. Effective January 1, 2018 and for the calendar year then ended, the University reduced the employer contribution to the University Retirement Plan from 8% to 7%.

Additionally, as part of the consideration given for the purchase of St. Mary's Dominican College, the University assumed the obligation to pay pension benefits to certain Dominican Sisters. Using an interest factor of approximately 5%, the present value of these obligations was approximately $1,329,000 as of July 31, 2017 and 2016. The obligations are valued every other year, and were last valued in 2016.

NOTE 8 – EMPLOYEE BENEFIT AND VOLUNTARY SEVERANCE PROGRAM (Continued)

Over the last several years, the University has offered various severance programs to both faculty and staff in an effort to reduce operating expenses. The total costs of these programs were approximately $6,869,000 and $6,239,000 for the years ended July 31, 2017 and 2016, respectively and is included in non-recurring (income) expense, net in the Statements of Activities. The total outstanding liability related to these programs was $9,048,000 and $7,663,000 as of July 31, 2017 and 2016, respectively and is included in other liabilities in the Statements of Financial Position.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various commitments and contingent liabilities, such as long-term employment contracts, construction contracts and consulting agreements, which are not reflected in the accompanying financial statements. As of July 31, 2017, the University had outstanding purchase commitments on contracts in the amount of $10,169,000.

NOTE 10 – DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of all significant financial instrument amounts have been determined by the University using available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Therefore, the University's estimates are not necessarily indicative of the amounts that the University could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Student Accounts, Contributions and Other Receivables

The University considers the carrying amount of these financial instruments to be a reasonable estimate of fair value.

Loans Receivable

Loans receivable are amounts principally due from students under federally sponsored programs which are subject to significant restrictions. Accordingly, it is not practical to determine fair value.

Investments

The fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Bonds Payable

The fair value of bonds payable was estimated using rates currently available to the University for debt with similar interest rates and remaining maturities.

NOTE 10 – DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Other

The University considers the carrying amounts of all other financial instruments to be a reasonable estimate of fair value.

The carrying value and estimated fair values of the University's financial instruments as of July 31, 2017 and 2016 were approximately as follows (in thousands):

For the years ended July 31,	**2017**		2016	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Receivables	**$ 9,576**	**$ 9,576**	$ 14,745	$ 14,745
Loans receivable	**4,178**	**4,178**	5,263	5,263
Investments	**249,555**	**249,555**	286,051	286,051
Bonds payable	**165,862**	**179,740**	175,002	193,748

NOTE 11 – LINE OF CREDIT AGREEMENT

The University has a $15,000,000 line of credit agreement (line) that matures on January 31, 2018. As of July 31, 2017 and 2016, there was $9,616,000 and $10,433,000, respectively, borrowed against the line. The line has a variable interest rate (one month LIBOR plus 150 basis points) and is payable monthly, which was 2.73% and 2.00%, as of July 31, 2017 and 2016, respectively.

NOTE 12 – SUBSEQUENT EVENTS

The University has evaluated subsequent events for potential recognition and/or disclosures through October 18, 2017, the date the financial statements were available to be issued.

Supplemental Schedules

Loyola University New Orleans
Schedule of Activities - Unrestricted (Unaudited, in thousands)

For the Year Ended July 31, 2017

	Undesignated	Designated	Released Restrictions	**Total**
REVENUE				
Tuition and fees	$ 110,815	$ -	$ -	**$ 110,815**
Less scholarships and fellowships	(53,581)	-	-	**(53,581)**
Tuition and fees - net	57,234	-	-	**57,234**
Endowment income	23,037	-	-	**23,037**
Other investment income	-	228	-	**228**
Gifts, grants, and contracts	1,678	1,747	-	**3,425**
Sales and services of educational departments	11	-	-	**11**
Auxiliary enterprises	12,589	-	-	**12,589**
Other sources	380	6,070	-	**6,450**
	94,929	8,045	-	**102,974**
Net assets released from restrictions - instructional programs	-	1,509	9,571	**11,080**
Total Revenue	94,929	9,554	9,571	**114,054**
EXPENSES				
Instructional	41,976	4,306	1,964	**48,246**
Research	244	322	345	**911**
Public service	1,439	293	1,208	**2,940**
Academic support	7,970	1,089	488	**9,547**
Scholarships and fellowships	-	-	5,565	**5,565**
Student services	9,484	3,680	1	**13,165**
Institutional support	24,773	2,560	-	**27,333**
Auxiliary enterprises	7,625	3,190	-	**10,815**
Total Expenses	93,511	15,440	9,571	**118,522**
INCREASE (DECREASE) IN NET ASSETS FROM OPERATING ACTIVITIES	1,418	(5,886)	-	**(4,468)**
NONOPERATING ACTIVITIES				
Non-recurring income (expense) - net	(3,098)	(7,786)	-	**(10,884)**
Loss on early extinguishment of debt	-	(8,950)	-	**(8,950)**
Investment return decreased by the portion of cumulative net depreciation designated for current operations	-	(11,349)	-	**(11,349)**
Total nonoperating activities	(3,098)	(28,085)	-	**(31,183)**
CHANGE IN NET ASSETS	(1,680)	(33,971)	-	(35,651)
NET ASSETS - Beginning of year	(963)	213,609	-	**212,646**
NET ASSETS - End of year	$ (2,643)	$ 179,638	$ -	**$ 176,995**

Description	CFDA Number	Federal Expenditures
Department of Education:		
Upward Bound (P047A121294/P047A170392)	84.047A	440,734
Title 1 Grants to Local Educational Agencies - passed through the Orleans Parish School Board	84.010	19,484
		460,218
Research and Development Cluster:		
National Science Foundation:		
Social, Behavioral, and Economic Sciences — passed through the University of Vermont (26669-Loyola)	47.075	58,339
Department of Interior:		
Population Monitoring of Okaloosa darters — passed through US Fish and Wildlife Service (F15AC00695)	15.657	10,687
United States Department of Justice:		
Greater New Orleans Human Trafficking Task Force — passed through Covenant House New Orleans (Evaluation)	16.320	31,748
Greater New Orleans Human Trafficking Task Force — passed through Covenant House New Orleans (Training)	16.320	12,289
National Endowment for Humanities:		
Object Lessons: Current Topics for General Readership passed through the Board of Regents of the University System of Georgia by and on behalf of the Georgia Institute of Technology (T8319-G1)	45.169	27,995
		141,058

(Continued)

The accompanying notes are an integral part of this schedule.

Student Financial Aid Cluster:		
Federal Pell Grant Program (P063P150159)	84.063	(2,450)
Federal Pell Grant Program (P063P160159)	84.063	3,367,558
Federal Direct Student Loans (P268K160159)	84.268	(18,615)
Federal Direct Student Loans (P268K170159)	84.268	37,480,880
Federal Direct Student Loans (P268K180159)	84.268	902,935
Federal Work-Study Program (P033A151651)	84.033	40,466
Federal Work-Study Program (P033A161651)	84.033	542,636
Federal Perkins Loan Program	84.038	3,716,725
Federal Supplemental Educational Opportunity Grants Program (P007A151651)	84.007	1,593
Federal Supplemental Educational Opportunity Grants Program (P007A161651)	84.007	219,178
Nurse Faculty Loan Program (E0AHP15380) — **ARRA**	93.408	17,046
Nurse Faculty Loan Program (E01HP25822)	93.264	2,512,188
		48,780,140
Department of Agriculture:		
Child and Adult Care Food Program — passed through Louisiana Department of Education (2001-008203309)	10.558	12,535
		12,535
General Services Administration:		
Federal Surplus Personal Property Donation Program — passed through the State of Louisiana	39.003	87
		87
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 49,394,038**

(Concluded)

The accompanying notes are an integral part of this schedule.

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Loyola University New Orleans (the University) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The University did not utilize the 10% de minimus indirect cost rate allowed under the Uniform Guidance; rather the Federal negotiated Facilities and Administrative cost rates were used. Federal direct programs are presented by Federal department and by individual Federal awards. Federal pass through programs are presented by the entity through which the University received the Federal financial assistance. Catalog of Federal Domestic Assistance (CFDA) numbers are presented for all individual awards scheduled, where applicable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL STUDENT FINANCIAL ASSISTANCE

Expenditures for federal student financial aid programs are recognized as incurred and include Pell program grants to students, Perkins Loans, the federal share of students' FSEOG program grants and the federal share of FWS program earnings, loan disbursements, and administrative cost allowances, where applicable. An administrative cost allowance associated with expenditures related to Federal Work Study and Federal SEOG Grants is included in the Schedule for each program where applicable.

NOTE 3: FEDERAL STUDENT LOAN PROGRAMS

During the fiscal year ended July 31, 2017, the University processed new loans of $38,365,200 under the Federal Direct Student Loans, CFDA 84.268; $542,743 under the Federal Perkins Loan Program, CFDA 84.038; and $- under the Nurse Faculty Loan Program, CFDA 93.264. Under Federal Direct Student Loans, loans are provided to eligible borrowers and parents directly by the federal government. As of July 31, 2017, the total outstanding Perkins loan balance totaled $3,716,725; in accordance with the requirements of the Uniform Guidance 2017 Compliance Supplement, this amount of outstanding loans is reported in the Schedule.

The HRSA Nurse Faculty Loan Program balance totaled $2,512,188 and $17,046 in HRSA-ARRA funds. No new loans were processed with HRSA-ARRA funds.

NOTE 4: OTHER AWARDS

In 1999, the University received awards from the National Endowment for the Humanities – NEH Challenge Grant in the amount of $500,000. Monies were used to establish an endowment and final payment was received in 2005. As of July 31, 2017, the $500,000 remains in the corpus of the endowment.

NOTE 4: OTHER AWARDS (Continued)

In 1985 and 1988, the University received an appropriation from the Legal Services Corporation and the US Department of Justice in the amount of $4,500,000. Monies were used to establish an endowment to create the Gillis Long Poverty Law Center. As of July 31, 2017, the $4,500,000 remains in the corpus of the endowment.

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INDEPENDENT AUDITORS' 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*

To the President and Board of Trustees of
Loyola University New Orleans
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of Loyola University New Orleans (the "University"), which comprise the statement of financial position as of July 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

October 18, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Board of Trustees of
Loyola University New Orleans
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Loyola University New Orleans (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended July 31, 2017. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2017.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cain, Riggs & Ingram, L.L.C.

October 18, 2017

PART I — Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued:	**Unmodified**			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Type of auditors' report issued on compliance for major programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	_____	Yes	X	No

Identification of major programs:

Name of Program	**CFDA Numbers**
Student Financial Aid Cluster:	
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Supplemental Educational Opportunity Grants	84.007
Nurse Faculty Loan Program	93.264
Nurse Faculty Loan Program --- **ARRA**	93.408

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as low-risk audit?	X	Yes	_____	No

PART II — FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No matters are reportable.

Not applicable.